

IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “Offering Circular”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us 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 BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER 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 BONDS MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE ATTACHED OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Restrictions: The attached Offering Circular is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the bonds described herein.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Guotai Junan Securities (Hong Kong) Limited, BOSC International Company Limited, Haitong International Securities Company Limited, ChaoShang Securities Limited, China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited as Joint Lead Managers (the “Joint Lead Managers”) that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the bonds described in the attached.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Joint Lead Managers (as defined in the attached Offering Circular), the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or each person who controls any of them or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or the Guarantor of the bonds or the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or each person who controls any of them or any of their respective affiliates to subscribe for or purchase any of the bonds described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of any Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the issuer or the guarantor in such jurisdiction.

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

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, 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.

STRICTLY CONFIDENTIAL

**YUYAO ECONOMIC DEVELOPMENT ZONE CONSTRUCTION
INVESTMENT AND DEVELOPMENT CO., LTD.**

(余姚經濟開發區建設投資發展有限公司)

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

**U.S.\$100,000,000 3.90 per cent. Guaranteed Bonds due 2025
unconditionally and irrevocably guaranteed by**

YUYAO SHUNCAI INVESTMENT HOLDING CO., LTD.

(余姚市舜財投資控股有限公司)

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

Issue Price of the Bonds: 100.00 per cent.

The U.S.\$100,000,000 3.90 per cent. Guaranteed Bonds due 2025 (the “**Bonds**”) will be issued by Yuyao Economic Development Zone Construction Investment and Development Co., Ltd. (余姚經濟開發區建設投資發展有限公司) (the “**Issuer**”) and unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Yuyao Shuncai Investment Holding Co., Ltd. (余姚市舜財投資控股有限公司) (the “**Guarantor**”).

The Bonds will bear interest on their outstanding principal amount from and including 7 April 2022 (the “**Issue Date**”) at the rate of 3.90 per cent. per annum, payable semi-annually in arrear in equal instalments on the Interest Payment Dates (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions**”)) falling on 7 April and 7 October in each year, commencing on 7 October 2022.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be without set-off or counterclaim, and made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

The Guarantor will enter into a deed of guarantee (the “**Deed of Guarantee**”) with the Issuer and The Bank of New York Mellon, London Branch (the “**Trustee**”) on or around the Issue Date. The payment 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(a) (*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.

The Issuer undertakes that it will (i) within 15 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date submit the relevant documents for the registration of the Bonds with the local branch of the State Administration of Foreign Exchange (“**SAFE**”) pursuant to 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, if applicable, 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) effective as of 11 January 2017 (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 120 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date).

In accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]204號)) (the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC or its local counterparts (“**NDRC**”) on 14 September 2015, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 24 November 2021 evidencing such registration. The Issuer understands to provide to the NDRC the requisite information in respect of the issue of the Bonds in accordance with the requirements of the NDRC Circular within 10 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 7 April 2025 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days' irrevocable notice to the Bondholders (as defined below) in accordance with Condition 16 (*Notices*) of the Terms and Conditions and in writing to the Trustee and the Principal Paying Agent (as defined in the Terms and Conditions), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any interest accrued to the date fixed for redemption) if immediately prior to the giving of such notice, the Issuer or the Guarantor (as the case may be) satisfies the Trustee that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or 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 the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 1 April 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the holder of any Bond (each a “**Bondholder**” or “**Holder**”) 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 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 interest to (but excluding) the relevant Put Settlement Date. See “*Terms and Conditions – Redemption and Purchase*”.

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.

Investing in the Bonds involves risks. See “*Risk Factors*” beginning on page 13 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act**”) and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. 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*”.**

Application will be made for the listing of the Bonds on the Singapore Exchange Securities Trading Limited (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 any Bonds on the SGX-ST are not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Guarantor, their respective subsidiaries (if any), or the quality of disclosure in this Offering Circular. For so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds will be traded on the SGX-ST in a minimum board lot size of at least U.S.\$200,000.

The Guarantor has been assigned a corporate credit rating of “Baa3” with a stable outlook by Moody's Investors Services, Inc. (“**Moody's**”) and “BBB–” with a stable outlook by Fitch Ratings, Inc. (“**Fitch**”). The Bonds are expected to be rated “Baa3” by Moody's and “BBB–” by Fitch. A rating of the Bonds does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by Moody's and/or Fitch. A revision, qualification, suspension, reduction or withdrawal of the ratings assigned to the Bonds may adversely affect the market price of the Bonds. A rating should be evaluated independently of any other rating of the other securities of the Issuer or the Guarantor.

The Bonds will be initially evidenced 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**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

BOSC International

Joint Lead Managers and Joint Bookrunners

Haitong International

ChaoShang Securities Limited

**China International
Capital Corporation**

CEB International

The date of the Offering Circular is 1 April 2022

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 (TOGETHER WITH ITS SUBSIDIARIES, THE “ISSUER GROUP”), THE GUARANTOR OR ANY OF ITS SUBSIDIARIES (TOGETHER, THE “GROUP”) OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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 Issuer, the Guarantor, the Issuer Group, the Group, the Bonds and the Guarantee which is material in the context of the issue, offering, sale or distribution of the Bonds (including the information which is required by applicable laws and according to the particular nature of the Issuer, the Guarantor, the Issuer Group, the Group, the Bonds and the Guarantee and is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor, the Issuer Group, the Group and the rights attaching to the Bonds and the Guarantee); (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Issuer Group, the Group, the Bonds and the Guarantee, are in every material particular true and accurate and not misleading; (iii) the opinions, intentions, belief or expectations expressed in this Offering Circular with regard to the Issuer, the Guarantor, the Issuer Group and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Issuer Group, the Group, the Bonds or the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; (vi) this Offering Circular does not include an 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 (vii) the statistical, industry and market-related data and forward-looking statements, each of which are included in this Offering Circular, are based on or derived or extracted from sources which each of the Issuer and the Guarantor believe to be accurate and reliable in all material respects.

The Issuer and the Guarantor have prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by Guotai Junan Securities (Hong Kong) Limited, BOSCH International Company Limited, Haitong International Securities Company Limited, ChaoShang Securities Limited, China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited (together, the “**Joint Lead Managers**”), the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds 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, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. 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, Bonds. Distribution of this Offering Circular to any other 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, 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 Issuer Group, the Group, the Bonds or 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 or the Agents or their respective directors, officers, affiliates, employees, representatives, agents, advisers and each person who controls any of them or their respective affiliates. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Issuer Group 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, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them or their respective affiliates 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.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them or their respective affiliates has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers and each person who controls any of them or their respective affiliates, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or the Guarantee. 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 or the Agents or any of the respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them or their respective affiliates. 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 or the Agents or any of the respective affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them or their respective affiliates that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers and each person who controls any of them or their respective affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the Guarantor 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 or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers and each person who controls any of them or their respective affiliates accepts any responsibility for the contents of this Offering Circular and assume 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 or the Agents or any of their respective affiliates, directors, officers,

employees, agents, representatives, advisers and each person who controls any of them or their respective affiliates or on their behalf in connection with the Issuer, the Guarantor or the issue and offering of the Bonds or the Guarantee. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, agents, representatives, advisers and each person who controls any of them or their respective affiliates accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers and each person who controls any of them or their respective affiliates 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 nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, representatives, advisers and each person who controls any of them or their respective affiliates.

IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (THE “STABILISING MANAGER”) OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) 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 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).

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

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.

Industry and Market Data

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on internal surveys, market research, publicly available information and industry publications.

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable and accurate by the Issuer and the Guarantor, have not been independently verified. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. None of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, agents, representatives and advisers makes any representation as to the correctness, accuracy or completeness of any market data and industry forecasts used in this Offering Circular.

Presentation of Financial Information

This Offering Circular contains the audited consolidated financial information of the Group and the Issuer Group as at and for the years ended 31 December 2018, 2019 and 2020 and the reviewed consolidated financial information of the Group and the Issuer Group as at 30 September 2021 and for the nine months ended 30 September 2020 and 2021.

The audited consolidated financial information of the Group (including the Issuer Group) as at and for the years ended 31 December 2018, 2019 and 2020 has been extracted from the Guarantor's consolidated financial statements as at and for the years ended 31 December 2019 and 2020 (the **"Group's Audited Financial Statements"**). The Group's Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China (**"PRC GAAP"**) and have been audited by Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合伙)) (**"Zhongxinghua"**), the Guarantor's independent auditor, in accordance with the Chinese Auditing Standards issued by the Ministry of Finance of the PRC (the **"MOF"**).

The audited consolidated financial information of the Issuer Group as at and for the years ended 31 December 2018, 2019 and 2020 has been extracted from the Issuer's consolidated financial statements as at and for the years ended 31 December 2019 and 2020 (the **"Issuer's Audited Financial Statements"**). The Issuer's Audited Financial Statements were prepared and presented in accordance with the PRC GAAP and have been audited by Zhongxinghua, the Issuer's independent auditor, in accordance with the Chinese Auditing Standards issued by the MOF.

The reviewed consolidated financial information of the Group (including the Issuer Group) as at 30 September 2021 and for the nine months ended 30 September 2020 and 2021 has been extracted from the Guarantor's consolidated financial statements as at and nine months ended 30 September 2021 (the **"Group's Reviewed Financial Statements"**). The Group's Reviewed Financial Statements were prepared and presented in accordance with the PRC GAAP and have been reviewed by Zhongxinghua, the Guarantor's independent auditor, in accordance with the Standard on Review Engagements for Certified Public Accountants of China by the MOF.

The reviewed consolidated financial information of the Issuer Group as at 30 September 2021 and for the nine months ended 30 September 2020 and 2021 has been extracted from the Issuer's consolidated financial statements as at and for the nine months ended 30 September 2021 (the **"Issuer's Reviewed Financial Statements"**). The Issuer's Reviewed Financial Statements were prepared and presented in accordance with the PRC GAAP and have been reviewed by Zhongxinghua, the Issuer's independent auditor, in accordance with the Standard on Review Engagements for Certified Public Accountants of China by the MOF.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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 and the Guarantor has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.4434 to U.S.\$1.00 (the noon buying rate in New York City on 30 September 2021 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 or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

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 Macao 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; all references to “**Renminbi**”, “**RMB**” 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; and all references to “**Yuyao SASAC**” are to the Yuyao City State-owned Assets Supervision and Administration Commission (余姚市國有資產管理辦公室). Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

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.

FORWARD-LOOKING STATEMENTS

Each of the Issuer and the Guarantor has 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” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial condition, 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, profitability, planned projects and other matters of the Issuer, the Guarantor or the Group 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 and the Guarantor or by any third party) involve known and unknown risks, including those disclosed under “*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, the Guarantor and the Joint Lead Managers expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained in this Offering Circular to reflect any change in the Issuer’s, the Guarantor’s or 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 Group, the Issuer, the Guarantor, or any other member of the Group to be materially different include, among others:

- ability to successfully implement business plans and strategies;
- business prospects;
- capital expenditure plans;
- the continued availability of capital and financing;
- the actions and developments of competitors;
- financial condition and performance;
- dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Issuer’s or the Guarantor’s business;
- general political and economic conditions, including those related to the PRC;
- 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 each of the Issuer and the Guarantor operates;
- various business opportunities that the Issuer or the Guarantor may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;

- changes in the global economic conditions; and
- other factors, including those discussed in “*Risk Factors*”.

None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents undertakes any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

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

The Guarantor is the primary asset management and capital operation platform of Yuyao Municipal Government, Zhejiang Province, China, and is directly controlled by Yuyao SASAC. The Guarantor has played an essential and active role in implementing the Yuyao government's major strategic initiatives for urban planning and municipal development. The Guarantor has a diversified business portfolio and undertakes a broad range of activities within Yuyao relating to infrastructure construction, land and property development, transportation and public utilities operations. It is the largest infrastructure contractor and public utilities operator within Yuyao. Members of the Guarantor are leading companies within their respective industries with commanding market positions. Ningbo Shunjian Group Co., Ltd (寧波舜建集團有限公司) ("**Shunjian Group**"), a subsidiary of the Guarantor, which primarily focuses on civil engineering and construction services, is Yuyao's prime contractor for urban and municipal infrastructure construction, resettlement housing construction, land development projects and is also the exclusive provider of wastewater treatment in Yuyao. Ningbo Shuntong Group Co., Ltd. (寧波舜通集團有限公司) ("**Shuntong Group**"), a subsidiary of the Guarantor, specialises in the construction, operation and maintenance of transportation networks and is responsible for the management and operation of more than 70 per cent. of the operating routes within the public transportation system in Yuyao.

The Guarantor had achieved positive overall income growth during the years ended 31 December 2018, 2019 and 2020 and during the nine months ended 30 September 2020 and 2021. The Guarantor recorded total operating revenues of RMB4,005.11 million, RMB6,336.51 million, RMB10,303.20 million, RMB5,505.74 million and RMB8,441.11 million for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, respectively. As at 31 December 2018, 2019 and 2020 and 30 September 2021, the total assets of the Guarantor amounted to RMB123,293.12 million, RMB136,843.66 million, RMB145,597.35 million and RMB149,579.50 million, respectively, and its net assets amounted to RMB48,182.96 million, RMB49,369.99 million, RMB52,581.15 million and RMB54,290.54 million, respectively.

COMPETITIVE STRENGTHS

The Guarantor's continuous business success is largely attributable to the following key competitive strengths:

- Strategic role as a prominent state-owned enterprise in Yuyao
- Well-positioned to benefit from Yuyao's economic strength and development
- Close and cooperative relationship with Yuyao Municipal Government
- Sound financial management supported by a balanced debt portfolio
- Experienced management and operational teams with sound corporate governance

BUSINESS STRATEGIES

The Guarantor intends to adopt the following strategies to develop its business:

- Maintain its position as the primary asset management and capital operation platform in Yuyao
- Strive to derive synergistic benefits from the diversified business of the guarantor
- Adhere to prudent financial management with stringent risk control
- Further strengthen its human resources and internal control systems

DESCRIPTION OF THE ISSUER

The Issuer is a wholly-owned subsidiary of the Guarantor. The Issuer Group is principally engaged in land development and property construction in Yuyao, primarily within Yuyao Economic Development Zone (余姚經濟開發區). Its businesses include zone development contracting, land development, resettlement housing sales, property leasing, construction contracting and others.

THE OFFERING

The following summary contains some basic information about the Bonds 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 the Terms and Conditions and the “Summary of Provisions Relating to the Bonds while in Global Form” shall have the same meanings in this summary. For a complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular. The offering of the Bonds contemplated hereby will be made pursuant to the Subscription Agreement (as defined in “Subscription and Sale”).

Issuer	Yuyao Economic Development Zone Construction Investment and Development Co., Ltd. (余姚經濟開發區建設投資發展有限公司).
Guarantor	Yuyao Shuncai Investment Holding Co., Ltd. (余姚市舜財投資控股有限公司).
Bonds	U.S.\$100,000,000 3.90 per cent. guaranteed bonds due 2025.
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 are contained in the Deed of Guarantee (and any supplement thereto).
Issue Price	100.00 per cent.
Form and Denomination	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.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 7 April 2022 at the rate of 3.90 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$19.50 per Calculation Amount on 7 April and 7 October in each year, commencing on 7 October 2022.
Issue Date	7 April 2022.
Maturity Date	7 April 2025.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

Status of the Guarantee	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (<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(a) (<i>Negative Pledge</i>) of the Terms and Conditions.
Use of Proceeds	The net proceeds of the issue of the Bonds will be used for refinancing existing offshore bonds. See “ <i>Use of Proceeds</i> ”.
Redemption at Maturity	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made without set-off or counterclaim, and free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at a rate up to and including the aggregate rate applicable on 1 April 2022 (the “Applicable Rate”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“Additional Tax Amounts”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except in certain circumstances as set out in Condition 8 (<i>Taxation</i>) of the Terms and Conditions.

Redemption for Taxation**Reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' irrevocable notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (*Notices*) of the Terms and Conditions and in writing to the Trustee and the Principal Paying Agent, at their principal amount, together with any interest accrued to but excluding the date fixed for redemption, if the Issuer or the Guarantor (as the case may be) satisfies the Trustee immediately before giving such notice that:

- (A) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective, or in the case of change in application or interpretation or statement of an official position which is announced on or after 1 April 2022; and
- (B) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it,

provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. See Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

Redemption for Relevant Events .

Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that Holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest to (but excluding) the relevant Put Settlement Date. See Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.

Events of Default	Upon the occurrence of certain events as described in Condition 9 (<i>Events of Default</i>) of the Terms and Conditions, the Trustee at its discretion may, and if so requested in writing by Holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued interest.
Cross-acceleration	The Bonds will contain a cross-acceleration provision as further described in Condition 9(c) (<i>Cross-acceleration</i>) of the Terms and Conditions.
Clearing Systems	The Bonds will be initially evidenced by beneficial interests in a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described in the Global Certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law and Jurisdiction .	English law. Exclusive jurisdiction of the Hong Kong courts.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent ...	The Bank of New York Mellon SA/NV, Dublin Branch.
Listing	Application will be made for the listing of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST and quotation of any Bonds on the SGX-ST are not to be taken as an indication of the merits of the offering of the Bonds, the Issuer, the Guarantor, their respective subsidiaries (if any), or the quality of disclosure in this Offering Circular. For so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds will be traded on the SGX-ST in a minimum board lot size of at least US\$200,000.

Ratings	The Guarantor has been assigned a corporate credit rating of “Baa3” with a stable outlook by Moody’s and “BBB–” with a stable outlook by Fitch. The Bonds are expected to be rated “Baa3” by Moody’s and “BBB–” by Fitch. A rating of the Bonds does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by Moody’s and/or Fitch. A revision, qualification, suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds. A rating should be evaluated independently of any other rating of the other securities of the Issuer or the Guarantor.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions, for submitting the NDRC Post-Issue Filing, and for completing the Foreign Debt Registration) and so that the same shall be consolidated and form a single series with the Bonds, as further described in Condition 15 (<i>Further Issues</i>) of the Terms and Conditions.
ISIN	XS2452204568.
Common Code	245220456.
LEI of the Issuer	3003008BG1TI6RCOVU05.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the Issuer Group's and the Group's selected consolidated financial information as at and for the periods indicated.

The Issuer Group's and the Group's consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020, set forth below, is derived from and should be read in conjunction with the Issuer's Audited Financial Statements and the Group's Audited Financial Statements, respectively, which are included elsewhere in this Offering Circular. The Issuer's Audited Financial Statements and the Group's Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Zhongxinghua, the independent auditor to the Issuer and the Guarantor.

The Issuer Group's and the Group's consolidated financial information as at 30 September 2021 and for the nine months ended 30 September 2020 and 2021, set forth below, is derived from and should be read in conjunction with Issuer's Reviewed Financial Statements and the Group's Reviewed Financial Statements, which are included elsewhere in this Offering Circular. Issuer's Reviewed Financial Statements and the Group's Reviewed Financial Statements were prepared and presented in accordance with PRC GAAP and have been Reviewed by Zhongxinghua, the independent auditor to the Issuer and the Guarantor.

PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of those differences, see "Summary of Certain Differences between PRC GAAP and IFRS". The summary financial data below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's Audited Financial Statements and Reviewed Financial Statements and the Group's Audited Financial Statements and Reviewed Financial Statements and the notes thereto included elsewhere in this Offering Circular.

THE ISSUER

Summary Consolidated Income Statement Data of the Issuer

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total operating revenue	774,926	833,803	908,567	211,964	532,345
Operating revenue	774,926	833,803	908,567	211,964	532,345
Total operating cost	(687,163)	(759,471)	(768,707)	(182,448)	(472,652)
Operating cost	(644,843)	(731,349)	(738,849)	(163,852)	(452,206)
Taxes and surcharges	(12,301)	(14,118)	(14,905)	(6,798)	(3,517)
Selling and distribution expenses	—	—	—	—	(12)
Administrative expenses	(31,395)	(15,095)	(20,279)	(15,010)	(14,680)
Financial expenses	(1,377)	(1,091)	(5,326)	3,213	(2,237)
Other income	30,000	81,170	5,383	51,807	—
Investment gain	13,779	2,496	8,840	1,041	10,962
Exchange incomes	2,192	—	—	—	—
Fair value change revenues	—	(4,146)	44,376	—	—
Assets impairment (loss)/gain	28,761	(148)	(6,398)	(451)	—
Gain/(loss) from asset disposal	41	—	106	106	—
Operating profits/(loss)	162,538	153,705	192,167	82,018	70,655
Non-operating income	1	—	0	23	—
Non-operating expenses	(60)	(43)	(2,121)	(2,121)	—
Total profit/(loss)	162,479	153,661	190,046	79,920	70,655
Income tax expenses	(31,270)	(18,126)	(47,400)	113	(12,364)
Net profit/(loss)	131,209	135,535	142,646	80,032	58,291
After-tax net amount of other comprehensive incomes	—	197,878	—	—	—
Total comprehensive income/(loss)	131,209	333,414	142,646	80,032	58,291
Total comprehensive income attributable to parent company	131,209	333,414	142,646	80,032	58,291
Total comprehensive income attributable to minority shareholders	—	—	—	—	—

Summary Consolidated Statement of Financial Position Data of the Issuer

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Current Assets				
Cash and cash equivalents	1,260,257	2,190,003	766,267	1,650,071
Accounts receivable	75,259	89,398	341,004	2,802
Prepaid expenses	14,846	–	55	6
Other receivables	3,699,261	2,358,139	2,533,141	2,625,023
Inventory	7,654,052	7,958,242	7,816,623	7,867,787
Other current assets	8,007	6,389	7,631	6,339
Total current assets	12,711,682	12,602,171	11,464,721	12,152,029
Non-current Assets				
Financial assets held for sale	–	–	100,000	–
Long-term equity investment	473,779	931,211	940,051	951,013
Other equity instrument investment	–	–	–	100,000
Investment properties	195,678	980,514	1,024,890	1,024,890
Fixed assets	304,607	47,722	40,189	34,385
Constructions-in-progress	68,563	–	–	–
Intangible assets	279,569	26,444	25,743	25,309
Long-term deferred expenses	103	1,267	981	767
Deferred income taxes	4,624	2,126	2,689	2,689
Other non-current assets	294	294	815,918	1,462,968
Total non-current assets	1,327,217	1,989,577	2,950,461	3,602,021
Total assets	14,038,899	14,591,748	14,415,182	15,754,050
Current liabilities				
Short-term loans	655,000	615,250	455,750	590,900
Notes payable	–	30,000	377,000	–
Accounts payable	3,221	628	743	588
Receipt in advance	8,186	1,273	613	701
Employee benefits payable	70	70	81	392
Taxes payable	53,791	65,876	117,106	133,299
Other payables	2,349,530	1,452,635	784,569	936,494
Non-current liabilities due within one year	2,063,560	1,048,273	1,868,012	2,929,629
Other current liabilities	391,580	–	–	647,050
Total current liabilities	5,524,937	3,214,005	3,603,874	5,239,052
Non-current Liabilities				
Long-term loans	2,529,835	3,548,123	2,697,000	2,991,340
Bonds payable	868,272	2,371,300	2,503,283	1,854,342
Deferred tax liabilities	–	65,959	76,017	76,017
Total non-current liabilities	3,398,106	5,985,382	5,276,300	4,921,699
Total liabilities	8,923,044	9,199,387	8,880,175	10,160,751
Owner's Equity				
Paid-in capital	832,000	832,000	832,000	832,000
Capital reserve	1,061,209	1,061,209	1,061,209	1,061,209
Other comprehensive income	–	197,878	197,878	197,878
Surplus reserve	201,426	213,580	223,135	223,135
Undistributed profit	3,021,220	3,087,693	3,220,785	3,279,076
Total owner's equity attributable to the parent company	5,115,855	5,392,361	5,535,008	5,593,298
Total owner's equity	5,115,855	5,392,361	5,535,008	5,593,298
Total liabilities and owner's equity	14,038,899	14,591,748	14,415,182	15,754,050

Summary Consolidated Cash Flow Statement Data of the Issuer

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Net cash flow from/ (used in) operating activities	304,798	(408,360)	(1,137,736)	(2,597,602)	713,613
Net cash flow from/ (used in) investment activities	(913,820)	9,975	(100,396)	(100,390)	(638,745)
Net cash flow from/ (used in) financing activities	1,587,401	244,031	783,372	2,250,340	908,939
Net increase/(decrease) in cash and cash equivalents	978,378	(154,354)	(454,760)	(447,651)	983,804
Opening balance of cash and cash equivalents	49,880	1,028,257	873,903	873,903	419,267
Closing balance of cash and cash equivalents	1,028,257	873,903	419,143	426,252	1,403,071

THE GROUP

Summary Consolidated Income Statement Data of the Group

	For the year ended 31 December			For the nine month ended 30 September	
	2018	2019	2020	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total operating revenue	4,005,108	6,336,506	10,303,198	5,505,735	8,441,105
Total operating cost	(4,194,386)	(6,704,141)	(10,454,556)	(5,828,093)	(8,642,456)
Operating cost	(3,381,933)	(5,598,928)	(9,246,270)	(5,124,288)	(7,886,238)
Taxes and surcharges	(42,956)	(52,839)	(62,088)	(35,677)	(24,635)
Selling expenses	(32,120)	(38,797)	(65,272)	(30,178)	(41,728)
Administrative expenses	(240,552)	(307,817)	(427,815)	(213,313)	(275,045)
Research and development expenses	—	—	(30,551)	(9,519)	(15,638)
Financial expenses	(506,180)	(705,761)	(622,560)	(415,118)	(399,173)
Other income	458,489	588,463	432,040	181,854	300,362
Investment gain	26,884	10,255	75,506	17,021	35,879
Assets impairment (loss)/gain	(9,354)	(891)	7,127	18,870	(1,826)
Gain/(loss) from asset disposal	1,228	(3,097)	87,086	31,944	911
Operating profits/(loss)	297,323	227,094	450,402	(72,669)	133,973
Non-operating income	178,666	281,951	214,809	133,489	13,608
Non-operating expenses	(1,798)	(57,559)	(4,253)	(3,754)	(6,052)
Total profit/(loss)	474,191	451,486	660,958	57,066	141,529
Income tax expenses	(135,740)	(168,153)	(232,562)	(54,287)	(79,186)
Net profit/(loss)	338,451	283,333	428,395	2,779	62,343
Total comprehensive income/(loss)	338,451	277,211	428,395	2,779	62,343
Total comprehensive income attributable to parent company	334,489	267,715	345,203	(33,412)	3,267
Total comprehensive income attributable to minority shareholders	3,961	9,496	83,193	36,190	59,076

Summary Consolidated Statement of Financial Position Data of the Group

	As at 31 December			As at 30 September
	2018	2019	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Current Assets				
Cash and cash equivalents	14,229,222	17,057,069	17,445,760	20,279,671
Financial assets at fair value through profit or loss	—	—	130,000	50,000
Notes receivable	—	1,000	5,263	130,082
Accounts receivable	5,581,600	6,432,347	7,072,598	6,642,125
Prepaid expenses	4,087,292	4,958,953	5,225,279	5,044,201
Other receivables	21,409,364	22,350,878	21,317,197	19,555,499
Contract assets	—	—	328,716	222,348
Inventory	38,865,572	41,929,226	45,885,792	46,414,737
Other current assets	169,621	196,660	180,245	1,019,924
Total current assets	84,342,671	92,926,134	97,590,850	99,358,587
Non-current Assets				
Financial assets held for sale	598,989	876,944	971,081	897,984
Held-to-maturity investment	143,000	413,000	143,000	—
Long-term equity investment	927,245	1,433,099	1,602,891	1,564,452
Investment properties	849,289	2,262,035	2,103,241	2,090,024
Fixed assets	9,249,452	9,305,717	9,296,705	9,487,942
Constructions-in-progress	5,060,199	6,453,699	8,115,710	8,979,233
Biological assets	430	433	433	433
Intangible assets	3,962,968	3,794,636	4,019,718	4,198,773
Goodwill	133,996	137,574	442,142	442,142
Long-term deferred expenses	7,794	9,764	31,107	26,765
Deferred income taxes	6,420	3,071	5,673	6,166
Other non-current assets	18,010,668	19,227,552	21,274,798	22,527,005
Total non-current assets	38,950,449	43,917,525	48,006,498	50,220,918
Total assets	123,293,120	136,843,659	145,597,348	149,579,505
Current liabilities				
Short-term loans	4,145,860	5,708,312	5,728,338	4,783,128
Notes payable	164,025	366,800	1,231,000	855,000
Accounts payable	163,149	242,367	688,637	724,882
Receipt in advance	1,265,534	2,059,766	3,016,961	3,625,369
Employee benefits payable	14,218	27,765	66,628	44,328
Taxes payable	921,386	1,153,338	1,377,446	1,431,549
Other payables	10,699,728	12,849,198	12,399,560	10,920,825
Non-current liabilities due within one year	12,832,350	12,490,929	19,724,778	16,356,894
Other current liabilities	394,004	7,661	281,442	1,190,942
Total current liabilities	30,600,255	34,906,135	44,514,789	39,932,916
Non-current Liabilities				
Long-term loans	26,927,756	27,957,466	28,032,686	30,694,413
Bonds payable	15,044,814	21,366,064	16,950,515	20,295,422
Long-term accounts payable	2,320,700	3,005,074	3,194,008	4,003,230
Deferred income	216,632	238,929	275,778	317,371
Deferred tax liabilities	—	—	48,417	45,609
Total non-current liabilities	44,509,902	52,567,533	48,501,404	55,356,045
Total liabilities	75,110,156	87,473,668	93,016,193	95,288,961
Owner's Equity				
Paid-in capital	1,500,000	1,500,000	1,500,000	1,500,000
Other equity instruments	1,984,000	1,984,000	2,978,000	3,029,000
Capital surplus	40,816,995	41,886,036	41,276,564	42,643,369
Other comprehensive income	—	(6,122)	—	—
Special reserve	6,697	6,918	5,396	5,803
Surplus reserve	6,476	7,390	11,544	11,544
Undistributed profit	3,376,660	3,317,227	3,415,280	3,247,613
Total owner's equity	48,182,963	49,369,991	52,581,155	54,290,543
Total liabilities and owner's equity	123,293,120	136,843,659	145,597,348	149,579,505

Summary Consolidated Cash Flow Statement Data of the Group

	For the year ended 31 December			For the nine months ended 30 September	
	2018	2019	2020	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Net cash flow from/(used in) operating activities	1,935,150	(595,016)	2,485,623	(1,699,405)	4,928,972
Net cash flow from/(used in) investment activities	(2,868,319)	(2,102,913)	(3,216,486)	(2,198,724)	(2,555,367)
Net cash flow from/(used in) financing activities	1,940,909	4,765,842	1,540,130	4,739,845	1,900,075
Net increase/(decrease) in cash and cash equivalents	1,007,740	2,067,912	809,268	841,716	4,273,680
Closing balance of cash and cash equivalents .	10,124,209	12,192,121	13,001,389	13,033,837	17,275,069

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer or the Guarantor or that it currently deems immaterial may also adversely affect each of the Issuer's and the Guarantor's business, financial condition or results of operations 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 inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds may occur for reasons which may not be considered as significant risks by each of the Issuer and the Guarantor based on information currently available to it or which it may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

Nether the Issuer nor the Guarantor represents 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.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Each of the Issuer's and the Guarantor's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business is heavily dependent on the level of economic development in Yuyao and Ningbo.

The Group operates its business mainly in the city of Yuyao which is under the jurisdiction of the sub-provincial city of Ningbo in Zhejiang province of the PRC. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Yuyao, Ningbo and the PRC. It is difficult to predict how the economic development of Yuyao and Ningbo will be affected by any slowdown in the growth of the PRC economy. The future prospects of the economy of the PRC, Yuyao and Ningbo depend on many different factors, most of which are beyond the Group's control. Demand for infrastructure projects depends on the overall condition of China and local economies, the need for new or replacement infrastructure, the priorities placed on various projects funded by governmental entities and government spending levels. In particular, credit rating downgrades, budget deficits and financing constraints, including timing and amount of national and local governmental funding and governmental priorities, could negatively impact the ability of governmental entities to fund existing or new public infrastructure projects. A significant slowdown or decline in economic conditions or uncertainty regarding the economic outlook in the PRC, Yuyao and Ningbo could result in reduced budgets for local governments which may in turn negatively affect demand for and investment in infrastructure projects.

The Group's business and prospects to a large extent depend upon the spending of the Yuyao Municipal Government on infrastructure development.

The Group is tasked to implement Yuyao SASAC's plans to develop Yuyao, and the Group's business and prospects are heavily affected by the spending of the Yuyao Municipal Government on infrastructure development and fixed asset investments. The Group's operating revenue from its construction projects is primarily derived from the construction fees paid by the Yuyao Municipal Government and its controlled entities.

There are many factors affecting the amount, time and priority of the Yuyao Municipal Government's spending on infrastructure development. Such factors include national and regional policies affecting the

development of different industries and fiscal and monetary policies. Government spending is also affected by government income and the general economic conditions in the PRC and Yuyao. Any slowdown in the economic growth in the PRC and Yuyao may adversely affect the financial condition and fiscal income of the Yuyao Municipal Government, which may in turn cause the Yuyao Municipal Government to reduce its spending on infrastructure development. See “– *The Group’s business is heavily dependent on the level of economic development in Yuyao and Ningbo*”. If the Yuyao Municipal Government decreases its spending on infrastructure development, the Group’s business, financial condition, results of operations and prospects may be materially and adversely affected.

The Yuyao Municipal Government may not act in the Group’s best interests.

The Guarantor is directly and 90 per cent. owned by Yuyao SASAC. As a result, the Yuyao Municipal Government, which controls Yuyao SASAC, is in a position to influence the Group’s development plans, strategies and key business decisions in a manner intended to benefit Yuyao as a whole, but which may not necessarily be in the Group’s best interests. For example, the subsidies the Group receives for its price-controlled businesses such as transportation and water utilities do not cover all costs which contributed to the losses the Group experienced in its public transportation business for the year ended 31 December 2020 and water utilities business for the years ended 31 December 2019 and 2020. In addition, selling prices of the units developed under the resettlement housing projects of the Group are also affected by guidance prices determined by the PRC government, which limit the Group’s ability to respond to any increase in operating costs. Changes to the Yuyao Municipal Government’s policies, budget, development plans, projections, forecasts and opinions could have a material effect on the Group’s business and prospects.

Reductions, modifications or discontinuance of government support could materially and adversely affect the Group’s business, financial condition and results of operations.

The Group has benefited from various forms of support from the PRC government, particularly the Yuyao Municipal Government (including asset and capital injections, subsidies and other grants, and tax incentives), to meet its capital and other operation requirements. For the three years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2021, the Group received substantial amount of government grants. However, Yuyao Municipal Government may not continue to provide support to the Group or may adjust the levels or types of support as a result of changes in government policies or priorities. Any reduction or elimination of government support to the Group would materially and adversely affect the Group’s business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with the Yuyao Municipal Government and its controlled entities.

The majority of the Group’s operating revenue comes from contracts with government bodies, agencies and entities, in particular the Yuyao Municipal Government and its agencies. However, the Yuyao Municipal Government and other local government agencies and entities may (i) have economic or business interests or considerations that are inconsistent with the Group’s best interests; (ii) take actions which are contrary to the Group’s requests, policies or objectives; (iii) be unable or unwilling to fulfill their operating results. If there is any material disagreement between the Group and such government agencies or entities, the Group may not be able to successfully resolve the disagreement in a timely manner, if at all. Disputes with public bodies may last for a considerably longer period than those with private sector counterparties, and payments due to the Group may be delayed as a result. Although the Group believes that it currently maintains a productive working relationships with its government agency and entity counterparties, such relationships may not continue. If any of the above factors materialise they may materially and adversely affect the Group’s business, financial condition, results of operations and prospects.

PRC regulations on the administration of local governments restrict the Group's financing model.

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 on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) released by the State Council of the PRC (“**State Council**”) in September 2014 (“**Circular 43**”), the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) jointly issued by the MOF, the Ministry of Justice of the PRC, the NDRC, the People’s Bank of China, the China Banking Regulatory Commission and the China Securities Regulatory Commission in April 2017 (“**Circular 50**”), the Notice of MOF on Issues concerning Regulations on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財務部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) issued by the MOF in March 2018 (“**Circular 23**”), the Circular of the NDRC and the MOF on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) jointly issued by NDRC and MOF in May 2018 (“**Circular 706**”) and 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》) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018 (the “**Joint Opinion**”) (Circular 43, Circular 50, Circular 23, Circular 706 and the Joint Opinion, together, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on their behalf. Circular 23 and Circular 706 established policies for foreign debt issuance including exclusions on public assets being listed as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement of the issuance or an association 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. On 6 June 2019 the General Office of the NDRC issued The Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Wei 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**”), which aims to strengthen the management of local government debt and prevent the risks of medium- and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions to repay medium-term and long-term foreign debts due within one year. For further details on the Debt Control Circulars, see “*PRC Regulations – Regulations on Financing and Currency Control – Local Government Financing Platforms*”.

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 cashflow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Yuyao Municipal 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 and the Guarantor, and the obligations of the Issuer and the Guarantor under the Bonds or the Trust Deed (as defined in the Terms and Conditions) shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. The liability of the Yuyao Municipal Government is limited to its equity contribution in the Guarantor. If the Issuer or the Guarantor does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer and/or the Guarantor, and not the Yuyao Municipal Government or any other PRC governmental entity.

While the Group believes that it is in compliance with Circular 706 and intends to ensure that the issue of the Bonds does not conflict with or result in a breach or violation of the Debt Control Circulars, the PRC government may continue to release new policies or amend existing regulations intended to control increases in local government debts in China. The Group may be required to further change its financing model and business model in response to such regulations, which may have a material impact on its business, financial condition, results of operations and prospects.

Any failure of the Group to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect its business and prospects.

The Group believes that substantial capital resources will continue to be required to support its business operations and expansion. The Group's business requires substantial expenditure. For the years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2021, the Group had a net cash inflow from operating activities of RMB1,935.15 million, net cash outflow from operating activities of RMB595.02 million, net cash inflow from operating activities of RMB2,485.62 million and net cash inflow from operating activities of RMB4,928.97 million, respectively. The Group's net cash flow from operating activities fluctuated greatly. The cash flow from operating activities is the fundamental guarantee for the redemption of the principal and interest of the bond. If the cash flow from operating activities of the Group fails to meet expectations, and it coincides with the tightening of monetary policy, it cannot obtain liquidity from the outside, which will affect the Group's solvency. 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 carry on its business activities in an efficient manner, the budget and spending of the Yuyao Municipal Government on infrastructure development and fixed asset investments, due performance of the Group's contractors, changes in general market conditions and the regulatory environment and competition in certain sectors in which the Group operates. Any adverse change in any of these factors may create or contribute to a capital shortfall. The Group's operating activities may not be able to generate sufficient cash to satisfy its cash needs at all times. If the Group's operating activities fail to generate sufficient cash to satisfy its cash requirements, the Group has to increase its reliance on external financing to satisfy its working capital and capital expenditure, thus increasing its financial vulnerability and adversely affecting its financial condition and results of operations.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- Group's business achievements and investors' confidence in the Group;
- the Group's ability to obtain the PRC Government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital;
- political and economic conditions in the rest of the PRC generally; and
- changes in the organisational structure of the Group may affect the Group's financial condition and results of operations.

There is no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group.

If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affects the Group's business, financial condition, results of operations and prospects. In addition, substantial indebtedness may in turn increase the pressure on the Group's liquidity and cause additional operational risks. See “– *Substantial indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks*” below.

Substantial 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 had a significant amount of outstanding indebtedness. As at 30 September 2021, the Group's total indebtedness (comprising short-term loans, non-current liabilities due within one year, long-term loans and bonds payable) was RMB72,129.9 million.

Substantial indebtedness could impact on the Group's business in a number of ways, including:

- requiring the Group to divert its operating cash flow to service its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- 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.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower, without the lender's prior consent, from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue business opportunities, 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 Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds after issuance.

If the Issuer, the Guarantor or any of their relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations or other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Issuer, the Guarantor or their subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. For example, certain of the Group's existing financing contracts may restrict the Issuer, the Guarantor or their subsidiaries from issuing new indebtedness without the prior consent or waiver from the relevant lender under certain circumstances. There can be no assurance that the Group will be able to obtain the relevant lenders' consent or waiver in a timely manner which in turn might result in a default under the relevant

financing contracts. Some financing agreements of the Group contain cross-acceleration or cross-default provisions, which give creditors under these financing agreements the right to require the Group to immediately repay their loans or declare a default of borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. See “– *Risks relating to the Bonds and the Guarantee – The Group has not obtained all waivers and consents from lenders required for the offering of the Bonds.*” below.

If any of these events occurs, there can be no assurance that the Group will be able to obtain the creditors’ waiver in a timely manner or that the assets and cash flow of the Issuer, the Guarantor or their relevant subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Issuer, the Guarantor or their subsidiaries would be able to find alternative financing. Even if the Issuer, the Guarantor or their subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer, the Guarantor or their relevant subsidiaries. See “– *Risks relating to the Bonds and the Guarantee – If the Issuer or the Guarantor (as the case may be) 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 Issuer’s or the Guarantor’s debt to be accelerated.*” below.

The Group is exposed to risks relating to its high level of inventories.

The Group’s inventories are mainly the development cost of the projects under construction. As at 31 December 2018, 2019 and 2020 and 30 September 2021, value of the Group’s inventories was RMB38,865.57 million, RMB41,929.23 million, RMB45,885.79 million and RMB46,414.74 million, respectively, representing 31.52 per cent., 30.64 per cent., 31.52 per cent. and 31.03 per cent., respectively, of the Group’s total assets as at the corresponding dates. A high level of inventories may limit the Group’s ability to respond to changing economic, financial and investment conditions and may cause the Group to have to make provisions for the impairment of the fair value of inventories. Any failure to effectively manage the Group’s inventory level could 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 indebtedness, including interest payments on the Bonds.

The Group is exposed to risks and challenges arising from its diversified business.

The Group has a number of subsidiaries operating in multiple industries. The Group engages in infrastructure construction, resettlement housing development, land development, land reclamation, transportation, water supplies and gas distribution businesses through its various subsidiaries. Due to the diverse characteristics of the Group’s subsidiaries, it faces challenges not found in companies with a single business line. In particular, the Group is exposed to business, market and regulatory risks relating to different industries, markets and geographic areas. Success in such businesses requires the Group to devote substantial resources to monitor changes in these different operating environments; and successful operation of the Group’s subsidiaries companies requires an effective management system. As the Group continues to grow its businesses in an increasing number of different industries, the Group’s operations may become more complex, which would increase the difficulty of implementing its management system.

In addition, the Guarantor provides direct funding, guarantees and other support to its 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 lender may exercise its right under the guarantee to demand repayment from the Guarantor. The occurrence of either of these types of events may result in a funding shortage at the Guarantor level and may materially and adversely affect the Guarantor’s ability to provide financial support to the Guarantor’s other portfolio companies. If the Guarantor’s financial or non-financial support ceases or diminishes for any reason, the operations of the relevant portfolio companies may be materially and adversely affected, which in turn may have a material and adverse impact on the Guarantor’s business, financial condition and results of operations.

The Group's business operations are heavily regulated.

The Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under PRC law and regulations. For example, the Group is required to obtain a project approval and environmental assessment approval before it is permitted to commence construction of a project. As a project progresses, the Group needs to receive a land use right certificate (土地使用權證) or land use approval (用地批覆), construction land planning permit (建設用地規劃許可證), construction project planning permit (建設工程規劃許可證) and construction permit (建築工程施工許可證). Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for the Group to conduct its business, and it normally takes six to 12 months to obtain all of the required approvals and certificates.

In addition, PRC governmental authorities from time to time amend existing laws and regulations and release new policies which may affect the Group's business operations. The Group may be unable to comply with such new laws, regulations or policies or may fail to respond to any changes in the regulatory environment in a timely manner. In addition, to ensure adherence to the restrictions and conditions of relevant business permits, licenses and certificates, governmental authorities conduct regular or special inspections, investigations and inquiries. If there is any material non-compliance of the Group or its business, the Group's permits, licenses and certificates may be suspended or revoked, and fines or other penalties may be imposed, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. According to the PRC laws and regulations, the failure to obtain relevant permits or approvals could result in suspension or demolition of construction projects, fines, administrative penalties or other penalties, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group's infrastructure construction, resettlement housing development, land development and land reclamation projects require substantial capital expenditures prior to and during the construction period, and a construction project may take several years before the Group receives full payment through settlement. During this period the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions; and
- changes in city zoning, planning and plot ratios.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect the Group's results of operations and financial position and may also cause reputational damage.

The Group's profit margin is sensitive to fluctuations in the cost of construction materials.

Contracting fees paid to third-party contractors are one of the predominant components of the Group's operating cost. Contracting fees encompass all costs for the design and construction of a project, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, material costs have been the principal driver of the contracting fees of the Group's infrastructure construction, resettlement housing development, land development and land reclamation projects. However, as most of the material costs are often included in the contracting fees paid to the Group's contractors, the Group's estimates of such costs are not always accurate.

Contracting fees may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. The Group seeks to reduce its exposure to short-term price fluctuations of construction materials and limit project cost overruns by centralising its procurement. The Group also manages the cost of outsourced construction work through a process of tenders which, among other things, contemplates the procurement of principal construction materials such as steel and cement at fixed prices. In line with industry practice, if there are significant price fluctuations (depending on the specific terms of each contract), the Group will be required to renegotiate, top up or refund, the amounts paid under existing construction contracts. Additionally, should the Group's existing contractors fail to perform under their contracts, the Group might be required to pay more to contractors under replacement contracts. The Group's profit margin is sensitive to changes in market prices for construction materials and its profit margins will be materially and adversely affected if the Group is not able to pass all of the increased costs onto its customers.

The Group relies on third-party contractors for certain services in its resettlement housing development, infrastructure construction and primary land development business.

The Group engages third-party contractors to provide various services, including construction, landscaping, gardening, mechanical and electrical installation and gas, water and other utilities installation. The Group endeavours to employ companies with good reputations, strong track records, reliable performance and adequate financial resources, and the Group also implements quality control procedures and closely monitors the progress of construction. However, the Group's third-party contractors may provide services short of the quality required by the Group. If the performance of any third-party contractor fails to meet the requirements of the Group, the Group may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of its projects. In addition, the Group may be asked by the Yuyao Municipal Government to undertake projects on short notice, and there is no assurance in such situation that the Group will be able to engage third-party contractors that meet its quality requirements. Moreover, the Group's contractors may undertake projects for other enterprises operating similar business, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete the Group's projects on time, within budget or at all. All of these third-party related factors may have a material adverse impact on the quality of services provided by the Group's contractors and the Group's reputation, credibility, financial position and business operations.

The Group's operating revenue from land development may fluctuate significantly from period to period.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2021, the operating revenue of the Group was RMB4,005.11 million, RMB6,336.51 million, RMB10,303.20 million and RMB8,441.11 million, respectively, with large fluctuations. During the reporting period, the Group's income mainly came from commodity trading and land development business. The land sales is typically handled by land administration departments through a tender process. Final prices of lands sold through a tender process are affected by a number of factors including location of the land, market

perception of land value and political and economic development. The Group's operating revenue from land development is also affected by land sales schedule determined by the relevant governmental department, which may be affected by policy considerations, government income and budget planning, city development plans and other factors that are beyond the Group's control. Such land administration department may decide to slow down or halt land sales for a period of time in response to market conditions or other policy considerations. The Group's operating revenue from land development may fluctuate significantly from time to time as a result of economical and policy changes.

The Group may incur unforeseen costs or face unexpected delays resulting from the resettlement of existing residents.

The Group's primary land development projects may involve the demolition of older structures. Prior to demolition, existing residents must re-locate (for instance into resettlement housing). While local government agencies are responsible for carrying out such resettlement, the Group may be required to provide the funds used by the local government authorities as demolition compensation for existing owners or residents, some of whom may disagree with the compensation arrangements or refuse to relocate. The administrative process to settle the amount of compensation may significantly delay the timetable for the affected development and lead to an increase in demolition and resettlement costs associated with the Group's projects, which may materially and adversely affect its business, results of operation and financial condition.

The Group's resettlement housing development business may be materially and adversely affected if mortgage financing becomes more costly, less attractive or less available for purchasers.

Some of the purchasers of the Group's resettlement housing properties rely on mortgages provided by PRC commercial banks to fund their purchase. Mortgage financing relating to property purchase has been and is expected to continue to be heavily regulated in the PRC. In the past few years, different levels of the PRC Government introduced a number of policies and measures to control the rate of increasing property prices and to curtail the overheating property market in the PRC, including:

- limiting the monthly mortgage payment to 50 per cent. of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55.0 per cent. of his or her monthly income;
- requiring all first-time homeowners to make a down-payment of no less than 30.0 per cent. of the purchase price of the underlying property;
- requiring any second-time home buyer to make a down-payment of no less than 60.0 per cent. of the purchase price of the underlying property and to pay at a mortgage loan interest rate of no less than 110 per cent. of the relevant PBOC benchmark one-year bank lending interest rate;
- requiring commercial banks to suspend the giving of mortgage loans to customers for purchase of a third or further residential property, or to non-residents of a city who cannot provide proof of local tax or social security insurance payments for more than a one-year period; and
- adjusting the benchmark lending interest rate to make it more costly to take out a mortgage; a material increase in the interest rate may significantly increase the cost of mortgage financing and may affect the affordability of the Group's resettlement housing properties.

All of these policies and measures have had a material impact on the property sales and prices of property in the PRC, including in Yuyao, which could in turn affect the ability of many of the Group's prospective customers to purchase the resettlement housing properties the Group develops. Accordingly, the Group's resettlement housing development business and its related financial condition and results of operations may be materially and adversely affected.

The Ministry of Natural Resources may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by the Group.

Under applicable PRC laws and regulations, the Ministry of Natural Resources may impose an idle land fee equal to 20.0 per cent. of the land premium or allocation fees if the Group does not commence development of the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract or the written decision of the allocation, the Group commences development on an area which is less than one-third of the area granted or allocated or capital invested in the development is less than one-fourth of the total investment approved for the development while the development is suspended for more than one year without governmental approval. The Ministry of Natural Resources has the power to revoke the land use rights certificate without compensation if the Group does not commence development within two years of the date specified in the relevant land use rights grant contract.

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

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

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

Water is a resource and a raw material in the water industry, and the quality of raw water has a significant impact on the Group's water supply business. Recently, there has been an increase in water pollution in certain cities in the PRC. Such water pollution is caused by various factors, including, but not limited to, the discharge of untreated sewage directly bodies of water that feed into public water supply networks. In the event that the Group's primary source of raw water is contaminated by pollutants, the Group is required to undertake additional technical procedures to treat such raw water, which will result in increased production costs. In the event that the raw water is contaminated by pollutants that the Group is unable to treat, the Group will not be able to deliver sanitised water to its customers, which could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's sales of natural gas are subject to seasonal fluctuations.

Gas consumption in the PRC is subject to seasonal peaks and troughs. Natural gas demand peaks in the period when weather in the PRC reaches low points from October to March. Demand begins to slacken during the warm season, which typically lasts for five to six months from May to September of each year. As such, revenue and costs typically rise during the peak season and decrease during the slack period. In the event that there is a sudden rise in natural gas prices from suppliers and if the Group does not have enough financial resources to withstand expenses during the slack periods, the Group's profitability would be adversely affected.

Some of the Group's businesses serve public interest functions and may not be profitable.

The Group's public transportation operations, toll roads operation, wastewater treatment operations and some of the Group's infrastructure construction and resettlement housing development projects are for general public interest and the Group may fail to recover all of its costs for such operations and projects.

The Group receives financial and other support from the Yuyao Municipal Government intended to cover certain of these costs, however, such financial support may not always be available due to the government's liquidity, budgeting priority and other considerations. Further, the Yuyao Municipal Government may change the plans for such projects which may cause an increase in the investment after the construction begins. Further, fees charged by the Group for public transportation and water supplies and gas distribution charged to residential customers in the PRC are either fixed by local pricing bureaus or must fall within a price range set by local pricing bureaus. Pricing bureaus may not increase price limits in response to cost increases and the Group could suffer declining profit or loss as a result. Similarly, selling prices of the units developed under the resettlement housing projects of the Group are also affected by guidance prices determined by the PRC government, which limit the Group's ability to respond to any increase in operating costs. In addition, it is uncertain whether the government will be able to provide such financial support as a result of the promulgation of Circular 43. Despite the above, the Group may continue to participate in businesses and projects for general public interests from time to time. However, the Group has limited resources, and engagement in these business and projects may reduce its ability to participate in other profit-generating projects. The Group's business, financial condition, results of operations and prospects may be adversely affected as a result.

The Group's business is subject to adverse weather conditions.

The Group's businesses require substantial outdoor operations. As a result, seasonal changes and adverse weather conditions can adversely affect the Group's business operations. Adverse weather conditions such as extended rainy and cold weather in the spring and fall can reduce demand for its transportation services and reduce sales or render its infrastructure construction, resettlement housing development, land development and land reclamation operations less efficient resulting in under-utilization of staff and equipment. Major weather events such as hurricanes and tropical storms could also adversely affect the Group's revenues and profitability.

The Group's financial condition and results of operations may be affected by material fluctuations of interest rates.

Some of the Group's bank loans bear interest that accrues at rates linked to the benchmark lending rates published by the PBOC. A material fluctuation in the benchmark lending rate may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. The PBOC from time to time adjusts interest rates as implementation of its economic and monetary policies. Since the outbreak of the global financial crisis in 2008, the PBOC started to lower the benchmark lending rates with an aim to encourage lending, increase liquidity in the market and promote the recovery of China's economy. Since 2008, the PBOC decreased the benchmark one-year lending rate five times, from 7.47 per cent. to 5.31 per cent. In December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate was gradually increased to 6.56 per cent. on 7 July 2011 and onwards. In recent years, a perceivable slowdown in the growth of the economy of the PRC again caused the PRC Government to adopt more liberal monetary policies with the aim to stimulate the PRC's economic development. Since 2012, the PBOC for a number of times reduced the benchmark one-year lending rate to 3.85 per cent. since April 2020 and onwards. Although the Group's financial condition and results of operations may benefit from a low-interest environment, there is no assurance that this environment will continue. Any increase in the benchmark lending rate by the PBOC in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

The Group may not successfully implement its growth strategy.

The Group has historically been focused on infrastructure construction, resettlement housing development, land reclamation and water supply. It has in recent years diversified its business into passenger transportation, wastewater treatment and gas distribution. As one of the Group's strategies, it

aims to maintain sustainable growth of these existing businesses. Whether the Group could successfully implement this strategy depends to a certain extent on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

Any failure of the Group 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 system to ensure the safety and quality of its projects. The effectiveness of the Group's quality control system may be affected by a number of factors, such as the timely update of the quality control system to address changing business needs and the Group's and its contractors' willingness and ability to adhere to its quality control policies and guidelines. There is no assurance that the quality of the projects developed by the Group will not be undermined by the underperformance of the Group's contractors. Any failure or deterioration of the Group's quality control system 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 are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. If any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties.

The insurance coverage of the Group may not adequately protect it against all operational risks.

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

- mechanical production interruptions, electricity outages and equipment failure;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- 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 insurance policies that provide different types of risk coverage, which the Group believes to be consistent with applicable law and industry and business practice in the PRC. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liability) are not insured in the PRC

because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

Potential liability for environmental damage could result in substantial out flow of the Group's resources.

The Group is subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Efforts taken to comply with environmental laws and regulations may result in delays in development, cause the Group to incur substantial compliance costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

As required by the PRC laws and regulations, each project the Group develops is required to undergo environmental assessments and the Group is required to submit an environmental impact assessment report to the relevant governmental authorities for approval before commencement of construction. Although the environmental audits conducted by the relevant PRC environmental protection agencies to date have not revealed any environmental violations that the Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that there are potential material environmental liabilities of which the Group is unaware. In addition, there is no assurance that the Group's operations will not result in environmental liabilities or that the Group's contractors will not violate any environmental laws and regulations in its operations that may be attributed to the Group.

The Group is subject to various safety and health regulations in the PRC.

The Group is required to comply with extensive 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 licenses 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 received any notice regarding material non-compliance with the applicable safety regulations or requirements from any governmental authority. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC Government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

The Group's ability to grow will be harmed if it is unable to retain the continued services of its key technical and management personnel and to identify, hire and retain additional qualified personnel.

The Group's ability to grow will be harmed if it is unable to retain the continued services of its key technical and management personnel and to identify, hire and retain additional qualified personnel. There is strong competition for qualified technical and management personnel in the sectors in which it operates. It may not be able to continue to attract and retain qualified technical and management personnel, such as engineers, architects and project managers, who are necessary for the development of the Group's business or to replace qualified personnel. The Group's planned growth may place increased demands on its resources and will likely require the addition of technical and management personnel and the development of additional expertise by existing personnel. Loss of the services of, or failure to recruit, key technical and management personnel could limit the Group's ability to complete existing projects successfully and to engage in new projects.

Labour shortages and labour disputes or increases in labour costs could materially and adversely affect the Group's business and results of operations.

Infrastructure construction, land development and resettlement housing development are labour intensive industries. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC Government to amend labour laws to enhance the protection of employees' rights. Increasing awareness of labour protections as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the Group or the contractors participating in the Group's projects. As such, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause an extension of the time needed to complete construction and an increase in the Group's fees payable to contractors, which could in turn materially and adversely affect the Group's business and results of operations.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC and other relevant jurisdictions. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish a customer identification system in accordance with the relevant rules, record the details of customer activities and report suspicious transactions to the relevant authorities. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business vehicles to facilitate money laundering activities and terrorist acts as required under applicable PRC laws, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these may materially and adversely affect its business reputation, 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 certain 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;
- concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks material to the Group;
- 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 bribes;
- 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 and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner, if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There 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.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, indigenous residents, contractors, suppliers, employees and other third-party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

The Group relies on information technology systems for its business and any information technology system limitations or failures could adversely affect its business, financial condition and results of operations.

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems at the holding company and at its subsidiaries. If the Group's systems may not be able to effectively address the issues arising from an increased business or may otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitation on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Although the Group's systems have not experienced major systems failures and delays in the past, there is no assurance that the Group's systems would not experience future systems failures and delays, or the measures taken by the Group to reduce the risk of system disruptions are adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There is no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

Any future occurrence of force majeure events, natural disasters or outbreaks of contagious diseases may have a material adverse effect on the Group's business operations, financial condition and results of operations.

Any future outbreaks of epidemics and contagious diseases, including but not limited to Avian Influenza, severe Acute Respiratory Syndrome, Swine Influenza caused by the H1N1 virus or H1N1 influenza, the Ebola virus disease and the Coronavirus Disease 2019 (COVID-19) caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), may materially and adversely affect the Group's business results of operations and financial condition. Starting from December 2019, PRC experienced the largest outbreak of the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), putting Hong Kong and many other countries globally on high alert for the SARS-CoV-2, which is highly contagious and is associated with a high risk of death.

On 31 January 2020, the World Health Organisation (WHO) identified the outbreak of COVID-19 as a "public health emergency of international concern". On 11 March 2020, the Director General of the WHO declared the COVID-19 a "global pandemic". On 12 March 2020, the National Health Commission of PRC (中華人民共和國國家衛生健康委員會) announced that, in general, the peak of the epidemic in Mainland China has passed and the increase of new cases is falling. On 23 March 2020, it was announced that the spread of domestically transmitted epidemic in China with Wuhan as the main battlefield has basically been stopped. Although there have been several small-scale concentrated outbreaks since then, such as Suifenhe, Shulan City, Xinfadi Market in Beijing, Urumqi in Xinjiang Uygur Autonomous Region and Dalian City in Liaoning Province, all of them have been stopped in early stage through large-scale detection and other measures. On 29 June 2020, the number of confirmed cases of COVID-19 worldwide surpassed 10 million. On 9 July 2020, the WHO's Director-General announced the initiation of the Independent Panel for Pandemic Preparedness and Response (IPPR) to evaluate the world's response to the COVID-19 pandemic. On 7 September 2020, all primary cases in Mainland China were cleared. On 21 January 2021, the number of confirmed COVID-19 cases worldwide surpassed 95 million. Since March 2022, the PRC has experienced outbreaks of COVID-19 variants including the omicron variant and the delta variant in major cities, where series of emergency measures have been implemented by authorities to contain these outbreaks. The Group's business could be adversely affected by the effects of such pandemic or outbreaks.

Moreover, the PRC has experienced natural disasters like earthquakes, floods and droughts in the past few years. Any future occurrence of severe natural disasters in the PRC may materially and adversely affect its economy and therefore the Group's business. The Group cannot assure investors that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, H1N1 influenza or other epidemics, or the measures taken by the PRC Government or other countries in response to such contagious diseases, will not seriously disrupt the Group's operations or those of the Group's customers, which may have a material and adverse effect on the Group's business and results of operations.

Prospective investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

Each of the Issuer and the Guarantor from time to time issues corporate bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, each of the Issuer and the Guarantor needs to publish their respective semi-annual and annual financial information to satisfy their respective continuing disclosure obligations relating to their respective corporate bonds. After the Bonds are issued, each of the Issuer and the Guarantor is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with their respective audited financial statements and certain unaudited but reviewed periodical financial statements. The semi-annual financial information published by the Issuer or the Guarantor in the PRC is normally derived from the Issuer's or the Guarantor's management accounts which have not been audited or reviewed by independent auditors.

As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. Neither the Issuer or the Guarantor is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore prospective investors should not place any reliance on any such financial information.

Changes in the organisational structure of the Group may affect the Group's financial condition and results of operations.

The Group may undergo certain organisational restructuring from time to time, which may involve disposal by the Guarantor of certain subsidiaries or assets or affect the consolidation scope of the Group. For example, on 30 June 2021, the Guarantor transferred all equity interests in Yuyao Jinshun Development and Construction Co., Ltd. (余姚市金舜開發建設有限公司) to the Yuyao SASAC. There can be no assurance that any such organisational restructuring may not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Guarantor is subject to audits and inspections by the PRC governmental authorities from time to time. The Group cannot predict the effect of the outcome of these audits and inspections on its businesses and financial conditions or its reputations.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The Group could face material and adverse tax consequences if the PRC tax authorities determine that some agreements or transactions were not reached at an arm's length price and adjust any of those entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by the Group's subsidiaries, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties for any unpaid taxes or under-paid taxes, which could materially and adversely affect the Group's business, financial condition and results of operations.

Each of the Issuer's and the Group's accounts were audited in accordance with PRC GAAP which may be different from IFRS.

Each of the Issuer's and the Group's Consolidated Financial Statements as at and for the years ended 31 December 2018, 2019 and 2020 and the Issuer's and the Group's Reviewed Financial Statements as at and for the nine months ended 30 September 2021 were prepared in accordance with the PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Certain Differences between PRC GAAP and IFRS*". There is no guarantee that PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Prospective investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

The Guarantor's and the Issuer's independent auditors, have previously been investigated, censured or penalised by relevant regulatory authorities.

The Guarantor's and the Issuer's independent auditor, Zhongxinghua, has previously been investigated, censured or penalised by relevant regulatory authorities on various occasions, including the investigation and administrative penalisation undertaken by China Securities Regulatory Commission (the "CSRC") and the MOF. Although such investigation, censure or penalisation may restrict Zhongxinghua from providing audit services or other services in connection with the financing transactions, Zhongxinghua has confirmed that in respect of any investigations against, in respect of or involving it, whether concluded or ongoing as at the date hereof, or any sanction or other regulatory or administrative warning

or penalty against it, whether implemented or being implemented as at the date hereof, such investigation, sanction, warning or penalty (a) has not targeted and will not target the team from Zhongxinghua providing assistance in respect of the issuance of the Bonds and which serve as auditors of the Group; and (b) do not affect or in any way amend the findings set out in the Group's Consolidated Financial Statements. Potential investors should consider these factors prior to making any investment decision.

There can be no assurance that these investigation, censure or penalisation would not subject Zhongxinghua, or any of their management, officers or employees to further sanctions imposed by other PRC authorities or further suspension of business operations by MOF, CSRC and/or Shanghai Stock Exchange. Such further sanctions may restrict Zhongxinghua from providing audit services or other services in connection with the financing transactions. In that case, the Group may have to discontinue its engagement with Zhongxinghua. Prospective investors should consider these factors prior to making any investment decision.

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

As the Guarantor is not listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies.

RISKS RELATING TO THE PRC

The Group may be adversely affected by the uncertainty of the future performance of the PRC's economy.

Recent slowdown in the growth of the PRC's GDP beginning in the second half of 2013 has raised concerns that the historical rapid growth of the PRC economy over the last 30 years may not be sustainable. In May 2017, Moody's Investors Service downgraded China's sovereign credit rating for the first time since 1989, citing the country's rising levels of debt and expectations of slower economic growth. A recent increase in bond defaults by PRC corporate issuers is a further indication of the slowdown in the growth of China's economy.

China's economy is also exposed to material changes in the global economic and political environment as well as the performance and policies of certain developed economies and governments. Any change in the trade policies of China's major trading partners, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes, may have an adverse effect on China's economy. Recent major events in the world, such as the trade conflict between China and the United States, the United Kingdom's exit from the European Union, the COVID-19 pandemic and the conflict between Ukraine and Russia, and other material changes in the global economic and political environment could have an adverse effect on China's economy which would in turn affect the Group's business and prospects.

Changes in China's economic, political and social conditions as well as governmental policies could affect the Group's business, results of operations and financial condition.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, uniformity in the implementation and enforcement of laws in relation to control of foreign exchange and control over capital investment and allocation of resources. In order to further transition the economy of the PRC from a planned economy to a more market-oriented economy, the PRC government has in recent years implemented a series of measures emphasising market forces, the reduction of state ownership of productive assets, deleveraging the economy by reducing borrowing levels and the establishment of sound corporate governance in business enterprises. However, a large portion of the 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 economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The PRC legal system could limit the legal protections available to investors.

The Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes. The PRC government has promulgated laws and regulations dealing with economic matters including the issuance and trading of securities, shareholder rights, foreign investment, corporate organisation and governance, commerce, taxation and trade. Many of these laws and regulations continue to evolve, may be subject to varying interpretations and may be inconsistently enforced. In addition, the number of published court decisions in China is limited in comparison to other jurisdictions with which investors may be more familiar, and such cases are not binding on subsequent cases. These uncertainties relating to the interpretation and enforcement of PRC laws and regulations can affect the legal remedies and protections that are available to investors and can adversely affect the value of an investment in the Bonds.

In addition, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. It may not be possible for investors to effect service of process upon the Group in the PRC or to enforce any judgments obtained from courts of these countries against the Group in the PRC.

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

A portion of the Group's Renminbi income may need to be converted into other currencies to meet its requirements for foreign currencies, including payment of its foreign currency-denominated debt and purchases of imported equipment. Foreign exchange transactions under the capital account, including principal payments with respect to foreign currency-denominated obligations, are subject to the approval requirements of SAFE. In addition, the value of Renminbi against the US dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. Fluctuations in the exchange rate of the Renminbi against the US dollar and certain other foreign currencies may adversely affect its business, results of operations and financial condition.

The Group's labour costs may increase.

The Group's businesses are labour intensive. Industrial action or other labour unrest may directly or indirectly prevent or hinder the Group's normal operating activities and could adversely affect its business. In addition, the PRC government has amended labour laws to enhance the protection of employees' rights. Increasing minimum wages, awareness of labour protections and inflation have also led to increases in labour costs for PRC enterprises. The Group may not be able to pass on any such increases to customers. Any failure to do so may have a material and adverse effect on the Group's business, financial condition and results of operations.

The facts, forecasts and other statistics with respect to China and the PRC economy contained in this Offering Circular may not be accurate.

Facts, forecasts and other statistics in this Offering Circular relating to China, the PRC national economy and selected PRC regional information have been derived from various official publications available in China and may not be consistent with other information compiled within or outside of China. The Group cannot guarantee the quality or reliability of such source materials. The materials have not been prepared or independently verified by the Group, the Joint Lead Managers, the Trustee, the Agents or other participants in this offering and, therefore, no representation is made as to the accuracy of such facts,

forecasts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts, forecasts and statistics in this Offering Circular may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Furthermore, there is no assurance that facts, forecasts and statistics contained herein are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, potential investors should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the selected PRC regional data contained in this Offering Circular.

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

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

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

Substantially all members of the Group 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 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.

It may be difficult to effect service of process upon, or to enforce against, the Guarantor or its directors or senior management who reside in the PRC in connection with judgments obtained in non-PRC courts. Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, substantially all of the assets of the Guarantor's directors and senior management may be located within the PRC. Therefore, it may not be possible for investors to effect service of process upon the Guarantor or its directors or senior management within the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**Choice of Court Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and

enforcement of such judgment in Hong Kong. A “choice of court” agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a “choice of court” agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Guarantor or the Guarantor’s directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. 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 seeks to establish 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 will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for “choice of court” agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Guarantor or the Guarantor’s directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC. Furthermore, 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 Group is subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion and may be affect by the risks relating to fluctuations in exchange rates in the future.

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of PRC. Substantially all of the Group’s operating revenue is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group’s foreign currency obligations, such as payments of principal and interests under the Bonds or other foreign currency denominated debt, if any. Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are complied with. Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group’s foreign currency demands, the Group may not be able to pay interests and/or principal to Bondholders or other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC. The proceeds from the offering of the Bonds will be received in U.S. dollars. As a result, any appreciation of Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of the

Group's foreign currency-denominated assets and the Group's proceeds from the offering of the Bonds. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Bonds.

The value of Renminbi against the U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. On 21 July 2005, the PRC Government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 17 March 2014, the floating band of interbank spot foreign exchange market trading price of Renminbi against the U.S. dollar was gradually widened from 0.3 per cent. to 2.0 per cent. On 11 August 2015, 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. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of PBOC, published the China Foreign Exchange Trade System (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. Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC Government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC. In addition, the value of Renminbi has depreciated significantly against the U.S. dollar since the end of 2015 and hit record lows since 2008 against the U.S. dollar in 2016. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a depreciation in value against U.S. dollar following a fluctuation in 2018 and a significant depreciation in the second half of 2019 and may remain fluctuating given the trade tensions between the PRC and the U.S. escalates. There can be no assurance that the Renminbi will not experience significant depreciation or appreciation against the U.S. dollar or against any other currency in the future. Furthermore, the Group may be required to obtain SAFE's approval before converting significant amounts of foreign currencies into Renminbi. As a result, any significant increase in the value of Renminbi against foreign currencies could reduce the value of the Group's foreign currency-denominated revenue and assets and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The 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 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 Guarantor's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Guarantor's subsidiaries may impact the Guarantor's ability to fund its operations and to service its indebtedness.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The Yuyao Municipal Government or any other PRC governmental entity has no legal obligations under the Bonds or the Guarantee.

The Guarantor is controlled by the Yuyao SASAC. Any ownership or control by the PRC government (including the Yuyao Municipal Government and the Yuyao SASAC) does not necessarily correlate to, or provide any assurance as to, the Issuer's and/or the Guarantor's financial condition. If the Issuer and/or,

as the case may be, the Guarantor does not fulfil its obligations under the Bonds, the Guarantee and/or the Trust Deed, the Bondholders will only have recourse against the Issuer and the Guarantor, and not the PRC government. Similar to other companies beneficially owned or controlled by the PRC government, the Issuer and the Guarantor may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Issuer and/or the Guarantor becomes financially distressed. However, neither the Yuyao Municipal Government nor any other PRC governmental entity is an obligor. The Yuyao Municipal Government and any other PRC governmental entity shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee in lieu of the Issuer or the Guarantor. This position has been reinforced by Circular 23 and Circular 706. The liability of the Yuyao SASAC as the shareholder of the Guarantor shall be limited to its agreed obligation to contribute to the Guarantor's registered capital. As such, the PRC government does not have any payment obligations under the Bonds, the Guarantee or the Trust Deed. The Bonds are solely to be repaid by the Issuer or the Guarantor, each as an obligor under the relevant transaction documents and as an independent legal person.

In the event that the Issuer does not fulfil its obligations under the Bonds, Bondholders will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and their respective assets, and not any other person including the PRC government, the Yuyao Municipal Government and any other local or municipal government.

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 24 November 2021 evidencing such registration. The NDRC Circular is silent on the legal consequences of non-compliance with the post-issue notification requirement. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

In accordance with the Foreign Debt Registration Measures, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds with SAFE within 15 working days after execution of the Trust Deed and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer and/or the Guarantor, and the Issuer and/or the Guarantor may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Further, pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. Pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. The Issuer has undertaken to use its best endeavours, and intends, to complete the Foreign Debt Registration and obtain a registration record from SAFE within 120 Registration Business Days of the Issue Date. The Issuer does not foresee any obstacle in completing

the registration within the above-mentioned period. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned period, a No Registration Event (as defined in the Terms and Conditions) may be triggered. Following the occurrence of a No Registration Event, a holder will have the right, at such holder's option, to require the Issuer to redeem on the relevant Put Settlement Date (as defined in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions) all but not some only, of the Bonds at 100 per cent. of their principal amount, together with accrued interest up to, but excluding, the Put Settlement Date.

According to the Cross-Border Financing Circular, the Issuer shall file the information relating to the Bonds in the capital project information system with SAFE after the signing of the transaction documents in relation to the Bonds and no later than three working days before the withdrawal of money. The Issuer, after filing with SAFE, may carry out relevant capital settlement for the Issuer according to the withdrawal and repayment arrangement, report the relevant clearing information to the relevant systems of the PBOC and SAFE, and update the information on the transaction in relation to the Bonds (including offshores creditors, maturity, amount, interest rate and net assets). The Issuer is also obligated to report any changes to such information on the transaction in relation to the Bonds. If the Issuer fails to report in time, the PBOC and SAFE may issue a public reprimand against the Issuer after verification, order a rectification and impose other sanctions under the Law of the People's Republic of China on People's Bank of China and the Law of the People's Republic of China on Foreign Exchange Control.

The Group has not obtained all necessary waivers and consents from lenders required for the offering of the Bonds.

As at the date of this Offering Circular, the Issuer and the Guarantor are still in the process of obtaining waivers or consents from certain of their lenders of their existing financing agreements which might be relevant to the offering of the Bonds. Failure to obtain the necessary waivers or consents may entitle the lenders under these financing agreements to require the Issuer or the Guarantor, as the case may be, to immediately repay its debts. The Issuer and the Guarantor sought but have not obtained the written consents or waivers from certain of its lenders regarding the issue of the Bonds or the giving of the Guarantee as at the date of this Offering Circular. Nonetheless, the Issuer and the Guarantor confirm that they have notified the relevant lenders of the Bond offering or the giving of the Guarantee, and the relevant lenders have not filed a written objection to the Issuer's or the Guarantor's notification letters in relation to the Bond offering or the giving of the Guarantee. There can be no assurance that the Issuer or the Guarantor will be able to obtain the waiver or consent from the relevant lenders in a timely manner or that the assets and cash flow of the Issuer and the Guarantor would be sufficient to repay in full all of its debts as they become due, or that the Issuer or the Guarantor would be able to find alternative financing. See also “– *If the Issuer or the Guarantor (as the case may be) 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 Issuer's or the Guarantor's debt to be accelerated.*” below.

The Bonds and the Guarantee are unsecured obligations.

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

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the 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 on 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.

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.

Additionally, the investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities.

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 application will be made for the listing of the Bonds on the SGX, no assurance can be given that an active trading market for the Bonds will develop or be sustained. 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. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. None of the Joint Lead Managers is 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 the U.S. dollar 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 neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

The 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 Group'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 issues in other countries, including the PRC. In recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market value of the Bonds.

For example, the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and Mainland China have been involved in controversy over trade barriers in recent years that have triggered the implementation or proposed implementation of tariffs on certain imported products into the two countries. Both parties expressed a commitment to further improve various trade issues. However, there can be no assurance that both governments can successfully relieve trade tensions. Geopolitical events such as the conflict between Ukraine and Russia, the continued tensions in the Middle East and the Korean peninsula, as well as the escalation of tensions between the United States and Mainland China over trade policies, political and other issues could significantly undermine the stability of the global economy and financial markets.

More recently, the ongoing COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. As such, there continues to be uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

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

Following the occurrence of a Relevant Event, a Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest to (but excluding) the relevant Put Settlement Date. 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 would have sufficient liquidity at such time to make the required redemption of the Bonds. The ability of the Issuer or the Guarantor to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's and 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 other debt instruments of the Issuer, the Guarantor or their respective subsidiaries.

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

The Bonds will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing and future subsidiaries, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's subsidiaries, and the Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's right to receive assets of any of the Issuer'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 is creditor of that subsidiary). Consequently, the Bonds will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer may in the future acquire or establish.

The Bonds are the Issuer's unsecured obligations and will (i) rank at least equally in right of payment with all the Issuer'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 present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's bankruptcy, 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 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 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 Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Guarantor's existing and future subsidiaries and effectively subordinated to the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Guarantor's existing and future subsidiaries, whether or not secured. The Guarantee will not be guaranteed by any of the Guarantor's subsidiaries, 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 Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Guarantor is subject to various restrictions under applicable laws. The Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Guarantor's right to receive assets of any of 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 Guarantor is creditor of that subsidiary). Consequently, the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Guarantor's subsidiaries, and any subsidiaries that the Guarantor may in the future acquire or establish.

The Guarantee is the Guarantor's unsecured obligation and will (i) rank at least equally in right of payment with all the Guarantor's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Guarantor's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon enforcement of the Guarantee, these assets will be available to pay the obligation on 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 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 obligation under the Guarantee then outstanding would remain unpaid.

The insolvency laws of the PRC may differ from those of another jurisdiction with which the holders of the Bonds are familiar.

Each of the Issuer and the Guarantor is incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer or the Guarantor would likely involve PRC bankruptcy 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.

If the Issuer or the Guarantor (as the case may be) 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 Issuer's or the Guarantor's debt to be accelerated.

If the Issuer or the Guarantor (as the case may be) 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 (as the case may be), 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 (as the case may be), contain cross acceleration or cross default provisions. As a result, the default by the

Issuer or the Guarantor (as the case may be) 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 the Issuer or the Guarantor (as the case may be) would be able to find alternative financing. Even if the Issuer or the Guarantor (as the case may be) 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 (as the case may be).

The ratings expected to be assigned to the Bonds may be lowered or withdrawn in the future.

The Guarantor has been assigned a corporate credit rating of "Baa3" with a stable outlook by Moody's and "BBB-" with a stable outlook by Fitch. The Bonds are expected to be rated "Baa3" by Moody's and "BBB-" by Fitch. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. In addition, credit rating agencies may change their methodology for assigning ratings at any time. Neither the Issuer nor the Guarantor has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. A revision, qualification, suspension, reduction or withdrawal at any time of the ratings assigned to the Bonds may adversely affect the market price of the Bonds and the ability of the Issuer and the Guarantor to access the debt capital markets.

Modifications and waivers may be made in respect of the Terms and Conditions, the Trust Deed, and the Agency Agreement and/or the Deed of Guarantee 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, and to pass resolutions in writing or by way of electronic consents through the relevant clearing system(s). 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 (other than any modification relating to a Reserved Matter (as defined in the Terms and Conditions) of any of the Terms and Conditions, or any provisions of the Trust Deed, or the Agency Agreement which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Bonds and to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, agree to the waiver of authorisation of any proposed breach or breach of any of the Terms and Conditions, or any of the provisions of the Trust Deed, or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*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 13 (*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 action and/or step and/or institutes any proceeding on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, and/or step and/or institutes any proceeding notwithstanding the provision of an indemnity and/or security and/or pre-funding, in breach of the terms of the Trust Deed, the Deed of Guarantee or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions and/or step and/or institutes any proceeding directly.

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

The Bonds will be initially evidenced by a Global Certificate registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream (each a “**Clearing System**”). Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates representing the Bonds. The Clearing System(s) 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 the Clearing System(s).

While the Bonds are represented by the Global Certificate, the Issuer, will discharge its payment obligations under the Bonds by making payments to the Clearing System(s) for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing System(s) to receive payments under the Bonds. The Issuer does not have 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 the Clearing System(s) to appoint appropriate proxies.

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

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

Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value-added tax 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 last 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 enterprise holders 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 which was promulgated on 21 August 2006 (the “**Double Taxation 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.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) as last 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 PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer 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).

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) 《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號) (“**Circular 36**”), which introduced a new value-added tax (“**VAT**”) from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The issuance of the Bonds may be treated as the Bondholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. Therefore, the Bondholders may be regarded as providing the financial services within the PRC and consequently, the Issuer may 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 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 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.

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 may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at their principal amount (together with interest accrued to the date fixed for 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 further described in Condition 6(b) (*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 may, from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for certain compliance procedures as further described in Condition 15 (*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.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Bonds would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions, the Deed of Guarantee, the Trust Deed and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Under the Choice of Court Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or if other circumstances specified by the Choice of Court Arrangement are present. In addition, on 18 January 2019, the Supreme People's Court of the PRC and the government of Hong Kong signed the 2019 Arrangement. The 2019 Arrangement extends the scope of judicial assistance and shall take effect after the necessary procedures to enable its implementation are completed in both the PRC and Hong Kong. The 2019 Arrangement will, upon its commencement, supersede the Choice of Court Arrangement. However, the Choice of Court Arrangement will continue to apply to a "choice of court agreement" in writing (if any) made between the relevant parties before the commencement of the 2019 Arrangement. While it is expected that the PRC courts may recognise and enforce a judgment given by the Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside of Hong Kong will be limited.

USE OF PROCEEDS

The estimated net proceeds of the issue of the Bonds, after deducting the fees and other expenses in connection with the issue of the Bonds, will be approximately U.S.\$99.01 million. The Issuer intends to use the net proceeds from this offering for refinancing existing offshore bonds.

EXCHANGE RATES

The People's Bank of China (the "PBOC"), the central bank of the PRC, 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 market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. 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. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In the past years, Renminbi experienced further fluctuations in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

Period	Noon Buying Rate ⁽¹⁾			
	Period end	Average ⁽²⁾	Low	High
	(RMB per US\$1.00)			
2016	6.0537	6.1412	6.0537	6.2438
2017	6.2046	6.1704	6.0402	6.2591
2018	6.4778	6.2869	6.1870	6.4896
2019	6.9430	6.6400	6.4480	6.9580
2020	6.5063	6.7564	6.4773	6.9575
2021				
September	6.4434	6.4563	6.4320	6.4702
October	6.4050	6.4172	6.3820	6.4485
November	6.3640	6.3889	6.3640	6.4061
December	6.3726	6.3693	6.3435	6.3772
2022				
January	6.3610	6.3556	6.3206	6.3822
February	6.3169	6.3455	6.3660	6.3134
March (through 22 March)	6.3658	6.3423	6.3116	6.3720

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.

CAPITALISATION AND INDEBTEDNESS

The following sets forth the consolidated total indebtedness (both short-term and long-term portions), total equity and total capitalisation of the Group and the Issuer Group, respectively, as at 30 September 2021:

- (i) on an actual basis, 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 issuance of the Bonds.

THE GROUP

The following should be read in conjunction with the Group's Reviewed Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 September 2021			
	Actual		As adjusted	
	(RMB'000)	(US\$'000) ⁽¹⁾	(RMB'000)	(US\$'000) ⁽¹⁾
Current indebtedness				
Short-term loans	4,783,128	742,330	4,783,128	742,330
Non-current liabilities due within one year	16,356,894	2,538,550	16,356,894	2,538,550
Total current indebtedness	21,140,022	3,280,880	21,140,022	3,280,880
Non-current indebtedness				
Long-term loans	30,694,413	4,763,698	30,694,413	4,763,698
Bonds payable	20,295,422	3,149,800	20,295,422	3,149,800
Bonds to be issued	–	–	644,340	100,000
Total non-current indebtedness	50,989,835	7,913,498	51,634,175	8,013,498
Total indebtedness⁽²⁾	72,129,857	11,194,378	72,774,197	11,294,378
Total equity	54,290,543	8,425,760	54,290,543	8,425,760
Total capitalisation⁽³⁾	126,420,400	19,620,138	127,064,740	19,720,138

Notes:

- (1) The financial information has been translated into USD at the closing rate of USD1 to RMB6.4434 as at 30 September 2021.
- (2) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.
- (3) Total capitalisation equals the sum of total indebtedness and total equity.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the consolidated total capitalisation and total indebtedness of the Guarantor since 30 September 2021.

THE ISSUER GROUP

The following should be read in conjunction with the Issuer's Reviewed Financial Statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 September 2021			
	Actual		As adjusted	
	(RMB'000)	(US\$'000) ⁽¹⁾	(RMB'000)	(US\$'000) ⁽¹⁾
Current indebtedness				
Short-term loans	590,900	91,706	590,900	91,706
Non-current liabilities due within one year	2,929,629	454,671	2,929,629	454,671
Total current indebtedness	3,520,529	546,378	3,520,529	546,378
Non-current indebtedness				
Long-term borrowings	2,991,340	464,249	2,991,340	464,249
Bonds payable	1,854,342	287,789	1,854,342	287,789
Bonds to be issued	–	–	644,340	100,000
Total non-current indebtedness	4,845,682	752,038	5,490,022	852,038
Total indebtedness⁽²⁾	8,366,211	1,298,416	9,010,551	1,398,416
Total equity	5,593,298	868,066	5,593,298	868,066
Total capitalisation⁽³⁾	13,959,509	2,166,482	14,603,849	2,266,482

Notes:

- (1) The financial information has been translated into USD at the closing rate of USD1 to RMB6.4434 as at 30 September 2021.
- (2) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.
- (3) Total capitalisation equals the sum of total indebtedness and total equity.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the consolidated total capitalisation and total indebtedness of the Issuer Group since 30 September 2021.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds substantially in the form in which they (other than the text in italics) will be endorsed on the definitive Certificates and referred to in the global certificate.

The U.S.\$100,000,000 3.90 per cent. guaranteed bonds due 2025 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Yuyao Economic Development Zone Construction Investment and Development Co., Ltd. (余姚經濟開發區建設投資發展有限公司) (the “**Issuer**”) guaranteed by Yuyao Shuncai Investment Holding Co., Ltd. (余姚市舜財投資控股有限公司) (the “**Guarantor**”) are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 7 April 2022 (the “**Issue Date**”) made between the Issuer and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Bonds. The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. 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.

The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer on 8 November 2021 and by resolutions of the shareholders of the Issuer on 9 November 2021. The guarantee of the Bonds was authorised by resolutions of the board of directors of the Guarantor on 9 November 2021 and by resolutions of the shareholders of the Guarantor on 18 November 2021.

Copies of the Trust Deed, the Deed of Guarantee and the agency agreement dated on or about the Issue Date (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Guarantor and the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the “**Principal Paying Agent**”), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”) and any other Agents appointed thereunder are available for inspection at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday) by the Holders (as defined below) at the specified office of the Principal Paying Agent (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom), following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent. 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, any other Paying Agents, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time under the Agency Agreement with respect to the Bonds. The Holders 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.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each a “**Specified Denomination**”). The Bonds are evidenced by registered certificates (“**Certificates**”) and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall only pass by transfer and registration of title in the Register as described in Condition 3. The holder of any Bond shall (except as ordered by a court of competent jurisdiction or as 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 an interest in it, any writing on the Certificate (other than the endorsed form of transfer) evidencing it or the alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” or, in respect of 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 initially evidenced by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate in respect of any of the Bonds that are evidenced by the Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form”.*

2 STATUS AND GUARANTEE

- (a) **Status:** The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **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 (and any supplement thereto). The obligations of the Guarantor under the Guarantee constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)), unsecured obligations of the Guarantor. The payment 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(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a register in respect of the Bonds (the “**Register**”) to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names, addresses and details of the registered account (as defined in Condition 7(a)(ii)) of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and to Conditions 3(e) and 3(f), a Bond may be transferred (in whole or in part but in any case in not less than a Specified Denomination) by surrendering the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate (or, if not such form appears on the back of the Certificate, in the form obtainable from the Register or any Transfer Agent) duly completed and signed, at the

specified office of the Registrar or any Transfer Agent and with any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of part only of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be not less than a Specified Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a Holder of Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt of a duly completed form of transfer and surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as contemplated in Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Certificate and evidence shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive delivery of definitive Certificates.

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer, the Guarantor or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may require) in respect of any taxes, duties or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the Regulations (as defined in Condition 3(f)) concerning transfer of Bonds have been complied with.

(e) **Closed Periods**

No Holder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) during the period of seven days prior to (and including) any date on which Bonds are to be redeemed by the Issuer pursuant to Condition 6(b); or (iv) after a Put Exercise Notice (as defined in Condition 6(c)) has been deposited in respect of such Bond by a Holder pursuant to Condition 6(c).

(f) **Regulations**

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations (the “**Regulations**”) concerning transfer of Bonds, the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed from time to time 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 to the Holders and at the Issuer’s expense) by the Registrar to any Holder who requests one in writing and provides proof of holding and identity satisfactory to the Registrar.

4 **COVENANTS**

(a) **Negative Pledge**

So long as any Bond 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, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Undertakings relating to Foreign Debt Registration**

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date submit the relevant documents for the registration of the Bonds with the local branch of the State Administration of Foreign Exchange of the PRC (“**SAFE**”) pursuant to 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, if applicable, 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) effective as of 11 January 2017 (the “**Foreign Debt Registration**”), and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline.

(c) **Notification to NDRC**

The Issuer undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) issued by the NDRC on, and effective from, 14 September 2015, and any related implementation rules issued by the NDRC from time to time (the “**NDRC Post-Issue Filing**”).

(d) **Notification of Completion of the Foreign Debt Registration and the NDRC Post-Issue Filing**

The Issuer shall (i) provide the Trustee within 10 Registration Business Days after the later of the submission of the NDRC Post-Issue Filing and the completion of the Foreign Debt Registration, and (ii) use its best endeavours to provide the Trustee on or before the Registration Deadline, in each case with (A) a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming (I) the completion of the Foreign Debt Registration and (II) the submission of the NDRC Post-Issue Filing; and (B) copies of the relevant documents evidencing the completion of the Foreign Debt Registration and the submission of the NDRC Post-Issue Filing, each certified in English as being a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (A) and (B) together, the “**Registration Documents**”). In addition, the Issuer shall within 10 Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Foreign Debt Registration and submission of the NDRC Post-Issue Filing.

The Trustee shall have no obligation or duty to monitor or ensure or to assist with the filing with the NDRC or the registration of the Bonds with SAFE on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with NDRC Post-Issue Filing and/or the Foreign Debt Registration and/or the Registration Documents or to give notice to the Bondholders confirming the submission of the NDRC Post-Issue Filing and/or the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

(e) **Undertakings relating to Compliance with Laws and Regulations**

Each of the Issuer and the Guarantor undertakes that it will comply with all PRC laws and regulations to the extent applicable to the Bonds and the Guarantee.

(f) **Financial Information**

So long as any Bond remains outstanding (as defined in the Trust Deed) each of the Issuer and the Guarantor will furnish the Trustee with:

- (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Audited Financial Reports, in each case within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) (audited by a nationally recognised firm of independent accountants) of each of the Issuer and the Guarantor and their respective Subsidiaries (if any) 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, together with a certificate in English signed by an Authorised Signatory of the Issuer or, as the case may be, the Guarantor certifying that such translation is complete and accurate; and

- (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports of each of the Issuer and the Guarantor 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, together with a certificate in English signed by an Authorised Signatory of the Issuer or, as the case may be, the Guarantor certifying that such translation is complete and accurate.

(g) Rating Maintenance

So long as any Bond remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution, the Issuer shall use its reasonable endeavours to maintain a rating on the Bonds by at least one Rating Agency.

(h) Definitions

In these Conditions:

“**Audited Financial Reports**” means annual audited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statements of changes in owners’ equity of each of the Issuer and the Guarantor together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them;

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

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) 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, as the case may be, the Guarantor has complied with all its respective obligations under the Trust Deed, the Deed of Guarantee (in the case of the Guarantor) and the Bonds or, if non-compliance had occurred, giving details of it;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**NDRC**” means the National Development and Reform Commission of the PRC or its local branches;

“**person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“**PRC**” means the People’s Republic of China, which shall for the purpose of these Conditions only, exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“**Rating Agency**” means (i) any of Fitch Ratings, Inc. and its successors (“**Fitch**”), S&P Global Ratings and its successors (“**S&P**”) or Moody’s Investors Service, Inc. and its successors (“**Moody’s**”), or (ii) if none of Fitch, S&P or Moody’s shall make a rating of the Bonds publicly available, the Issuer shall select and substitute them with any other reputable credit rating agency of international standing to make such rating publicly available;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing, PRC;

“**Registration Deadline**” means the day falling 120 Registration Business Days after the Issue Date;

“**Relevant Indebtedness**” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities with a maturity of more than one year 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 (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans, any transferable loan facility or agreement (including any drawing down of any existing credit line or facility of the Issuer, the Guarantor or any of their respective Subsidiaries));

“**Relevant Period**” means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of each of the Issuer’s and the Guarantor’s financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of each of the Issuer’s and the Guarantor’s first half financial year (being 30 June of that financial year);

“**SAFE**” means the State Administration of Foreign Exchange of the PRC or its local branch;

“**Subsidiary**” means, (i) any corporation, association or other business entity of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such corporation, association or other business entity and one or more other Subsidiaries of the same; or (ii) any corporation, association and other business entity which at any time has its financial statements consolidated with those of the same or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such corporation, association or other business entity from time to time, should have its financial statements consolidated with those of the same;

“**Unaudited Financial Reports**” means the semi-annual unaudited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and consolidated statements of changes in owners’ equity of each of the Issuer and the Guarantor together with any statements, reports (including any directors’ and auditors’ review reports, if any) and notes attached to or intended to be read with any of them; and

“**Voting Stock**” means, with respect to any person, capital stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

5 INTEREST

(a) 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 3.90 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$19.50 per Calculation Amount (as defined below) on 7 April and 7 October in each year (each an “**Interest Payment Date**”) commencing on 7 October 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate evidencing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Holders, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Holders under these Conditions).

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

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

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 7 April 2025 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ irrevocable notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any

authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective, or in the case of change in application or interpretation or statement of an official position which is announced, on or after 1 April 2022, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change, amendments or statement. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the Holder of any Bond will have the right (the “**Relevant Event Put Right**”), at such Holder’s option, to require the Issuer to redeem all, but not some only, of such Holder’s Bonds on the Put Settlement Date (as defined below in this Condition 6(c)) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest to (but excluding) the relevant Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other 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 (a “**Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The “**Put Settlement Date**” shall be the fourteenth day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which are the subject of Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

Not later than 14 days (in the case of a Change of Control) or five days (in the case of a No Registration Event) following the day on which the Issuer becomes aware of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event be delivered to the Trustee and the Principal Paying Agent in writing and to the Holders (in accordance with Condition 16) stating:

- (i) the applicable Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or No Registration Event;
- (iii) the date by which a Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Relevant Event Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Registration Condition and shall not be required to take any steps to ascertain whether a No Registration Event or any event which could lead to a No Registration Event has occurred or may occur and shall not be liable to the Holders, the Issuer, the Guarantor or any other person for not doing so.

For the purpose of these Conditions:

- (A) a **“Change of Control”** occurs when:
 - (i) the PRC Government Entities together cease to hold or own 100 per cent. of the issued share capital of the Guarantor; or
 - (ii) the PRC Government Entities together cease to hold or own 100 per cent. of the issued share capital of the Issuer; or
 - (iii) the Issuer or the Guarantor consolidates with or merges into or sells or transfers all or substantially all of their respective assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor, the Issuer or their successor entity; or
 - (iv) the Guarantor ceases to directly or indirectly through a Person or Persons under its Control, hold or own at least 70 per cent. of the issued share capital of the Issuer;

- (B) “**Control**” means (where applicable), with respect to a Person, (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly, or (ii) the right to appoint and/or remove all or the majority of the members of such Person’s board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term “**Controlled**” has a meaning correlative to the foregoing;
- (C) a “**No Registration Event**” occurs when the Registration Condition is not satisfied on or before the Registration Deadline;
- (D) “**PRC Government Entities**” means one or more of the following:
 - (i) any agency, bureau, authority, central bank, department, commission, legislature, minister, ministry, official or public or statutory person of, or of the government of the PRC, or any provincial, regional, municipal or local authority thereof; and
 - (ii) any Person which is directly or indirectly Controlled by any one or more entities specified in subclause (i) above;
- (E) a “**Person**” includes any individual, company, corporation, firm, partnership, joint venture, fund, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect subsidiaries;
- (F) “**Registration Condition**” means the receipt by the Trustee of both (i) the certificate referred to in sub-paragraph (A) of Condition 4(d) and (ii) the Registration Documents relating to the Foreign Debt Registration referred to in sub-paragraph (B) of Condition 4(d), in each case as set forth in Condition 4(d); and
- (G) a “**Relevant Event**” will be deemed to occur if:
 - (i) there is a No Registration Event; or
 - (ii) there is a Change of Control.

(d) Notice of redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice given by the Issuer or the Guarantor pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given 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 Holders, the Issuer, the Guarantor or any other person for not doing so.

(e) **Purchase**

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, 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 and for the purposes of Condition 9, Condition 12(a) and Condition 13.

(f) **Cancellation**

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

7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a).
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), 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 on the Record Date.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or an Alternative Clearing System (as defined in the Trust Deed), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

- (b) **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto 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, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent or any other 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. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in New York City and Hong Kong and the place in which the specified office of the Principal Paying Agent is located, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at a rate up to and including the aggregate rate applicable on 1 April 2022 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or under the Guarantee):

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

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 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, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal,

premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

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

An “**Event of Default**” occurs if:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal or premium (if any) of any of the Bonds when such amount is due or (ii) any interest on any of the Bonds when due and such failure continues for a period of seven days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds (other than an event which gives rise to a right of redemption pursuant to Condition 6(c)) or under the Trust Deed or the Deed of Guarantee 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 45 days after the Trustee has given written notice thereof to the Issuer and the Guarantor; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds in the aggregate U.S.\$20,000,000 or its equivalent (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 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed for a period of 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of their respective Principal Subsidiaries on the whole or any material part of its assets 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 within 45 days; or

- (f) **Insolvency:** the Issuer or the Guarantor or any of their respective Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or
- (g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor, as the case may be, or another of their respective Subsidiaries, or (iii) a disposal of a Principal Subsidiary or such Principal Subsidiary's business and assets on an arm's length basis where the proceeds or other considerations resulting from such disposal are fully transferred or vested in the Issuer or the Guarantor (as the case may be) or any of their respective Subsidiaries; or
- (h) **Nationalisation:** seizure, compulsory acquisition, expropriation or nationalisation by any person acting under the authority of any national, regional or local government of all or a material part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Deed of Guarantee and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Guarantee or the Trust Deed; or
- (k) **Unenforceability of Guarantee:** the Guarantee becomes unenforceable or invalid or ceases to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(h) (both inclusive).

In this Condition 9,

“Principal Subsidiary” means any Subsidiary of a person:

- (a) whose total operating revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total operating revenue, as shown by its latest audited income statement, is at least five per cent. of the consolidated total operating revenue as shown by the latest audited consolidated income statement of such person including, for the avoidance of doubt, such person’s share of total operating revenue of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement, is at least five per cent. of the consolidated net profit as shown by the latest audited consolidated income statement of such person including, for the avoidance of doubt, such person’s share of profits of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet, are at least five per cent. of the amount which equals the amount included in the consolidated total assets of such person as shown by the latest audited consolidated balance sheet of such person including, for the avoidance of doubt, the investment of such person in each subsidiary whose financial statements are not consolidated with the consolidated audited financial statements of such person and after adjustment for minority interests;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited financial statements of such person relate, the reference to the then latest consolidated audited financial statements of such person for the purposes of the calculation above shall, until consolidated audited financial statements of such person for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available be deemed to be a reference to the then latest consolidated audited financial statements of such person adjusted to consolidate the latest audited financial statements (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such financial statements;
- (ii) if at any relevant time in relation to such person or any Subsidiary which itself has Subsidiaries no consolidated financial statements are prepared and audited, total operating income, total profit or total assets of such person and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated financial statements prepared for this purpose by or on behalf of such person;
- (iii) if at any relevant time in relation to any Subsidiary, no financial statements are audited, its total operating revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* financial statements (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of such person;

- (iv) 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 such person, 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 appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of such person, prepared for this purpose by such person; and
- (v) in the case of a Subsidiary to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first audited financial statements (consolidated, if appropriate) of such person prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such financial statements by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition.

A certificate in English signed by any Authorised Signatory of the Issuer or the Guarantor, as the case may be, that in its opinion (making such adjustments (if any) as it 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, the Trustee and the Bondholders.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

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

12 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee. Such a meeting may be convened by the Trustee, the Issuer or the Guarantor and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or

more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed and/or the Deed of Guarantee (each, a “**Reserved Matter**”), including consideration of proposals, *inter alia*, (i) to modify the Maturity Date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Deed of Guarantee (other than as contemplated in Condition 12(b)), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of Bondholders for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed.

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

(b) Modification, Waiver, Authorisation and Determination

The Trustee (i) may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed or the Deed of Guarantee which in its opinion is not materially prejudicial to the interest of the Bondholders, and (ii) 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 to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Issuer and/or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, legal advisors, valuers, auctioneers, surveyors, brokers, 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 entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

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

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or 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 shall be entitled to rely on any 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.

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions or to monitor whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be responsible or liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

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

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Condition, for submitting the NDRC Post-Issue Filing, and for completing the Foreign Debt Registration) and so that the same shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any further securities issued pursuant to this Condition 15. Any further securities 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.

16 NOTICES

All notices to the Holders will be valid if (a) made in writing in English and mailed to them by uninsured mail at the Issuer's (failing whom, the Guarantor's) expense at their respective addresses in the Register maintained by the Registrar; or (b) published at the Issuer's (failing whom, the Guarantor's) expense in a leading English language daily newspaper having general circulation in Asia. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given, on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or an Alternative Clearing System (as defined in the form of the Global Certificate), notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

(c) Agent for Service of Process

Each of the Issuer and the Guarantor has irrevocably appointed in the Trust Deed and the Deed of Guarantee, as applicable, The Law Debenture Corporation (H.K.) Limited at the principal place of business in Hong Kong at Suite 1301, Ruttonjee House, Ruttonjee Center, 11 Duddell Street, Central, Hong Kong (the “**Process Agent**”) to receive service of process in any Proceedings in Hong Kong based on any of the Bonds or the Guarantee. If for any reason the Process Agent shall cease to have an office in Hong Kong, each of the Issuer and the Guarantor shall forthwith appoint an agent for service of process in Hong Kong and deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation.

(d) Waiver of Immunity

Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) or any order or judgment made or given in connection with any Proceedings.

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 set out in this Offering Circular. The following is a summary of certain of those provisions. Terms defined in the Terms and Conditions have the meaning in the paragraphs below. The following is a summary of those provisions:

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

Under the Global Certificate, the Issuer, for value received, promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

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

Promise to Pay

So long as the Global Certificate is held on behalf of Euroclear, Clearstream or any Alternative Clearing System, each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

The Issuer and the Guarantor, for value received, promise to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate.

Trustee’s Powers

In considering the interests of the Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions.

Transfers

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

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

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$1,000 in principal amount of the Bonds.

Bondholder's Redemption

The Bondholder's redemption option in Condition 6(c) (*Redemption of Relevant Events*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying 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.

Issuer's Redemption

The options of the Issuer provided for in Conditions 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

Authentication

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer is a limited liability company incorporated under the laws of the PRC (Legal Entity Identifier: 3003008BG1TI6RCOVU05). It was incorporated in the PRC on 13 May 2002. Its registered office is located at No. 475 Yeshan Road, Yuyao, Ningbo, Zhejiang Province, China. The Issuer is a wholly-owned subsidiary of the Guarantor. See “Description of the Group – Corporate Structure”.

BUSINESS ACTIVITY

The Issuer Group is principally engaged in land development and property construction in Yuyao, primarily within Yuyao Economic Development Zone (余姚經濟開發區). Its businesses include zone development contracting, land development, resettlement housing sales, property leasing, construction contracting and others. The Issuer Group’s zone development contracting business began when it became the general contractor for land development and infrastructure construction of the Sino-Italian Ningbo Ecological Park (中意寧波生態園) in 2015. The Issuer Group’s land development business focuses on land development within the Yuyao Economic Development Zone (余姚經濟開發區). The Issuer Group also generates income from the sales of resettlement housing it develops, property leasing and construction contracting projects it undertakes for development within the Yuyao Economic Development Zone (余姚經濟開發區).

The Issuer operates its businesses through itself and the following subsidiaries:

- **Yuyao Binhai Construction and Investment Development Co., Ltd.** (余姚市濱海建設投資開發有限公司) (“Yuyao Binhai”), a company incorporated in the PRC in September 2007 which mainly engages in land development and operation and land reclamation. Yuyao Binhai is the main entity within the Issuer Group to undertake land development and infrastructure construction projects;
- **Yuyao Mingbang Technology Venture Development Co., Ltd.** (余姚市名邦科技創業發展有限公司), a company incorporated in the PRC in August 2005 which mainly engages in asset management, industry investment, leasing and property management; and
- **Ningbo Jin Xing Mould Technology Services Co., Ltd.** (寧波金興模具技術服務有限公司), a company incorporated in the PRC in November 2005 which engages in the manufacture and sales of mould well as provision of moulding technology and training services.

The table below sets forth the breakdown of operating revenue by business segment for the periods indicated:

	For the year ended 31 December						For the nine months ended 30 September			
	2018		2019		2020		2020		2021	
	Operating Revenue	Percentage of total	Operating Revenue	Percentage of total	Operating Revenue	Percentage of total	Operating Revenue	Percentage of total	Operating Revenue	Percentage of total
	(RMB'000)	(Per cent.)	(RMB'000)	(Per cent.)	(RMB'000)	(Per cent.)	(RMB'000)	(Per cent.)	(RMB'000)	(Per cent.)
Zone Development Contracting	402,309	51.92	–	–	–	–	–	–	–	–
Land Development and Consolidation	211,908	27.35	132,084	15.84	501,839	55.23	25,577	12.07	376,379	70.70
Sales of Resettlement Houses	49,901	6.44	3,115	0.37	11,231	1.24	11,212	5.29	144	0.00
Property Leasing	35,852	4.63	40,978	4.91	38,770	4.27	22,371	10.55	17,810	3.35
Construction Contracting	37,000	4.77	44,145	5.29	35,597	3.92	20,450	9.65	–	–
Others ⁽¹⁾	37,955	4.90	613,482	73.58	321,130	35.34	132,354	62.44	138,012	25.93
Total	774,926	100.00	833,804	100.00	908,567	100.00	211,964	100.00	532,345	100.00

Note:

- (1) Others include income from commodity trading, land transfer and other sporadic business.

For details of the Issuer Group’s financial condition, results of operations and cash flows as at and for the years ended 31 December 2018, 2019 and 2020 and as at and for the nine months ended 30 September 2020 and 2021, see the Issuer’s Audited Financial Statements and the Issuer’s Reviewed Financial Statements included elsewhere in this Offering Circular.

In the future, the Issuer may, either by itself or through direct and indirect subsidiaries and associated companies, issue additional bonds, engage in other businesses and may incur additional liabilities and indebtedness.

DIRECTORS AND OFFICERS

Name	Year of Birth	Position
Board of Directors		
Zhou Jie (周傑)	1976	Chairman of the Board of Directors
Tong Jun (童軍)	1975	Director
Mao Xiongbín (毛熊濱)	1981	Director
Supervisory Committee		
Pan Weier (潘偉兒)	1977	Supervisor
Huang Xiaoxing (黃曉幸)	1975	Supervisor
Liu Ye (劉葉)	1982	Supervisor
ZHANG Yingjie (張穎潔)	1989	Supervisor
Huang Haijun (黃海軍)	1977	Supervisor
Senior Management		
Zhou Jie (周傑)	1976	General Manager
Tong Jun (童軍)	1975	Chief Financial Officer

SHARE CAPITAL

As at 30 September 2021, the Issuer had a registered capital of RMB832 million. See “*Capitalisation and Indebtedness – The Issuer*”.

None of the equity securities of the Issuer are listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor is the primary asset management and capital operation platform of Yuyao Municipal Government, Zhejiang Province, China, and is directly controlled by Yuyao SASAC. The Guarantor has played an essential and active role in implementing the Yuyao government's major strategic initiatives for urban planning and municipal development. The Guarantor has a diversified business portfolio and undertakes a broad range of activities within Yuyao relating to infrastructure construction, land and property development, transportation and public utilities operations. It is the largest infrastructure contractor and public utilities operator within Yuyao. Members of the Guarantor are leading companies within their respective industries with commanding market positions. Ningbo Shunjian Group Co., Ltd (寧波舜建集團有限公司) (“**Shunjian Group**”), a subsidiary of the Guarantor, which primarily focuses on civil engineering and construction services, is Yuyao's prime contractor for urban and municipal infrastructure construction, resettlement housing construction, land development projects and is also the exclusive provider of wastewater treatment in Yuyao. Ningbo Shuntong Group Co., Ltd. (寧波舜通集團有限公司) (“**Shuntong Group**”), a subsidiary of the Guarantor, specialises in the construction, operation and maintenance of transportation networks and is responsible for the management and operation of more than 70 per cent. of the operating routes within the public transportation system in Yuyao.

The Guarantor had achieved positive overall income growth during the years ended 31 December 2018, 2019 and 2020 and during the nine months ended 30 September 2020 and 2021. The Guarantor recorded total operating revenues of RMB4,005.11 million, RMB6,336.51 million, RMB10,303.20 million, RMB5,505.74 million and RMB8,441.11 million for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, respectively. As at 31 December 2018, 2019 and 2020 and 30 September 2021, the total assets of the Guarantor amounted to RMB123,293.12 million, RMB136,843.66 million, RMB145,597.35 million and RMB149,579.50 million, respectively, and its net assets amounted to RMB48,182.96 million, RMB49,369.99 million, RMB52,581.15 million and RMB54,290.54 million, respectively.

COMPETITIVE STRENGTHS

The Guarantor's continuous business success is largely attributable to the following key competitive strengths:

Strategic role as a prominent state-owned enterprise in Yuyao

The Guarantor plays a crucial strategic role in supporting and promoting the urbanisation and land development and consolidation of Yuyao. The Guarantor contributes to the municipal development of Yuyao as it undertakes important functions to implement governmental plans for accelerating Yuyao's growth. These functions include planning, construction and operation of Yuyao Economic Development Zone, resettlement housing development, land development and consolidation and land reclamation. Zone development and land development and consolidation are essential for the development of Yuyao as they improve and enlarge residential areas, industrial areas and commercial districts available for future economic growth. Only companies with sufficient management skills, a proven track record and an excellent safety record can gain the trust of local governments to undertake government projects.

The Guarantor's local market presence and knowledge contribute to the leading position in each of the markets the Guarantor serves. The Guarantor participated in most of Yuyao's zone development, resettlement housing development, land development and consolidation, and land reclamation. The Guarantor's early establishment and geographical presence have provided it with an important first mover advantage in these industries with high barriers of entry where natural business advantages tend to arise. Such first mover advantage, together with the Guarantor's track record, long history working with Yuyao

Municipal Government and other public entities, understanding of the market and regulatory environment in the PRC, and reputation will allow the Guarantor to strengthen its leadership role in Yuyao.

Well-positioned to benefit from Yuyao’s economic strength and development

Yuyao is an excellent location with great social and economic development potential. Yuyao is the only sub-provincial city within Ningbo selected as a pilot city for the “Made in China 2025 – Zhejiang Action” plan. The “Made in China 2025 – Zhejiang Action” (中國製造2025浙江行動) plan is Zhejiang Province’s plan to implement the Central People’s Government’s “Made in China 2025” initiative aimed to comprehensively upgrade the industrial sector in China. The “Made in China 2025 – Zhejiang Action” plan is expected to lead to important reform initiatives and the further development of infrastructure, industrial upgrades, environmental protection initiatives, public services expansion and market integration in Yuyao. Yuyao is also home to the Sino-Italian Ningbo Ecological Park (中意寧波生態園), the only international ecological park in Zhejiang Province and one of the nine international ecological parks in China. The Sino-Italian Ningbo Ecological Park will serve as the development and incubation base for emerging industries such as renewable energy vehicles and new material industry, energy conservation and recycling industry, general aviation industry and healthcare industry. The Guarantor believes these initiatives and developments will help to promote population and economic growth in Yuyao and thus provide a favourable business environment for the development of the Guarantor’s businesses. As all of the Guarantor’s businesses and operations are located in Yuyao, the Guarantor believes that it is and will continue to be well-positioned to benefit from Yuyao’s economic strength and growing competitiveness.

Close and cooperative relationship with Yuyao Municipal Government

Yuyao SASAC directly controls the Guarantor. The Guarantor has a close relationship with the government bodies in Yuyao. As an important body of zone development and land development and consolidation in Yuyao, the Guarantor is tasked to execute the local government’s regional development strategies and has been entrusted with zone development projects, land development and consolidation projects, housing construction, etc. Members of the Guarantor have therefore enjoyed significant budget allocations, land resources, tax incentives and rebates, project financial subsidies, development funds and other funding support from Yuyao Municipal Government for many years, thereby improving the Guarantor’s comprehensive competitiveness. Strong government support can guarantee the healthy development of the Guarantor. For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2021, the Guarantor has received government subsidy of RMB633.33 million, RMB864.92 million, RMB625.20 million and RMB300.36 million, respectively.

Sound financial management supported by a balanced debt portfolio

The Guarantor has access to diversified financing channels to fund its project development in the PRC, such as bank loans and issuance of debt securities in the PRC. The Guarantor has cultivated a long-term relationship with a number of reputable commercial banks and other financial institutions in China, which have provided low-cost capital for the Guarantor. As at 31 December 2021, the Group had credit facilities of RMB86.3 billion, of which RMB31.7 billion had not been utilised. The Guarantor has been exploring other financing channels for low-cost capital to further enhance its diversified financing structure, including offshore bond issuance. With its diverse sources of funding, the Guarantor believes that it will continue to have access to sufficient capital to support its business operations and expansion.

Experienced management and operational teams with sound corporate governance

The Guarantor’s senior management team has extensive experience in the Guarantor’s various businesses, including zone development and land reclamation and development. The Guarantor believes that its senior management team’s extensive experience in a broad range of industries and strong execution

capabilities have been and will continue to be instrumental in executing its business strategies and capturing market opportunities as they arise, and have contributed and will continue to contribute to the sustainable growth of the Guarantor. In addition, the Guarantor's operational teams are led by professionals with extensive experience in the operation and management of their relevant industries supported by a highly skilled and well-trained workforce. Throughout its years of operation and management of its various businesses, the Guarantor has maintained effective and efficient management and operational control over its subsidiaries. The Guarantor has adopted a commercially driven approach to managing its business operations while leveraging its established relationship with governmental authorities with a view to maximising its growth potential.

BUSINESS STRATEGIES

The Guarantor intends to adopt the following strategies to develop its business:

Maintain its position as the primary asset management and capital operation platform in Yuyao

Yuyao Municipal Government has mandated the Guarantor to manage and supervise the operation and investment of state-owned assets within Yuyao. By taking a leadership role in state-owned assets investment and management, the Guarantor expects to participate in all major investment projects with state-owned interests and be able to maintain its position as the primary asset management and capital operation platform in Yuyao. Acting on Yuyao Municipal Government's mandate, the Guarantor plans to create and manage an investment fund focusing on attracting investments in state-owned assets within Yuyao to promote economic growth in Yuyao. This may help to increase the need for land and infrastructure development, thereby creating business opportunities for the Guarantor.

Strive to derive synergistic benefits from the diversified businesses of the guarantor

The Guarantor recognises the importance of its seven business segments, namely infrastructure construction, resettlement housing development, land development, land reclamation, transportation, water utilities and gas distribution. It plans to strengthen its existing business segments using market-based strategies by providing integrated new town development solutions covering infrastructure construction, utilities construction and operation, property development and transportation network operation to Yuyao Municipal Government. In the medium to long term, the Guarantor expects to expand and explore in depth new opportunities in its existing business segments. For example, the focus of future growth in the Guarantor's industry-specific investment will be on those industries that align with the strategic goals of Yuyao Municipal Government which have stable and promising future prospects.

Adhere to prudent financial management with stringent risk control

The Guarantor believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. As such, the Guarantor will continue to implement and enhance its prudent financial management system with well-defined policies and procedures such as the following:

- stringent financial reporting and control system that emphasises centralised management and administration, consistent control policies and full compliance with legal and regulatory requirements;
- established standardised capital management mechanism to monitor capital, capital efficiency and capital risk prevention, thereby effectively enhancing the results and efficiency of the overall management;
- prudent investment policy that targets to achieve balance between assets and liabilities, between investment return and risk, and between principal businesses and other ancillary businesses; and

- strengthened cooperation with banks, to seek alternative sources of financing and maintain a balanced indebtedness structure consisting of short-term, medium-term and long-term credit facilities.

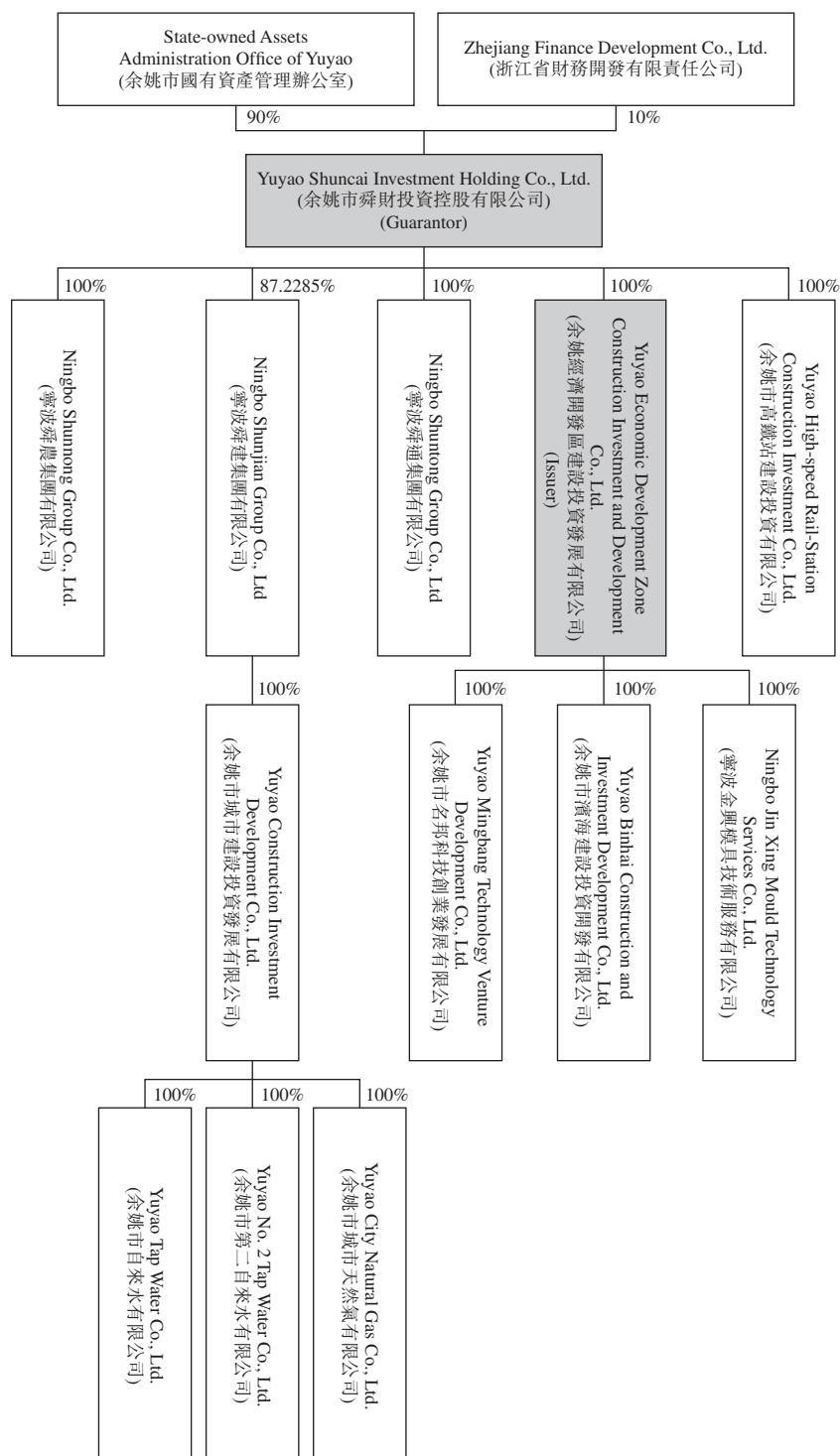
The Guarantor strives to prudently manage its financial position while fulfilling its investment and development needs to drive its profitability.

Further strengthen its human resources and internal control systems

The Guarantor retains an experienced and skilled workforce. Attracting, training and retaining key personnel have been and will remain critical to the Guarantor's success. The Guarantor will continue to focus on providing its personnel with training, personal and professional growth opportunities, performance-based incentives and other competitive benefits in order to strengthen and support its human capital base. The Guarantor will continue to improve and streamline its management structure and internal control systems, so as to further increase its capability in terms of safety and quality control. In addition, the Guarantor considers effective project management to be critical to enhancing its overall operational efficiency. Mechanisms will be put in place to gradually implement the coordination of tendering and bidding management among various operational units.

CORPORATE STRUCTURE

As at 30 September 2021, the Guarantor held 98 subsidiaries. The following chart shows a simplified version of the Guarantor's structure listing out its principal subsidiaries as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

The Guarantor is the primary asset management and capital operation platform of Yuyao Municipal Government, and is directly controlled by Yuyao SASAC. The Guarantor has played an essential and active role in implementing the Yuyao government's major strategic initiatives for urban planning and municipal development. The Guarantor has a diversified business portfolio, including infrastructure construction, resettlement housing development, land development, land reclamation, transportation, water utilities and gas distribution.

The Guarantor was established in 2015 as Yuyao State-owned Assets Management Co., Ltd (余姚市國有資產經營管理有限公司). The Guarantor is 90 per cent. owned by Yuyao SASAC and 10 per cent. owned by Zhejiang Finance Development Co., Ltd. As at 30 September 2021, the Guarantor had a registered capital and paid-up capital of RMB1,500.00 million, total assets of RMB149,579.50 million and net assets of RMB54,290.54 million.

The following are the significant milestones during the Guarantor's development process:

Year	Event
2015	In February, the Guarantor was established by Yuyao SASAC under its former name of Yuyao State-owned Assets Management Co., Ltd. (余姚市國有資產經營管理有限公司) with an initial registered capital of RMB1,500.00 million.
2016	Yuyao SASAC injected the equity interests of 18 state-owned enterprises including the Shunjian Group and other companies engaging in city investment and development business into the Guarantor at no consideration.
2017	In December, the name of the Guarantor was changed to its current name, “余姚市舜財投資控股有限公司” (Yuyao Shunca Investment Holding Co., Ltd.). The Guarantor was awarded a credit rating of AA+ from China Chengxin Credit Rating Guarantor (中誠信國際信用評級有限公司). Yuyao SASAC injected Zhejiang Yuyao Industrial Park Investment Development Co., Ltd (浙江余姚工業園區開發建設投資有限公司) into the Guarantor at no consideration.
2018	Yuyao Economic Development Zone Management Committee and Yuyao Yaojiang Technology Investment Development Co., Ltd. transferred all their shares in the Issuer to the Guarantor. The Issuer has become a wholly owned subsidiary of the Guarantor, which is in turn owned as to 90.00 per cent. by Yuyao SASAC and as to 10.00 per cent. by Zhejiang Financial Development Co., Ltd. In March, the Guarantor, through successfully completed the acquisition, became the largest asset management and capital operation platform in Yuyao.
2020	In May, the Guarantor successfully completed a domestic issuance of RMB1,000,000,000 4.32 per cent. medium term notes due 2023 in the China Interbank Market.

RECENT DEVELOPMENT

- On 30 June 2021, the Guarantor transferred all equity interests of Yuyao Jinshun Development and Construction Co., Ltd. (余姚市金舜開發建設有限公司) out of the Group.
- On 13 December 2021, the Issuer issued guaranteed bonds with an aggregate principal amount of U.S.\$100,000,000 at a coupon rate of 2.50 per cent. due 2024 unconditionally and irrevocably guaranteed by the Guarantor.

DESCRIPTION OF BUSINESS

OVERVIEW

The Group is a centralised and unified investment platform for state-owned enterprises in Yuyao City. It is the largest state-owned investment and operation group in Yuyao City. Its business is diversified, including infrastructure construction, resettlement housing construction, land development and consolidation, land reclamation development, transportation, water utilities and gas distribution, etc. The major first-level subsidiaries include Shuntong Group, Shunjian Group, Ningbo Shunnong Group Co., Ltd. (寧波舜農集團有限公司) (“**Shunnong Group**”), Yuyao High-speed Rail-Station Construction Investment Co., Ltd. (余姚市高鐵路場建設投資有限公司) (“**Yuyao HS Rail**”), the Issuer, Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd. (浙江余姚工業園區開發建設投資有限公司) (“**Yuyao Industrial Park Development**”). For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Group achieved operating revenue of RMB4.005 billion, RMB6.337 billion, RMB10.303 billion, RMB5.506 billion and RMB8.441 billion, respectively.

The table below sets forth the breakdown of operating revenue by business segment for the periods indicated:

	For the year ended 31 December						For the nine months ended 30 September			
	2018		2019		2020		2020		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(RMB: million)	(Per cent.)	(RMB: million)	(Per cent.)	(RMB: million)	(Per cent.)	(RMB: million)	(Per cent.)	(RMB: million)	(Per cent.)
Infrastructure Construction . . .	1,579.21	39.43	1,119.84	17.67	827.74	8.03	595.32	10.81	593.54	7.03
Resettlement Housing Development	538.77	13.45	972.30	15.34	708.74	6.88	535.73	9.73	456.11	5.40
Land Development and consolidation	415.89	10.38	958.90	15.13	1,244.60	12.08	310.58	5.64	1,206.38	14.29
Land Reclamation	219.52	5.48	246.82	3.90	342.76	3.33	–	–	296.51	3.51
Transportation	203.32	5.08	182.87	2.89	–	–	–	–	110.60	1.31
Water Utilities	291.87	7.29	258.60	4.08	258.80	2.51	184.26	3.35	222.33	2.63
Gas Distribution	138.89	3.47	249.05	3.93	500.46	4.86	374.45	6.80	421.87	5.00
Others ⁽¹⁾	617.62	15.42	2,348.13	37.06	6,420.10	62.31	3,505.4	63.66	5,133.77	60.82
Total	4,005.11	100.00	6,336.51	100.00	10,303.20	100.00	5,505.74	100.00	8,441.11	100.00

Notes:

Others include income from infrastructure maintenance service fees, sales of goods, property rentals, water pipeline installation, management fees, etc.

INFRASTRUCTURE CONSTRUCTION

Overview

As the lead infrastructure constructor in Yuyao, the Guarantor, through its subsidiaries, plays a key role in Yuyao's urban development and has participated in major infrastructure construction projects in Yuyao. Subsidiaries of the Guarantor including Shunjian Group, Yuyao HS Rail and the Shuntong Group, have established stable business relationships with different bureaus of Yuyao government responsible for the infrastructure development of Yuyao. The Guarantor provides infrastructure construction contracting services for municipal and transportation infrastructure projects, including roads, bridges, railways, urban pipelines, and facilities for the supply of utilities. The Group is the largest infrastructure contractor and public utilities operator within Yuyao. The Group's infrastructure construction business is mainly operated by the Group's first-level subsidiaries Yuyao HS Rail, Shuntong Group, Shunnong Group, Yuyao Industrial Park Development, the Issuer, and Yuyao Construction Investment Development Co., Ltd. (余姚市城市建设投资发展有限公司) ("**Yuyao Construction Investment**"), a subsidiary of Shunjian Group. Among them, Yuyao Industrial Park Development and the Company are the main development and construction entities of Yuyao Industrial Park and Yuyao Economic Development Zone, respectively, which are the provincial development zone. For the nine months ended 30 September 2021, the Group achieved RMB593.54 million income from infrastructure construction business. Some members of the Guarantor are leading companies within their respective industries with commanding market positions. Shunjian Group, which primarily focuses on civil engineering and construction services, is Yuyao's prime contractor for urban and municipal infrastructure construction, resettlement housing construction and land development projects. It is also the exclusive provider of wastewater treatment in Yuyao. The Shuntong Group specialises in the construction, operation and maintenance of transportation networks and is responsible for the management and operation of more than 70 per cent. of the operating routes within the public transportation system in Yuyao. The Guarantor had achieved positive income growth during the years ended 31 December 2018, 2019 and 2020 and during the nine months ended 30 September 2020 and 2021.

In general, the relevant government unit and the subsidiaries of the Guarantor enter into an entrustment agreement for construction works ("**Construction Entrustment Agreement**"), according to which the subsidiaries of the Guarantor is commissioned to serve as the general contractor for certain infrastructure construction projects in accordance with the annual investment plans of Yuyao Municipal Government. The Construction Entrustment Agreement generally specifies the scope of construction work, financing arrangements, payment schedules and initial funding to be provided by local governments (if any). Payment are composed of two components. The first component represents the project construction costs. Upon project completion, an auditor is engaged to audit the project construction costs. Based on the audit results, the responsible government unit will generally settle the payment within one to three years. The second component of the payment is the construction service fee which is calculated based on a pre-agreed percentage generally ranging from five per cent. to 15 per cent. of the construction costs incurred.

The subsidiaries of the Guarantor generally engage on third-party construction companies to develop its infrastructure projects. These construction companies carry out various types of engineering work. Tender terms are provided to potential bidders in advance. Selection factors include the reputation of the contractors, track record in similar projects, creditworthiness, technical capabilities, proposed construction blueprint and price. The subcontracting agreements typically reflect the principal terms of the subsidiaries of the Guarantor's contracts with the project owners. Subcontracting arrangements are made on a project-by-project basis, and the duration of each subcontracting agreement generally depends on the timetable, scope of work and other requirements of each project. The subcontractors are required to comply with the subsidiaries of the Guarantor's work safety standards and policies, and to take measures to avoid any safety or other incidents during the course of their services. In the event of any failure by the subsidiaries of the Guarantor's subcontractors to meet the safety standards, the Guarantor may cease to work with them or claim damages.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's infrastructure construction business was RMB1,579.21 million, RMB1,119.84 million, RMB827.74 million, RMB595.32 million and RMB593.54 million, respectively, accounting for 39.43 per cent., 17.67 per cent., 8.03 per cent., 10.81 per cent. and 7.03 per cent. of the Guarantor's total operating revenue in the respective periods. The Guarantor achieved a gross profit of RMB248.67 million, RMB200.41 million, RMB201.26 million, RMB146.47 million and RMB133.65 million for the years ended 31 December 2018, 2019 and 2020 and for the nine months ended 30 September 2020 and 2021, respectively, and a gross profit margin of 15.75 per cent., 17.90 per cent., 24.31 per cent., 24.60 per cent. and 22.52 per cent. in the respective periods.

KEY SUBSIDIARIES OF INFRASTRUCTURE CONSTRUCTION BUSINESS

Shunjian Group

Business Model

In terms of the construction of municipal roads, Shunjian Group contracts with the local government to carry out the investment and financing business of some urban roads on the basis of 30 per cent. of the start-up capital undertaken by the municipal finance, and the Municipal Construction Bureau will repurchase it after the completion of the project. However, due to the Guofa [2014] No. 43 (國發[2014]43號) and other related policies. In actual business, Shunjian Group reported urban development needs to the Yuyao Development and Reform Commission according to the needs of urban development. And after the approval of the Development and Reform Commission, Shunjian Group self-raises funds for development. After the development is completed, this part of the business funds will be transferred to other non-current assets, and there will be no repurchase behaviour by the Municipal Housing and Urban-rural Construction Bureau, and it will not be included in the main business income.

The table below sets forth the particulars of the major completed construction projects of the Shunjian Group, as one of the major operators of infrastructure construction business in the Group, as at 30 September 2021 selected based on their size, complexity, or importance to Yuyao's development:

No.	Project Name	Total Investment*	Total Invested Amount*	Payment Period	Payment Expected to be Received	Payment Received*
		(RMB in millions)	(RMB in millions)		(RMB in millions)	(RMB in millions)
1.	Reconstruction project of municipal facilities in residential communities in some low-lying areas of Yuyao City (余姚市城區部分低窪地塊居住社區市政設施改造工程)	620.00	219.91	2019-2043	219.91	17.59
2.	Reconstruction project of urban drainage pumping station (城區排澇泵站改造工程) . . .	87.00	80.59	2019-2043	80.59	6.45
3.	Sanfeng Road (Kaifeng Road-Nanlanjiang Road) New Road Construction Project (三鳳路(開豐路—南蘭江路)道路新建工程) . .	171.68	163.89	2021-2070	98.33	0
4.	Siming Square Surrounding Road Construction Project (四明廣場周邊道路改建工程)	32.31	38.88	2019-2068	23.33	0.93
5.	Poverty Alleviation Development Area Pipeline Renovation (Phase I) (扶貧開發區域水管改造(一期))	36.00	38.22	2019-2043	38.22	3.06
6.	Ziling Road (Lianmeng Bridge-Zhaoshan Bridge) Road Surface Reconstruction Project (子陵路(聯盟橋—照山橋)路面大修工程) . .	43.92	112.65	2019-2068	67.59	2.70

Note:

* Approximate figures. Total invested amount may exceed total investment planned due to relevant amount invested remains to be settled.

The table below sets forth the particulars of the major construction project of Shunjian Group that were under construction as at 30 September 2021 selected based on their size, complexity, or importance to Yuyao's development:

No.	Project Name	Expected Total Investment*	Investment Incurred*
		(RMB in millions)	(RMB in millions)
1.	Xinan Group Binjiang Greenland Scenery Construction Project (西南組團濱江綠地景觀建設工程)	24.90	11.34

Note:

* Approximate figures.

Yuyao HS Rail

Business Model

Yuyao HS Rail, as the main body of implementation of the high-speed rail station transportation project, undertakes the construction tasks of related projects. The local authority signed the construction and project repurchase agreement with Yuyao HS Rail, and contracted Yuyao HS Rail to complete the transportation construction of Yuci (余慈) Station, including handling various approval procedures related to construction, organizing and coordinating demolition and resettlement work, negotiate and sign various types of contracting contracts with design, supervision and other units, manage various types of contracting contracts, pay contracting fees to the contractor according to the contract, raise construction funds, manage the use of funds, and negotiate with relevant parties about warranty, and cost of repairs. Yuyao HS Rail is also responsible for organising the completion acceptance of the agent construction project. The project will be handed over after the completion of the project construction and acceptance.

Profit Model

The local authority will repurchase qualified projects after acceptance. The paid-back amount includes the construction investment paid by Yuyao HS Rail and 15 per cent. of the construction investment as the return on investment. The project construction investment is audited by both parties.

Projects Completed

The table below sets forth the particulars of the major construction projects of the Yuyao HS Rail that were completed up to and as at 30 September 2021:

No.	Project Name	Construction Period	Payback Period	Investment amount (RMB10,000)	Payment Received* (RMB10,000)
1.	North-South Plaza and Underground Space Engineering Construction Project (南北廣場及地下空間工程建設項目)	2011-2012	2017-2022	24,691.18	28,394.86
2.	Yuci Station Entry and Exit Road Engineering Construction Project (余慈站場進出道路工程建設項目)	2011-2013	2017-2022	57,691.18	66,344.86
3.	220KV Tunshan Transformation Engineering Construction Project 220KV (屯山變遷工程建設項目)	2010	2015-2021	33,191.59	38,170.33
4.	Transportation complex engineering construction project (交通綜合體工程建設項目)	2011-2017	2019-2022	62,151.28	71,473.97

Note:

* Approximate figures.

Shuntong Group

Business Model

Yuyao Transportation Bureau and Shuntong Group signed a traffic engineering commission agreement, and authorised Shuntong Group to select companies with relevant engineering construction qualifications to carry out specific engineering construction. Shuntong Group is hired to supervise and manage the project construction in accordance with the corresponding construction drawings, technical requirements and standards, and make construction investment. The development and settlement arrangements of Shuntong Group's engineering agent construction business adopt market-oriented operation methods, and all business decisions are performed in accordance with the relevant company law and the company's articles of association to perform the necessary internal decision-making procedures. Shuntong Group is mainly responsible for handling various approval procedures related to construction; organizing and coordinating demolition and resettlement work; negotiating and signing various types of contracting contracts with various design, construction, and supervision units; managing various types of contracting contracts, and directional contracting according to the contract people pay contracting fees; raise project construction funds and manage the use of funds. After the completion of the project, Shuntong Group will proceed the delivery of the project after audit and acceptance.

Profit Model

The major part of Shuntong Group's engineering agent construction business is to undertake projects. During the project construction process, it manages the project construction process and raises project construction funds. The project construction management fee to be paid to Shuntong Group is charged at 10 per cent. of the construction cost determined by the entrusting party. Shuntong Group is not responsible for the project construction fund investment, the construction expenditure incurred is temporarily included in the "other non-current assets account". After the project is completed and final accounts, the Yuyao Transportation Bureau will repurchase the project and pay the project cost and the corresponding financing cost to Shuntong Group in full.

Yuyao Industrial Park Development

Business Model

Yuyao Industrial Park Development is mainly operating for the demolition project management and infrastructure construction tasks of Yuyao Industrial Park. For demolition projects and most infrastructure construction projects, Yuyao Industrial Park Development has signed an agreement with the Yuyao Industrial Park Management Committee, which will pay management fees at 20 per cent. of Yuyao Industrial Park Development's cost input; a small number of infrastructure construction projects will be funded by Yuyao Industrial Park Development and Yuyao Industrial Park. The management committee or Yuyao Yaobei New Town Development and Construction Investment Co., Ltd. has signed a project repurchase agreement with Yuyao Industrial Park Development, which accepts the entrustment to carry out the project construction. After the entrusted construction project, such entrusting party will pay in accordance with the progress of the construction project and will repurchase in instalments, and the repurchase payment paid by the entrusting party to the company includes the construction investment cost and investment return of the project, which the investment return rate is in average 25 per cent. (tax included).

Profit Model

The profit is mainly from 20 per cent. project management fee paid by Yuyao Industrial Park Management Committee and 25 per cent. of the repurchase payment paid by the Park Management Committee or Yuyao Yaobei New City Development and Construction Investment Co., Ltd.

The table below sets forth the particulars of the major construction projects of Yuyao Industrial Park Development that were under construction as at 30 September 2021 selected based on their size, complexity, or importance to Yuyao's development:

No.	Project Name	Expected Total Investment*	Investment Incurred*
		(RMB in millions)	(RMB in millions)
1.	Langxia Street Sewage Collection System Construction Project (朗霞街道污水收集系統建設工程)	303.80	168.47
2.	Yaobei Experimental School Primary School Campus Construction Project (姚北實驗學校小學校區新建工程)	205.47	49.29
3.	Tianzhong Village (Phase I) Resettlement Housing Construction Project (天中村(一期)安置房新建項目)	30.61	9.07
4.	Yaobei New City Core Plot Supporting Facilities Construction Project (姚北新城核心地塊配套設施建設項目)	82.15	13.74

Note:

* Approximate figures.

The Issuer

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 31 December 2021, the income of the Issuer's construction contracting business mainly came from the construction of the first phase of the standard factory building (標準廠房一期項目) in the Yuyao Sanqi Town Talent Industrial Park (余姚市三七市鎮內人才創業園).

Business Model

The Issuer cooperates with Yuyao Yaojiang Technology Investment and Development Co., Ltd. (余姚市姚江科技投資開發有限公司) to build the first talent industrial park in Zhejiang. As the main operating entity, Yuyao Yaojiang Technology Investment and Development Co., Ltd. entrusted the Issuer to carry out the construction projects in the Yuyao Economic Development Zone. The parties signed the Entrusted Construction Framework Agreement for Engineering Projects.

According to the framework agreement, the Issuer is responsible for the construction and management of the project during the construction and development period. The costs, including construction costs, equipment and material procurement costs, water and electricity fees, etc., arising from the construction shall be borne by Yuyao Yaojiang Technology Investment and Development Co., Ltd. The Issuer shall dispatch employees to carry out project management and construction and the staff costs shall be borne by the Issuer. The construction project is inspected at the end of each year. Yuyao Yaojiang Technology Investment and Development Co., Ltd. shall pay the Issuer 20.00 per cent. of the costs of the inspected and accepted project within one year after the inspection and acceptance of the project.

Project Descriptions

Completed Projects

The table below sets forth the particulars of the major completed construction projects of the Issuer, as one of the major operators of construction contracting business in the Group, as at 30 September 2021 selected based on their size, complexity, or importance to Yuyao's development:

No.	Project Name	Total Invested Amount*	Payment Period	Payment Expected to be Received	Payment Received*
		(RMB in millions)	(Year)	(RMB in millions)	(RMB in millions)
1.	Standard Factory Phase I of Zhejiang Yuyao Talent Industrial Park (Plant 1) (浙江余姚人才創業園標準廠房一期(一廠區))	183.25	2017-2019	36.65	36.65
2.	Standard Factory Phase I of Zhejiang Yuyao Talent Pioneer Park (Plant 2) (浙江余姚人才創業園標準廠房一期(二廠區))	82.32	2017-2019	16.46	16.46
3.	Qianzhi Road (Qianke Road-Miaoyun Line Section) Project (千智路(千科路—繆雲線段)工程項目)	11.03	2018-2019	1.53	1.53
4.	Phase II Construction of Standard Factory Building in Zhejiang Yuyao Talent Industrial Park (浙江余姚人才創業園標準廠房二期建設)	130.06	2018-2025	26.01	26.01
5.	Business Housing Project (商務用房項目)	67.15	2018-2021	13.43	13.43
6.	Yuyao Robot Town Urban Living Room Comprehensive Service Center Project (余姚機器人小鎮城市客廳綜合服務中心項目)	122.24	2018-2021	24.45	24.45
7.	Qiancai Road (Weijiapu-Miaoyun Line) Project (千才路(魏家浦—繆雲線)工程項目)	39.27	2020-2021	7.85	7.85
8.	Qiancai Road (Qiancai Road-Yongyufu Road) Project and Qianke Road (Qiancai Road-Weijia Bridge Houbinhe Segment) Project (千才路(千才路—甬余夫公路)道路新建工程、千科路(千才路—魏家橋後濱河段))	39.87	2020-2025	8.00	8.00

Projects under Construction

The table below sets forth the particulars of the major construction projects of the Issuer that were under construction as at 30 September 2021 selected based on their size, complexity, or importance to Yuyao's development:

No.	Project Name	Expected Total Investment*	Investment Incurred*
		(RMB in millions)	(RMB in millions)
1.	The Yangtze River Delta Thousand People Entrepreneurship Center Project in the Urban Living Room of Yuyao Robot Town (余姚機器人小鎮城市客廳長三角千人創業中心項目)	362.94	33.12
2.	Qingfeng Road (Qianke Road-Puning Road) Project (慶豐路(千科路—浦寧路)工程項目)	145.09	21.22
3.	Yunshanpu Road (Miaoyun Road-Wei jiapu River) Project (雲山浦路(繆雲路—魏家浦河)工程項目)	46.85	19.34
4.	Yuyao Industrial Park Standard Factory Phase III Construction Project (余姚產業園標準廠房三期建設項目)	215.00	85.79
5.	Miaoyun Road (S319 Yongyu Line-Qingfeng Road) Project (繆雲路(S319甬余線—慶豐路)工程項目)	245.76	15.40

Proposed Project

The table below sets forth the particulars of the major proposed construction project of the Issuer as at 30 September 2021 selected based on the size, complexity, or importance to Yuyao's development:

No.	Project Name	Expected Total Investment*	Investment Commencement Date
		(RMB in millions)	(Year)
1.	The supporting project of the Yangtze River Delta Thousand People Entrepreneurship Center in the urban living room of Yuyao Robot Town (余姚機器人小鎮城市客廳長三角千人創業中心配套工程)	233.92	2023

Note:

* Approximate figures.

Shunong Group

Business Model

Shunong Group's construction contracting business is managed by the management of the Group and subsidiary Yuyao Haitu Development Co., Ltd. (余姚市海涂開發有限公司). In the process of project construction, Shunong Group advances the construction funds for infrastructure construction and other projects. The main sources of funds are self-owned funds and financial subsidy funds. The construction investment amount of the project is subject to the final project account amount approved by the Yuyao Audit Bureau. Shunong Group and the project entrusting party sign agreements for such contracting. When the project enters the payback period, the project entrusting party will settle the project with Shunong. The settlement amount is the approved project construction fund plus the project entrusted construction management fee (generally the project construction fund 10 per cent. to 20 per cent.).

Shunong Group is mainly responsible for handling various approval procedures related to construction; organising and coordinating demolition and resettlement work; negotiating and signing various contracting contracts with various design, construction, and supervision units; managing various

contracting contracts, and appointing contractors according to the contract Pay contracting fees; raise project construction funds, and manage the use of funds. After the completion of the project and after audit and acceptance, Shunnong Group completes the delivery of the project.

Projects Under Construction

The table below sets forth the particulars of the major construction projects of the Shunnong Group that were under construction as at 30 September 2021:

No.	Project Name	Total investment (RMB in millions)	Funds invested (RMB in millions)
1.	Yuyao West Sub-project of the Upper Yaojiang River (姚江上游余姚西分工程項目)	1,932.0	1,633.0
2.	Shilujiao River Improvement Project (食祿橋江整治工程)	415.0	421.0
3.	Yaojiang City Section Dike Reinforcement Project Phase I (姚江城區段堤防加固工程一期)	317.0	290.0
4.	Yaojiang City Section Dike Reinforcement Project Phase II (姚江城區段堤防加固工程二期)	239.0	185.0
5.	Yaojiang City Section Dike Reinforcement Project Phase III (姚江城區段堤防加固工程三期)	193.0	140.0
6.	Taojialujiang Phase III Renovation Project (陶家路江三期整治工程)	1,667.0	1,405.0
7.	The first-stage project of river improvement of the lower reaches of Siming Lake (四明湖下游河道整治一期工程)	74.0	86.0

RESETTLEMENT HOUSING DEVELOPMENT

The Guarantor is the key provider to the Yuyao Municipal Government for the construction of resettlement housing in Yuyao. The main operating entities of the Guarantor's resettlement housing development business are Yuyao Construction Investment (which is a subsidiary in Shunjian Group), Yuyao HS Rail, Shunnong Group, Shuntong Group, Yuyao Industrial Park Development, and the Issuer. The Guarantor conducts its resettlement housing development business primarily through its subsidiaries Yuyao Construction Investment and Yuyao HS Rail. Yuyao Construction Investment is mainly responsible for the development, construction, sales and distribution of 70 per cent. to 80 per cent. of the resettlement projects in Yuyao. Yuyao HS Rail focuses on development of the new town in the vicinity of Yuyao high-speed rail station. Yuyao HS Rail is responsible for the Yuci (余慈) Station ancillary resettlement housing construction project. For the nine months ended 30 September 2021, the Guarantor realised an operating revenue of RMB456.11 million for resettlement housing development business, mainly from Yuyao Construction Investment. For the nine months ended 30 September 2021, Yuyao Construction Investment realised an operating revenue of RMB249.24 million for resettlement housing sales.

The majority of the Guarantor's resettlement housing development projects are initiated when the Guarantor is commissioned by the Housing Relocation Management Office of Yuyao Municipal Government (余姚市人民政府房屋動遷管理辦公室) (the "**Housing Relocation Office**") or other local government entities to develop resettlement housing. The Guarantor relies on its own funding to acquire land designated by the commissioning government entity. For the majority of the Guarantor's projects, it will then sub-contract the construction works to Public Projects Construction and Management Centre of Yuyao (余姚市公共項目建設管理中心) ("**Yuyao Construction Management Centre**"). For certain resettlement housing projects, the Housing Relocation Office and other local government entities subsidise the Guarantor for the project construction costs. Upon completion of the development, the Guarantor will pay a construction contracting fee amounting to approximately three per cent. of total construction costs to Yuyao Construction Management Centre. Yuyao Construction Management Centre will then allocate units of the completed resettlement housing to qualified residents. These residents are required to pay a price equal to construction costs plus 14 per cent. to the Guarantor as consideration. The remaining unallocated units will be sold through open sales. Given the nature of the housing project, the pricing of unallocated units should be lower than market rates of comparable commodity housing units

and will be determined by the Guarantor with reference to independent valuation reports. Some of the Guarantor's other resettlement housing development projects are subject to buyback arrangements which set out that the outstanding payment owed to the Guarantor be paid in instalments with a term between three to five years.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's resettlement housing development business was RMB538.77 million, RMB972.30 million, RMB535.73 million, RMB708.74 million and RMB456.11 million, respectively, accounting for 13.45 per cent., 15.34 per cent., 6.88 per cent., 9.73 per cent. and 5.40 per cent. of the Guarantor's total operating revenue in the respective periods. The Guarantor achieved a gross profit of RMB80.29 million, RMB114.91 million, RMB106.77 million, RMB92.41 million and RMB77.37 million for the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, respectively, and a gross profit margin of 14.90 per cent., 11.82 per cent., 15.07 per cent., 17.25 per cent. and 16.96 per cent. in the respective periods.

Business Model

In terms of business model and profit model, for residential houses, the Guarantor adopts an allocation model and sells them to the demolished households according to the guidance price determined by the management committee. For commercial and residential houses, they are sold by auction all income generated from these two sub-segments is counted as the operating revenue of the sale of resettlement houses business. Among them, after the Guarantor has completed the construction of commercial and residential houses, the commercial and residential houses will be distributed to the corresponding resettlement households according to the residential house demolition and property adjustment and resettlement agreement signed with the demolished households earlier. The selling price shall be fixed at the fixed price according to the plan of the Development Zone Management Committee (as determined according to the construction and installation costs of the Guarantor and excluding the land costs). The Guarantor shall then issue a sales invoice to the resettlement households based on the actual amount received, and confirm the operating revenue based on the invoiced amount. The funds for the resettlement housing projects shall be raised by the Guarantor itself. The lands are acquired through bidding, auction and listing.

LAND DEVELOPMENT, CONSOLIDATION AND RECLAMATION

Overview

The main operating entities of the issuer's land consolidation business are Yuyao Construction Investment, Yuyao HS Rail, the Issuer, Yuyao Industrial Park Development, Shunnong Group, Shuntong Group and Moushan Lake Company (牟山湖公司). Among them, Yuyao Construction Investment undertakes 60 per cent. to 70 per cent. of the district block development tasks in the main urban area of Yuyao; Yuyao HS Rail, the Issuer and Yuyao Yuantou are respectively working for the land consolidations areas of new town along Yuyao High-speed Railway, Yuyao Economic Development Zone and Yuyao Industrial Park. Shunnong Group is mainly responsible for the first-level consolidation and development of the 18.6 square kilometres of land within the planning area of the Mushan Lake Leisure Resort (牟山湖休閒度假區), and the implementation of the Hangzhou Bay Seawall Removal and River Reclamation Project (杭州灣海塘除險治江圍塗造地工程); Shuntong Group is mainly responsible for the surrounding area of Jianjiang Village (劍江村), Yuyao City Land consolidation and development work for plots around Fengshan Street (鳳山街道), Donggang District Wharf (東港區碼頭). Land development and consolidation refers to the process where the government or an enterprise authorised by the government develops certain land into saleable land by performing an array of activities, including relocation and resettlement of incumbent residents, demolition, site clearance and infrastructure establishment.

These subsidiaries of the Guarantor have demonstrated its capability to effectively turn land sites (including bare land and sites with existing buildings that are torn down for resettlement) into valuable residential, commercial and industrial sites. The Guarantor believes that due to the scarcity of land and the value-added services that it provides, the land it develops has significant potential for value appreciation. Further, it believes that its business will benefit from the increased rate of urbanisation in Yuyao and the demand for more new towns to meet the housing needs of a growing urban population.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's land development and consolidation business was RMB415.89 million, RMB958.90 million, RMB1,244.60 million, RMB310.58 million and RMB1,206.38 million, respectively, accounting for 10.38 per cent., 15.13 per cent., 12.08 per cent., 5.64 per cent. and 14.29 per cent. of the Guarantor's total operating revenue in the respective periods.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's land reclamation business was RMB219.52 million, RMB246.82 million, RMB342.76 million, nil and RMB296.51 million, respectively, accounting for 5.48 per cent., 3.90 per cent., 3.33 per cent., nil and 3.51 per cent. of the Guarantor's total operating revenue in the respective periods.

KEY SUBSIDIARIES OF LAND DEVELOPMENT, CONSOLIDATION AND RECLAMATION BUSINESS

Yuyao Construction Investment

Business Model

In terms of business development authorization, Yuyao Construction Investment's land development and consolidation business has been approved by the Yuyao Development and Reform Commission, and after assuming the development task, it will self-raise funds to carry out the demolition and first-level land development in the authorised area. In the process of specific business development, such projects are contracted to external qualified relevant units to be responsible for the arrangement and development, and Yuyao Construction Investment itself does not undertake the function of land reserve. It is only responsible for the development and consolidation of the first-level land in a specific area.

Profit Model

In the aspect of obtaining land-related rights and interests, after deducting the fees and district block costs (including supporting facilities costs) from the income generated from the land transfer of Yuyao Urban Investment, 70 per cent. of the net income belongs to the Group.

In terms of the distribution structure and profit model of land transfer income, Yuyao Construction Investment self-raises funds, entrusted the street authority to sign a relocation agreement with the relocated residents, and provide monetary compensation or physical resettlement to the relocated residents in accordance with the demolition standards; entrust an external qualified demolition company to do so Demolition, land leveling, after reaching the basic standard of "seven connections and one leveling", the lands will be handed over to the Land Reserve Center for purchase, storage and transfer. After the land development and consolidation, Yuyao Construction Investment will obtain 70 per cent. of the net income from the land transfer. The land development projects that the company has completed and are developing and reorganizing are all projects before the "Notice on Regulating Land Reserve and Fund Management Related Issues" (Caizong [2016] No. 4) (《關於規範土地儲備和資金管理相關問題的通知》(財綜[2016]4號)), so the income and subsidies are recognised based on the return of land transfer fees and complying with relevant policy requirements. At present, Yuyao Construction Investment and Yuyao Land Reserve Center have agreed that the land reserve centre will pay the land development and

consolidation costs plus 5 per cent. to 50 per cent. of the proceeds to Yuyao Construction Investment (the specific amount is based on the actual amount determined by the final audit). The settlement amount shall prevail).

Yuyao Hs Rail

Business Model

The Yuyao Development and Reform Bureau contracted with the Group (through Yuyao HS Rail) to remediate the land within the planning area of the high-speed rail new city, design the project implementation plan, implement the demolition, resettlement, land leveling and other projects in the project area, so that the land in the project area meets the transfer standard. Yuyao HS Rail is contracted with the remediation and development of the land within the planning area of the high-speed rail new city. The pre-funding, engineering funds, financing costs, taxes payable and other expenditures incurred by the land remediation project are recorded as land remediation costs. Yuyao HS Rail will charge certain percentage of the land remediation cost jointly determined by the New Town Construction Headquarters as the construction fees. After remediation, the land will be transferred to the land storage center through bidding, auction and listing.

Profit Model

Yuyao High-speed Railway New Town Construction Headquarters signed a land consolidation and development commission agreement with the Group, stipulating that the Group's land consolidation and development project should be based on the land consolidation cost (including preliminary funds, engineering funds, financing costs, taxes payable, etc.). A certain percentage is added to commissioned agent construction costs. Yuyao High-speed Rail New City Construction Headquarters will gradually recover the calculated land remediation costs and commissioned agent construction costs after the acceptance of completion of the project.

The Guarantor

Business Model

In terms of authorisation for business development, Yuyao Economic Development Zone Management Committee will normally enter into an agreement of land development and consolidation and consolidation with the Guarantor to entrust the Guarantor with the tasks within the Yuyao Economic Development Zone. The Guarantor undertakes to raise the funds necessary to carry out the resettlement and first-level land development and consolidation in the authorised area. The Guarantor engages third parties with relevant qualifications to consolidate and develop land thorough a tender and bidding process. The Guarantor itself does not undertake the function of land reserve and only undertakes the first-level development and the consolidation of land in a specific area. After development and consolidation, land will be delivered to Yuyao Land Reserve Centre (余姚市土地儲備中心) to reserve and conduct auction.

The agreement with Yuyao Economic Development Zone Management Committee will normally set out the scope of work, allocation of responsibilities, consideration, payment arrangement and other key aspects of the relevant project. The Guarantor is usually responsible for arranging relocation and resettlement of residents with assistance provided by the local authorities in the relevant towns and villages and with its own funds. At the end of each year, the Guarantor will receive a certain proportion, usually within 15 per cent. to 30 per cent., of the total invested amount, including expenses in the preliminary stage, project funds, financing costs, taxes payable, etc., as entrusting fee. Yuyao Economic Development Zone Management Committee will pay the entrusting fee in instalments within five years.

Projects under Construction

The following table sets forth the particulars of the major land development and consolidation projects under construction as at 30 September 2021 selected based on their size, complexity, or importance to Yuyao's development:

No.	Project Name	Expected Total Investment*	Year of Commencement	Expected Sale Period
		(RMB'000)	(Year)	(Year)
1.	City East Project (城東項目)	8,000,000	2002	2018-2022
2.	Binhai Project (濱海項目)	4,800,000	2008	2018-2028
3.	Far East Phase II Project (遠東二期項目)	1,500,000	2006	2018-2024
4.	Mould Industry Park Phase III Project (模具城三期項目)	1,500,000	2011	2018-2024

Note:

* Approximate figures.

Yuyao Industrial Park Development

The Group is contracted by the Yuyao Municipal Government to undertake the pre-organisation and development and utilization functions (through Yuyao Industrial Park Development) of the land within the Yuyao Industrial Park, and is responsible for the development and leveling of the land within the industrial park. Then such developed lands change from raw land to basic developed land and meets the conditions for transfer or transfer. Such lands will be handed over to the Yuyao Land Reserve Centre for unified planning and transfer in accordance with the "recruitment, auction, and listing" process. The issuer only undertakes the primary land development business, and does not undertake other businesses such as land storage, land transfer, and management of land trading venues that the land bank is responsible for. The Group invested funds to carry out the pre-consolidation and development of the land. After the completion of the land consolidation, Yuyao Industrial Park Development transfers the land to the Yuyao Land Reserve Centre to make annual transfer arrangements according to the local land market conditions. The Group's land consolidation income is based on the entrusted land consolidation agreement signed between the Group and the Yuyao Land Transaction Reserve Centre in 2018. After the land is officially transferred, the Yuyao Land Transaction Reserve Centre will pay to the Group according to the agreed remuneration (according to the Group (Yuyao Industrial Park Development)'s land consolidation cost plus 5 per cent. to 50 per cent. of the land development remuneration settled with the Group). This revenue recognition model meets the requirements of Caizong [2016] No. 4 Document (《關於規範土地儲備和資金管理相關問題的通知》財綜[2016]4號).

Shunnong Group

According to the characteristics of the tides in Hangzhou Bay and the requirements of the Qiantang River improvement plan in Zhejiang Province, Ningbo Shunnong implemented the Hangzhou Bay River Reclamation Project. The land created in the reclamation project is divided into industrial land and agricultural land. Shunnong Group is mainly responsible for the work of strengthening the structure, regulating the river and reclaiming land. The project construction funds are borne by the Shunnong Group. The industrial land is transferred based on the agreement signed by Yuyao Binhai Construction Investment Development Co., Ltd. and the Group. After the land reclamation project is inspected and accepted, the Yuyao Binhai Construction Investment Development Co., Ltd. will transfer the

compensation fee at RMB60,100 per mu according to the area of the industrial land that has passed the inspection; After that, according to the area of farmland that passed the inspection and acceptance, the Yuyao Land Development and Consolidation Centre will pay RMB70,100 per mu of cultivated land, and the farmland will still be managed by Shunnong Group.

Shuntong Group

Ningbo Shuntong is mainly responsible for the land consolidation and development of the surrounding plots of Jianjiang Village (劍江村) in Yuyao City, Fengshan Street (鳳山街道), and the dock in Donggang District (東港區), which works include land leveling, land environmental planning, and planning and development of surrounding supporting facilities. The Group and the Yuyao Land Reserve Centre signed the Land Development Contracting Contract, which stipulated the Group's rights and obligations for the land consolidation business. The Group, through Shuntong Group, shall requisition, demolish, and renovate the corresponding plots to cope with the smooth progress of the overall block transformation. After the consolidation is completed, the land reserve centre will pay the issuer land development remuneration based on a cost plus a certain percentage. The land consolidation business is confirmed by signing a contract with the land reserve centre, and the income from land development and consolidation is not linked to the land use right transfer fee. The Group self-raises funds to pay for the development costs, and after the completion of the completion acceptance, the Group provides the cost accounting details to the land reserve centre for payment to the Group at a 5 per cent. to 50 per cent. addition to the development cost. The Group's land development business model complies with the requirements and requirements of relevant laws and regulations.

Moushan Lake Company (牟山湖公司)

The first level consolidation and development of the 18.6 square kilometres of land within the planned area of Mushan Lake Leisure Resort. The specific business model is that the Mushan Lake Company and the Yuyao Land Transaction Reserve Centre signed a construction contracting agreement, and the Mushan Lake Company uses self-raised funds to carry out the land development and reorganisation of the plot, and be responsible for the ownership confirmation of the plot, planning and site selection, land acquisition approval, agricultural conversion approval, etc., It is also responsible for the implementation of the demolition compensation, resettlement and land delivery work and supporting facilities involved in the plot infrastructure. After the project is handed over after inspection and acceptance, the Yuyao Land Transaction and Reserve Centre will pay the land development and consolidation costs plus 5 per cent. to 50 per cent. of the cost to Moushan Lake Company in accordance with relevant regulations.

TRANSPORTATION BUSINESS

The Group's transportation business is operated by Shuntong Group. Shuntong Group is an important public transportation operator in Yuyao City which is engaged in public transportation operation, long-distance passenger transportation, taxi management, intercity railway business (including Ningbo to Shaoxing railway) and highway toll business. As at 30 September 2021, Shuntong Group is operating 117 bus lines.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's transportation business was RMB203.32 million, RMB182.87 million, nil, nil and RMB110.60 million, respectively, accounting for 5.08 per cent., 2.89 per cent., nil, nil and 1.31 per cent. of the Guarantor's total operating revenue in the respective periods.

WATER UTILITIES BUSINESS

The Group's water utilities business is operated by the Shunnong Group and Yuyao Construction Investment under the Shunjian Group.

Shunnong is mainly engaged in raw water supply business. Shunnong Group capitalised the advantage of rich and high-quality water resources in Yuyao region to develop and cultivate a water market, and realised the paid transfer of the right to use water resources. As of 30 June 2021, the Group has reservoirs based in Lianghui, Lubu, Siming Lake Reservoir and Yaojiang as water sources, with a daily water supply capacity of approximately 500,000 cubic metres per day. Ningbo Shunnong mainly supplies raw water to water plants in Yuyao such as Mazhu Water Plant, Shangyu Water Plant and Yuyao Water Plant and collects water supply revenue.

Shunnong Group proposes to engage in the Cijiang Dredging Project Phase II (慈江疏浚工程二期) and the Siming Lake Reservoir's Flood Prevention Capacity Improvement (self-breaking dam) Project (四明湖水庫防洪能力提升(自潰壩)工程). The estimated total investment of such projects is RMB116.0 million, which is proposed to be financed by the internal resources of the Group.

Yuyao Construction Investment is responsible for the water supply of most industrial enterprises and residents in Yuyao City and the maintenance of related water supply pipe networks. At the same time, it is the only sewage treatment entity in Yuyao City.

Yuyao Construction Investment's water supply business is mainly operated by its subsidiaries – Yuyao Water Supply Co., Ltd. (**“Water Supply Company”**), Yao Second Water Supply Co., Ltd. (**“Second Water Company”**) and Yuyao Yaodong Water Supply Co., Ltd. (**“Yaodong Water Supply”**). The Water Supply Company is mainly operating the water supply for the four streets in the urban area of Yuyao and construction, installation and maintenance of the water supply pipe network. Its water supply area extends to Tongguang (同光) in the east, Shenhui (深輝) in the south, Guoxiangqiao (郭相橋) in the west, Liangyan (梁堰) in the north. Second Water Company's water supply area is mainly in the northwest area of Yuyao City, including Binhai Industrial Park. Yaodong Water Supply is mainly operating tap water supply of the three towns of Yaodong (姚東三鎮) which was officially started in January 2019. Yuyao Construction Investment's water supply business is the only water supply operator in the areas mentioned above.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's water utilities business was RMB291.87 million, RMB258.6 million, RMB258.8 million, RMB184.26 million and RMB222.33 million, respectively, accounting for 7.29 per cent., 4.08 per cent., 2.51 per cent., 3.35 per cent. and 2.63 per cent. of the Guarantor's total operating revenue in the respective periods.

GAS DISTRIBUTION BUSINESS

The Group's gas distribution business occupies a large market share with a relatively stable customer base. The rapid growth of natural gas sales in the nine months ended 30 June 2021 further increased the income of the gas distribution business segment. The Group's gas distribution business is operated by Yuyao City Investment and Yuyao City Natural Gas Co., Ltd. (**“Natural Gas Company”**). The Natural Gas Company is mainly responsible for the supply of natural gas to 6 streets in Yuyao city and 3 towns outside the district. In 2019, the Natural Gas Company, Shanghai Gas Company (上海燃氣公司) and Shanghai Gaoyuan China Enterprise Industrial Co., Ltd. (上海國源中企實業股份有限公司) jointly established Yuyao Shenran Fuel Co., Ltd. (余姚申燃能源有限公司) (**“Shenran Energy”**), it is mainly engaged in natural gas supply business. For the time being, the Natural Gas Company holds 45.0 per cent. of the equity interests in the Shenran Energy.

Natural Gas Company obtains natural gas from natural gas suppliers, and then deliver the natural gas to end users after a simple pressurization process. As at 30 June 2021, natural gas companies have laid a total of 1,006.29 kilometers of natural gas pipeline network, including 17.94 kilometers of high-pressure pipeline network and 988.35 kilometers of medium-low pressure pipeline network. The length of the pipeline network has increased, and the daily gas supply capacity is 0.5 million cubic metres per day.

For procurement, the Natural Gas Company signed a long-term cooperation agreement with Zhejiang Natural Gas Development Co., Ltd. (浙江省天然氣開發有限公司) for supply of natural gas.

For sales pricing, the government has the right to price natural gas, residential gas is subject to government pricing tariff, and non-residential gas is subject to government-guided prices.

At present, the Natural Gas Company has not yet achieved full coverage of natural gas supply in Yuyao City, and some areas still use coal gas as domestic gas. In the future, the Natural Gas Company plans to expand the scope of natural gas supply and pipeline network laying. As of the end of September 2021, the Natural Gas Company is building 6 pipeline network projects from urban areas to townships, with an estimated total investment of about RMB70 million; in addition, the company is accelerating the construction of Yuyao Natural Gas Guarantee Project, which covers the project located in the Sino-Italian Industrial Park. The total investment of the LNG emergency gas source station and its connected medium and high pressure pipelines is estimated to be RMB226 million.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's gas supply business was RMB138.89 million, RMB249.05 million, RMB500.46 million, RMB374.45 million and RMB421.87 million, respectively, accounting for 3.47 per cent., 3.93 per cent., 4.86 per cent., 6.80 per cent. and 5.00 per cent. of the Guarantor's total operating revenue in the respective periods.

OTHERS

The Guarantor also engages in businesses such as property leasing, commodity trading, land transfer, zone development contracting and other sporadic business. The property leasing business is of a relatively small scale and has a relatively small impact on the Guarantor's overall profitability.

For the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the operating revenue of the Guarantor's other business was RMB617.62 million, RMB2,348.13 million, RMB6,420.10 million, RMB3,505.4 million and RMB5,133.77 million, respectively, accounting for 15.42 per cent., 37.06 per cent., 62.31 per cent., 63.66 per cent. and 60.82 per cent. of the Guarantor's total operating revenue in the respective periods.

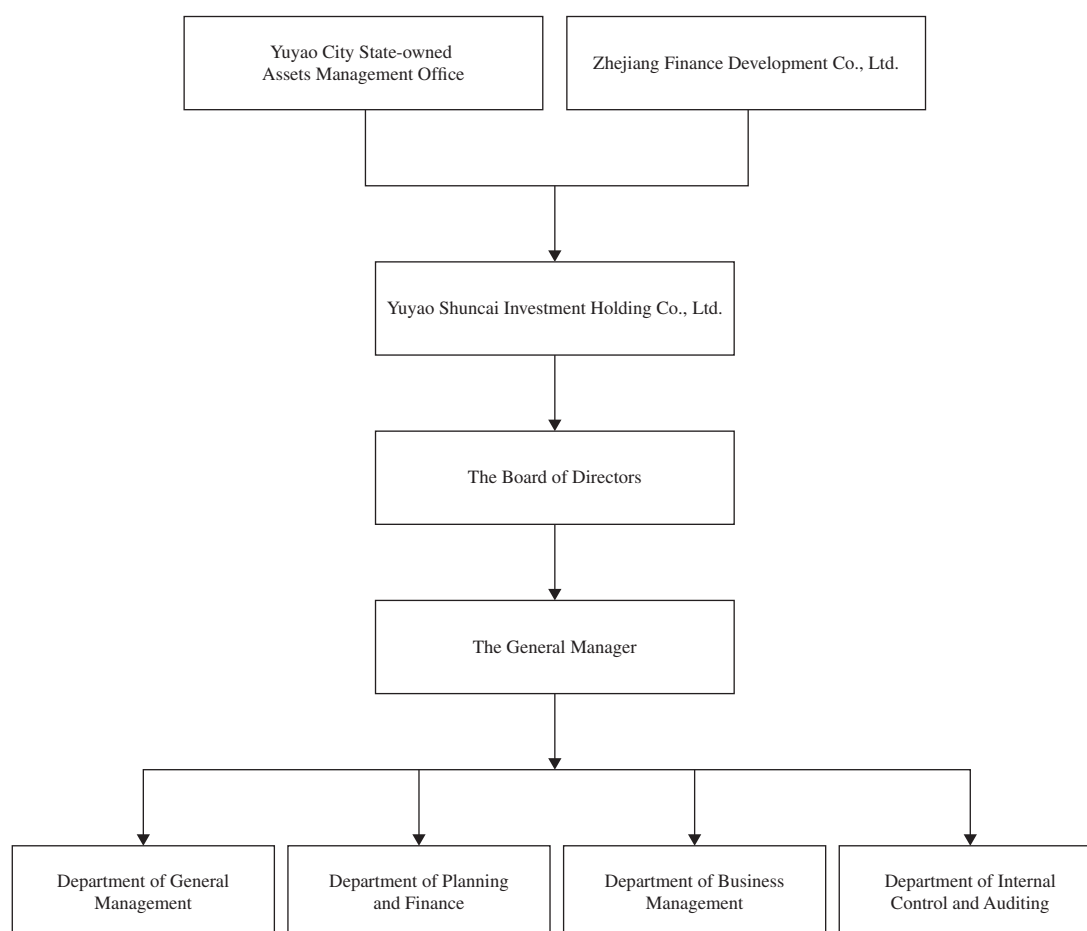
Commodity trading business mainly generates income by the trading of film and polypropylene products. In terms of transaction parties, the Guarantor does not have an associated relationship with suppliers and downstream customers. The Guarantor's commodity trading business segment involves a diverse supplier base, which do not have a direct or indirect equity or other associated relationship with the Guarantor. The downstream customers base in the Guarantor's commodity trading business segment are relatively scattered with good credit standing. In terms of the trade business process, the upstream and downstream of the Guarantor's trade business strictly execute trade contracts, issue trade-related documents, and invoice and settle sales revenue based on the contract amount. Fictitious business or inflated business scale were not involved.

The income from commodity trading is recognised when the following conditions are met at the same time: (1) the main risks and rewards of the ownership of the goods are transferred to the purchaser; (2) the Guarantor no longer retains the continued management rights usually associated with the ownership, and no longer have any effective control of sold goods; (3) the amount of revenue can be reliably measured; (4) related economic benefits are likely to flow in; (5) related costs incurred or to be incurred can be reliably measured.

OCCUPATIONAL HEALTH AND SAFETY

The Guarantor regards occupational health and safety as one of its important corporate and social responsibilities. Some of the Guarantor's business operations involve significant risks and hazards that could result in damage or destruction of property, death and personal injury, business interruption and related possible legal liabilities. Pursuant to applicable PRC laws, the Guarantor has implemented a variety of internal rules and operating procedures for work safety, accident handling and safety training. The Guarantor did not experience any material safety accident during the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021.

ORGANISATIONAL STRUCTURE



EMPLOYEES

The Guarantor has been making mandatory contributions to social insurance schemes for its employees, which include endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund. In addition to mandatory insurance schemes as required by local laws and regulations, the Guarantor also has in place a comprehensive internal medical insurance system, internal security system, as well as medium-long term incentive schemes. As at the date of this Offering Circular, the Guarantor has not been subject to any major strikes or labour disturbances.

COMPLIANCE GENERAL

Operations of the Guarantor are subject to various national and local laws and regulations governing workplace safety and product quality, among others. In its compliance measures, the Guarantor aims to meet regulatory and industrial standards of relevant central and local government authorities and its industry associations.

LICENSES, QUALIFICATIONS AND PERMITS

The Guarantor operates in infrastructure construction, land reclamation and development, resettlement housing development, gas industries and other public utilities operations, all of which are heavily regulated. Qualifications are critical to the Guarantor to carry out these businesses. The Guarantor is required to obtain certain government approvals, permits and licenses for its operating activities. In particular, the Guarantor's construction operation requires, among others, project verification approvals, planning permits, construction permits and confirmations of completion and acceptance. Specialised permits and licenses are also required for operations relating to utilities such as water supply and gas distribution. During the years ended 31 December 2018, 2019 and 2020 and the nine months ended 30 September 2020 and 2021, the Guarantor had obtained all the material requisite licenses, qualifications and permits from the relevant regulatory authorities for its operations in China, and all its material licenses, qualifications and permits were valid and subsisting as at the date of this Offering Circular.

ENVIRONMENTAL MATTERS

The Guarantor 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 Guarantor is committed to compliance with all applicable environmental laws and regulations, and endeavours to mitigate the adverse impact of its operations on the environment.

As at the date of this Offering Circular, the Guarantor believes that it is in compliance in all material respects with applicable environmental laws and regulations and has not been assessed for any material penalties by environmental authorities.

LEGAL PROCEEDINGS

From time to time, the Guarantor may be involved in legal proceedings or other disputes in the ordinary course of its business. As at the date of this Offering Circular, the Guarantor is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently existing or pending against it that could have a material adverse impact on its business, financial condition or results of operations.

DIRECTORS AND OFFICERS OF THE GUARANTOR

DIRECTORS

The board of directors (the “**Board**”) of the Guarantor is comprised of three directors, all of which are approved by Yuyao SASAC and appointed for an initial term of three years. The principal focus of the Board is on overall strategic development, internal controls system and risk management system. The Board provides guidance on business plans and monitors the results of such plans implemented by the management and reviews and approves its financial objectives and major financial activities. The following table sets forth information regarding the members of the Board as at the date of this Offering Circular:

Name	Year of Birth	Position/Title
Jin Wei (金煒)	1985	Chairman, legal representative and general manager
Fu Senchuan (符森川)	1993	Director
Xie Qing Qing (謝清青)	1987	Director

Mr. Jin Wei is the chair of the Board, legal representative and general manager director. Prior to joining the Group, he previously served in Bank of Ningbo Co., Ltd. (寧波銀行), Finance Bureau of Yuyao City (余姚市財政局) and the Property Management Division, Office of State-owned Assets Management, Yuyao City (余姚市國有資產管理辦公室). He obtained his bachelor degree in economics from Hangzhou Normal University (杭州師範大學).

Mr. Fu Senchuan has been the director of the Board since December 2017. Prior to joining the Group, he previously served in different public entities in Yuyao including the high-speed railway management department of Yuyao Municipal Government, “Thousand Persons” Industrial Park under the management of the management committee of Yuyao Economic Development Zone and Yuyao SASAC. He obtained his bachelor degree in human resources management from Beihai College of Art and Design (北海藝術設計學院) in 2014.

Ms. Xie Qingqing is the Director of the board. Prior to joining the Group, she previously served in Qidi Electric Appliance Group Co., Ltd. (奇迪電器集團有限公司), Zhejiang Huarun Cikelong Supermarket Co., Ltd. (浙江華潤慈客隆超市有限公司) and Office of State-owned Assets Management, Yuyao City (余姚市國有資產管理辦公室). She obtained her bachelor degree in accounting from Jiangxi University of Finance and Economics (江西財經大學) in 2010.

SUPERVISORS

The board of supervisors of the Guarantor (the “**Supervisory Committee**”) comprised of five members, all of which are approved by Yuyao SASAC. The Supervisory Committee oversees the actions of the Board. The following table sets forth information regarding the members of the Supervisory Committee as at the date of this Offering Circular:

Name	Year of Birth	Position/Title
Weng Guojun (翁國軍)	1975	Chair of the Supervisory Committee
Yan Yinfeng (嚴銀鳳)	1978	Supervisor
Ye Rong (葉蓉)	1978	Supervisor
Xie Yiming (謝一鳴)	1985	Supervisor
Lv Fang (呂芳)	1981	Supervisor

Mr. Weng Guojun has been the chair of the Supervisory Committee since April 2015. He also concurrently serves as head of the enterprise development and property management department of Yuyao SASAC. He previously served in different governmental bodies in Yuyao including as Ditang Street Office of Yuyao (余姚市低塘街道辦事處) from 2003 to 2011 and the People's Government of Langxia Town of Yuyao from 1997 to 2003. He obtained his bachelor degree in economics management from Shaoxing University (紹興文理學院) in 1997. Mr. Weng is an accredited accountant.

Ms. Yan Yinfeng has been a member of the Supervisory Committee since September 2018. She also concurrently serves as the state-owned assets management officer of Yuyao SASAC. Ms. Yan has over 18 years of experience in accountancy. She was previously a member of the auditing team of Yuyao Zhonghexin Accounting Firm Co., Ltd (余姚中禾信會計師事務所有限公司) from 2011 to 2015, the accountant of Ningbo Donggang Lighting Co., Ltd (寧波東港燈具有限公司) from 2007 to 2010, the accountant of Yuyao Zhongcheng Craft Products Co., Ltd. (余姚忠誠工藝製品有限公司) from 2004 to 2007 and the cost accountant of Qigao (Ningbo) Information Electronics Co., Ltd. (奇高(寧波)訊息電子有限公司) from 2000 to 2004. She obtained her bachelor degree in accountancy from Open University of China (中央廣播電視大學) in 2000. Ms. Yan is an accredited intermediate accountant.

Ms. Ye Rong has been a member of the Supervisory Committee since December 2021. She also concurrently serves as a director of Yuyao Beicheng Lot Development & Construction Co., Ltd. (余姚市北城地塊開發建設有限公司). She previously served as the director of Ningbo Shuntong Group Co., Ltd. (寧波舜通集團有限公司), the director of Yuyao Yaozhou Highway Co., Ltd. (余姚市姚州高速公路有限公司).

Ms. Xie Yiming has been a member of the Supervisory Committee since April 2015. She also concurrently serves as an officer of Yuyao SASAC. She was previously the secretary of Yuyao Branch of Industrial and Commercial Bank of China. She obtained her bachelor degree in finance management from Zhejiang University City College (浙江大學城市學院) in 2007. Ms. Xie is an accredited intermediate economist.

Ms. Lv Fang, born in March 1981, bachelor degree holder and a member of the Communist Party of the PRC. Ms. Lv joined the Group in 2003 and is currently a supervisor of the Guarantor. Ms. Lv was engaged in cultural propaganda work in the Simingshan Town Government of Yuyao City and the external promotion work at the Yuyao Municipal Party Committee and Municipal Government News Center. She was a Deputy Section Chief of Yuyao City Management Office and a Director of the Office of Yuyao State-owned Assets Supervision and Administration Bureau.

SENIOR MANAGEMENT

The senior management is led by the Guarantor's general manager who is responsible for overseeing the day-to-day management of the Guarantor's business and operations. The following table sets forth information regarding the members of the Guarantor's senior management as at the date of this Offering Circular:

Name	Year of Birth	Position/Title
Jin Wei (金燁)	1985	General manager
Kang Bing (康炳)	1973	Deputy general manager

Mr. Jin Wei has been the Guarantor's general manager since March 2016. For Mr. Jin's biography, see "– Directors" above.

Mr. Kang Bing has been the deputy general manager of the Guarantor since September 2018. He has over 17 years of experience in banking and financial management. He previously served in various roles in Ningbo Branch and Yuyao Branch of Baoshang Bank from 2013 to 2015, Ningbo Yuyao Branch of

Lingshang Bank from 2011 to 2013, Yuyao Branch of China Guangfa Bank from 2009 to 2011, Yuyao Branch of Shanghai Pudong Development Bank from 2004 to 2009 and Yuyao Branch of Industrial and Commercial Bank of China from 1991 to 2004. He obtained his bachelor degree in business administration from Southwestern University of Finance and Economics (西南財經大學) in 1991. Mr. Kang is an accredited economist.

REGULATION AND SUPERVISION IN THE PRC

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

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, rules, regulations and local laws, regulations and policies, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court rulings do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC ("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 of the PRC, including the laws relating to management. 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 authority 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 authority of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable within their own administrative areas. These local laws 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. 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. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed in June 1981, the Supreme People's Court, 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 laws is vested in the regional legislative and administrative bodies which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts comprise the basic courts, the intermediate courts and the high courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The high-level court supervises the basic and

intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal from a judgment or order of a local court to the court at the next higher level. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge 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 according to the judicial supervision procedures.

The Civil Procedure Law of the PRC adopted in April 1991, amended in October 2007, August 2012, June 2017 and December 2021, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the location of the object of the action. However, such selection shall not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request the enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement. If a party 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 court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles, sovereignty or security of the PRC, or for reasons of social and public interests.

REGULATIONS ON FINANCING AND CURRENCY CONTROL

NDRC Rules Regarding Overseas Financing

According to the NDRC Notice, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of not less than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure an enterprise foreign debt pre-issuance registration certificate from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC is expected to issue a decision on the submission within seven working days after it accepts the submission.

According to the NDRC Notice, an enterprise shall report the information relating to the issuance of the bonds to the NDRC within 10 working days in the PRC from the completion of the bond issuance (the

“**NDRC Post-issuance Reporting**”). The NDRC Circular provides that, in the case where the reported information relating to the issuance of foreign debts significantly varies from the information indicated in the filing and registration application filed with the NDRC, the enterprise shall provide an explanation regarding such variance in the NDRC Post-issuance Reporting. In addition, if an enterprise maliciously and falsely reports the size of its issuance of foreign debts, the NDRC shall list the enterprise as an enterprise with poor credit in the national credit information platform.

Local Government Financing Platforms

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 of the State Council on Issues Concerning Strengthening Management of Local Government-backed Financing Platform Companies (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“**Circular 19**”) and Circular of NDRC on Issues Concerning Further Regulating the Bond Issuance of Local Government-backed Financing Platform Companies (關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“**Circular 2881**”) were separately promulgated in June 2010 and November 2010, 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 1 January 2015, 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, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, PBOC and the CBRC (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.

Pursuant to the Circular 23, 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.

According to the Circular 706, any enterprise that intends to incur medium or long-term foreign debt is prohibited from including in its assets "public assets" such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, free-of-charge pipe network facilities, and land use rights to reserve land. There is, however, no clear definition of "public assets" in Circular 706 and thus its interpretation may involve uncertainty. Circular 706 also

reaffirms that the offering circulars of bond issuances shall not disclose information that implicitly or explicitly indicates government endorsement of the debt issuance such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit. In addition, the liability of the local government as the shareholder of an enterprise incurring foreign debt shall be limited to its agreed obligation to contribute to the registered capital of such an enterprise, and the relevant foreign debt should be solely repaid by such an enterprise as an independent legal person.

On 13 September 2018, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued 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》), which establishes targets for the reduction of the average debt-to-asset ratio of state-owned enterprises by 2020 and (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 behalf of local governments.

Foreign Exchange Administration

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a Supervision List determined by the PBOC and five other relevant authorities would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedure (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “**2013 PBOC Circular**”), which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign

currencies. Under progressive reforms by PBOC, the Ministry of Commerce of the PRC SAFE, foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. In addition, the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015, allows foreign-invested enterprises to settle 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds to make equity contribution to its invested enterprises directly, without further fillings with SAFE.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as **"foreign debt"**) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as **"outbound loans"**), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as **"cross-border security"**). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remain potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

REGULATIONS APPLICABLE TO THE GROUP'S BUSINESS

Main Regulatory Authorities and Scope 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:

- Ministry of Housing and Urban-Rural Development of the PRC (the “**MOHURD**”) (formerly Ministry of Construction of the PRC, the “**MOC**”) 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.

Regulation on the Agency Construction

On 16 November 2004, the Ministry of Construction published the “Pilot Measures for the Administration of Construction Projects” (建設工程項目管理試行辦法) (the “**Pilot Measures**”), which became effective on 1 December 2004. The Pilot Measures provides for stipulations with regard to the carrying out of management activities for construction projects in the PRC. According to the Pilot Measures, project management enterprises shall possess one or more qualifications such as project inspection, design, construction, supervision, cost consultancy, invitation for tender agency, etc. The owner of construction projects can choose project management enterprises by public tender or other methods, and shall sign agency contract with the chosen project management enterprise in writing. Where project inspection enterprises, design enterprises and supervision enterprises, etc., undertake the roles of management as well as project inspection, design and supervision (within its scope of qualification) for the same construction project at the same time, those enterprises shall be chosen through public tender if required by the relevant laws and regulations. Construction enterprises shall not engage in both project management and project construction for the same project.

The Zhejiang Provincial Development and Reform Commission published and implemented the Provisional Stipulations on the Agency Construction Model for Provincial Government-Invested Projects of Zhejiang Province (浙江省政府投資項目實施代建制暫行規定) on 21 February 2005. The stipulations are formulated in accordance with the State Council's Decision Regarding Reforms to the Investment

System (國務院關於投資體制改革的決定) for the purpose of establishing a restraint mechanism for investment liability for government-invested projects, to achieve segregation of project construction and project management, and lower investment costs. The agency construction model for government-invested projects is implemented on a pilot and step-by-step basis. The agency construction model refers to the system whereby the government selects specialised project management enterprises (the “**Agency Construction Enterprises**”) through methods such as public tender, who shall be responsible for the investment and management of the project and the management of the construction of the project, and the project shall be delivered to the relevant entity for use after completion. During the construction period, the Agency Construction Enterprises shall carry out agency construction according to the stipulations of the contract by financing the construction of the project. In Zhejiang Province, the agency construction model shall be adopted for non-profit fiscal investment projects, including office premises projects for Party and government organs, people’s congresses, people’s political consultative conferences, official institution and social organisation, infrastructure projects for science, education, culture, hygiene and other social welfare and social undertakings, judicial facilities projects and public utility projects, with a total investment of more than RMB5 million. The agency construction projects can adopt two different models including whole-process agency construction and construction-stage agency construction. Agency Construction Enterprises shall have: (a) separate legal person status; (b) the corresponding qualifications and management experience in similar construction project; (c) the corresponding management capability of project construction; and (d) the corresponding financial strength.

In accordance with the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualifications according to their assets, professionals, projects completed, and technical equipment. Qualifications of construction enterprises include qualification of general contractor, qualification of professional contractor and qualification of construction labour service.

Any enterprise that has obtained the qualification of a general contractor may enter into a contract to make contracting to the whole project or main works. The enterprise undertaking the general contracting work may carry out the whole construction project by itself or subcontract the work other than the main work or the labour service to other construction enterprises that have requisite qualifications.

Any enterprise that has obtained the qualification of a professional contractor may undertake the professional work subcontracted by the general contractor or the professional work contracted by a construction unit. A professional contracting enterprise may carry out construction by itself or subcontract the labour service work to a labour service enterprise that has the corresponding qualification.

Subcontracting Housing and Municipal Infrastructure Projects

In accordance with Administrative Measures for the Subcontracting of Housing and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程施工分包管理辦法), the term “subcontracting of specialized project” as mentioned in the present Measures refers to the activity in which an enterprise which undertakes an entire construction project (the “**specialized project contract-letting party**”) subcontracts the specialized project of the project to another construction enterprise with appropriate qualifications (the “**specialized project contractor**”). No project developer may directly designate a project subcontractor, and no entity or individual may interfere with subcontracting activities carried out in accordance with the law. A project subcontractor shall have the appropriate qualification and undertake business within the scope of its qualification grade. Apart from being agreed upon in the general construction contract, the subcontracting of specialized project shall also be approved by the project developer concerned. The specialized project subcontractor shall complete the subcontracted project by itself.

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 25 June 2014, as amended on 28 September 2018 and effective 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.

According to the Regulation on Quality Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

In accordance with the Work Safety Law of the People’s Republic of China, Regulation on Work Safety Licenses and other related regulations, the state implements the work safety license system to construction enterprises. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

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, 19 March 2018 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 13 March 2019.

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 tenderer shall issue the notification to the successful bidder. The notification is legally binding on both the tenderer 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 (I) (最高人民法院關於審理建築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 25 December 2020 and which became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall be deemed void.

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**”) amended and implemented by the State Council on 29 November 2020, 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 Ministry of Natural Resources (the “MLR”) 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) 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 competent departments of land administration 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 MLR 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掛牌出讓情況執法監察工作的通知) on 18 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR 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 11 May 2011, the MLR 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 MLR 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.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), implemented by the MOF, the PBOC and the MLR and CBRC on 3 January 2018, define “reserved land” and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. The measures clarify that land must be reserved in accordance with the relevant land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under-utilised.

On 18 November 2009, the MOF, the MLR, 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 departments of land administration 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, departments of land administration 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 departments of land administration 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 departments of land administration 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.

On 1 May 2012, the MLR implemented the Notice on Further Strengthening and Improving the Pre-examination of the Utility of Land for Construction Projects (關於進一步加強和改進建設項目用地預審工作的通知) which reinforces the importance of pre-examination administration of land for commercial and industrial purposes. Taking advantage of the public bidding, auction and listing procedure to avoid the pre-examination of the utility of land, entering into a land use rights grant contract in advance and issuing a land use rights certificate etc. to substitute for a pre-examination opinion are strictly prohibited. Without passing the pre-examination, no application may be made for a project permit or construction land permit. On-line filing for records and tracking supervision shall also be strengthened.

REGULATIONS GENERALLY APPLICABLE TO OPERATIONS IN THE PRC

Environmental Protection

The Ministry of Environmental Protection of the PRC is responsible for the uniform supervision and control of environmental protection in China. It formulates national environmental quality and discharge standards and monitors the PRC’s environmental system. Environmental protection bureaus at the county level and above are responsible for environmental protection within their areas of jurisdiction.

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the “**Environmental Protection Law**”), promulgated on and effective from 26 December 1989 and amended

on 24 April 2014, by the Standing Committee of the National People's Congress, the environmental protection department of the State Council is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility that produces pollutants or other hazards to incorporate environmental protection measures in its operations and establish an environmental protection responsibility system. Any entity that discharges pollution must register with the relevant environmental protection authority. Remedial measures for breaches of the Environmental Protection Law include a warning, payment of damages or imposition of a fine. Criminal liability may be imposed for a material violation of environmental laws and regulations that causes loss of property, personal injuries or death.

Under the Law on Environmental Impact Evaluation of the PRC (中華人民共和國環境影響評價法) promulgated on 28 October 2002 and revised on 2 July 2016 and 29 December 2018, by the Standing Committee of the National People's Congress, manufacturers must prepare and file an environmental impact report setting forth the impact that the proposed construction project may have on the environment and the measures to prevent or mitigate the impact for approval by the relevant PRC government authority prior to commencement of construction of the relevant project. New facilities built pursuant to this approval are not permitted to operate until the relevant environmental bureau has performed an inspection and is satisfied that the facilities are in compliance with environmental standards.

Under the Law of the PRC on the Prevention and Control of Atmospheric Pollution (中華人民共和國大氣污染防治法) promulgated by the Standing Committee of the National People's Congress on 5 September 1987, last amended on 26 October 2018 and effective at the same date, the environmental protection authorities above the county level are in charge of exercising unified supervision and administration of prevention and control of air pollution. Manufacturers discharging polluted air must comply with applicable national and local standards. Manufacturers discharging polluted air must pay polluted air discharging fees. If a manufacturer emits polluted air exceeding national or local standards, it must correct its action during a prescribed period of time and the manufacturer may be subject to penalties.

Under the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) promulgated by the Standing Committee of the National People's Congress on 11 May 1984, amended on 15 May 1996, 28 February 2008 and 27 June 2017, and effective from 1 January 2018, manufacturers must discharge water pollutants in accordance with national and local standards. If the water pollutants discharged exceed national or local standards, the competent department in charge of environmental protection under of the people's government at or above the county level shall order the manufacturer to make corrections, reduce production or suspend production for rectification, and impose a fine of not less than 100,000 yuan but not more than 1 million yuan against it; if the circumstance is serious, the manufacturer shall be ordered to suspend the business or shut down after the decision is reported to the people's government with the approval authority for approval.

Under the Law of the PRC on Prevention and Control of Pollution from Environmental Noise (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 and effective as of 1 March 1997 and was amended on 29 December 2018, new construction project, expansion, or reconstruction project that discharges noise shall be subject to the state regulations on environmental protection of construction projects. Industrial enterprises that discharge noise during industrial production with fixed facilities shall report to the county or above environmental protection department categories and quantities of their existing facilities for discharging noise, and the noise volume of noise discharged under their normal operation conditions as well as treating facilities against noise, and also submit to the same department technical information with regard to the prevention and control of noise pollution. Units discharge noise exceeding the relevant standards shall pay the discharge fee subject to the regulations.

The Law of PRC on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法), was effective on 1 April 1996, initially amended on 24 April 2015 and

newly amended on 29 April 2020 and came into force on 1 September 2020, stipulates that construction projects where solid waste is generated or projects for storage, utilization or disposal of solid waste shall be subject to environmental impact assessment. Facilities for the prevention and control of solid waste are required to be designed, constructed and put into use or operation simultaneously with the main part of the construction project. No construction projects may be put into operation before its facilities for the prevention and control of solid waste have been inspected and accepted by the environmental protection administrative authorities.

Occupational Health and Safety

Under the Labour Law of the PRC (中華人民共和國勞動法) promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and effective from 1 January 1995, as amended on 27 August 2009 and 29 December 2018, employers must establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury.

Under the Law of the PRC on Safe Production (中華人民共和國安全生產法) promulgated by the Standing Committee of the National People's Congress on 29 June 2002, with the latest amendment on 10 June 2021, being effective from 1 September 2021, manufacturers must establish a comprehensive management system to ensure manufacturing safety in accordance with applicable laws and regulations. Manufacturers who do not meet relevant legal requirements are not permitted to commence manufacturing activities.

Under the PRC Labour Contract Law (中華人民共和國勞動合同法) promulgated by the Standing Committee of the National People's Congress on 29 June 2007 and effective from 1 January 2008, as amended on 28 December 2012 and came into effect on 1 July 2013, employers are required, when employing labour, to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production as well as remuneration and other conditions as requested by the PRC Labour Contract Law.

Labour and Insurance

The relevant labour laws in China include the PRC Labour Law (中華人民共和國勞動法) (the “**Labour Law**”) (effective from 1 January 1995 and amended and came into force on 27 August 2009), the PRC Labour Contract Law (中華人民共和國勞動合同法) (effective from 1 July 2013), the Social Insurance Law of the PRC (中華人民共和國社會保險法) (effective from 1 July 2011), the Regulation of Insurance for Work-Related Injuries (《工傷保險條例》) (effective from 1 January 2011), the Provisional Measures on Insurance for Maternity of Employees (《企業職工生育保險試行辦法》) (effective from 1 January 1995), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) (effective from 22 January 1999), the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》) (effective from 24 March 2002), and other related law and regulations issued by relevant governmental authorities from time to time in China.

The Labour Law was promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and last amended on 29 December 2018. According to the Labour Law, employees are entitled to have equal opportunities in employment, selection of occupations, receiving wages and remuneration, rest days and holidays, protection of occupational safety and health, the rights to social insurance and welfare, etc. An employee shall not work for more than eight hours a day and no more than 44 hours a week on average. The employers must establish and improve the system for occupational safety and health, provide education on occupational safety and health to employees, and comply with the State and/or local regulations of occupational safety and health as well as provide the necessary labour protective measures to employees. On 29 June 2007, the PRC Labour Contract Law, another important law concerning employees, was adopted by the Standing Committee of the National People's Congress

and came into effect on 1 January 2008 and was amended on 28 December 2012. According to the PRC Labour Contract Law, labour contracts must be executed in order to establish a labour relationship between an employer and employees.

When an employer is recruiting employees, it should inform the employees truthfully the content of work, working conditions, place of work, occupational hazards, safe production conditions, labour remuneration and other circumstances requested to be notified by the employees. An employer and an employee shall fully perform their respective obligations in accordance with the terms set forth in the labour contract. An employer must make payment for employee remuneration timely and in full amount in accordance with the contract terms, must strictly abide by the fixed standard of labour work, and must not force or threaten an employee in disguise to work overtime. After the labour contract is released or terminated, the employer should issue a proof of release or termination of the labour contract to the employee, and complete the filing procedure and transfer of social insurance relationship for the employee within 15 days.

Under the Social Insurance Law, the Regulation of Insurance for Work-Related Injury, the Provisional Measures on Insurance for Maternity of Employees, the Interim Regulation on the Collection and Payment of Social Insurance Premiums, and the Interim Provisions on Registration of Social Insurance, an employer is required to contribute the social insurance for its employees, including the basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and injury insurance.

Under the Regulations on the Administration of Housing Accumulation Funds, promulgated by the State Council on 3 April 1999 and as amended on 24 March 2019, employers are required to make contributions to a housing accumulation fund for their employees.

MAINLAND CHINA TAXATION

Because virtually all of our business operations are in mainland China and we carry out these business operations through operating subsidiaries and joint ventures organized under PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in the Bonds.

Dividends from the Group's Operations in the PRC

Under the PRC tax laws effective prior to 1 January 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the EIT Law (中華人民共和國企業所得稅法), which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, dividends payable by foreign-invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors are subject to a withholding tax at a rate of 10 per cent. unless any lower treaty rate is applicable.

Under the EIT Laws, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and are subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the EIT Laws, “de facto management bodies” are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. There is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Income Tax

Under the EIT Law which was promulgated by the National People's Congress on 16 March 2007 and became effective on 1 January 2008, the income tax rate for both domestic and foreign invested enterprises is 25 per cent. commencing 1 January 2008.

Under the EIT Law, high and new technology enterprises that require key state support are subject to the applicable enterprise income tax rate with a reduction of 15 per cent. According to the Administrative Measures for the Determination of High and New Technology Enterprises (《高新技術企業認定管理辦法》) which was promulgated on 29 January 2016 and came into effect since 1 January 2016, high and new technology enterprises are enterprises that are incessantly devoted to the research and development as well as transformation of technological achievements in the High and New Technology Sector under the Key Support of the State, have formed their own independent core intellectual property rights and are carrying out business activities on this basis, have been registered within the territory of China (excluding Hong Kong, Macao and Taiwan regions). Furthermore, an enterprise must satisfy the following requirements simultaneously in order to be determined as a high and new technology enterprise:

- Enterprises shall be registered for more than one year when applying for identification;
- Enterprises have already owned the intellectual property which plays a core support for their main products (services) through independent research, assignee, accepting donation, mergers and acquisitions;
- Its main products (services) which play a core support have fallen within the range prescribed in the High and New Technology Sector under the Key Support of the State;
- It has the total number of scientific and technological personnel in its employment that accounts for at least 10 per cent. of the total number of its employees during the current year;
- The percentage of total research and development expenses of the enterprise for the last three fiscal years in total sales income for the same period meets the relevant requirements;
- The revenue from high and new technology products (services) accounts for at least 60 per cent. of the total revenue of the enterprise during the current year;
- No major safety, major quality accidents or serious environmental violations has occurred within one year before the application; and
- The innovation capability evaluation of the enterprise shall meet the corresponding requirements.

Value-Added Tax

According to the Interim Regulations on the Value-added Tax of the PRC (中華人民共和國共和國增值稅暫行條例) (the “**Interim VAT Regulation**”) which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and were amended on 10 November 2008, 6 February 2016, and 19 November 2017, and the Implementation Rules of the Interim Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, sell services, intangible assets and real estate, or import commodities within the PRC’s territories are subject to VAT, and shall pay the value-added tax accordingly. According to Interim VAT Regulation, (i) as to the sale of goods, labour services, or tangible movables leasing services or import goods by the taxpayer, the VAT rate is 17 per cent., (ii) as to the sale of particular services and real estate, the transfer of the land use right and the sale and import of particular commodities listed on the Interim VAT Regulation by the taxpayer, the VAT rate is 11 per cent., (iii) as to the sale of services and movables other than those provided above by the taxpayer, the VAT rate is 6 per cent., (iv) as to the export of applicable commodities by the taxpayer, the VAT rate is zero unless otherwise provided by the State Council, and (v) as to the export of intangible assets and the services, which are within the scope prescribed by the State Council, by domestic entities and individuals, the VAT rate is zero.

On 23 March 2016, Circular 36, which provides that effective from 1 May 2016, value-added tax completely replaced business tax to cover all the business sectors that used to fall under the business tax regime.

According to Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、國家稅務總局關於調整增值稅稅率的通知) effective from 1 May 2018, the VAT rates for the import of goods and the taxable sale will be changed from 17 per cent. and 11 per cent. to 16 per cent. and 10 per cent., respectively. In addition, the MOF, the SAT and the General Administration of Customs of the PRC (中華人民共和國海關總署) issued the Announcement on Relevant Policies for Deepening the Value Added Tax Reform (《關於深化增值稅改革有關政策的公告》) on 20 March 2019, according to which the VAT rates on sales, imported goods that were previously subject to 16 per cent. and 10 per cent. are adjusted to 13 per cent. and 9 per cent., respectively.

Urban Maintenance and Construction Tax and Additional Education Tax

According to the Urban Maintenance and Construction Tax Law of the PRC (中華人民共和國城市維護建設稅法) issued by the State Council on 11 August 2020 and became effective as from 1 September 2021 and the Circular of the State Administration of Taxation on Matters Concerning the Imposition and Administration of Urban Maintenance and Construction Tax (國家稅務總局關於城市維護建設稅徵收管理有關事項的公告) promulgated on 31 August 2021 and became effective as from the next day, any enterprise or individual liable to consumption tax and VAT shall also pay urban maintenance and construction tax. Amount of urban maintenance and construction tax shall be determined as per the consumption tax and VAT paid by taxpayers and shall be paid together with consumption tax and VAT. Besides, the rates of urban maintenance and construction tax shall be as follows: 7 per cent. for a taxpayer in a city; 5 per cent. for a taxpayer in a county town or town; and 1 per cent. for a taxpayer living in a place other than a city, county town or town.

According to Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) newly revised by the State Council on 8 January 2011 and effective as from the same day, with the exception of organisations that pay surcharges for education undertaking in rural areas, all enterprises or individuals liable to consumption tax and VAT shall also pay education surcharges pursuant to the Provisions herein. Education surcharges shall be paid together with VAT and consumption tax based on 3 per cent. of the amount of VAT and consumption tax actually paid by respective enterprises or individuals.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

Each of the Group's and the Issuer Group's Audited Financial Statements, the English versions of which included in this Offering Circular, have been prepared and presented in accordance with PRC GAAP.

PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment.

Summary of Certain Differences between PRC GAAP and IFRS as Applicable to the Group and the Issuer Group

The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Group and the Issuer Group. The Group and the Issuer Group 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 Group and the Issuer Group, other potentially significant accounting and disclosure differences may have been 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 Group and the Issuer Group, the terms of the offering and other disclosure contained herein. 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.

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, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

Reversal of an Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including 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.

Related Party Disclosures

Under PRC GAAP, government-related entities are not treated as related parties except such government related entities can exercise significant influence over the reporting entity. Under IFRS, government related entities are treated as related parties.

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 holder of the Bonds 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 advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

PRC Taxation

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 PRC for the PRC tax purposes. These beneficial owners are referred to as non-resident Bondholders in this “PRC Taxation” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers 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.

Pursuant to the EIT Law effective on 1 January 2008 and the Individual Income Tax Law of the PRC, as amended on 31 August 2018 and effective on 1 January 2019 (“**IIT Law**”), and their implementation rules respectively, an income tax is imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be)) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest. However, the tax so charged on interests paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Double Taxation Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Double Taxation Arrangement and relevant interpretation of the arrangement formulated by the SAT.

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 incomes derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax under the IIT Law and its implementation rules. 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 Double Taxation 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.

On 23 March 2016, the MOF and the SAT issued Circular 36, which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income 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 PRC. In the event that foreign 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. Circular 36 further clarified that “loan processing” refers to the activity of lending capital for another’s use and receiving the interest income thereon, therefore based on such an interpretation of “loan processing” under the Circular 36, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer, which thus shall be regarded as the provision of financial services. Accordingly, interest and other interest-like earnings received by a non-PRC resident Bondholder from the Issuer may be subject to PRC VAT at the rate of 6 per cent. The Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. As the withholding agent, the Issuer shall calculate withholding tax according to the following formula: withholding tax = price paid by the purchaser ÷ (1 + tax rate) × tax rate. Pursuant to relevant local rules regarding the Urban Maintenance & Construction Tax, the Educational Fund Surcharge and the Local Educational Fund Surcharge respectively as levies on the VAT, such local levies will be applicable when entities and individuals are obliged to pay VAT (at an aggregate rate of approximately 12 per cent. on any VAT payable, so consequently the combined rate of the VAT and such local levies would be around 6.7 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.

The Issuer 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*”.

No PRC stamp duty will be imposed on non-resident Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds outside of the PRC.

Hong Kong Taxation

Withholding tax

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

Profits tax

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

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- a) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- b) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a person other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business;
- c) Interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap.112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- d) Interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

Stamp duty

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

The Proposed Financial Transactions Tax (the “FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

United States' Foreign Account Tax Compliance Act Tax Provisions

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 on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions 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. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. 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 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 1 April 2022 (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.

	Principal amount of the Bonds to be subscribed
Guotai Junan Securities (Hong Kong) Limited	U.S.\$40,000,000
BOSC International Company Limited	U.S.\$40,000,000
Haitong International Securities Company Limited	U.S.\$5,000,000
ChaoShang Securities Limited	U.S.\$5,000,000
China International Capital Corporation Hong Kong Securities Limited	U.S.\$5,000,000
CEB International Capital Corporation Limited	U.S.\$5,000,000
Total	U.S.\$100,000,000

The Subscription Agreement provides that the Joint Lead Managers and their respective affiliates, and their respective directors, officers and employees will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its respective subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its 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 may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed and acting in its capacity as a Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising 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 Stabilising Manager.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, 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, 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, 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 in such jurisdiction.

United States

The Bonds have not been and will not be registered under 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. Each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold, and 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 under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of such Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Bonds.

Terms used in the paragraph above have the meanings given to them by Regulation S under the Securities Act.

European Economic Area

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bond to any retail investor in the European Economic Area. For the purposes of this paragraph:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

United Kingdom

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

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

Each Joint Lead Manager has further represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bond to any retail investor in the United Kingdom. For the purposes of this paragraph:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA;
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) The expression “**offer**” used in the paragraph above includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Hong Kong

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

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

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 undertaken that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such 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 such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notify 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, regulations and ministerial guidelines of Japan.

The People’s Republic of China

Each of the Joint Lead Managers has represented, warranted and agreed that the offer of the Bonds is not an offer of securities within the meaning of the PRC Securities Law or other pertinent laws and regulations of the PRC and 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 the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 245220456 and ISIN XS2452204568.
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 and the entry into the transaction documents in connection with the Bonds were authorised by resolutions of the Board of Directors of the Issuer on 8 November 2021 and by resolutions of the shareholders of the Issuer on 9 November 2021. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of the Guarantee and the entry into the transaction documents in connection with the Bonds (including the Deed of Guarantee), which were authorised by resolutions of the Board of Directors of the Guarantor on 9 November 2021 and by resolutions of the shareholders of the Guarantor on 18 November 2021. No other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Guarantor to provide the Guarantee except for (i) the submission of the Bonds for registration with SAFE within 15 Registration Business Days after the Issue Date, and (ii) the filing of the requisite information and documents with the NDRC within 10 Registration Business Days after the Issue Date.
3. **No Material Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Group since 30 September 2021.
4. **Litigation:** None of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer, the Guarantor or any other member of the Group, as the case may be, believes are material in the context of the Bonds, nor is any of the Issuer, the Guarantor or any member of the Group aware that any such proceedings are pending or threatened.
5. **Available Documents:** Copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee, will be available for inspection at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday) by the Bondholders from the Issue Date at the specified office of the Principal Paying Agent (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom), following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent.
6. **Financial Statements:** The Group's and the Issuer's Audited Financial Statements and the Group's and the Issuer's Reviewed Financial Statements, which are included elsewhere in this Offering Circular, have been audited and, as the case may be, reviewed by Zhongxinghua. None of the Joint Lead Managers nor any of their directors, officers, employees, representatives, agents, advisers or affiliates makes any representation or warranty, express or implied, regarding the sufficiency of such financial information for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition, results of operations and results. These financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions.
7. **Listing:** Application will be made for the listing of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission of the Bonds to the Official List of the SGX-ST and quotation of any Bonds on the SGX-ST are not to be taken as an indication of the merits of the

offering, the Issuer, the Guarantor, their respective subsidiaries (if any) or such Bonds. For so long as such Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Bonds will be traded on the SGX-ST in a minimum board lot size of at least U.S.\$200,000.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for definitive registered bonds. In addition, in the event that a Global Certificate is exchanged for definitive registered bonds, an announcement of such exchange shall be made by the Issuer or on its behalf through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive registered bonds, including details of the paying agent in Singapore.

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ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

F15, Sichuan Building East, No.1 Fu Wai Da Jie, Xicheng District, Beijing, China

Audit Report

Zhongxinghua Audit (2020) No.020334

All shareholders of Yuyao Economic Development Zone Construction Investment Development Co., Ltd.:

I. Audit Opinions

We have audited financial statements of Yuyao Economic Development Zone Construction Investment Development Co., Ltd. (hereinafter referred to as "Yuyao Construction Investment Company"), including consolidated balance sheet dated Tuesday, December 31, 2019 and balance sheet of parent company, consolidated financial statement for 2019 and financial statement of parent company, consolidated cash flow statement and cash flow statement of parent company, consolidated statement of change in equity and statement of change in equity of parent company and relevant notes to financial statements .

We consider that attached financial statements are prepared according to accounting standards for enterprises in all major aspects and fairly reflect consolidated financial conditions of Yuyao Construction Investment Company dated Tuesday, December 31, 2019, and financial conditions of parent company, and consolidated operating results and cash flow for 2019 and operating results and cash flow of parent company.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. According to code of ethics for certified public accountants in China, we are independent of Yuyao Construction Investment Company and perform other responsibilities in the aspect of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Management and governance liabilities for financial statement

The management level is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't



any material misstatement in the financial statements due to fraud or error.

During preparation of financial statements, management is responsible for evaluating going-concern ability of Yuyao Construction Investment Company, disclosing matters relating to going-concern (if applicable), and using the assumption of going-concern, unless management plans to liquidate Yuyao Construction Investment Company, terminate operation or has no other realistic selection.

Management is responsible for supervising financial report of Yuyao Construction Investment Company.

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintained professional skepticism throughout the audit. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

(3) Evaluate the appropriateness of accounting policies adopted and the rationality of accounting estimates and related disclosures made by the management.

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management level. Meanwhile, according to obtained audit evidence, it's possible to draw conclusions on whether there is significant uncertainty for conditions or matters with significant doubt about going-concern ability of Yuyao Construction Investment Company. If



we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. However, Yuyao Construction Investment Company is likely to be not operated continuously due to future matters or conditions.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

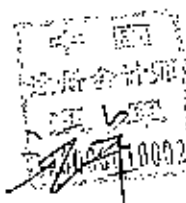
(6) Sufficient and proper audit evidence should be obtained for finance about entity or business activities of Yuyao Construction Investment Company to give opinions on financial statements. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with the governance level about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.

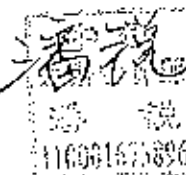
ZHONGXINGHUA CERTIFIED PUBLIC
ACCOUNTANTS LLP
Beijing, China



Chinese CPA:



Chinese CPA:



April 24, 2020

Consolidated Balance Sheet

31 December, 2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund	Note VI. 1	2,190,003,242.05	1,260,257,472.35
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable			
Accounts receivable	Note VI. 2	89,397,935.28	75,258,565.04
Advance payments	Note VI. 3		14,848,375.41
Other receivables	Note VI. 4	2,358,138,927.73	3,699,260,832.33
Inventories	Note VI. 5	7,958,242,134.42	7,654,051,803.30
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	Note VI. 6	6,389,157.97	8,006,619.16
Total current assets		12,602,171,397.45	12,711,681,667.59
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment	Note VI. 7	931,211,016.57	473,779,390.69
Investment real estate	Note VI. 8	980,513,592.00	195,678,296.03
Fixed assets	Note VI. 9	47,721,984.94	304,606,688.16
Construction in process	Note VI. 10		68,562,530.87
Engineering materials			
Fixed asset liquidation			
Productive biological assets			
Oil and gas assets			
Intangible assets	Note VI. 11	26,444,220.09	279,569,367.47
Development expenditures			
Goodwill			
Long-term deferred expenses	Note VI. 12	1,266,535.47	103,172.80
Deferred income tax assets	Note VI. 13	2,125,635.67	4,623,546.17
Other non-current assets	Note VI. 14	293,914.00	293,914.00
Total non-current assets		1,989,576,898.74	1,327,216,906.19
Total assets		14,591,748,296.19	14,038,898,573.78

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Balance Sheet (Continued)

December 31, 2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	Note VI. 15	615,250,000.00	655,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable	Note VI. 16	30,000,000.00	
Accounts payable	Note VI. 17	628,136.00	3,220,576.48
Advance receipts	Note VI. 18	1,273,123.16	8,186,379.53
Employee payroll payable	Note VI. 19	70,283.55	69,568.35
Taxes payable	Note VI. 20	65,875,842.79	53,791,123.96
Other payables	Note VI. 21	1,452,634,755.70	2,349,529,734.61
Held-for-sale liabilities			
Non-current liabilities due within one year	Note VI. 22	1,048,272,813.30	2,053,559,936.10
Other current liabilities	Note VI. 23		391,580,000.00
Total current liabilities		3,214,004,954.50	5,524,937,309.23
Non-current liabilities:			
Long-term borrowings	Note VI. 24	3,548,122,981.53	2,529,834,584.98
Bonds payable	Note VI. 25	2,371,293,663.20	868,271,747.88
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable			
Long-term employee payroll payable			
Special accounts payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities	Note VI. 13	65,959,461.45	
Other non-current liabilities			
Total non-current liabilities		5,985,382,106.18	3,398,106,332.86
Total liabilities		9,199,387,060.68	8,923,043,642.09
Owner's equity:			
Paid-in capital	Note VI. 26	832,000,000.00	832,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	Note VI. 27	1,061,209,041.12	1,061,209,041.12
Less: treasury stock			
Other comprehensive incomes	Note VI. 28	197,878,384.35	
Special reserve			
Surplus reserve	Note VI. 29	213,580,382.37	201,426,266.89
General risk reserve			
Undistributed profits	Note VI. 30	3,087,693,427.67	3,021,219,623.68
Total owner's equity attributable to the parent company		5,392,361,235.51	5,115,854,931.69
Minority shareholder's equity			
Total owner's equity		5,392,361,235.51	5,115,854,931.69
Total liabilities and owner's equity		14,591,748,296.19	14,038,898,573.78

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB year

Item	Note	Current Amount	Previous Amount
I. Total operating incomes		833,803,472.77	774,926,258.48
Of which: operating incomes	Note VI. 31	833,803,472.77	774,926,258.48
II. Total operating costs		759,470,872.49	687,162,518.17
Of which: operating costs	Note VI. 31	731,348,881.51	644,842,993.04
Taxes and surcharges	Note VI. 32	14,110,064.63	12,301,210.28
Sales expenses			
Management expenses		16,024,726.82	31,305,035.41
R&D expenses			
Financial expenses	Note VI. 33	-1,091,140.47	-1,376,720.34
Of which: interest expenses			
Interest incomes		1,182,551.60	1,417,081.59
Plus: other incomes	Note VI. 34	81,169,871.10	30,093,003.00
Investment incomes (losses marked with "-")	Note VI. 35	2,496,125.00	15,779,424.45
Of which: investment incomes to associated enterprises and joint ventures		2,287,840.82	13,779,424.45
Exchange incomes (losses marked with "-")			2,102,458.15
Fair value change revenue (losses marked with "-")	Note VI. 35	-4,145,600.00	
Asset impairment losses (losses marked with "-")	Note VI. 37	-148,015.00	20,780,930.88
Asset disposal revenues (losses marked with "-")	Note VI. 38		41,958.13
III. Operating profits (losses marked with "-")		153,764,702.27	162,637,614.92
Plus: non-operating incomes	Note VI. 39		1,281.04
Less: non-operating expenditures	Note VI. 40	43,263.79	58,789.79
IV. Total profits (total losses marked with "-")		153,681,438.48	162,479,106.17
Less: income tax expenses	Note VI. 41	18,126,190.31	31,270,082.14
V. Net profits (net losses marked with "-")		135,535,248.17	131,209,024.03
Including: Net income attributable to shareholders of parent company		135,535,248.17	131,209,044.03
Minor Shareholders' Gains and Losses			
Including: Net profit from continued operations		135,535,248.17	131,209,044.03
Net profits from discontinued operation			
VI. After-tax net amount of other comprehensive incomes		197,878,384.35	
After-tax net amount of other comprehensive incomes attributable to the parent company owners		197,878,384.35	
(1) Other comprehensive incomes that cannot be reclassified into profits or losses in the future			
1. Measure and define the changes in net liabilities or net assets of the benefit plan entity			
2. Shares in the comprehensive income that cannot be reclassified into profit and loss for the invested organization under the equity method			
(2) Other comprehensive incomes to be reclassified into profits and losses		197,878,384.35	
1. Shares in the comprehensive income that will be reclassified into profit and loss for the invested organization under the equity method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others		197,878,384.35	
After-tax net amount of other comprehensive incomes attributable to minority shareholders			
VII. Total comprehensive incomes		333,413,632.52	131,209,044.03
Total comprehensive incomes attributable to owners of parent company		333,413,632.52	131,209,044.03
Total comprehensive incomes attributable to the minority shareholders			

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

Item	Current Amount	Previous Amount
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	991,479,917.42	892,356,111.66
Tax refunds received	9,169,671.19	
Other cash received from operating activities	585,037,397.77	851,644,097.05
Subtotal cash inflow from operating activities	1,585,686,986.38	1,744,000,208.71
Cash paid to buy goods and receive labor service	619,174,925.93	159,878,371.11
Cash paid to and for employees	2,802,599.96	2,265,796.60
Taxes paid	201,243,292.66	35,744,068.48
Other cash paid related to operating activities	1,170,826,302.31	1,241,314,372.29
Subtotal cash outflow from operating activities	1,994,047,120.85	1,439,202,608.48
Net cash flow from operating activities	-408,360,134.47	304,797,600.23
II. Cash flow from investing activities		
Cash received from investment withdrawal	10,000,000.00	
Cash received from investment returns		
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		110,000.00
Net cash received from disposal of subsidiaries and other business units		
Other cash received from investing activities		
Subtotal cash inflow from investing activities	10,000,000.00	110,000.00
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets	25,350.00	25,260,452.24
Cash paid for investment		
Net cash paid by subsidiaries and other business units		
Other cash paid related to investing activities		888,670,000.00
Subtotal cash outflow from investing activities	25,350.00	913,930,452.24
Net cash flow from investment activities	9,974,650.00	-913,820,452.24
III. Cash flow from financing activities:		
Cash received from absorbing investments		
Of which: cash received from absorbing investments from minority shareholders by the subsidiary		
Cash received from borrowings	5,580,275,000.00	4,089,735,191.30
Other cash received from financing activities	406,000,000.00	220,000,000.00
Subtotal of cash inflow from financing activities	5,986,275,000.00	4,309,735,191.30
Cash paid for repayment of debt	4,659,588,726.25	2,047,325,478.92
Cash paid for distributing dividends, profits or selling interests	373,555,019.58	365,538,747.56
Other cash paid related to financing activities	809,100,000.00	309,470,360.00
Subtotal cash outflow from financing activities	5,742,243,745.83	2,722,334,586.47
Net cash flow from financing activities	244,031,254.17	1,587,400,604.83
IV. Influence of exchange rate changes to cash and cash equivalents		
V. Net increase in cash and cash equivalents	-154,354,230.30	978,377,752.82
Plus: opening balance of cash and cash equivalents	1,028,257,472.35	49,879,719.53
VI. Closing balance of cash and cash equivalents	873,903,242.05	1,028,257,472.35

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Owner's Equity Change Statement

Amount Unit: RMB yuan

Prepared by: Yuxin Economic Development Zone Construction Investment Development Co., Ltd.

Item	Owner's equity attributable to the parent company										Minority shareholder's equity	Total owner's equity		
	Paid-in capital	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits			Subtotal	Other
		Preference shares	Perpetual debt											
			Others	Other										
I. Balance at the end of last year: Plus: Accounting policy changes Correction of previous period accounting error Continuation of entry 2015 under the same control Other	832,000,000.00				1,051,203,041.12				257,426,306.82	3,021,216,923.48	5,112,634,931.69		5,112,634,931.69	
II. Balance at the beginning of this year	832,000,000.00				1,051,203,041.12				281,679,766.09	2,879,312,284.55	4,005,947,662.92		4,005,947,662.92	
III. Increase or decrease in this current period (decrease marked with "-")							197,878,194.35		12,154,115.48	123,351,322.89	332,413,672.52		332,413,672.52	
(I) Total comprehensive income							197,878,194.35						332,413,672.52	
1. Net income														
2. Other income or expense														
3. Share-based payments directly recognized in equity														
4. Others									12,154,115.48	12,154,115.48				
(II) Profit distribution														
1. Withdrawal of the Surplus Reserves									12,154,115.48	12,154,115.48				
2. Withdrawal of the General Reserve														
3. Distribution to owners														
4. Others														
(III) Internal Transfer of Shareholders' Equity														
1. Capital reserve to increase capital														
2. Surplus reserve to increase capital														
3. Cover losses with surplus reserves														
4. Others														
(IV) Special reserve														
1. Withdrawal in the period														
2. Used in this period														
(V) Others														
IV. Balance at the end of current year	832,000,000.00				1,051,203,041.12		107,878,194.35		213,550,282.37	3,021,216,923.48	5,392,301,234.54		5,392,301,234.54	

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative

Accounting leader:

Accounting firm director:

Consolidated Owner's Equity Change Statement

Prepared by: Niyas Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

Item	2015											
	Owner's equity attributable to the parent company											
	Paid-in capital	Other equity instruments		Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal	Minority shareholder's equity	Total owner's equity
		Preferred stock	Residual interest									
I. Balance at the end of last year	632,000,000.00			1,061,209,041.12				159,959,153.76	2,901,437,632.78	4,594,645,637.66		4,654,645,637.66
Plus: accounting policy changes												
Correction of previous period accounting errors												
Correction of misstatements under the same control												
Other												
II. Balance at the beginning of this year	932,000,000.00			1,061,209,041.12				103,993,153.76	2,901,437,632.78	4,994,645,637.66		4,994,645,637.66
III. Increase or decrease in the current period (disclosed marked with "+")												
(A) Total comprehensive income												
(1) Capital increase or decrease from the owner												
1. Investor capital by the Shareholders								31,427,113.13	119,791,850.00	151,203,064.03		151,203,064.03
2. Other Unlisted Owner Invested capital												
3. Share-based payments directly recognized in equity												
4. Others												
(2) Profit distribution												
1. Withdrawal of the Surplus Reserve								11,427,113.13	11,427,113.13			
2. Withdrawal of the General Risk Reserve												
3. Distribution to equity												
4. Others												
(3) Internal Transfer of Shareholders' Equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserves												
4. Others												
(4) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(5) Others												
IV. Balance at the end of current year	832,000,000.00			1,061,209,041.12				201,426,266.89	3,021,319,623.08	5,115,654,931.69		5,115,654,931.69

(This statement does not include the financial statements of the financial statements)

Legal representative

Accounting leader

Accounting firm director

Balance sheet

December 31, 2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund		1,424,292,615.73	1,068,436,652.90
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable			
Accounts receivable	Note XI. 1	89,397,935.28	44,089,693.04
Advance payments			14,846,375.41
Other receivables	Note XI. 2	4,407,515,830.67	4,155,250,214.09
Inventories		5,713,809,495.43	5,302,178,845.25
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		432,715.43	431,195.65
Total current assets		11,635,448,592.54	10,586,232,376.34
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment	Note XI. 3	365,346,369.67	365,346,369.67
Investment real estate		71,511,362.00	49,097,110.00
Fixed assets		161,764.54	173,324.38
Construction in process			
Engineering materials			
Fixed asset liquidation			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		951,525.79	793,089.56
Other non-current assets			
Total non-current assets		437,971,022.00	415,409,893.61
Total assets		12,073,419,614.54	11,001,642,269.95

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet (Continued)

December 31, 2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		90,250,000.00	353,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable			
Accounts payable			
Accounts payable		628,136.00	3,220,576.48
Advance receipts		1,061,909.96	8,127,017.63
Employee payroll payable			
Taxes payable		54,752,463.28	42,142,847.52
Other payables		653,817,852.78	910,814,462.27
Held-for-sale liabilities			
Non-current liabilities due within one year		919,772,813.30	1,589,714,485.67
Other current liabilities			391,580,000.00
Total current liabilities		1,720,283,175.32	3,398,599,389.57
Non-current liabilities:			
Long-term borrowings		2,845,622,981.53	1,725,177,192.80
Bonds payable		2,371,299,663.20	868,271,747.88
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable			
Long-term employee payroll payable			
Special accounts payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities		2,029,345.73	
Other non-current liabilities			
Total non-current liabilities		5,218,951,990.46	2,593,448,940.68
Total liabilities		6,939,235,165.78	5,992,048,330.25
Owner's equity:			
Paid-in capital		832,000,000.00	832,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		1,034,221,102.24	1,034,221,102.24
Less: treasury stock			
Other comprehensive incomes		6,088,037.19	
Special reserve			
Surplus reserve		213,580,382.37	201,426,266.89
Undistributed profits		3,048,294,926.96	2,941,945,570.57
Total owner's equity		5,134,184,448.76	5,009,593,939.70
Total liabilities and owner's equity		12,073,419,614.54	11,001,642,269.95

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Income statement

2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

Item	Note	Current Amount	Previous Amount
I. Operating incomes	Note XI. 4	800,378,421.62	338,698,740.07
Less: operating costs	Note XI. 4	728,163,159.28	256,174,585.97
Taxes and surcharges		9,546,386.46	6,277,075.68
Sales expenses			
Management expenses		-1,212,191.17	937,835.64
R&D expenses			
Financial expenses		46,750.27	22,700.91
Of which: interest expenses			
Interest incomes			
Plus: other incomes		74,809,676.12	30,000,000.00
Investment incomes (losses marked with "-")			
Of which: investment incomes to associated enterprises and joint ventures			
Exchange incomes (losses marked with "-")			2,192,456.15
Fair value change revenues (losses marked with "-")		-324,199.00	
Asset impairment losses (losses marked with "-")		-309,545.92	34,936,076.16
Asset disposal revenues (losses marked with "-")			
II. Operating profits (losses marked with "-")		137,010,247.98	142,415,074.20
Plus: non-operating incomes			131.04
Less: non-operating expenditures			53,696.86
III. Total profits (total losses marked with "-")		137,010,247.98	142,361,508.38
Less: income tax expenses		15,469,093.21	28,090,377.10
IV. Net profits (net losses marked with "-")		121,541,154.77	114,271,131.28
(1) Net profits from sustainable operation (net losses marked with "-")		121,541,154.77	114,271,131.28
(2) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes		6,088,037.19	
(1) Other comprehensive incomes that cannot be reclassified into profits or losses in the future			
1. Measure and define the changes in net liabilities or net assets of the benefit plan again			
2. Shares in the comprehensive income that cannot be reclassified into profit and loss for the invested organization under the equity method			
(2) Other comprehensive incomes to be reclassified into profits and losses		6,088,037.19	
1. Shares in the comprehensive income that will be reclassified into profit and loss for the invested organization under the equity method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others		6,088,037.19	
VI. Total comprehensive incomes		127,629,191.96	114,271,131.28

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Cash flow statement

2019

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

Item	Current Amount	Previous Amount
I. Cash flow from operating activities:		
Cash received from selling goods and providing services	786,980,300.03	348,559,059.98
Tax refunds received	4,809,676.12	
Other cash received from operating activities	144,969,884.32	74,396,829.63
Subtotal cash inflow from operating activities	936,759,860.47	422,955,889.61
Cash paid to buy goods and receive labor service	606,109,056.90	55,991,834.28
Cash paid to and for employees	2,326,650.03	2,081,694.80
Taxes paid	195,704,501.75	21,066,524.57
Other cash paid related to operating activities	967,918,512.16	98,692,272.38
Subtotal cash outflow from operating activities	1,772,058,720.84	177,832,326.03
Net cash flow from operating activities	-835,298,860.37	245,123,563.58
II. Cash flow from investing activities		
Cash received from investment withdrawal		
Cash received from investment returns		
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		
Other cash received from investing activities		
Subtotal cash inflow from investing activities		
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		
Cash paid for investment		
Other cash paid related to investing activities		888,670,000.00
Subtotal cash outflow from investing activities		888,670,000.00
Net cash flow from investment activities		-888,670,000.00
III. Cash flow from financing activities:		
Cash received from absorbing investments		
Cash received from borrowings	4,263,775,000.00	3,085,235,191.30
Other cash received from financing activities	350,000,000.00	200,000,000.00
Subtotal of cash inflow from financing activities	4,613,775,000.00	3,285,235,191.30
Cash paid for repayment of debt	3,118,585,883.64	1,384,568,321.53
Cash paid for distributing dividends, profits or settling interests	294,033,693.16	285,322,733.93
Other cash paid related to financing activities	550,000,000.00	
Subtotal cash outflow from financing activities	3,962,619,576.80	1,669,881,055.46
Net cash flow from financing activities	651,155,423.20	1,615,354,135.84
IV. Influence of exchange rate changes to cash and cash equivalents		
V. Net increase in cash and cash equivalents	-184,143,437.17	971,807,699.42
Plus: opening balance of cash and cash equivalents	391,436,052.90	19,628,353.48
VI. Closing balance of cash and cash equivalents	807,292,615.73	991,436,052.90

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Shareholders' Equity Variation list

Proposed by: Yuxiao Economic Development Zone Construction Investment Development Co., Ltd.									
2019									
Item	Paid-in capital	Other equity instruments			Capital reserve	Loss: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve
		Preference stock	Perpetual bonds	Other					
I. Balance at the end of last year	832,000,000.00				1,034,221,102.24				2,041,845,570.57
Plus: accounting policy changes									
Correction of previous period accounting errors									-3,038,882.90
Other									
II. Balance at the beginning of this year	832,000,000.00				1,034,221,102.24				2,038,907,887.67
III. Increase or decrease in the current period (decrease marked with "-")									
(IV) Total comprehensive incomes							6,088,037.19		100,897,032.29
(a) Capital increase or decrease from the owner							6,088,037.19		127,541,154.77
1. Invested capital by the Shareholders									
2. Other Interest Owner invested capital									
3. Share-based payments directly recognized in equity									
4. Others									
(V) Profit distribution									
1. Withdrawal of the Surplus Reserves								12,154,115.48	-12,154,115.48
2. Withdrawal of the General Risk Reserves								12,154,115.48	-12,154,115.48
3. Distribution to shareholders									
4. Others									
(VI) Internal Transfer of Shareholders' Equity									
1. Capital reserve to increase capital									
2. Surplus reserve to increase capital									
3. Cover losses with surplus reserves									
4. Others									
(VII) Special reserve									
1. Withdrawal in this period									
2. Used in this period									
(VIII) Others									
IV. Balance at the end of current year	832,000,000.00				1,034,221,102.24		6,088,037.19		213,580,382.37
Total									
5,134,184,448.76									

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative

Accounting leader:

Accounting firm director:

Shareholders' Equity Variation list

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.										2018		Amount Unit: RMB yuan	
Item	Paid in capital	Other equity instruments		Capital reserve	Less: treasury stock	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity			
		Preferred stock	Perpetual debt										Other
I. Balance at the end of last year	832,000,000.00			1,034,221,102.24				189,993,153.76	2,839,102,552.42	4,895,322,808.42			
Plus: accounting policy changes													
Correction of previous-period accounting errors													
Other													
II. Balance at the beginning of this year	832,000,000.00			1,034,221,102.24				189,993,153.76	2,839,102,552.42	4,895,322,808.42			
III. Increase or decrease in the current period (decrease marked)													
(I) Total comprehensive income													
(II) Capital increase or decrease from the owner													
1. Invested capital by the Shareholders													
2. Other Interest Owner invested capital													
3. Share-based payments directly recognized in equity													
4. Others													
(III) Profit distribution													
1. Withdrawal of the Surplus Reserves								11,427,113.13	-11,427,113.13				
2. Withdrawal of the General Risk Reserves								11,427,113.13	-11,427,113.13				
3. Distribution to shareholders													
4. Others													
(IV) Internal Transfer of Shareholders' Equity													
1. Capital reserve to increase capital													
2. Surplus reserve to increase capital													
3. Cover losses with surplus reserves													
4. Others													
(V) Special reserve													
1. Withdrawal in this period													
2. Used in this period													
(VI) Others													
IV. Balance at the end of current year	832,000,000.00			1,034,221,102.24				201,428,266.83	2,941,946,570.57	5,009,653,899.70			

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative

Accounting leader

Accounting firm director

**Yuyao Economic Development Zone Construction Investment
Development Co., Ltd.**

Notes on the 2019 Financial Statement

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(i) Registered location, organization form and headquarter address of the company

Yuyao Economic Development Zone Construction Investment Development Co., Ltd. (hereinafter referred to as "Company" or "the Company", and totally called "The Group" if subsidiaries are included) is a solely state-owned corporation limited approved by Office of Yuyao Municipal People's Government on 5 March, 2002, Yu Zheng Ban Chao No.49 Copy Notice, funded by Management Committee of Yuyao Economic Development Zone and Zhejiang Province. It's registered at Yuyao Branch of Ningbo Administration for Industry & Commerce on 13 May, 2002.

The Company holds a business license with a unified social credit code of 913302817369899906; its legal representative is Zhou Jie; address of the enterprise: No.475, Yeshan Road, Yuyao City; Registered capital: 832 million Yuan.

(II) Business nature and main operating activities of the company

Corporate business scope: land development management, project investment, infrastructure construction projects, garden green engineering, architectural decoration engineering, electromechanical installation engineering, electromechanical repair engineering construction; green maintenance, road cleaning, repair service; underground pipeline dredging, detection service; road lamp installation, repair service, property service; wholesale and retail of construction materials, seedlings, plastic raw materials, metal materials, chemical raw materials (except hazardous chemicals), chemical fiber materials, electronic products, instruments and meters, machinery equipments and accessories. (For the projects subject to the approval according to law, the business activities must not be carried out without the approval the relevant department)

(III) Scope of consolidated statement

Three subsidiaries, i.e. Yuyao Binhai Construction Investment Development Co., Ltd., Yuyao Mingbang Technology Venture Development Co., Ltd. and Ningbo Jinxing Mould Technology Service Co., Ltd. are incorporated by the Group into the scope of consolidated financial statements for the period.

Subsidiary information is as follows:

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2019 Note to financial statements**

Name of subsidiaries	Main business place	Registered place	Registered capital (ten thousand Yuan)	Main business	Shareholding ratio (%)	Acquisition mode
Yuyao Binhai Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City	20,000.00	Land development and sales	100.00	Consolidation of enterprises under the same control
Yuyao Mingbang Technology Venture Development Co., Ltd.	Yuyao City	Yuyao City	2,000.00	Entrusted assets management, industrial investment, self-owned house leasing and property management	100.00	Consolidation of enterprises under different control
Ningbo Jinxing Mould Technology Service Co., Ltd.	Yuyao City	Yuyao City	1,000.00	Mould design, mould inspection and mould manufacturing	100.00	Establishment by investment

II. Preparation Basis of the Financial Statements

1. Preparation basis

The financial statements of this Group are based on continuing operations. They are prepared in accordance with the transactions and matters actually occurring, in accordance with the Enterprise Accounting Standards issued by the Ministry of Finance and its application guidelines, interpretations and other relevant regulations (collectively referred to as "Accounting Standards for Business Enterprises").

Financial accounting of the Group should be based on accrual basis according to Accounting Standards for Enterprises. Apart from certain financial instruments and investment real estate, the financial statements should be measured on the basis of historic cost. For non-current assets for sale, the lower amount between its amount after deduction of estimated cost according to fair value and original book value when on-sale conditions are satisfied should be used for measurement. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Continuing operations

The financial statement is presented based on sustainable operation, and the Group has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The Group prepares financial statement in compliance with the Accounting Standards for Business Enterprises, to truly and completely reflect consolidated and parent company's financial status and

relevant information of the Group.

IV. Significant accounting policies and accounting estimate

(I) Accounting period

Accounting period of the Group can be divided into annual and mid-term. Accounting mid-term refers to reporting period that is less than a complete accounting year. Fiscal year of the Group is provided with gregorian calendar year, i.e. from 1 January to 31 December of each year.

(II) Operating cycle

Operating cycle of business operated by the Group is small and 12 months are used as standard for classifying liquidity of assets and liabilities.

(III) Functional currency

The Group adopts RMB as the functional currency.

(IV) Accounting treatment method for consolidation of enterprises under the same and different control

Business Combination, refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business Combination includes Business Combination Involving Entities Under Common Control and Business Combination Involving Entities Not Under Common Control.

(1) Consolidation of enterprises under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combinations under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The assets and liabilities obtained by the combining party are measured at the carrying amounts as recorded by the combined party at the combination date. The difference between the carrying amount of the net assets obtained by the combining party and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, retained earnings shall be adjusted.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Consolidation of enterprises under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above

circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

For enterprise mergers under different control realized in steps through multiple transactions, according to Notice of Ministry of Finance on Printing and Issuing No.5 Explanation on Accounting Standards for Enterprises (Cai Kuai [2012] No.19) and Article 51 of Accounting Standards for Enterprises No.33 - Consolidated Financial Statements, i.e. standards for judgment of "package deal", it's necessary to judge whether multiple transactions belong to "package deal". If they are the "package deal", the accounting treatment is made with reference to descriptions of the foregoing paragraphs and Note IV (11). 2 "Long-term equity investment"; if they are not the "package deal", relevant accounting treatment is subject to distinguishing between individual financial statement and consolidated financial statement.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities(that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

(V) Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Bank has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power

over the invested entity. Consolidation scope includes the Group and all subsidiaries. Subsidiaries refer to the subject controlled by the Group.

Once relevant factors involved in above definition of the control due to changes to relevant facts and conditions, it should be re-measured by the Group.

(2) Method for compiling consolidated financial statements

Upon the date of obtaining control of the net assets and business operation of the subsidiary, the Bank commences to incorporate it into the scope of combination; terminates to incorporate it into the scope of combination upon the date of losing control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For subsidiaries increased through business merger under the same control and combined party consolidated by merger, their operating results and cash flow from beginning date of consolidation period to combining date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and comparison number of consolidated financial statements are adjusted at the same time.

During preparation of consolidated financial statements, if different accounting policies or accounting periods are used by the subsidiaries and the Group, financial statements of the subsidiaries should be adjusted according to accounting policy and accounting period of the Group. For subsidiaries acquired under a business combination not under common control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant transaction balances, transactions and unrealized profits within the Group are offset during preparation of consolidated financial statements.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a

subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. The difference between the consideration obtained by disposing of the equity and the fair value of the remaining equity, minus the share of the share of the net assets that would have been calculated by the original subsidiary from the date of purchase as calculated by the original shareholding ratio, is included in the current period of loss of control. Investment income, Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. (that is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Thereafter, residual equity of the part can be provided with subsequent measurement according to Accounting Standards for Enterprises No. 2 - Long-term Equity Investment or Accounting Standards for Enterprises No.22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. (13)"long-term equity investment" or Note IV. (9) "financial instruments".

If the Bank loses control of the subsidiary due to disposing the equity interest through two or more deals, the above deals should be determined whether belong to a package-deal. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it usually indicates that multiple transactions shall be accounted for as package deal: ① these transactions are signed simultaneously or when considering mutual impacts; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considered with other transactions together. If they are not the package deal, for each transaction of them, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 13 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary

corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the loss of control at the same time, profit and loss.

(VI) Classification of joint venture arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. According to rights and obligations for the arrangement of joint ventures, the Group divides the joint ventures into joint-operated and cooperative enterprise. Joint operation refers to that the Group enjoys the relevant assets of the arrangement and assumes arrangement of joint ventures of relevant liabilities. Cooperative enterprise refers to an arrangement of joint ventures where the Group only has the right for net assets of the organization.

Investment of the Group on cooperative enterprise should be accounted with equity method and disposed according to accounting policy stated in Note IV. (13) (2) ② "long-term equity investment" accounted with equity method".

As an associated enterprise, for joint operation, the Group should recognize assets independently held by the Group, liabilities independently assumed by the Group, and jointly held assets and jointly assumed liabilities according to the share of the Group; income from sales of output share of joint operation enjoyed by the Group; income from sales through joint operation according to the share of the Group; independently expenses of the Group and occurred expenses of joint operation according to the share of the Group.

When the Group, as an associate enterprise, invests or sells assets (the asset doesn't constitute a business, same hereunder) to the joint venture, or when the Group purchases assets from the joint venture, before such assets are sold to the third party, the Group only recognizes parts of profits and losses generated from the transaction and belonging to other participants of the joint venture. If such assets are subject to asset impairment losses in accordance with the Accounting Standards for Business Enterprises No.8—Impairment of Assets, etc, the Group fully recognizes such losses, for the assets jointly invested or sold by the Group; and recognizes such losses as per the assumed portion, for the assets purchased from joint operation.

(VII) Determination standards of cash and cash equivalents

The Group's cash and cash equivalents include cash in stock, deposits that can be used to pay at any time, and investment held by the Group with short-term (usually due within three months from the date of purchase), strong liquidity, easy conversion to known amounts of cash, and little risk of change in value.

(VIII) Foreign currency transactions and conversion of foreign currency statements

(1) Conversion of foreign currency transactions

If transaction of the Group in foreign currency is determined at the very beginning, it should be converted to recording currency amount at spot rate on the trading day, but foreign currency exchange or transaction matters involving foreign currency exchange of the Group should be converted into recording currency amount at actually used exchange rate.

(2) Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② in the available-for-sale foreign currency monetary item, the exchange difference arising from the book balance change other than the amortized cost is included in other comprehensive incomes.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

(3) Conversion method of foreign currency financial statements

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates shall be confirmed to be other comprehensive income as a "foreign currency conversion difference"; When disposing of overseas operations, included in disposal of current profit and loss.

The foreign currency financial statement of overseas operation is converted into RMB statement as follows; items of assets and liabilities in the balance sheet are converted at the spot exchange rate on

the balance sheet date; except for the "undistributed profit" item, other owner's equity items are converted at the spot exchange rate at the time of incurrence. Income and expense items in the income statement are converted by the spot exchange rate on the transaction date. The opening undistributed profit is the undistributed profit at the end of last year after the conversion; the undistributed profits at the end of the year are calculated according to the profit distribution of the items after the conversion; the difference between the total count of asset class items and liabilities items and shareholder equity items after conversion is count as a foreign currency statement conversion difference, confirmed as other comprehensive income. When disposal foreign operations and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the current profit or loss, either in whole or in proportion to the disposal of the foreign operations.

Foreign currency cash flows and cash flows of overseas subsidiaries are converted at the spot exchange rate on the cash flow occurrence day. The impact of exchange rate changes on cash is treated as a reconciliation item and presented separately in the cash flow statement.

The opening balance and actual amount in the previous period are presented in the amount converted from the previous period's financial statements.

When disposing of the entire owner's equity of the company's overseas operations or the loss of overseas operations control rights due to the disposal of part of the equity investment or other reasons, the ownership of the company's equity in the balance sheet and the operations related to the overseas operations are attributed to the difference in conversion of foreign currency statements of owners' equity of the parent company and is transferred to the disposal of current profit or loss.

When disposing of part of the equity investment or other reasons that result in a reduction in the proportion of overseas operating equity but not losing control over overseas operations, the foreign exchange statement conversion differences related to the foreign operations disposal part will be attributed to minority shareholders' equity and will not be transferred to the current profits and losses. When disposing of partial equity in an overseas operation is an associate or a joint venture, the foreign currency conversion difference related to the overseas operation is transferred to the disposal of current profit or loss in proportion to the disposal of the foreign operation.

(IX) Financial Instruments

A financial asset or financial liability shall be recognized in case that the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes

therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The company measures the fair value of financial assets and financial liabilities at the prices of major markets. If there is no major market, the fair value of financial assets and financial liabilities are measured at the most favorable market prices, the applicable available sufficient and current data and the other information supporting valuation techniques are also used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The Group gives priority to use the first level of input values, and then the third level of input values. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss. Financial assets of the Group measured by fair value and with changes included in current profits and losses should be transactional financial assets.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of

which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Transactional financial assets are subsequently measured at fair value; gains or losses arising from fair value change, as well as dividends and interest incomes associated with such financial assets are included in profits and losses.

②Held-to-maturity investments

Refers to non-derivative financial assets with fixed expiry date, fixed or ascertainable recovery amount, and that the Group has clear intention and capability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Company will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. Financial assets of the Group divided into loans and receivables include notes receivable, account receivables, interest receivable, dividend receivable and other receivables etc.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial

assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of Financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the devaluation preparation.

The Bank performs impairment tests individually for the financial assets whose amounts are significant; for the financial assets whose amounts are insignificant, the impairment tests can be performed individually or they are included in the portfolio of financial assets with similar credit risks to perform impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if

there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 50%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transfer-in party; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is

recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

Where the Bank sells financial assets with recourse, or transfers financial assets by endorsement, the Bank needs to determine whether all the risks and rewards of ownership of the financial asset have been transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets

designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

②Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③Financial guarantee contract and loan commitment

Financial guarantee contracts that are not classified as financial liabilities measured at fair value to the current profit or loss are initially recognized at fair value, and then, it should be subsequently measured the larger balance, one of them is determined in accordance with Accounting Standards for Enterprises No. 13 - Contingencies and the other is initial confirmation amount after deducting the accumulated amount of amortization determined in accordance with the principle of "Accounting Standards for Enterprises No. 14 - Revenue".

(6) De-recognition of Financial Liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and is measured subsequently at fair value. Changes to fair value of derivatives are included in the current profits and losses.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close

relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the Group has legal rights for offsetting recognized financial assets and financial liabilities, which are executable at present, and the Group plans to settle with net amount or realize the financial assets and liquidate the financial liabilities, amount of financial assets and financial liabilities after mutual offset should be listed in the balance sheet. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that residual rights of the Group for the assets can be obtained after deduction of all liabilities. Issuing (including refinancing), purchasing-back, sales or write-off of equity instruments by the Group should be disposed as changes to rights and interests. The Group doesn't recognize changes to fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

Various distributions of the Group to holders of equity instruments (excluding stock dividend) are used to reduce rights of the shareholders. The Group doesn't recognize change amount to fair value of equity instruments.

(X) Receivables

Receivables include accounts receivable, other receivables, etc.

(1) Bad debt preparation confirmation standards

The Group inspects book value of receivables on the balance sheet date, and if the following objective evidences indicate impairment of receivables, provision for impairment is made: ① the debtor has serious financial difficulties; ② the debtor breaches the contract terms (such as payment of interests or principals is breach of contract or overdue, etc); ③ the debtor is likely to close down or conduct other financial restructuring; ④ other objective basis to indicate impairment of the receivables.

(2) Bad debt provision method

①The confirmation standard and accrual method of bad debt provision for account receivables with

single significant amount and single provision for bad debts

Receivables with amount above 5 million Yuan or amounts accounting for more than 5% of book balance of account receivables are recognized by the Group to be receivables with large single amount.

The Company conducts the individual impairment tests on individual significant receivables, and the individual test financial assets without impairment are included in the financial assets portfolio with similar characteristics of credit risk to perform the impairment tests. The receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing.

②The basis to determine the receivables of bad debt provision according to the credit risk portfolio and the method for bad debt provision

A. The basis of determining the combination of credit risk characteristics

The company classifies the financial assets based on the similarity and correlation of credit risk characteristics for receivables with single insignificant and significant amounts without impairment of individual tests. These credit risks reflect generally the ability of the debtor to repay all amounts due according to the contractual terms of the assets, which are related to the measurement of the future cash flows of the assets inspected.

The basis to determine the different combinations:

Items	Basis of determining the portfolio
Aging portfolio	The portfolio is determined by similar credit risk characteristics of accounts receivable age, for the accounts receivable with single significant amount but no bad debt provision upon separate test plus the accounts receivable with single insignificant amount upon deducting single bad debt provision.
Other combinations	Fund receivable of related party in the consolidation scope, funds receivable of government agencies and its shareholding enterprises, and amounts with very small risk for being unable to recover.

B. Bad debt preparation method based on credit risk feature combination

Aging combination: the proportion of bad debt reserves withdrawn by the company according to the aging analysis is as follows:

Aging	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1~2 years	10.00	10.00
2~3 years	20.00	20.00
3~4 years	50.00	50.00
4~5 years	50.00	50.00
Over 5 years	100.00	100.00

For other combination, no bad debt reserves are withdrawn by the Company.

③Receivables with individual insignificant amounts and single provision for bad debts

Accounts receivable with single insignificant amount refers to the accounts receivable with single amount below RMB5 million.

For the accounts receivable with single insignificant amount but the following characteristics (accounts receivable in dispute with the other party or involved in litigation and arbitration; accounts

receivable with obvious indication that the debtor is probably unable to perform repayment obligations, etc.), impairment test shall be conducted separately; if objective evidence shows occurrence of impairment, recognize impairment losses as per the difference of estimated future cash flow present value lower than the book value, and withdraw bad debt provision. Meanwhile, the company withdraws bad debt provision, according to similar credit risk characteristics of accounts receivable age/balance, for the accounts receivable with single insignificant amount after deducting single bad debt provision.

(3) Reversal of bad debt provision

If objective evidence shows the value of such receivables has been recovered and it is objectively related to the matters occurred after the loss has been recognized, the previously recognized impairment losses are reversed and charged to the current profits and losses. However, the book value after the reversal does not exceed the assumed amortized cost of such receivables on the reversal date without provision for impairment.

If the company transfers the receivables to the financial institution without recourse, the difference between the transaction amount after deducting the book value of the receivables that have been written off and the related tax expenses should be recorded in the current profit or loss.

(XI) Inventories

1. Classification of inventory

Inventories include development land held for sale or consumption during development and operation, development products, development products leased temporarily for sale, relocation housing, inventory materials, inventory equipment and low-value consumables, and development costs during development.

2. Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs.

(1) Sent materials and equipment should be provided with specific identification method.

(2) During development of the project, it's necessary to calculate development costs of land for development which is apportioned and included in the project according to floor space of development products.

(3) Sent development products should be checked with average method of building area.

(4) Development products and relocation housing which are intended for sales and temporarily rented should be averagely amortized by stages according to expected service life of similar fixed assets of the Group.

(5) (5) If public facilities are completed before relevant development products, after completion of final settlement of public facilities, it should be included in development cost of relevant development project according to actual development cost of relevant development project; if public facilities are completed after relevant development products, it's necessary to firstly withhold public facilities expenses from relevant development products and then adjust costs of relevant development products according to the difference between actual occurrence amount and withdrawal amount after completion settlement of public facilities.

3. Confirmation of the net realizable value of inventories and withdrawal method for falling prices

On the balance sheet date, inventories should be measured according to the lower one between cost and net realizable value, and inventory falling price reserves should be withdrawn according to the difference between cost of single inventory and net realizable value. For inventories directly used for sale, during normal production and operation, its net realizable value should be determined by subtracting estimated sales expenses and related taxes from the estimated price of the inventories; for inventories requiring processing, during normal production and operation, its net realizable value should be determined by subtracting estimated costs to occur upon completion, estimated sales expenses and related taxes from estimated sales price of manufactured products; if on the balance sheet date, one inventories include part with agreed price in the contract and other parts without contractual price, it's necessary to respectively determine its net realizable value, compare it with its corresponding cost, and respectively determine the amount of withdrawal or reversal of inventory falling price reserves.

4. The inventory system is a perpetual inventory system.

5. Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

(XII) Held non-current assets for sale and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the

liabilities direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of Assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

(XIII) Long-term equity investment

Long-term equity investment referred herein refers to long-term equity investment of the Group with control, joint control or major influence on the invested organization. Long-term equity investment of the Group in the invested organization without control, joint control or significant influence should be used as available-for-sale financial assets or measured at fair value and its changes are included in current profits and losses for business accounting of financial assets; its accounting policy is detailed in Note IV.(9) "financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Certain case is considered as significant influences when the Bank owns the power to participate in making decisions on the financial and operating policies of an invested entity, but not to control or do joint control together with other parties over the formulation of these policies.

(1) Recognition of Investment Costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form consolidation of enterprises under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity

investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the acquisition date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as other comprehensive incomes because it uses equity method or because it is an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form consolidation of enterprises under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment and consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Other equity investment, except the long-term equity investment, shall be measured initially as cost. The initial cost shall, based on how the long-term equity investment is obtained, be determined according to the purchase cost which is actually paid, the fair value of the equity securities issued, the value stipulated in the investment contract or agreement, the fair value or book value of the assets surrendered in the exchange of non-monetary assets, or the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment

determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, financial statements of the Group are provided with cost method to certify long-term equity investment controlling the invested organization.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; If the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If accounting policy and accounting period used by the invested organization are inconsistent with the Group, accounting policy and accounting period of the Group should be used to adjust financial

statements of the invested organization, and determine investment income and other comprehensive income. For transactions between the Group and associated enterprises and cooperative enterprise, if invested or sold assets don't constitute an business, part of unrealized profits and losses from internal transactions belonging to the Group measured according to its proportion should be offset, so as to determine investment profits and losses on this basis. But, unrealized internal transaction losses occurred between the Group and invested organization and belonging to impairment losses of transferred assets aren't offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If assets sold by the Group to cooperative enterprises or associated enterprises constitute a business, the difference between the consideration obtained and book value of the business is fully included in current profits and losses. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 - Enterprise Consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. Moreover, if the Group has obligations for additional losses of the invested organization, estimated liabilities should be recognized according to obligations predicted to be assumed and included in the current investment loss. If net profits are realized by the invested organization later, the Group should recovery determination of revenue-sharing amount after unconfirmed loss contribution is remedied by revenue-sharing amount.

③Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④Disposal of Long-term Equity Investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity

investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV (26) 2 "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, the other comprehensive income original recorded in shareholders' equity should be accounted in the proportion with the same basis that the invested entity disposes of directly the relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should be accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the Banks loses the control to the invested entity due to the disposal of partial equity investment, when prepares the separate financial statements, the remaining equity after the disposal that still do joint control or has significant influences on the invested entity shall be measured using equity method instead, and the remaining equity shall be adjusted as if it was measured using equity method since obtained; For the remaining equity after the disposal that does not do joint control or have significant influences on the invested entity, it shall conduct accounting treatment according to relevant regulations of the financial instrument recognition and measurement criterion, and the difference between the fair value and book value since the date of losing control shall be included into current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the

investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Bank loses joint control of significant influences on the invested entity due to the disposal of partial equity investment, the remaining equity after the disposal shall be measured using financial instrument recognition and measurement criterion, and the difference between the fair value and book value at the date of losing joint control of significant influences shall be included into the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

Where the Bank gradually disposes of the equity investment to the subsidiary by multiple transactions until losing control of the subsidiary, if the above transactions belong to a package-deal, all transactions shall be treated as a transaction of disposing the equity interest in subsidiary and losing control; Before losing control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall first be recognized as other comprehensive income, and be carried forward to current profit or loss without control when losing control.

(XIV) Investment real estate

1. The Group's investment real estate includes the use rights of leased land, the land use rights held and prepared for transfer after appreciation, and the buildings that have been leased out.

2. The investment real estate of the Group is recorded at its cost, and the cost of an out-purchased investment real estate includes the purchase price, related taxes and other expenses directly attributable to the asset; the cost of self-construction of investment real estate consists of the necessary expenses of the construction incurred before the scheduled usable condition is reached.

3. The Group subsequently measures the investment property by the fair value mode.

(1) Basis for subsequent measurement at fair value

Investment real estate with fair value continuously and reliably possessed as evidenced by concrete evidence shall be subsequently measured at fair value.

(2) Investment real estate measured at fair value with following conditions satisfied at the same time:

A. ① There is active real estate trading market in the place where the investment real estate is located;

B. ② The company can obtain the same category or similar real estate market price and other relevant information from the real estate transaction market, so as to make reasonable estimate on the fair value of investment real estate.

(3) Determination of fair value of investment real estate.

A. When current market price of same or similar real estate can be obtained, the Company shall determine fair value of investment real estate according to current market price (open market quotation) of same or similar real estate in the active market.

B. When current market price of the same or similar real estate is unavailable, the company refers to the recent transaction price of the same or similar real estate on active market, takes into account transaction status, date of transaction, region and other factors, or rationally estimates the fair value of investment property according to the expected future rental income and present value of relevant cash flow.

(4) Same or similar buildings refer to buildings in the same geological position and geological environment and with same nature, same or similar structure type, same or similar old and new degree, and same or similar service conditions; same or similar land use right refers to land in the same position and area with same or similar geological environment and same or similar service conditions.

(5) Investment real estate measured at fair value isn't withdrawn with depreciation or amortization, and its book value is adjusted on the basis of investment real estate on the balance sheet date. The difference between fair value and original book value is included in the current profit and loss.

4. When the use of an investment real estate changes to self-use, the investment real estate will be converted into fixed assets or intangible assets from the date of change. When the use of self-use real estate is changed to earn rent or capital appreciation, the fixed assets or intangible assets will be converted into investment real estate from the date of change. When the conversion occurs, the book value before the conversion is taken as the converted value.

5. When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment

real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

(XV) Fixed assets

(1) Fixed asset recognition conditions

The term "fixed assets" refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are only recognized when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and Buildings	Straight-line method	5-30	5	3.17-19
Machinery equipment	Straight-line method	10	5	9.5
Transportation equipment	Straight-line method	10	5	9.5
Electronic equipments	Straight-line method	5	5	19

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method of fixed assets and withdrawal method of impairment provision

Impairment test method and provision method for impairment of fixed assets are detailed in Note IV.

(20) "long-term impairment of assets".

(4) Identification basis and pricing method of financing lease fixed assets

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

(XVI) Construction In process

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

Impairment test method and provision method for impairment of project under construction are detailed in Note IV. (20) "long-term impairment of assets".

(XVII) Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that

the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

(XVIII) Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets held or controlled by the Group and without physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is

predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

Expenditure of research and development project within the Group can be divided into expenditure in the research stage and expenditure in the development stage.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

①It is feasible technically to finish intangible assets for use or sale;

②It is intended to finish and use or sell the intangible assets;

③The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;

④Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

⑤Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment testing method of intangible assets and withdrawal method of impairment provision

Impairment test method and provision method for impairment of intangible assets are detailed in Note IV. (20) "long-term impairment of assets".

(XIX) Long-term deferred expenses

Long-term unamortized expenses refer to various expenses occurred and assumed in the report period and later periods, and with apportion period above one year (excluding one year). Long-term unamortized expenses should be accounted according to actual amounts and averagely amortized by stages in the benefit period or defined period. If the long term prepaid expense item does not benefit the subsequent accounting period, the surplus value of the item that has not been amortized shall be transferred to the current profits and losses.

(XX) Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet day. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The provision for impairment of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

(XXI) Employee payroll

Remuneration of the employees of the Group mainly includes short-term remuneration, after-service benefits, dismissal welfare and other welfares of long-term employees.

Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. In the accounting period that employees provide services for the Group, remuneration of short-term employees actually occurred should be recognized as liabilities and included in current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan.

(1) During accounting period that employees provide services for the Group, amount payable for deposit calculated according to defined contribution plan should be recognized as liabilities and included in current profits and losses or costs of relevant assets.

(2) Accounting treatment of defined benefit plan generally includes the followings:

1) According to expected cumulative welfare unit method, an unbiased and mutually consistent actuarial assumption should be used to estimate demographic variables and financial variables, measure obligations incurred from defined benefit plan and determine period of relevant obligation. At the same time, obligations incurred from defined benefit plan are discounted to determine present value and current service cost of defined benefit plan obligations;

2) If there are assets in the defined benefit plan, deficit or surplus formed after deducting fair value of assets in the defined benefit plan from present value of obligations in the defined benefit plan can be recognized as net liabilities or net assets of defined benefit plan. In case of surplus in the defined benefit plan, the enterprise measures net assets of defined benefit plan by the lower between defined benefit plan surplus and asset upper limit.

3) At the end of the period, employee compensation costs generated from defined benefit plan are recognized as service cost, net interest of net liabilities or net assets of defined benefit plan, changes occurred from re-measurement of net liabilities or net assets of defined benefit plan. Among them, service cost, net interest of net liabilities or net assets of defined benefit plan are included in current

profits and losses or relevant cost of assets, and changes occurred from re-measurement of net liabilities or net assets of defined benefit plan should be included in other comprehensive income, and shouldn't transferred back to profit and loss in the subsequent accounting period. But, such amounts recognized in other comprehensive income can be transferred in the scope of the equity.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the staff salary liabilities generated from termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term staff remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. From the ceasing date of staff service to the normal retirement date, the bank intends to pay retired staff wages, social insurance, etc. In line with the projected liabilities confirmation conditions, it is included in the current profits or losses (termination benefits).

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

(XXII) Bonds payable

Where the payable bonds of the Group are initially recognized, they shall be measured at fair value, and related transaction costs shall be included in the initial recognition amount. The subsequent measurement shall be made at its post-amortization costs.

The balance between the payment price of the bond and the total face value is the premium or discount of the bond, which is amortized by adopting the actual interest rate method in the duration of the bond, and is treated as the borrowing costs.

(XXIII) Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

The estimated liabilities are measured according to the best estimate of expenditures required for

performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc, on the balance sheet date.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For reorganization obligation with partial business sold, its obligations with reorganization can only be recognized when the Group promises to sell partial business (i.e. upon signing of binding sales agreement).

(XXIV) Incomes

(1) Selling goods

Income from sales of goods should be recognized when all following conditions are satisfied: (1) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (2) The Group neither reserves the right of continuing management which is usually associated with the ownership, nor effectively controls the sold products; (3) the amount of income can be reliably measured; (4) relevant economic benefits may flow in; (5) relevant occurred cost or cost to occur can be reliably measured.

(2) Real estate sales revenue

No revenue may be recognized unless the following conditions are met simultaneously: The product has been completed and accepted, and the sales contract has been signed and the obligations stipulated in the contract have been fulfilled; The significant risks and rewards of ownership of the products have been transferred to the buyer by the company; The company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold

products; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the enterprise; and The relevant costs incurred or to be incurred can be measured in a reliable way. Sale of self - used houses. No revenue may be recognized unless the following conditions are met simultaneously: The significant risks and rewards of ownership of the self-used house have been transferred to the buyer; The company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold products; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the company; and The relevant costs incurred or to be incurred can be measured in a reliable way.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. Contract completion progress should be determined according to actually completion progress.

The result of construction contract can be reliably measured, which means simultaneously satisfy: ① the total incomes of contract can be reliably measured; ② contract-related economic benefits are likely to flow into the company; ③ actually incurred contractual costs can be clearly distinguished and reliably measured; ④ the contract completion schedule and the costs to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offselling. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Providing labor services

If the outcome of a transaction concerning the providing of labor service can be measured in a reliable way (the following conditions can be met simultaneously: the amount of revenue can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be confirmed in a reliable way; and the costs incurred or to be incurred in the transaction can be measured in a reliable way), the company shall recognize the revenue from providing services employing the percentage-of-completion method, and ascertain the schedule of completion under the transaction concerning the providing of labor services by the proportion of the costs incurred provided against the total expected cost. If the company cannot, on the date of the balance sheet, measure the result of a transaction concerning the providing of labor services in a reliable way, it shall be conducted in accordance with the following circumstances, respectively: 1) If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount, or If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

No revenue from property management services may be recognized unless the following conditions are met simultaneously: The property management services have been provided; The relevant economic benefits may flow into the enterprise; The relevant costs can be measured in a reliable way.

(5) Abalienating the rights to use assets

No revenue from abalienating of right to use assets may be recognized unless the following conditions are met simultaneously: The relevant economic benefits are likely to flow into the enterprise; and The amount of revenues can be measured in a reliable way. The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the company's cash is used by others and the actual interest rate; or the amount of royalty revenue should be measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

No revenue from renting the property may be recognized unless the following conditions are met simultaneously: The date of lease and the amount of the lease is stipulated in the lease agreement; and The relevant economic benefits are likely to flow into the enterprise.

(6) Other business incomes:

No other business revenue may be recognized unless the following conditions are met

simultaneously: The relevant economic benefits are likely to flow into the enterprise as stipulated in the relevant contract or agreement ; and The related cost of revenues can be measured in a reliable way.

(XXV) Government subsidy

1. Category of government subsidy

Government grants refer to monetary assets or non-monetary assets acquired by the Group from the government free of charge, including government grants related to assets and government grants related to revenue, excluding capital invested by the government as the owner.

The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document has not expressly specified the object of grants, the grants shall be divided into revenue-related government grants and asset-related government grants in the following ways: (1) in case the government document has specified the specific target of grants, divide according to the relative ratio between expenditure amount of formed asset in the budget of such specific target and expenditure amount included in the expense, and such division ratio shall be reviewed on each balance sheet date and modified when necessary; (2) if the government document only has general statement on the purpose of usage, rather than specify the specific target, it is deemed as revenue-related government grants.

2. Principles for recognition and measurement of government grants

Principle for confirmation of government subsidies:

- (1) Conditions attached to government grants can be satisfied by the Group;
- (2) The Group can receive government grants.

Government subsidies can only be confirmed if they meet the above conditions.

Measurement of government subsidies

(1) If government grants are monetary assets, it should be measured by the Group according to received amounts or amounts receivable.

(2) If government grants are non-monetary assets, it should be measured by the Group according to its fair value; if fair value can't be reliably obtained, it should be measured according to nominal amount (nominal amount is RMB 1 Yuan).

3. Accounting treatment methods for government subsidies

(1) Government grants relevant to the assets should be recognized as deferred income according to its actual amount upon acquisition, and included in current profits and losses by stages in the service life of relevant assets in a reasonable and systematic manner. Government grants measured at nominal

amount are directly charged to current profits and losses.

(2) Income-related government subsidy is treated separately as follows:

① Government grants used to compensate for relevant expenses or losses of the Group and relating to the income should be recognized as deferred income upon acquisition and included in current profits and losses or offset relevant costs during recognition of relevant expenses.

② Government grants used to compensate for occurred expenses or losses of the Group and relating to the income should be directly included in current profits and losses or offset relevant costs upon acquisition.

(3) If determined government subsidies need to be returned, it shall be provided with accounting treatment as follows in the current period requiring return:

① If book value of relevant assets is offset during initial recognition, it's necessary to adjust book value of the assets;

② Relevant deferred income, if any, shall be used to offset book balance of relevant deferred income and exceeding part shall be included in the current profit and loss;

③ In case of other conditions, it shall be directly included in current profit and loss.

(4) Government subsidies relating to daily activity of the enterprise shall be included in other income or used to offset relevant costs according to business substance. Government grants irrelevant to daily activities of the enterprise should be included in non-operating income and expenditure.

(XXVI) Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffected accounting profit end

taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Apart from above exceptions, the Group recognizes deferred tax liabilities incurred from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffected accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

(XXVII) Leasing

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The Group records operating leasing business as the lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The Group records operating leasing business as the lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The Group records financial leasing business as the lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation

and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The Group records financial leasing business as the lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(XXVIII) Changes in significant accounting policies and accounting estimates

1. Accounting policy change

(1) Pursuant to the Notice on Amending, Printing and Issuing the 2019 General Corporate Financial Statement Format (Accounting [2019] No.6) promulgated by the Ministry of Finance in May 2019, the company leverages trace-back adjustment method on the statement subjects involved in this accounting policy change, and the 2018 financial statement items are adjusted as follows:

Items and amounts of original presented statement		Items and amounts of new presented statement	
Notes receivable and accounts receivable	75,258,565.04	Bills receivable	
		Accounts receivable	75,258,565.04
Notes payable and accounts payable	3,220,576.48	Bills payable	
		Accounts payable	3,220,576.48

(2) The subsequent measurement mode of investment property is changed from cost measurement mode to fair value measurement mode.

V. Tax

1. Main tax categories and tax rates

Tax category	Specific tax rate
VAT	Output tax of taxable income of general taxpayers should be calculated at 5%-16% and added-value tax should be calculated and paid according to the difference after deduction of input VAT with allowable deduction in the current period.
Urban maintenance and construction tax	Calculated as per 7% of turnover tax actually paid.

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Increment tax on land value	Land VAT is calculated and paid as per the super-rate progressive tax rate of 30%-60%, for the VAT amount obtained from property transfer.
Corporate income tax	Calculation and payment is made at 25% of the taxable income.

Pursuant to the Announcement on Relevant Policies for Deepening VAT Reform of Ministry of Finance, State Taxation Administration and General Administration of Customs (Ministry of Finance, State Taxation Administration, General Administration of Customs Announcement 2019 No.39), since April 1, 2019, as for the company's VAT-payable sales acts or imported goods which were originally applicable to 16% tax rate, the tax rate is adjusted as 13%, and those originally applicable to 10% tax rate, the tax rate is adjusted as 9%.

VI. Notes on consolidated financial statement items

Among the following annotated items (including the main annotations of financial statements of the Group), unless specially pointed out, beginning of the year refers to Tuesday, January 01, 2019 and ending of the year refers to Tuesday, December 31, 2019; this period refers to 2019 and the previous period refers to 2018.

1. Monetary fund

Items	Closing balance	Opening balance
Cash	4,934.16	2,851.68
Bank savings	2,172,998,307.89	1,260,254,620.69
Other monetary funds	17,000,000.00	
Total	2,190,003,242.05	1,260,257,472.35

Among them, limited monetary funds are detailed as follows:

Items	Amount	Reasons for limited use
Bank savings	1,299,100,000.00	Pledged fixed deposit
Other monetary funds	17,000,000.00	Loan margin
Total	1,316,100,000.00	

2. Accounts receivable

(1) Disclosure of receivable classification

Category	Closing balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single significant amount and single provision for bad debt reserve					
Receivables with bad debt provision as per credit risk characteristic combinations	92,878,384.57	100.00	3,280,449.29	3.54	89,397,935.28
Include: combination of account age	7,475,991.00	8.07	3,280,449.29	43.88	4,195,541.71
Other combinations	85,202,393.57	91.93			85,202,393.57
Account receivables with single insignificant amount but single provision for bad debts					
Total	92,878,384.57	100.00	3,280,449.29	—	89,397,935.28

(Continued)

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Category	Opening balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single significant amount and single provision for bad debt reserve					
Receivables with bad debt provision as per credit risk characteristic combinations	77,495,321.57	100.00	2,236,756.53	2.89	75,258,565.04
Include: combination of account age	7,475,991.00	9.65	2,236,756.53	29.92	5,239,234.47
Other combinations	70,019,330.57	90.35			70,019,330.57
Receivables with individual insignificant amounts and single provision for bad debts					
Total	77,495,321.57	100.00	2,236,756.53	—	75,258,565.04

(2) In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance			Opening balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Within 1 years			5.00	1,131,102.75	56,555.14	5.00
1-2 years	1,131,102.75	113,110.28	10.00	17,017.05	1,701.71	10.00
2-3 years	17,017.05	3,403.41	20.00	3,284,786.40	656,957.28	20.00
3-4 years	3,284,786.40	1,642,393.20	50.00	3,043,084.80	1,521,542.40	50.00
4-5 years	3,043,084.80	1,521,542.40	50.00			50.00
Over 5 years			100.00			100.00
Total	7,475,991.00	3,280,449.29		7,475,991.00	2,236,756.53	

(3) There aren't actually written-off account receivables in this period.

(4) Ending balance of account receivables is detailed as follows:

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Aging	Bad debt reserve	Book value
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	85,202,393.57	91.93	Within 1 year; 1-2 years		85,202,393.57
Shuanghe Village Economic Cooperative in Yuyao Economic Development Zone	7,475,991.00	8.07	1-5 years	3,280,449.29	4,195,541.71
Total	92,678,384.57	100.00		3,280,449.29	89,397,935.28

3. Advance payments

(1) Advance payment by age is shown as follows:

Items	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 years			14,846,375.41	100.00
Total			14,846,375.41	100.00

4. Other receivables

Items	Closing balance	Opening balance
Other receivables	2,358,138,927.73	3,699,260,832.33
Interests receivable		
Dividends receivable		
Total	2,358,138,927.73	3,699,260,832.33

(1) Disclosure of other receivable classification

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Category	Closing balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single significant amount and single provision for bad debts					
Other receivables with bad debt provision as per credit risk characteristic combinations	2,359,215,441.10	100.00	1,076,513.37	0.05	2,358,138,927.73
Include: combination of account age	2,585,798.33	0.11	1,076,513.37	41.63	1,509,284.96
Other combinations	2,356,629,642.77	99.89			2,356,629,642.77
Other receivables with single insignificant amount but single provision for bad debts					
Total	2,359,215,441.10	100.00	1,076,513.37	—	2,358,138,927.73

(Continued)

Category	Opening balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single significant amount and single provision for bad debts					
Other receivables with bad debt provision as per credit risk characteristic combinations	3,701,233,023.38	100.00	1,972,191.05	0.05	3,699,260,832.33
Include: combination of account age	23,289,129.29	0.63	1,972,191.05	8.48	21,296,938.24
Other combinations	3,677,963,894.09	99.37			3,677,963,894.09
Other receivables with single insignificant amount but single provision for bad debts					
Total	3,701,233,023.38	100.00	1,972,191.05	—	3,699,260,832.33

(2) In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance			Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio (%)	Other receivables	Bad debt reserve	Accrual ratio (%)
Within 1 years	50,000.00	2,500.00	5.00	18,584,562.32	929,228.12	5.00
1-2 years	106,898.00	10,689.80	10.00	3,574,877.64	357,487.76	10.00
2-3 years	1,458,997.00	291,799.40	20.00	521,358.33	104,271.67	20.00
3-4 years	396,758.33	198,379.17	50.00	12,320.00	6,160.00	50.00
4-5 years				1,935.00	967.50	50.00
Over 5 years	573,145.00	573,145.00	100.00	574,076.00	574,076.00	100.00
Total	2,585,798.33	1,076,513.37		23,269,129.29	1,972,191.05	

(3) The top five largest ending balance of other receivables are listed below:

Name of companies	Relationship with the company	Nature of funds	Closing balance	Aging	Proportion to total closing balance of other receivables (%)
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	Unassociated party	Transaction accounts	955,932,838.00	Within 1 years	40.52
Yuyao Haiji Construction Development Co., Ltd.	Associated party	Receivable project funds	450,563,564.93	Within 1 years	19.10

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Yuyao Second Light Industry Corporation	Unassociated party	Transaction accounts	420,760,000.00	Within 1 years	17.83
Zhongyi Ningbo Eco-garden Holding Co., Ltd.	Unassociated party	Transaction accounts	187,585,449.31	Within 1 year, 1-4 years	7.95
Ningbo Zhigu Robot Industrial Equity Investment Fund Partnership Company (Limited Partnership)	Unassociated party	Transaction accounts	130,000,000.00	Within 1 years	5.61
Total			2,144,821,852.74		90.91

6. Inventories

Items	Closing balance			Opening balance		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Development cost	6,635,638,753.73		6,635,638,753.73	6,227,354,010.86		6,227,354,010.86
Land assets	1,322,603,380.69		1,322,603,380.69	1,426,697,792.44		1,426,697,792.44
Total	7,958,242,134.42		7,958,242,134.42	7,654,051,803.30		7,654,051,803.30

6. Other current assets

Items	Closing balance	Opening balance
Deductible input tax	444,231.18	431,195.65
Advance payment of other taxes and fees	5,944,926.79	7,575,423.51
Total	6,389,157.97	8,006,619.16

7. Long-term equity investment

Investee	Opening balance	Increases and decreases in current period					Other equity change
		Increasing investment	Investment reduction	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues		
Associated enterprises							
Yuyao Haiji Construction Development Co., Ltd.	463,987,869.95	464,935,500.00		2,287,646.62			
Ningbo Shengtu Construction Development Co., Ltd.	9,791,520.74		9,791,520.74				
Total	473,779,390.69	464,935,500.00	9,791,520.74	2,287,646.62			

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of provision for impairment	Period-end shareholding ratio
	Declaration of cash dividends or profits	Provision for impairment	Other			
Associated enterprises						
Yuyao Haiji Construction Development Co., Ltd.				931,211,016.57		45.00%
Ningbo Shengtu Construction Development Co., Ltd.						
Total				931,211,016.57		

1. Long-term equity investment has no investment realization and remittance back of investment income and other significant restrictions.

2. The Group has no depreciation of long-term equity investment at the closing and there is no need to withdraw depreciation reserve of long-term equity investment.

3. 10% shares of Ningbo Shenglu Construction Development Co., Ltd are disposed in the current period.

8. Investment real estate

(1) Investment real estate measured at fair value:

Items	Houses, buildings	Land use right	Total
I. Opening balance			
II. Changes in current period	838,361,892.00	142,151,700.00	980,513,592.00
Plus: outsourced			
Inventory/fixed assets/construction in progress transfer-in	842,672,472.00	141,986,700.00	984,659,172.00
Less: disposal			
Other transfer-out			
Fair value changes	-4,310,580.00	165,000.00	-4,145,580.00
III. Closing balance	838,361,892.00	142,151,700.00	980,513,592.00

Note:

1. Among them, the value of housing and buildings without handling property ownership certificate is RMB 160,373,183.00.

2. On June 30, 2019, the company's original self-use real estate and land were changed to renting, since fixed assets, construction in progress and intangible assets were converted into investment property and measured by fair value, RMB 263,837,845.80 from the fair value RMB 984,659,172.00 (based on the Appraisal Report "Zhongqihua Appraisal Report (2019) No.3970" issued by the Beijing Zhongqihua Assets Appraisal Co., Ltd) on the conversion date exceeding its original book value RMB 777,728,654.90 was included in the capital reserve, and undistributed profits at the beginning of year were adjusted with RMB -56,907,328.70 as accounting policy change matters.

3. The fair value of this investment property at the end of period is determined based on the Assets Appraisal Report of "Zhongqihua Appraisal Report (2020) No.3329" issued by Beijing Zhongqihua Assets Appraisal Co., Ltd.

9. Fixed assets

(1) Changes in classification of fixed assets are detailed as follows:

Items	Houses and Buildings	Machinery equipment	Transportation equipment	Electronics and office equipment	Total
I. Original book value					
1. Opening balance	354,497,728.50	13,652,762.64	1,261,067.00	24,521,744.44	393,933,302.58
2. Increased amount in current period	3,363,556.00			25,350.00	3,388,906.00
(1) Purchase				25,350.00	25,350.00
(2) Transfer of engineering under construction	3,363,556.00				
3. Amounts deducted in this period	313,553,137.80		57,963.00		313,611,100.80
(1) Disposal or scrapping			57,963.00		57,963.00
(2) Change to investment real estate	313,553,137.80				313,553,137.80

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Items	Houses and Buildings	Machinery equipment	Transportation equipment	Electronics and office equipment	Total
4. Closing balance	44,308,146.70	13,652,762.64	1,203,104.00	24,547,094.44	83,711,107.78
II. Cumulative depreciation					
1. Opening balance	75,056,854.49	8,356,072.80	1,259,212.47	4,654,474.88	89,328,814.42
2. Increased amount in current period	6,819,288.42	1,120,109.43		222,247.64	8,161,645.49
(1) Provision	6,819,288.42	1,120,109.43		222,247.64	8,161,645.49
3. Amounts deducted in this period	61,443,028.60		56,108.47		61,499,137.07
(1) Disposal or scrapping			56,108.47		56,108.47
(2) Change to investment real estate	61,443,028.60				
4. Closing balance	20,433,114.31	9,476,182.23	1,203,104.00	4,876,722.30	35,989,122.84
III. Impairment reserve					
1. Opening balance					
2. Increased amount in current period					
(1) Provision					
3. Amounts deducted in this period					
(1) Disposal or scrapping					
4. Closing balance					
IV. Book value					
1. Period-end book value	23,875,032.39	4,176,580.41	-	19,670,372.14	47,721,984.94
2. Book value at the beginning of year	279,440,874.01	5,296,889.84	1,854.53	19,867,269.78	304,606,688.16

(2) There aren't closing fixed assets idled temporarily.

10. Construction In process

Name of projects	Opening balance	Increase in current period	Decrease in current period	Closing balance
Standard workshop construction projects in Europe and America	65,198,974.87		65,198,974.87	
Exhibition hall of 1000-person planned industrial park	3,363,556.00		3,363,556.00	
Total	68,562,530.87		68,562,530.87	

11. Intangible assets

Items	Land use right	Total
I. Original book value		
1. Opening balance	326,820,713.47	326,820,713.47
2. Increased amount in current period		
(1) Purchase		
(2) Internal R&D		
(3) Increase in consolidation of enterprises		
3. Amounts deducted in this period	298,758,894.57	298,758,894.57
(1) Disposal		
(2) Change to investment real estate	298,758,894.57	298,758,894.57
4. Closing balance	28,061,818.90	28,061,818.90
II. Accumulated Amortization		
1. Opening balance	47,251,346.00	47,251,346.00
2. Increased amount in current period	3,663,667.49	3,663,667.49
(1) Provision	3,663,667.49	3,663,667.49
3. Amounts deducted in this period	49,297,414.68	49,297,414.68
(1) Disposal		
(2) Change to investment real estate	49,297,414.68	49,297,414.68
4. Closing balance	1,617,598.81	1,617,598.81
III. Impairment reserve		
1. Opening balance		
2. Increased amount in current period		
(1) Provision		
3. Amounts deducted in this period		
(1) Disposal		
4. Closing balance		

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IV. Book value		
1. Period-end book value	26,444,220.09	26,444,220.09
2. Book value at the beginning of year	279,569,367.47	279,569,367.47

12. Long-term deferred expenses

Items	Opening balance	Increase in current period	Current amortization	Other decreases	Closing balance
Decoration fees	103,172.80	1,375,000.00	211,637.33		1,266,535.47
Total	103,172.80	1,375,000.00	211,637.33		1,266,535.47

13. Deferred income tax assets and deferred income tax liabilities

Items	Closing balance		Opening balance	
	Deferred income tax	Deductible/taxable	Deferred income tax	Deductible/taxable
	Assets/liabilities	Temporary difference	Assets/liabilities	Temporary difference
I. Deferred income tax assets				
Asset impairment reserve	1,089,240.67	4,366,962.66	1,052,236.90	4,208,947.58
Deductible loss			3,571,309.27	14,285,237.08
Increase and decrease in fair value of investment properties	1,036,395.00	4,145,580.00		
Total	2,125,635.67	8,502,542.66	4,623,546.17	18,494,184.66
II. Deferred income tax liabilities				
The fair value of investment property on the conversion date is greater than the book value	65,959,461.45	263,837,845.80		
Increase and decrease in fair value of investment properties				
Total	65,959,461.45	263,837,845.80		

14. Other non-current assets

Items	Closing balance	Opening balance
Advance payment of equipment	293,914.00	293,914.00
Subtotal	293,914.00	293,914.00
Less: the portion due within 1 year		
Total	293,914.00	293,914.00

15. Short-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	10,000,000.00	20,000,000.00
Security borrowings	173,000,000.00	329,500,000.00
Mortgage borrowings		115,000,000.00
Pledge borrowings	432,250,000.00	120,500,000.00
Guarantee + pledge loan		70,000,000.00
Total	615,250,000.00	655,000,000.00

16. Bills payable

Items	Closing balance	Opening balance
Commercial acceptance bill	30,000,000.00	
Total	30,000,000.00	

17. Accounts payable

(1) Accounts payable are listed as follows according to the aging:

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 years	40,008.00	6.97	2,478,776.48	76.97
1-2 years			153,672.00	4.77
2-3 years			588,128.00	18.26
over 3 years	588,128.00	93.63		
Total	628,136.00	100.00	3,220,576.48	100.00

(2) Closing balance of accounts payable is listed as follows:

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Name of companies	Relationship with the company	Nature of funds	Book value	Aging	Proportion among total number of ending balance of accounts payable (%)
Ningbo Xiangchang Trading Co., Ltd.	Supplier	Purchasing funds	571,832.00	over 3 years	91.04
Hangzhou Lantian Garden Design Institute Co., Ltd.	Supplier	Purchasing funds	16,296.00	over 3 years	2.59
Total			588,128.00		93.63

18. Advance receipts

Items	Closing balance	Opening balance
Within 1 years	1,273,123.16	8,186,379.53
Total	1,273,123.16	8,186,379.53

19. Employee payroll payable

(1) Employee remuneration payable is listed in a classified manner

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term remuneration	69,558.35	2,558,385.86	2,557,660.76	70,283.55
Post-employment welfare defined benefit plan		244,939.20	244,939.20	
Dismissal benefits				
Other benefits due within one year				
Other				
Total	69,558.35	2,803,325.16	2,802,599.96	70,283.55

(2) Presentation of short-term remuneration

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Wages, bonuses, allowances and subsidies	51,108.25	2,266,754.76	2,317,863.01	
II. Employee welfare	18,450.10	152,248.20	100,414.75	70,283.55
III. Social insurance charges		139,383.00	139,383.00	
Of which:		125,743.80	125,743.80	
1. Medical insurance premium				
2. Work-related Injury Insurance premium		5,114.40	5,114.40	
3. Birth insurance premium		8,524.80	8,524.80	
IV. Housing fund				
Total	69,558.35	2,558,385.96	2,557,660.76	70,283.55

(3) Presentation of defined contribution plan

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance		236,607.00	236,607.00	
Unemployment insurance premium		8,332.20	8,332.20	
Payment of enterprise annuity				
Total		244,939.20	244,939.20	

20. Taxes payable

Tax category	Closing balance	Opening balance
VAT	2,996,657.57	9,668,514.34
Urban maintenance and construction tax	2,353,362.74	2,205,536.56
Education surcharge	1,880,939.63	1,576,711.87
Stamp duty	38.17	625.80
Integrated fund	160.00	100.00
Corporate income tax	52,329,536.43	35,974,031.44
Land use tax	3,427,579.65	2,308,354.88
Housing tax	3,087,555.64	2,159,249.07

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Individual income tax	12.86	
Total	65,875,842.79	53,791,123.96

21. Other payables

(1) Other account payable is listed in a classified manner.

Items	Closing balance	Opening balance
Interests Payable	79,330,338.12	34,958,330.49
Dividends payable		
Other payables	1,373,304,417.58	2,314,571,404.32
Total	1,452,634,755.70	2,349,529,734.81

(2) Interests Payable

Items	Closing balance	Opening balance
Interests on long-term loan with installment interests and principal repayment at maturity	6,173,630.21	6,719,673.02
Payable interests of short-term loan	112,936.13	1,100,588.04
Corporate bond interests	73,043,771.78	27,138,069.43
Total	79,330,338.12	34,958,330.49

(3) Other account payable is listed below according to aging:

Items	Closing balance	Opening balance
Within 1 years	361,182,500.91	2,047,012,180.36
1-2 years	847,810,666.04	138,693,802.65
2-3 years	71,771,540.15	113,210,273.15
over 3 years	102,539,710.48	15,655,148.16
Total	1,373,304,417.58	2,314,571,404.32

(4) Conditions of top five largest amounts in the other account payable

Name of companies	Relationship with the company	Nature of funds	Book value	Aging	Proportion to total closing balance of other payables (%)
Zhongyi Ningbo Eco-garden Holding Co., Ltd.	Unassociated party	Transaction accounts	605,700,000.00	Within 1 year; 1-2 years	44.11
Finance Office of Yuyao Economic Development Zone	Unassociated party	Transaction accounts	368,613,376.41	Within 1 year; 1-2 years	26.84
Yuyao Second Light Industry Corporation	Unassociated party	Transaction accounts	171,689,516.34	Within 1 year; 1-4 years	12.50
Shuanghe Village Economic Cooperative In Yuyao Economic Development Zone	Unassociated party	Borrowings	50,000,000.00	Within 1 years	3.64
Yuyao Changhai Construction Development Co., Ltd.	Unassociated party	Transaction accounts	50,000,000.00	1-2 years	3.64
Total			1,246,002,892.75		90.73

22. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	848,272,813.30	1,863,559,936.10
Bonds payable due within one year	200,000,000.00	200,000,000.00
Total	1,048,272,813.30	2,063,559,936.10

23. Other current liabilities

Category	Closing balance	Opening balance
18-euro debt		391,580,000.00
Total		391,580,000.00

24. Long-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	0.00	100,000,000.00

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Items	Closing balance	Opening balance
Mortgage borrowings	180,000,000.00	643,224,521.08
Security borrowings	3,561,895,794.83	3,058,450,000.00
Pledge borrowings	76,000,000.00	54,320,000.00
Mixed borrowings	578,500,000.00	537,400,000.00
Less: long-term loans due within one year	848,272,813.30	1,863,559,936.10
Total	3,548,122,981.53	2,529,834,584.98

25. Bonds payable

(1) Details

Items	Closing balance	Opening balance
13 Yukaitou debt		200,000,000.00
19Yao Economic Development MTN01	498,187,449.04	
18-dollar debt	685,976,874.49	668,271,747.88
19-dollar debt	691,044,810.60	
19 Yao Economic 01 Corporate Bond	496,090,529.07	
Total	2,371,299,863.20	868,271,747.88

(2) Increases and decreases of bonds payable (excluding other financial instruments such as preferred stock and perpetual bond classified as financial liabilities)

Bond name	Face value	Issue date	Bond maturity	Issue amount
13 Yukaitou debt	1,000,000,000.00	Wednesday, March 06, 2013	7	1,000,000,000.00
19Yao Economic Development MTN01	500,000,000.00	Monday, June 24, 2019	5	500,000,000.00
18-dollar debt	100 million dollars	Friday, December 21, 2018	3	100 million dollars
19-dollar debt	100 million dollars	Tuesday, April 23, 2019	3	100 million dollars
19 Yao Economic 01 Corporate Bond	500,000,000.00	Thursday, November 14, 2019	5	500,000,000.00

(Continued)

Bond name	Opening balance	Issue in current period	Amortization of discount or premium	Repayment in the current period	Other changes [Note]	Closing balance
13 Yukaitou debt	200,000,000.00				-200,000,000.00	
19Yao Economic Development MTN01		500,000,000.00	187,449.04			498,187,449.04
18-dollar debt	668,271,747.88		5,187,752.00		12,517,374.61	685,976,874.49
19-dollar debt		662,765,244.16	1,801,362.82		26,478,203.62	691,044,810.60
19 Yao Economic 01 Corporate Bond		500,000,000.00	90,529.07			496,090,529.07
Total	868,271,747.88	1,662,765,244.16	7,267,092.93		-161,004,421.77	2,371,299,863.20

Note: other losses refer to non-current liabilities transferred to be included in those due within one year.

26. Paid-in capital

Name of shareholder	Opening balance	Increase in current period	Decrease in current period	Closing balance	
	Amount			Amount	Proportion (%)
Yuyao City Shuncal Investment Holding Co., Ltd	832,000,000.00			832,000,000.00	100.00

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Subtotal	832,000,000.00		832,000,000.00	100.00

27. Capital reserve

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	819,829,200.00			819,829,200.00
Other capital reserves	241,379,841.12			241,379,841.12
Total	1,061,209,041.12			1,061,209,041.12

28. Other comprehensive incomes

Items	Opening balance	Amount incurred in current period					Closing balance
		The current period	Less: Transferred profit or loss for the current period taken into the other comprehensive income in the previous period	Less: income tax expenses	After-tax parent company's attributable share	After-tax minority shareholder's attributable share	
I. I. Other comprehensive income reclassified into profit and loss							
Including: inventory/fixed assets/construction in progress are transferred into investment property and measured by fair value mode		263,837,845.80		65,959,461.45	197,878,384.35		197,878,384.35
Total		263,837,845.80		65,959,461.45	197,878,384.35		197,878,384.35

29. Surplus reserve

Name of shareholder	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	201,426,266.89	12,154,115.48		213,580,382.37
Subtotal	201,426,266.89	12,154,115.48		213,580,382.37

30. Undistributed profits

Changes to undistributed profits in this period

Items	Current Amount	Previous Amount
Adjustment to undistributed profit at the end of the prior year	3,021,219,623.68	2,901,437,602.78
Total beginning undistributed profits adjusted (increase +, decrease -)	-56,907,328.70	
Undistributed profits after adjustment at the beginning of period	2,964,312,294.98	
Add: current net profits belonging to parent company	135,535,248.17	131,209,044.03
Less: withdrawal of statutory surplus reserve	12,154,115.48	11,427,113.13
Common stock dividends payable		
Other		
Undistributed profits at the end of period	3,087,693,427.67	3,021,219,623.68

31. Operating incomes and operating costs

Details of operating income and operating cost

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Items	Current Amount		Previous Amount	
	Incomes	cost	Incomes	cost
Entrusted development business			402,309,400.00	383,151,809.52
Land development and consolidation	132,083,803.77	110,069,919.81	211,908,216.39	176,590,180.32
Sales of resettlement houses	3,114,917.68	3,105,786.94	49,901,083.33	37,203,701.70
Leasing business	40,878,280.28	3,085,937.37	35,851,859.57	7,898,152.68
Engineering agent business	44,144,700.00	2,326,650.03	37,000,436.73	2,081,694.80
Merchandise trade	509,044,220.93	508,489,680.51	37,955,262.46	37,917,454.82
Land transfer income	104,166,845.24	104,094,411.75		
Other sporadic business	270,604.89	176,715.10		
Total	833,803,472.77	731,349,081.51	774,926,258.48	644,842,993.84

32. Taxes and surcharges

Items	Current Amount	Previous Amount
Urban maintenance and construction tax	640,059.71	1,716,592.45
Education surcharge	457,056.27	1,225,908.43
Land use tax	5,190,639.18	5,190,855.18
Increment tax on land value	3,584,393.06	
Housing tax	4,146,611.80	4,079,812.85
Stamp duty	99,544.61	88,241.35
Total	14,118,304.63	12,301,210.26

33. Financial expenses

Items	Current Amount	Previous Amount
Interest expenses		
Less: Interest income	1,162,551.88	1,417,081.59
Handling fee	71,411.21	40,361.25
Total	-1,091,140.47	-1,376,720.34

34. Other revenues

Items	Current Amount	Previous Amount
Government grants related to daily business activities	72,000,000.00	30,000,000.00
Tax rebate	9,169,671.19	
Total	81,169,671.19	30,000,000.00

Among them, government grants are as follows:

Subsidy Item	Current Amount	Previous Amount	Asset-related/income-related
Mould Center operational subsidy	2,000,000.00		Income-related
Operational subsidy	70,000,000.00	30,000,000.00	Income-related
Total	72,000,000.00	30,000,000.00	

35. Investment income

Sources of investment incomes	Current Amount	Previous Amount
Long-term equity investment incomes by equity methods	2,287,646.82	13,779,424.45
Investment incomes generated by the disposal of long-term equity investments	208,479.28	
Total	2,496,125.88	13,779,424.45

36. Proceed from fair value variance

Source of profit from fluctuation of fair value	Current Amount	Previous Amount
Investment real estate measured at fair value	-4,145,580.00	
Total	-4,145,580.00	

37. Asset Impairment losses

Items	Current Amount	Previous Amount
Bad debt losses	-148,015.08	28,760,936.88
Total	-148,015.08	28,760,936.88

38. Asset disposal gains

Items	Current Amount	Previous Amount
Gains from disposal of fixed assets		41,058.13

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Total	41,058.13

39. Non-operating income

Items	Current Amount	Previous Amount
Other		1,281.04
Total		1,281.04

40. Non-operating expenses

Items	Current Amount	Previous Amount
Non-current asset scrapping losses	2,898.15	
Fines and compensation expenses	40,365.64	3,000.00
Other		56,789.79
Total	43,263.79	59,789.79

41. Income tax expenses

Items	Current Amount	Previous Amount
Current income tax expenses	15,628,279.81	22,536,132.99
Deferred income tax expenses	2,497,910.50	8,733,929.15
Total	18,126,190.31	31,270,062.14

42. Supplementary information of Cash Flow Statement

Supplementary information	Current Amount	Previous Amount
I. Net profits adjusted to cash flow from operating activities		
Net profits	135,535,248.17	131,209,044.03
Plus: asset impairment reserve	148,015.08	-28,760,935.88
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	8,161,645.49	23,680,617.71
Amortization of intangible assets	3,663,667.49	7,646,229.38
Amortization of long-term deferred expenses	211,637.33	38,689.80
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")		-41,058.13
Losses of fixed asset scrapping (revenues marked with "-")	2,898.15	
Losses of fair value change (revenues marked with "-")	4,145,580.00	
Financial expenses (revenues marked with "-")		
Investment losses (revenues marked with "-")	-2,496,125.88	-13,779,424.45
Decrease of deferred income tax assets (increase marked with "-")	2,497,910.50	8,733,929.15
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	-619,174,925.93	-159,878,371.11
Decrease of operational receivables (increase marked with "-")	-109,698,245.54	-813,699,975.69
Increase of operational payables (decrease marked with "-")	168,642,560.67	1,149,538,856.42
Other		
Net cash flow from operating activities	-408,360,134.47	304,797,600.23
2. II. Major investing and financing activities uninvolved cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	873,903,242.05	1,028,257,472.35
Less: opening cash balance	1,028,257,472.35	49,879,719.53
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-154,354,230.30	978,377,752.82

43. Assets with limited ownership or right of use

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Items	Period-end book value	Limited reasons
Monetary fund	1,299,100,000.00	Pledge borrowings
Monetary fund	17,000,000.00	Loan margin
Inventories	1,170,462,187.69	Mortgage borrowings
Investment real estate	820,221,409.00	Mortgage borrowings
Total	3,306,783,576.69	

VII. Related party and its transactions

(1) Relationships with associated parties

1. Final controller of the Group

Final controller of the Group is Yuyao People's Government in Zhejiang Province.

2. Conditions of the subsidiaries of the Group

Please refer to Note I (3) for details of the Group's subsidiaries.

3. Conditions of joint ventures and associated enterprises of the Group

Important joint ventures and associated enterprises of the Group are detailed in Note VI (7).

4. Other related parties

Name of enterprise	Relationships with associated parties
Ningbo Shuntong Group Co., Ltd.	Controlled by same company
Ningbo Baoshun Infrastructure Development Co., Ltd.	Controlled by same company
Ningbo Dashun Traffic Management Co., Ltd.	Controlled by same company
Ningbo Yishun Road Engineering Co., Ltd.	Controlled by same company
Ningbo Yashun Road and Bridge Co., Ltd.	Controlled by same company
Ningbo Dashun Traffic Development Co., Ltd.	Controlled by same company
Ningbo Longshun Highway Development Co., Ltd.	Controlled by same company
Yuyao North-South High-Speed Connecting Line Investment Development Co., Ltd.	Controlled by same company
Yuyao Public Transport Co., Ltd.	Controlled by same company
Yuyao Dazhong Transportation Co., Ltd.	Controlled by same company
Yuyao Highway Transportation Co., Ltd.	Controlled by same company
Yuyao Hardware Decoration Market Co., Ltd.	Controlled by same company
Yuyao Yaozhou Expressway Co., Ltd.	Controlled by same company
Yuyao Dashun Automobile Comprehensive Performance Testing Service Co., Ltd.	Controlled by same company
Yuyao Urban and Rural Public Transport Co., Ltd.	Controlled by same company
Ningbo Shunlian Construction Group Co., Ltd.	Controlled by same company
Yuyao Urban Construction Investment Development Co., Ltd.	Controlled by same company
Yuyao Tap Water Co., Ltd.	Controlled by same company
Yuyao No.2 Water Supply Co., Ltd.	Controlled by same company
Yuyao Urban Drainage Co., Ltd.	Controlled by same company
Yuyao Mingyi Construction Co., Ltd.	Controlled by same company
Yuyao Urban Natural Gas Co., Ltd.	Controlled by same company
Yuyao Yaodong Tap Water Co., Ltd.	Controlled by same company
Yuyao Town Construction and Development Co., Ltd.	Controlled by same company
Yuyao Xinglin Investment Co., Ltd.	Controlled by same company
Yuyao Water Resources Investment and Development Co., Ltd.	Controlled by same company
Yuyao Moushan Lake Development Co., Ltd.	Controlled by same company
Yuyao Haitu Development Co., Ltd.	Controlled by same company
Yuyao Municipal Affordable Housing Construction Investment Development Co., Ltd.	Controlled by same company
Yuyao China Plastic City Logistics Co., Ltd.	Controlled by same company
Zhejiang Yongyi Electronic Payment Co., Ltd.	Controlled by same company
Ningbo Yongyi World Financial Services Co., Ltd.	Controlled by same company
Yuyao Mingbang Construction Investment Co., Ltd.	Controlled by same company
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	Controlled by same company
Yuyao Jinshun Development Construction Co., Ltd.	Controlled by same company
Yuyao Jiayun Development Construction Co., Ltd.	Controlled by same company
Yuyao Yaobei New Town Development and Construction Co., Ltd.	Controlled by same company

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Name of enterprise	Relationships with associated parties
Yuyao Civil Blasting Materials Co., Ltd.	Controlled by same company
Yuyao Metal Recovery Co., Ltd.	Controlled by same company
Yuyao Shunxi Guarantee Co., Ltd.	Controlled by same company
Yuyao Account Receivables Creditor's Right Management Co., Ltd.	Controlled by same company
Yuyao Mouhu Ecological Construction Co., Ltd.	Controlled by same company
Yuyao Industrial (Small and Medium-sized Enterprises) Investment Development Co., Ltd.	Controlled by same company
Yuyao Small and Medium-Sized Enterprise Credit Guarantee Co., Ltd.	Controlled by same company
Yuyao Shuangxiou Development Co., Ltd.	Controlled by same company
Yuyao Beicheng Plot Development and Construction Co., Ltd.	Controlled by same company
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	Controlled by same company
Yuyao Urban Construction State-owned Asset Management Co., Ltd.	Controlled by same company
Yuyao Yaozhou Construction Engineering Detection Co., Ltd.	Controlled by same company
Yuyao Chengguang Street Lamp Installation Co., Ltd.	Controlled by same company
Yuyao Jianbang Construction Investment Co., Ltd.	Controlled by same company
Yuyao Shunrui Industrial Holdings Co., Ltd.	Controlled by same company
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	Controlled by same company
Yuyao Moke Town Development and Construction Investment Co., Ltd.	Controlled by same company
Ningbo Yangming Auction Co., Ltd.	Controlled by same company

(II) Related transaction and interaction among related parties

1. Associated transaction

No.

2. Receivables and payables of related parties

Name of projects	Associated party	Closing balance	Opening balance
Other receivables	Yuyao Chengxi Industrial Development and Construction Co., Ltd.		349,571,417.43
Other receivables	Yuyao Industrial Small and Medium-sized Enterprises Investment Development Co., Ltd.	50,000,000.00	50,000,000.00
Other receivables	Yuyao Haiji Construction Development Co., Ltd.	915,499,064.93	
Other payables	Yuyao City Shuncal Investment Holding Co., Ltd.		200,000,000.00
Other payables	Yuyao Haiji Construction Development Co., Ltd.		112,619,000.00

3. Associated party fund borrowing

No.

VIII. Commitments and contingencies

Providing contingent liabilities formed through guarantee

Secured units	Guarantee amount (ten thousand Yuan)	Guarantee balance (RMB ten thousand)	Guarantee start date	Guarantee due date	Guarantee method	Condition of guarantee object
Yuyao Langxia New Rural Construction and Development Co., Ltd.	30,000.00	28,000.00	8/14/2017	7/21/2020	Security	Continuing operations
Yuyao City Tengxia Industry and Trade Co., Ltd.	5,000.00	5,000.00	11/25/2019	11/18/2020	Security	Continuing operations
Yuyao Yaobei New Town Development and Construction Investment Co., Ltd.	3,000.00	3,000.00	9/29/2019	9/28/2022	Security	Continuing operations
Yuyao Yaobei New Town Development	6,800.00	6,800.00	9/29/2019	9/28/2022	Security	Continuing operations

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Secured units	Guarantee amount (ten thousand Yuan)	Guarantee balance (RMB ten thousand)	Guarantee start date	Guarantee due date	Guarantee method	Condition of guarantee object
Construction Investment Co., Ltd.						
Yuyao Yaobai New Town Development and Construction Investment Co., Ltd.	5,000.00	5,000.00	1/2/2019	1/2/2020	Security	Continuing operations
Yuyao Yaobai New Town Development and Construction Investment Co., Ltd.	28,350.00	18,500.00	12/21/2016	12/31/2021	Security	Continuing operations
Yuyao Yaobai New Town Development and Construction Investment Co., Ltd.	8,000.00	8,000.00	11/27/2019	11/27/2022	Security	Continuing operations
Yuyao North-South High-Speed Connecting Line Investment Development Co., Ltd.	50,000.00	5,500.00	9/27/2013	9/26/2023	Security	Continuing operations
Ningbo Shunlong Group Co., Ltd.	30,000.00	29,900.00	7/27/2018	7/26/2021	Security	Continuing operations
Ningbo Shunlong Group Co., Ltd.	10,000.00	9,950.00	4/17/2019	4/15/2022	Security	Continuing operations
Yuyao Urban Construction Investment Development Co., Ltd.	26,000.00	5,000.00	3/17/2011	3/16/2021	Security	Continuing operations
Yuyao Urban Construction Investment Development Co., Ltd.	1,500.00	1,500.00	12/27/2019	12/26/2022	Security	Continuing operations
Yuyao Urban Construction Investment Development Co., Ltd.	41,000.00	19,000.00	1/4/2017	1/5/2022	Security	Continuing operations
Yuyao Urban Construction Investment Development Co., Ltd.	37,000.00	30,000.00	4/28/2017	12/10/2030	Security	Continuing operations
Ningbo Shunjian Construction Group Co., Ltd. (originally called Yuyao City Investment Group Co., Ltd.)	6,700.00	6,700.00	6/28/2015	6/20/2025	Security	Continuing operations
Yuyao Haitu Development Co., Ltd.	80,000.00	64,000.00	6/23/2016	12/10/2022	Security	Continuing operations
Yuyao Haitu Development Co., Ltd.	7,500.00	7,500.00	12/9/2019	12/8/2022	Security	Continuing operations
Ningbo Shunlong Group Co., Ltd. (formerly Yuyao City Water Resources Investment Development Co., Ltd.)	20,000.00	20,000.00	5/18/2017	5/17/2022	Security	Continuing operations
Yuyao Jinshun Development Construction Co., Ltd.	30,000.00	10,000.00	9/28/2015	9/27/2023	Security	Continuing operations
Yuyao Xinglin Investment Co., Ltd.	50,000.00	41,000.00	4/16/2014	4/14/2025	Security	Continuing operations
Yuyao Haiji Construction Development Co., Ltd.	15,000.00	15,000.00	1/25/2019	1/24/2020	Security	Continuing operations
Yuyao Shunhai Construction and Development Co., Ltd.	15,000.00	15,000.00	3/14/2018	3/14/2021	Security	Continuing operations
Zhongyi Ningbo Eco-garden Holding Co., Ltd.	20,000.00	20,000.00	2/28/2018	2/28/2021	Security	Continuing operations
Zhongyi Ningbo Eco-garden Holding Co., Ltd.	24,000.00	24,000.00	4/2/2018	10/28/2021	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	7,000.00	7,000.00	2/13/2018	2/13/2020	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and	4,500.00	4,225.00	2/28/2017	2/25/2020	Security	Continuing operations

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Secured units	Guarantee amount (ten thousand Yuan)	Guarantee balance (RMB ten thousand)	Guarantee start date	Guarantee due date	Guarantee method	Condition of guarantee object
Development Co., Ltd.						
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00	18,000.00	5/30/2018	12/10/2027	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	18,000.00	18,000.00	11/1/2017	10/31/2022	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	50,000.00	50,000.00	3/3/2015	3/16/2021	Mortgage	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	10,000.00	9,990.00	1/7/2019	1/4/2022	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00	20,000.00	9/22/2017	1/22/2023	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	10,000.00	6,000.00	8/19/2019	3/24/2020	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	13,200.00	6,794.73	11/14/2018	6/30/2028	Security	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	50,000.00	49,500.00	12/5/2019	3/6/2020	Pledge	Continuing operations
Yuyao Second Light Industry Corporation	1,000.00	990.00	12/0/2019	8/5/2020	Pledge	Continuing operations
Yuyao Second Light Industry Corporation	3,000.00	2,850.00	12/30/2019	12/27/2022	Pledge	Continuing operations
Yuyao Second Light Industry Corporation	8,000.00	6,000.00	11/16/2017	12/1/2020	Security	Continuing operations
Yuyao Second Light Industry Corporation	1,700.00	1,600.00	5/24/2019	4/24/2020	Pledge	Continuing operations
Yuyao Second Light Industry Corporation	10,000.00	10,000.00	4/26/2019	4/25/2022	Security	Continuing operations
Yuyao Second Light Industry Corporation	6,030.00	6,030.00	1/1/2019	1/1/2020	Pledge	Continuing operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	12,000.00	11,400.00	12/11/2019	12/10/2020	Pledge	Continuing operations
Total	794,280.00	624,729.73				

Apart from above contingencies, the Group has no other commitments and contingencies requiring disclosure as at Tuesday, December 31, 2019.

IX. Events after the balance sheet date

As at approval and issuing day of the financial report, the Group has no significant non-adjusting matters after balance sheet date requiring disclosure.

X. Other important matters

The Group has no other significant matters requiring disclosure as at Tuesday, December 31, 2019.

XI. Notes on major items of parent company's financial statement

1. Accounts receivable

(1) Disclosure of receivable classification

Category	Closing balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single significant amount and single provision for bad debt reserve					
Receivables with bad debt provision as per credit risk characteristic combinations	92,678,384.57	100.00	3,280,449.29	3.54	89,397,935.28
Include: combination of account age	7,475,991.00	8.07	3,280,449.28	43.88	4,185,541.71
Other combinations	85,202,393.57	91.93			85,202,393.57
Account receivables with single insignificant amount but single provision for bad debts					
Total	92,678,384.57	100.00	3,280,449.29	—	89,397,935.28

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt reserve		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single significant amount and single provision for bad debt reserve					0.00
Receivables with bad debt provision as per credit risk characteristic combinations	46,326,449.57	100.00	2,236,756.53	4.83	44,089,693.04
Include: combination of account age	7,475,991.00	16.14	2,236,756.53	29.92	5,239,234.47
Other combinations	38,850,458.57	83.86			38,850,458.57
Receivables with individual insignificant amounts and single provision for bad debts					
Total	46,326,449.57	100.00	2,236,756.53	—	44,089,693.04

(2) In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance			Opening balance		
	Accounts receivable	Bad debt reserve	Accrual ratio (%)	Accounts receivable	Bad debt reserve	Accrual ratio (%)
Within 1 years			5.00	1,131,102.75	56,555.14	5.00
1-2 years	1,131,102.75	113,110.28	10.00	17,017.05	1,701.71	10.00
2-3 years	17,017.05	3,403.41	20.00	3,284,786.40	656,957.28	20.00
3-4 years	3,284,786.40	1,642,393.20	50.00	3,043,084.80	1,521,542.40	50.00
4-5 years	3,043,084.80	1,521,542.40	50.00			50.00
Total	7,475,991.00	3,280,449.29		7,475,991.00	2,236,756.53	

(3) There aren't actually written-off account receivables in this period.

(4) Ending balance of account receivables is detailed as follows:

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Aging
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	85,202,393.57	91.93	Within 1 year; 1-2 years
Shuanghe Village Economic Cooperative in Yuyao Economic Development Zone	7,475,991.00	8.07	1-5 years

**Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Annual
2019 Note to financial statements**

Total	92,678,384.57	100.00	

2. Other receivables

Items	Closing balance	Opening balance
Other receivables	4,407,515,830.67	4,156,250,214.09
Interests receivable		
Dividends receivable		
Total	4,407,515,830.67	4,156,250,214.09

(1) Disclosure of other receivable classification

Category	Closing balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single significant amount and single provision for bad debts					
Other accounts receivable for which the provision for bad debts is made by combination	4,407,717,285.54	100.00	201,454.87	0.01	4,407,515,830.67
Include: combination of account age	452,485.33	0.01	201,454.87	44.52	251,030.46
Other combinations	4,407,264,800.21	99.99		-	4,407,264,800.21
Other receivables with single insignificant amount but single provision for bad debts					
Total	4,407,717,285.54	100.00	201,454.87	—	4,407,515,830.67

(Continued)

Category	Opening balance				
	Book balance		Bad debt reserve		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single significant amount and single provision for bad debts					
Other accounts receivable for which the provision for bad debts is made by combination	4,157,185,815.80	100.00	935,601.71	0.02	4,156,250,214.09
Include: combination of account age	17,207,929.03	0.41	935,601.71	5.44	16,272,327.32
Other combinations	4,139,977,886.77	99.59			4,139,977,886.77
Other receivables with single insignificant amount but single provision for bad debts					
Total	4,157,185,815.80	100.00	935,601.71	—	4,156,250,214.09

(2) In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance			Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio (%)	Other receivables	Bad debt reserve	Accrual ratio (%)
Within 1 years	50,000.00	2,500.00	5.00	16,706,540.70	835,327.04	5.00
1-2 years	5,697.00	569.70	10.00	30.00	3.00	10.00
2-3 years	30.00	6.00	20.00	501,358.33	100,271.67	20.00
3-4 years	396,758.33	198,379.17	50.00			50.00
Total	452,485.33	201,454.87		17,207,929.03	935,601.70	

(3) The top five largest ending balance of other receivables are listed below:

**Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Annual
2019 Note to financial statements**

Name of companies	Relationship with the company	Nature of funds	Book balance	Aging	Proportion to total closing balance of other receivables (%)
Yuyao Binhai Construction Investment Development Co., Ltd.	Related party in the consolidation scope	Transaction accounts	2,141,394,358.34	Within 1 year, 1-4 years	48.58
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	Unassociated party	Transaction accounts	881,248,101.58	Within 1 years	19.99
Yuyao Mingbang Technology Venture Development Co., Ltd.	Related party in the consolidation scope	Transaction accounts	490,968,083.44	Within 1 year, 1-2 years	11.14
Yuyao Second Light Industry Corporation	Associated party	Lending amount	420,760,000.00	Within 1 years	9.55
Zhongyi Ningbo Eco-garden Holding Co., Ltd.	Unassociated party	Transaction accounts	187,565,449.81	Within 1 year, 2-3 years	4.26
Total			4,121,935,993.15		93.52

3. Long-term equity investment

(1) Classification of long-term equity investment

Name of companies	Opening balance	Increased amount in current period	Amounts deducted in this period	Closing balance	Measurement method	Period-end shareholding ratio
Yuyao Binhai Construction Investment Development Co., Ltd.	278,676,879.52			278,676,879.52	Cost method	100.00%
Yuyao Mingbang Technology Venture Development Co., Ltd.	78,369,490.15			78,369,490.15	Cost method	100.00%
Ningbo Jinxing Mould Technology Service Co., Ltd.	8,300,000.00			8,300,000.00	Cost method	100.00%
Total	365,346,369.67			365,346,369.67		

(2) Investment in subsidiaries

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment reserve in the current period	Closing balance of provision for impairment
Yuyao Binhai Construction Investment Development Co., Ltd.	278,676,879.52			278,676,879.52		
Yuyao Mingbang Technology Venture Development Co., Ltd.	78,369,490.15			78,369,490.15		
Ningbo Jinxing Mould Technology Service Co., Ltd.	8,300,000.00			8,300,000.00		
Total	365,346,369.67			365,346,369.67		

4. Operating income and operating cost

Items	Current Amount		Previous Amount	
	Incomes	cost	Incomes	cost
Land development and consolidation	132,083,903.77	110,069,919.81	211,908,216.39	178,590,180.32
Sales of resettlement houses	3,114,917.66	3,105,766.94	49,901,083.33	37,203,701.70
Leasing business	7,553,229.13	900,015.14	1,933,741.16	2,381,554.33
Engineering agent business	44,144,700.00	2,326,650.03	37,000,436.73	2,081,694.60
Merchandise trade	509,044,220.93	508,489,650.51	37,955,262.46	37,917,454.82
Land transfer income	104,166,845.24	104,094,411.75		

**Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Annual
2019 Note to financial statements**

Items	Current Amount		Previous Amount	
	incomes	cost	incomes	cost
Other sporadic business	270,604.89	176,715.10		
Total	880,378,421.62	729,163,159.28	338,698,740.07	256,174,585.97

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

April 24, 2020



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China

Audit Report

Zhongxinghua Audit No. [2021] 020850

To the shareholders of Yuyao Economic Development Zone Construction Investment Development Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Yuyao Economic Development Zone Construction Investment Development Co., Ltd. (hereinafter referred to as "YEDZ"), which comprise the consolidated and company balance sheets as at 31 December 2020; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of YEDZ, as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("ASBEs").

II. Foundation of audit opinion

We conducted our audit in accordance with China 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of YEDZ in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. 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 financial statements

Management of YEDZ is responsible for the preparation and fair presentation of these financial statements in accordance with the ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.



In preparing these financial statements, management is responsible for assessing YEDZ's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate YEDZ or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

IV. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these 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 judgement and maintain professional scepticism 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.
- (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 YEDZ'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 these 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 YEDZ 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 YEDZ to express an opinion on the consolidated 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 the governance level 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.



Signing CPA:
(Engagement Partner)

Signing CPA:

April 15, 2021



Consolidated Balance Sheet

As at 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand	VI.1	766,266,860.61	2,190,003,242.05
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable	VI.2	341,004,303.21	89,397,935.28
Prepayments	VI.3	55,020.00	
Other receivables	VI.4	2,533,140,503.89	2,358,138,927.73
Inventories	VI.5	7,816,622,627.22	7,958,242,134.42
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI.6	7,631,324.65	6,389,157.97
Total current assets		12,280,639,047.28	12,602,171,397.45
Non-current assets:			
Available-for-sale financial assets	VI.7	100,000,000.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	VI.8	940,051,377.93	931,211,016.57
Investment properties	VI.9	1,024,889,957.00	980,513,592.00
Fixed assets	VI.10	40,189,323.38	47,721,984.94
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets	VI.11	25,742,674.56	26,444,220.09
Development costs			
Goodwill			
Long-term deferred expenses	VI.12	980,887.59	1,266,535.47
Deferred tax assets	VI.13	2,688,772.43	2,125,635.67
Other non-current assets	VI.14	815,918,407.70	293,914.00
Total non-current assets		2,134,542,992.89	1,989,576,898.74
Total assets		14,415,182,040.17	14,591,748,296.19

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Balance Sheet(continued)

As at 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans	VI.15	455,750,000.00	615,250,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable	VI.16	377,000,000.00	30,000,000.00
Accounts payable	VI.17	743,409.00	628,136.00
Advances from customers	VI.18	613,038.10	1,273,123.16
Employee benefits payable	VI.19	80,540.95	70,283.55
Taxes payable	VI.20	117,105,717.95	65,875,842.79
Other payables	VI.21	784,569,220.01	1,452,634,755.70
Liabilities held for sale			
Non-current liabilities due within one year	VI.22	1,868,012,255.33	1,048,272,813.30
Other current liabilities			
Total current liabilities		3,603,874,181.34	3,214,004,954.50
Non-current liabilities:			
Long-term loans	VI.23	2,697,000,000.00	3,548,122,981.53
Debentures payable	VI.24	2,503,283,169.23	2,371,299,663.20
Of which: preferred stock			
Perpetual debt			
Long-term payables	VI.26		
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	VI.13	76,017,157.70	65,959,461.45
Other non-current liabilities			
Total non-current liabilities		5,276,300,326.93	5,985,382,106.18
Total liabilities		8,880,174,508.27	9,199,387,060.68
Shareholders' equity:			
Paid-in capital	VI.25	832,000,000.00	832,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	VI.26	1,061,209,041.12	1,061,209,041.12
Less: treasury shares			
Other comprehensive income	VI.27	197,878,384.35	197,878,384.35
Specific reserve			
Surplus reserve	VI.28	223,134,854.72	213,580,382.37
Retained earnings	VI.29	3,220,785,251.71	3,087,693,427.67
Total equity attributable to shareholders of the company		5,535,007,531.90	5,392,361,235.51
Non-controlling interests			
Total shareholders' equity		5,535,007,531.90	5,392,361,235.51
Total liabilities and shareholders' equity		14,415,182,040.17	14,591,748,296.19

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Income Statement

For the year ended 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Operating income		908,566,517.54	833,803,472.77
Including: Main business income	VI.30	908,566,517.54	833,803,472.77
II. Total operating costs		768,707,301.19	759,470,972.49
Including: operating costs	VI.30	738,849,059.80	731,349,081.51
Taxes and surcharges	VI.31	14,904,867.69	14,118,304.63
Selling and distribution expenses			
General and administrative expenses		20,279,024.29	15,094,726.82
Research and development expenses			
Financial expenses	VI.32	-5,325,650.59	-1,091,140.47
Including: interest expense	VI.32		
Interest income	VI.32	5,373,832.57	1,162,551.68
Add: Other income	VI.33	5,383,092.04	81,169,671.19
Investment income ("-" for losses)	VI.34	8,840,361.36	2,496,125.88
Including: Income from investment in associates and joint ventures	VI.34	8,840,361.36	2,287,646.62
Gains from changes in fair value ("-" for losses)	VI.35	44,376,365.00	-4,145,680.00
Impairment losses ("-" for losses)	VI.36	-6,398,127.04	-148,015.08
Gains from assets disposal ("-" for losses)	VI.37	106,217.48	
III. Operating profit ("-" for losses)		192,167,125.19	153,704,702.27
Add: Non-operating income	VI.38	0.50	
Less: Non-operating expenses	VI.39	2,121,316.46	43,263.79
IV. Profit before income tax ("-" for losses)		190,045,809.23	153,661,438.48
Less: Income tax expenses	VI.40	47,399,512.34	18,126,150.31
V. Net profit for the year ("-" for losses)		142,646,296.39	135,535,248.17
(1) Classification according to operation continuity			
Including: Net profit from continuing operations ("-" for net loss)		142,646,296.39	135,535,248.17
Net profit from discontinued operations ("-" for net loss)			
(2) Classification according to attribute			
Including: Shareholders of the company		142,646,296.39	135,535,248.17
Non-controlling interests			
VI. Other comprehensive income, net of tax			197,878,384.35
Other comprehensive income (net of tax) attributable to shareholders of the company			197,878,384.35
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			197,878,384.35
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			197,878,384.35
Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		142,646,296.39	333,413,632.52
Attributable to: Shareholders of the company		142,646,296.39	333,413,632.52
Non-controlling interests			

Legal representative: The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co.,

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		757,715,084.89	991,479,917.42
Refund of taxes			9,169,871.19
Proceeds from other operating activities		498,364,554.15	585,037,397.77
Sub-total of cash inflows		1,256,079,618.84	1,585,686,986.38
Payment for goods and services		604,357,749.61	619,174,925.93
Payment to and for employees		2,419,610.10	2,802,599.96
Payments of various taxes		20,911,228.83	201,243,292.65
Payment for other operating activities		1,766,127,068.70	1,170,826,302.31
Sub-total of cash outflows		2,393,815,657.04	1,994,047,120.85
Net cash flows from operating activities		-1,137,736,038.20	-408,360,134.47
II. Cash flows from investing activities			
Proceeds from disposal of investments			10,000,000.00
Investment returns received			
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows			10,000,000.00
Payment for acquisition of fixed assets, intangible assets and other long-term assets		396,061.11	25,350.00
Payment for acquisition of investments		100,000,000.00	
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			
Sub-total of cash outflows		100,396,061.11	25,350.00
Net cash flows from investing activities		-100,396,061.11	9,974,650.00
III. Cash flows from financing activities			
Proceeds from investors			
Including: Proceeds from non-controlling shareholders of subsidiaries		2,835,000.00	
Proceeds from borrowings		2,089,750,000.00	5,580,275,000.00
Proceeds from other financing activities		1,370,492,000.00	406,000,000.00
Sub-total of cash inflows		3,460,242,000.00	5,986,275,000.00
Repayments of borrowings		1,976,820,794.83	4,559,588,726.25
Payment for dividends, profit distributions or interest		298,657,443.23	373,555,019.58
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Repayments for other financing activities		401,392,000.00	809,100,000.00
Sub-total of cash outflows		2,676,870,238.06	5,742,243,745.83
Net cash flows from financing activities		783,371,761.94	244,031,254.17
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-454,760,337.37	-154,354,230.30
Add: Cash and cash equivalents as at 31/12/2019		873,903,242.05	1,028,257,472.35
VI. Cash and cash equivalent as at 31/12/2020		419,142,904.68	873,903,242.05

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2023

Prepared by Yuyun Prasetya Perichumol Zeen Coordination Investment Services Co., Ltd.

Exposure to Public

Notes	Year ended 31/12/2023									
	Attributable to shareholders' equity of the parent company									
	Valued capital	Reserves	Other equity instruments	Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Subsidiary
1. Balance at 31/12/2022	81,000,000.00			1,061,209,041.12		197,476,344.25		213,352,342.37	3,087,601,473.69	3,392,361,233.54
2. Add: Changes in accounting policies										
3. Correction of prior period errors										
4. Others										
5. Balance at 31/12/2023	81,000,000.00			1,061,209,041.12		197,476,344.25		213,352,342.37	3,087,601,473.69	3,392,361,233.54
6. Changes in equity during the year										
7. (1) Total comprehensive income										
8. (2) Shareholders' contributions and decrease of capital										
9. (3) Contributions by ordinary shareholders										
10. (4) Capital contributed by other equity investors										
11. (5) Equity issued above par value										
12. (6) Others										
13. (7) Appropriation of profits										
14. (8) Appropriation for employee benefits										
15. (9) Retained profit provision										
16. (10) Dividends is distributed										
17. (11) Others										
18. (12) Transfer within equity										
19. (13) Share capital increased by capital reserves transfer										
20. (14) Share capital increased by capital reserves transfer										
21. (15) Transfer of surplus reserves to other items										
22. (16) Company's representation of financial statements										
23. (17) Others										
24. (18) Shareholders' Reserve										
25. (19) Appropriation during the year										
26. (20) Utilization during the year										
27. (21) Others										
28. Balance at 31/12/2023	81,000,000.00			1,061,209,041.12		197,476,344.25		213,352,342.37	3,087,601,473.69	3,392,361,233.54

The notes to the financial statements

The head of the accounting department

Consolidated Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2019

Prepared by Yues Economic Development Zone Construction Investment Development Co., Ltd.

Expressed in US\$10

Item	Year ended 31/12/2019										Monthly interests	Total equity
	Attributable to shareholders' equity of the parent company											
	Paid-up capital	Preference shares	Other equity investments	Capital reserves	Equity reserve shares	Other comprehensive income	Special reserve	Surplus reserve	Required earnings	Sub-total		
			Perpetual loans		Others							
Balance at 31/12/2018	832,000,000.00			1,061,209,041.12				701,426,245.85	3,028,219,822.62	5,115,434,934.69		5,117,452,971.69
Add: Changes in accounting policies												
Correction of prior period errors									-56,997,374.30	-56,997,374.30		-113,864,487.43
Others												
Balance at 31/12/2019	832,000,000.00			1,061,209,041.12				250,426,866.59	2,984,212,204.94	5,253,912,602.90		5,255,917,653.96
Changes in equity during the year (1. "Sign decrease")						191,878,384.33		12,154,115.48	123,181,122.69	313,413,622.52		313,413,622.52
Total comprehensive income						191,878,384.33		12,154,115.48	123,181,122.69	313,413,622.52		313,413,622.52
(1) Shareholders' (contributions and decrease of capital)												
Contributions by ordinary shareholders												
Capital contributed by other equity instruments holders												
Equity issued short-term payments												
Others												
(2) Appropriation of profits												
Appropriation for surplus reserves								12,154,115.48	12,154,115.48	12,154,115.48		12,154,115.48
Extract general risk preparation								12,154,115.48	12,154,115.48	12,154,115.48		12,154,115.48
Distributions to shareholders												
Others												
Transfer within equity												
Share capital increased by capital reserves transfer												
Share capital increased by surplus reserves transfer												
Transfer of surplus reserves to offset losses												
Carry-over remeasurement of changes in net liabilities or net assets of defined benefit plans												
Others												
Profit Reserve												
Appropriation during the year												
Distribution during the year												
Dividends												
Balance at 31/12/2019	832,000,000.00			1,061,209,041.12		197,878,384.33		212,580,382.07	3,087,603,427.67	5,392,391,235.11		5,392,391,235.11

The person in charge of accounting affairs: _____

The head of the accounting department: _____

The Board of the accounting department:

The person in charge of accounting affairs:

Legal representative:

Balance Sheet

As at 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand		497,110,799.87	1,424,292,615.73
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable	XIII.1	263,653,708.08	89,397,935.28
Prepayments		55,020.00	
Other receivables	XIII.2	4,537,036,866.26	4,407,515,830.67
Inventories		5,523,512,385.35	5,713,809,495.43
Assets held for sale			
Non-current assets due within one year			
Other current assets		170,466.73	432,715.43
Total current assets		10,821,539,246.31	11,635,448,592.54
Non-current assets:			
Available-for-sale financial assets		100,000,000.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XIII.3	365,346,369.67	365,346,369.67
Investment properties		72,164,376.00	71,511,362.00
Fixed assets		435,719.67	161,764.54
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		2,358,055.25	951,525.79
Other non-current assets		815,918,407.70	
Total non-current assets		1,356,222,928.29	437,971,022.00
Total assets		12,177,762,174.60	12,073,419,614.54

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Balance Sheet(continued)

As at 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans		318,250,000.00	90,250,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payable		743,409.00	628,136.90
Advances from customers		560,900.00	1,061,909.96
Employee benefits payable			
Taxes payable		96,308,184.97	54,752,463.28
Other payables		284,763,534.37	653,817,852.78
Liabilities held for sale			
Non-current liabilities due within one year		1,682,512,255.33	919,772,813.30
Other current liabilities			
Total current liabilities		2,383,138,283.67	1,720,283,175.32
Non-current liabilities:			
Long-term loans		2,059,500,000.00	2,845,622,981.53
Debentures payable		2,503,283,169.23	2,371,299,663.20
Of which: preferred stock			
Perpetual debt			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		2,111,549.48	2,029,345.73
Other non-current liabilities			
Total non-current liabilities		4,564,894,718.71	5,218,951,990.46
Total liabilities		6,948,033,002.38	6,939,235,165.78
Shareholders' equity:			
Paid-in capital		832,000,000.00	832,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		1,034,221,102.24	1,034,221,102.24
Less: treasury shares			
Other comprehensive income		6,088,037.19	6,088,037.19
Specific reserve			
Surplus reserve		223,134,854.72	213,580,382.37
Retained earnings		3,134,285,178.07	3,048,294,926.96
Total shareholders' equity		5,229,729,172.22	5,134,184,448.76
Total liabilities and shareholders' equity		12,177,762,174.60	12,073,419,614.54

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Income Statement

For the year ended 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., L. Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
Operating income	XIII.4	874,694,529.54	800,378,421.62
Less: operating costs	XIII.4	738,847,160.87	729,163,159.28
Taxes and surcharges		6,328,493.06	9,546,386.46
Selling and distribution expenses			
General and administrative expenses		1,834,926.05	-1,212,191.17
Research and development expenses			
Financial expenses		33,804.18	46,750.27
Including: interest expense			
Interest income			
Add: Other income		3,700,428.07	74,809,676.12
Investment income ("-" for losses)			
Including: Income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)		653,014.00	-324,199.00
Impairment losses ("-" for losses)		5,950,316.84	-309,545.92
Gains from assets disposal ("-" for losses)		106,217.48	
II. Operating profit ("-" for losses)		126,159,488.09	137,010,247.98
Add: Non-operating income		0.50	
Less: Non-operating expenses			
III. Profit before income tax ("-" for losses)		126,159,488.59	137,010,247.98
Less: Income tax expenses		30,614,765.13	15,469,093.21
IV. Net profit for the year ("-" for losses)		95,544,723.46	121,541,154.77
A. Net profits from sustainable operation (net losses marked with "-")			
B. Net profits from discontinued operations (net losses marked with "-")			
Other comprehensive income, net of tax			6,088,037.19
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			6,088,037.19
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			6,088,037.19
VI. Total comprehensive income for the year		95,544,723.46	127,629,191.96

Legal representative: The person in charge of accounting affairs: The head of the accounting department

Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co.,

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		752,419,418.55	786,980,300.03
Refund of taxes			4,809,676.12
Proceeds from other operating activities		149,986,387.94	144,969,884.32
Sub-total of cash inflows		902,405,806.49	936,759,860.47
Payment for goods and services		592,820,627.44	606,109,056.90
Payment to and for employees		1,970,267.50	2,326,650.03
Payments of various taxes		14,140,673.76	195,704,501.75
Payment for other operating activities		1,396,748,896.16	967,918,512.16
Sub-total of cash outflows		2,005,880,464.86	1,772,058,720.84
Net cash flows from operating activities		-1,103,274,658.37	-835,298,860.37
II. Cash flows from investing activities			
Proceeds from disposal of investments			
Investment returns received			
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows			
Payment for acquisition of fixed assets, intangible assets and other long-term assets		330,876.11	
Payment for acquisition of investments		100,000,000.00	
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			
Sub-total of cash outflows		100,330,876.11	
Net cash flows from investing activities		-100,330,876.11	
III. Cash flows from financing activities			
Proceeds from investors			
Proceeds from borrowings		1,793,250,000.00	4,263,775,000.00
Proceeds from other financing activities		587,000,000.00	350,000,000.00
Sub-total of cash inflows		2,380,250,000.00	4,613,775,000.00
Repayments of borrowings		1,284,820,794.83	3,118,585,883.64
Payment for dividends, profit distributions or interest		232,005,486.55	294,033,693.16
Repayments for other financing activities		110,000,000.00	550,000,000.00
Sub-total of cash outflows		1,626,826,281.38	3,962,619,576.80
Net cash flows from financing activities		753,423,718.62	651,155,423.20
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-450,181,815.86	-184,143,437.17
Add: Cash and cash equivalents as at 31/12/2019		807,292,615.73	991,436,052.90
VI. Cash and cash equivalent as at 31/12/2020		357,110,799.87	807,292,615.73

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department

For the year ended 31 December 2020

Prepared by: Kuyun Economic Development Zone Construction Investment Development Co., Ltd.

Experimental Design

Item	Year ended 31/12/2020										
	Paid-in capital	Other equity instruments			Capital reserve	Latent treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31/12/2019	832,000,000.00				1,034,221,102.24		6,086,037.19		213,580,982.37	3,048,281,926.86	5,134,184,448.76
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
II. Balance at 31/12/2020	832,000,000.00				1,034,221,102.24		6,086,037.19		213,580,982.37	3,048,281,926.86	5,134,184,448.76
III. Changes in equity during the year ("for decrease")											
(I) Total comprehensive income									9,554,472.35	85,990,251.11	95,544,723.46
(II) Shareholders' contributions and increase of capital										95,544,723.46	
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others											
(III) Appropriation of profits									9,554,472.35	-9,554,472.35	
1. Appropriation for surplus reserves									9,554,472.35	-9,554,472.35	
2. Extract general risk preparation											
3. Distributions to shareholders											
4. Others											
(IV) Transfer within equity											
1. Share capital increased by capital reserves transfer											
2. Share capital increased by surplus reserves transfer											
3. Transfer of surplus reserve to offset losses											
4. Carry-over recognition of changes in net liabilities or net assets of defined benefit plans											
5. Others											
(V) Specific Reserve											
1. Appropriation during the year											
2. Utilisation during the year											
(VI) Others											
IV. Balance at 31/12/2020	832,000,000.00				1,034,221,102.24		6,086,037.19		223,134,954.72	3,134,285,176.07	5,229,729,172.22

Legend representative:

The range of accounting affairs:

The Award of 11th Annual Student Element:

Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2020

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Expressed in RMB

Year ended 31/12/2019

Item	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
I. Balance at 31/12/2018	832,000,000.00				1,034,221,102.24				201,426,366.89	2,041,546,579.51	4,078,993,948.64
II. Add: Changes in accounting policies											
Correction of prior period errors											
Others											
III. Balance at 01/01/2019	832,000,000.00				1,034,221,102.24				201,426,366.89	2,041,546,579.51	4,078,993,948.64
III. Changes in equity during the year ("For decrease")							6,088,037.19		12,154,115.48	109,387,039.29	127,629,191.96
(I) Total comprehensive income							6,088,037.19			121,541,151.77	127,629,191.96
(II) Shareholders' contributions and decrease of capital											
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instrument holders											
3. Equity settled share-based payments											
4. Others											
(III) Appropriation of profits											
1. Appropriation for surplus reserves									12,154,115.48	12,154,115.48	
2. Extract general risk preparation									12,154,115.48	12,154,115.48	
3. Distributions to shareholders											
4. Others											
(IV) Transfer within equity											
1. Share capital increased by capital reserves transfer											
2. Share capital increased by surplus reserves transfer											
3. Transfer of surplus reserve to offset losses											
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5. Others											
(V) Specific Reserve											
1. Appropriation during the year											
2. Utilization during the year											
(VI) Others											
IV. Balance at 31/12/2019	832,000,000.00				1,034,221,102.24		6,088,037.19		213,580,382.37	3,048,394,926.46	4,888,289,446.26

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

**Yuyao Economic Development Zone Construction Investment
Development Co., Ltd.**

**Notes to the financial statements
For the year ended 31 December 2020**

(All amounts in RMB unless otherwise stated)

I. Company profile

(I) Registered location, organization form and headquarter address of the company

Yuyao Economic Development Zone Construction Investment Development Co., Ltd. (hereinafter referred to as "Company" or "the Company", and totally called "The Group" if subsidiaries are included) is a solely state-owned corporation limited approved by Office of Yuyao Municipal People's Government on 5 March, 2002, Yu Zheng Ban Chao No.49 Copy Notice, funded by Management Committee of Yuyao Economic Development Zone and Zhejiang Province. It's registered at Yuyao Branch of Ningbo Administration for Industry & Commerce on May 13, 2002.

The Company obtained its business certificate [unified social credit code of 913302817369899906]. The Company is headquartered at 475 Yeshan Road, Yuyao City, Zhejiang Province. Its legal representative is Zhou Jie; Registered capital: 832 million Yuan.

(II) Business nature and main operating activities of the company

The Company and its subsidiaries are principally engaged in: land development management, project investment, infrastructure construction projects, garden green engineering, architectural decoration engineering, electromechanical installation engineering, electromechanical repair engineering construction; green maintenance, road cleaning, repair service; underground pipeline dredging, detection service; road lamp installation, repair service, property service; wholesale and retail of construction materials, seedlings, plastic raw materials, metal materials, chemical raw materials (except hazardous chemicals), chemical fiber materials, electronic products, instruments and meters, machinery equipments and accessories. (For the projects subject to the approval according to law, the business activities must not be carried out without the approval the relevant department)

(III) Scope of consolidated financial statement

Three subsidiaries, Yuyao Binhai Construction Investment Development Co., Ltd., Yuyao Mingbang Technology Venture Development Co., Ltd. and Ningbo Jinxing Mould Technology Service Co., Ltd. are incorporated by the Group into the scope of consolidated financial statements for the period.

Subsidiary information is as follows:

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

Name of subsidiaries	Main business place	Registered place	Registered capital (ten thousand Yuan)	Main business	Shareholding (%)	Acquisition mode
Yuyao Binhai Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City	20,000.00	Land development and sales	100.00	Business combinations involving enterprises under common control
Yuyao Mingbang Technology Venture Development Co., Ltd.	Yuyao City	Yuyao City	2,000.00	Entrusted assets management, industrial investment, self-owned house leasing and property management	100.00	Business combinations involving enterprises not under common control
Ningbo Jinxing Mould Technology Service Co., Ltd.	Yuyao City	Yuyao City	1,000.00	Mould design, mould inspection and mould manufacturing	100.00	Establishment

II. Preparation Basis of the Financial Statements

1. Preparation basis

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises").

Financial accounting of the Group should be based on accrual basis according to Accounting Standards for Enterprises. Apart from certain financial instruments and investment properties, the financial statements should be measured on the basis of historic cost. For non-current assets for sale, the lower amount between its amount after deduction of estimated cost according to fair value and original book value when on-sale conditions are satisfied should be used for measurement. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Continuing operations

The financial statements of the Company have been prepared on going concern basis, and the Group has the ability of going concern within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely reflect, in all material respects, the consolidated and company's financial position, as at 31 December 2020, and the financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business

Enterprises ("ASBEs").

IV. Significant accounting policies and accounting estimate

1.Accounting period

The accounting period of the Company is from 1 January to 31 December.

2.Operating cycle

Operating cycle of business operated by the Group is small and 12 months are used as standard for classifying liquidity of assets and liabilities.

3.Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency

4.Accounting treatment method for consolidation of enterprises under the same and different control

Business Combination, refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business Combination includes Business Combination Involving Entities Under Common Control and Business Combination Involving Entities Not Under Common Control.

(1) Business combinations involving enterprises under common control

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

All direct expenses incurred by the merging party for the business combination shall be included in the profits and losses when incurred.

(2) Business combinations involving enterprises not under common control

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are

included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

For enterprise mergers under different control realized in steps through multiple transactions, according to Notice of Ministry of Finance on Printing and Issuing No.5 Explanation on Accounting Standards for Enterprises (Cai Kuai [2012] No.19) and Article 51 of Accounting Standards for Enterprises No.33 - Consolidated Financial Statements, i.e. standards for judgment of "package deal", it's necessary to judge whether multiple transactions belong to "package deal". If they are the "package deal", the accounting treatment is made with reference to descriptions of the foregoing paragraphs and Note IV (13). 2"Long-term equity investment"; if they are not the "package deal", relevant accounting treatment is subject to distinguishing between individual financial statement and consolidated financial statement.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken

as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

5. Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Bank has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. Consolidation scope includes the Group and all subsidiaries. Subsidiaries refer to the subject controlled by the Group.

Once relevant factors involved in above definition of the control due to changes to relevant facts and conditions, it should be re-measured by the Group.

(2) Method for compiling consolidated financial statements

Upon the date of obtaining control of the net assets and business operation of the subsidiary, the Bank commences to incorporate it into the scope of combination; terminates to incorporate it into the scope of combination upon the date of losing control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have

been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For subsidiaries increased through business merger under the same control and combined party consolidated by merger, their operating results and cash flow from beginning date of consolidation period to combining date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and comparison number of consolidated financial statements are adjusted at the same time.

During preparation of consolidated financial statements, if different accounting policies or accounting periods are used by the subsidiaries and the Group, financial statements of the subsidiaries should be adjusted according to accounting policy and accounting period of the Group. For subsidiaries acquired under a business combination not under common control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant transaction balances, transactions and unrealized profits within the Group are offset during preparation of consolidated financial statements.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. The difference between the consideration obtained by disposing of the equity and the fair value of the remaining equity, minus the share of the share of the net assets that would have been calculated by the original subsidiary from the date of purchase as calculated by the original shareholding ratio, is included in the current period of loss of control. Investment income. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. (that is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment

income). Thereafter, residual equity of the part can be provided with subsequent measurement according to Accounting Standards for Enterprises No. 2 - Long-term Equity Investment or Accounting Standards for Enterprises No.22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. (13)"long-term equity investment" or Note IV. (9) "financial instruments".

If the Bank loses control of the subsidiary due to disposing the equity interest through two or more deals, the above deals should be determined whether belong to a package-deal. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it usually indicates that multiple transactions shall be accounted for as package deal: ① these transactions are signed simultaneously or when considering mutual impacts; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considered with other transactions together. If they are not the package deal, for each transaction of them, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV 13 (2) ④) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the loss of control at the same time profit and loss.

6.Classification of joint venture arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. According to rights and obligations for the arrangement of joint ventures, the Group divides the joint ventures into joint-operated and cooperative enterprise. Joint operation refers to that the Group enjoys the relevant assets of the arrangement and assumes arrangement of joint ventures of relevant liabilities. Cooperative enterprise refers to an arrangement of joint ventures where the Group only has the right for net assets of the organization.

Investment of the Group on cooperative enterprise should be accounted with equity method and disposed according to accounting policy stated in Note IV. (13) (2) ② "long-term equity investment"

accounted with equity method".

As an associated enterprise, for joint operation, the Group should recognize assets independently held by the Group, liabilities independently assumed by the Group, and jointly held assets and jointly assumed liabilities according to the share of the Group; income from sales of output share of joint operation enjoyed by the Group; income from sales through joint operation according to the share of the Group; independently expenses of the Group and occurred expenses of joint operation according to the share of the Group.

When the Group, as an associate enterprise, invests or sells assets (the asset doesn't constitute a business, same hereunder) to the joint venture, or when the Group purchases assets from the joint venture, before such assets are sold to the third party, the Group only recognizes parts of profits and losses generated from the transaction and belonging to other participants of the joint venture. If such assets are subject to asset impairment losses in accordance with the Accounting Standards for Business Enterprises No.8—Impairment of Assets, etc, the Group fully recognizes such losses, for the assets jointly invested or sold by the Group; and recognizes such losses as per the assumed portion, for the assets purchased from joint operation.

7.Determination standards of cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

8.Foreign currency transactions and conversion of foreign currency statements

(1)Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates [or rates determined under a systematic and rational method that approximate the spot exchange rates] on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss.

(2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding "retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the transaction dates.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as "Effect of foreign exchange rate changes on cash and cash equivalents" in the cash flow statement.

The resulting translation differences are recognised in other comprehensive income in shareholders' equity of balance sheet.

The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

9. Financial instruments

A financial asset or financial liability shall be recognized in case that the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The company measures the fair value of financial assets and financial liabilities at the prices of major markets. If there is no major market, the fair value of financial assets and financial liabilities are measured at the most favorable market prices, the applicable available sufficient and current data and the other information supporting valuation techniques are also used. Input value for measurement of fair value can

be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The Group gives priority to use the first level of input values, and then the third level of input values. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss. Financial assets of the Group measured by fair value and with changes included in current profits and losses should be transactional financial assets.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Transactional financial assets are subsequently measured at fair value; gains or losses arising from fair value change, as well as dividends and interest incomes associated with such financial assets are included in profits and losses.

② Held-to-maturity investments

Refers to non-derivative financial assets with fixed expiry date, fixed or ascertainable recovery amount, and that the Group has clear intention and capability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the

effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Company will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. Financial assets of the Group divided into loans and receivables include notes receivable, account receivables, interest receivable, dividend receivable and other receivables etc.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency

monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of Financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the devaluation preparation.

The Bank performs impairment tests individually for the financial assets whose amounts are significant; for the financial assets whose amounts are insignificant, the impairment tests can be performed individually or they are included in the portfolio of financial assets with similar credit risks to perform impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity

instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 50%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transfer-in party; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive

incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

Where the Bank sells financial assets with recourse, or transfers financial assets by endorsement, the Bank needs to determine whether all the risks and rewards of ownership of the financial asset have been transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an

active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③Financial guarantee contract and loan commitment

Financial guarantee contracts that are not classified as financial liabilities measured at fair value to the current profit or loss are initially recognized at fair value, and then, it should be subsequently measured the larger balance, one of them is determined in accordance with Accounting Standards for Enterprises No. 13 - Contingencies and the other is initial confirmation amount after deducting the accumulated amount of amortization determined in accordance with the principle of "Accounting Standards for Enterprises No. 14 - Revenue".

(6) De-recognition of Financial Liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and is measured subsequently at fair value. Changes to fair value of derivatives are included in the current profits and losses.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid

instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the Group has legal rights for offsetting recognized financial assets and financial liabilities, which are executable at present, and the Group plans to settle with net amount or realize the financial assets and liquidate the financial liabilities, amount of financial assets and financial liabilities after mutual offset should be listed in the balance sheet. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that residual rights of the Group for the assets can be obtained after deduction of all liabilities. Issuing (including refinancing), purchasing-back, sales or write-off of equity instruments by the Group should be disposed as changes to rights and interests. The Group doesn't recognize changes to fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

Various distributions of the Group to holders of equity instruments (excluding stock dividend) are used to reduce rights of the shareholders. The Group doesn't recognize change amount to fair value of equity instruments.

10.Receivables

Receivables include accounts receivable, other receivables, etc.

The company checks the book value of the receivables on the balance sheet date. If there is the following objective evidence that the receivables are impaired, the impairment provision is made: ① The debtor has serious financial difficulties; ② The debtor violates the contract terms (Such as default or overdue payment of interest or principal, etc.); ③ the debtor is likely to go bankrupt or undergo other financial restructuring; ④ other objective basis indicating that the receivable is impaired.

(2)Method of provision for bad and doubtful debts

①Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant: Receivables individually greater than RMB 5 million or accounts for more than 5% of the book balance of accounts receivable are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually: Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, an impairment loss in respect of a

receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows. For receivables not having been individually assessed as impaired, the Company makes impairment assessment collectively.

② Receivables that are collectively assessed for impairment based on credit risk characteristics:

A. Basis for collective receivables that are collectively assessed for impairment based on credit risk characteristics:

The company groups financial assets according to the similarity and relevance of credit risk characteristics for receivables with insignificant amounts and significant amounts that have not been impaired in individual tests. These credit risks usually reflect the debtor's ability to repay all due amounts in accordance with the contract terms of such assets, and are related to the future cash flow calculation of the asset under inspection.

Basis for collective assessment:

Group of collective assessment	Basis for collective assessment
Ageing group	Use the ageing of receivables as credit risk characteristics to divide the group; Receivables that are individually significant but assessed not individually for impairment
Other group	Related party units, government and subordinate government functional agencies and other funds can be recovered in full or without risk.

B. Method of provision for bad and doubtful debts collectively assessed for impairment based on credit risk characteristics

When carrying out the impairment test according to the combination method, the amount of bad debt provision is based on the combination structure of receivables and similar credit risk characteristics (the debtor's ability to repay the arrears according to the contract terms). Assess the loss already existing in the portfolio.

The accrual method of bad debt preparation for different groups:

Group of collective assessment	Method of provision for bad and doubtful debts collectively
Ageing group	Ageing analysis method
Other group	No provision for bad debts

The provisioning for groups of receivables using the ageing analysis method is as follows:

Ageing	Provision as a percentage of accounts receivable (%)	Provision as a percentage of other receivables (%)
Within 1 year	5.00	5.00
1 to 2 years	10.00	10.00
2 to 3 years	20.00	20.00
3 to 4 years	50.00	50.00

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Ageing	Provision as a percentage of accounts receivable (%)	Provision as a percentage of other receivables (%)
4 to 5 years	50.00	50.00
Over 5 years	100.00	100.00

④ Receivables that are individually insignificant but assessed individually for impairment:

Receivables with insignificant individual amounts refer to accounts receivable with a single amount less than 5 million yuan.

The company's receivables with the following characteristics although the individual amount is not significant (receivables that have disputes with the other party or involve litigation or arbitration; receivables that have obvious signs that the debtor is likely to be unable to fulfill the repayment obligation Etc.), the impairment test can be conducted separately, and if there is objective evidence showing that it has been impaired, the impairment loss is recognized based on the difference between the present value of its future cash flow and its book value, and a bad debt provision is made. At the same time, the company will deduct the individual accounts receivable with insignificant amounts after deducting the single provision for bad debts, and make provision for bad debts based on the aging of the accounts receivable as a combination of similar credit risk characteristics.

(3) Reversal of bad debt provision

If there is objective evidence that the value of the receivable has been restored, and it is objectively related to the events that occurred after the loss is confirmed, the originally recognized impairment loss is reversed and included in the current profit and loss. However, the book value after the reversal does not exceed the amortized cost of the receivable on the date of reversal under the assumption that no impairment provision is made.

If the company transfers the receivable to the financial institution without recourse, the difference between the transaction amount and the book value of the receivables written off and related taxes shall be included in the current profit and loss.

11. Inventories

1. Classification of inventory

Inventories include development land held for sale or consumption during development and operation, development products, development products leased temporarily for sale, relocation housing, inventory materials, inventory equipment and low-value consumables, and development costs during development.

2. Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs.

(1) Sent materials and equipment should be provided with specific identification method.

(2) During development of the project, it's necessary to calculate development costs of land for development which is apportioned and included in the project according to floor space of development products.

(3) Sent development products should be checked with average method of building area.

(4) Development products and relocation housing which are intended for sales and temporarily rented should be averagely amortized by stages according to expected service life of similar fixed assets of the Group.

(5) If public facilities are completed before relevant development products, after completion of final settlement of public facilities, it should be included in development cost of relevant development project according to actual development cost of relevant development project; if public facilities are completed after relevant development products, it's necessary to firstly withhold public facilities expenses from relevant development products and then adjust costs of relevant development products according to the difference between actual occurrence amount and withdrawal amount after completion settlement of public facilities.

3. Confirmation of the net realizable value of inventories and withdrawal method for falling prices

On the balance sheet date, inventories should be measured according to the lower one between cost and net realizable value, and inventory falling price reserves should be withdrawn according to the difference between cost of single inventory and net realizable value. For inventories directly used for sale, during normal production and operation, its net realizable value should be determined by subtracting estimated sales expenses and related taxes from the estimated price of the inventories; for inventories requiring processing, during normal production and operation, its net realizable value should be determined by subtracting estimated costs to occur upon completion, estimated sales expenses and related taxes from estimated sales price of manufactured products; if on the balance sheet date, one inventories include part with agreed price in the contract and other parts without contractual price, it's necessary to respectively determine its net realizable value, compare it with its corresponding cost, and respectively determine the amount of withdrawal or reversal of inventory falling price reserves.

4. The inventory system is a perpetual inventory system.

5. Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

12. Held non-current assets for sale and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of Assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale. .

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held

for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

13. Long-term equity investment

Long-term equity investment referred herein refers to long-term equity investment of the Group with control, joint control or major influence on the invested organization. Long-term equity investment of the Group in the invested organization without control, joint control or significant influence should be used as available-for-sale financial assets or measured at fair value and its changes are included in current profits and losses for business accounting of financial assets; its accounting policy is detailed in Note IV.(9) "financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Certain case is considered as significant influences when the Bank owns the power to participate in making decisions on the financial and operating policies of an invested entity, but not to control or do joint control together with other parties over the formulation of these policies.

(1) Recognition of Investment Costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the

capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form consolidation of enterprises under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the acquisition date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as other comprehensive incomes because it uses equity method or because it is an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form consolidation of enterprises under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment and consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Other equity investment, except the long-term equity investment, shall be measured initially as cost. The initial cost shall, based on how the long-term equity investment is obtained, be determined according

to the purchase cost which is actually paid, the fair value of the equity securities issued, the value stipulated in the investment contract or agreement, the fair value or book value of the assets surrendered in the exchange of non-monetary assets, or the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, financial statements of the Group are provided with cost method to certify long-term equity investment controlling the invested organization.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be

reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If accounting policy and accounting period used by the invested organization are inconsistent with the Group, accounting policy and accounting period of the Group should be used to adjust financial statements of the invested organization, and determine investment income and other comprehensive income. For transactions between the Group and associated enterprises and cooperative enterprise, if invested or sold assets don't constitute an business, part of unrealized profits and losses from internal transactions belonging to the Group measured according to its proportion should be offset, so as to determine investment profits and losses on this basis. But, unrealized internal transaction losses occurred between the Group and invested organization and belonging to impairment losses of transferred assets aren't offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If assets sold by the Group to cooperative enterprises or associated enterprises constitute a business, the difference between the consideration obtained and book value of the business is fully included in current profits and losses. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 - Enterprise Consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. Moreover, if the Group has obligations for additional losses of the invested organization, estimated liabilities should be recognized according to obligations predicted to be assumed and included in the current investment loss. If net profits are realized by the invested organization later, the Group should recovery determination of revenue-sharing amount after unconfirmed loss contribution is remedied by revenue-sharing amount.

③Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④Disposal of Long-term Equity Investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV (26) 2 "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, the other comprehensive income original recorded in shareholders' equity should accounted in the proportion with the same basis that the invested entity disposes of directly the relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the Banks loses the control to the invested entity due to the disposal of partial equity investment, when prepares the separate financial statements, the remaining equity after the disposal that still do joint

control or has significant influences on the invested entity shall be measured using equity method instead, and the remaining equity shall be adjusted as if it was measured using equity method since obtained; For the remaining equity after the disposal that does not do joint control or have significant influences on the invested entity, it shall conduct accounting treatment according to relevant regulations of the financial instrument recognition and measurement criterion, and the difference between the fair value and book value since the date of losing control shall be included into current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Bank loses joint control of significant influences on the invested entity due to the disposal of partial equity investment, the remaining equity after the disposal shall be measured using financial instrument recognition and measurement criterion, and the difference between the fair value and book value at the date of losing joint control of significant influences shall be included into the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

Where the Bank gradually disposes of the equity investment to the subsidiary by multiple transactions until losing control of the subsidiary, if the above transactions belong to a package-deal, all transactions shall be treated as a transaction of disposing the equity interest in subsidiary and losing control; Before losing control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall first be recognized as other comprehensive income, and be carried forward to current profit or loss without control when losing control.

14. Investment properties

The Group's investment properties includes the use rights of leased land, the land use rights held and prepared for transfer after appreciation, and the buildings that have been leased out.

The investment properties of the Group is recorded at its cost, and the cost of an out-purchased investment properties includes the purchase price, related taxes and other expenses directly attributable to the asset; the cost of self-construction of investment properties consists of the necessary expenses of the construction incurred before the scheduled usable condition is reached.

The Group subsequently measures the investment property by the fair value mode.

Basis for subsequent measurement at fair value

Investment properties with fair value continuously and reliably possessed as evidenced by concrete evidence shall be subsequently measured at fair value.

(1) Investment properties measured at fair value with following conditions satisfied at the same time:

A. ① There is active properties trading market in the place where the investment properties is located;

B. ② The company can obtain the same category or similar properties market price and other relevant information from the properties transaction market, so as to make reasonable estimate on the fair value of investment properties.

(2) Determination of fair value of investment properties.

A. When current market price of same or similar properties can be obtained, the Company shall determine fair value of investment properties according to current market price (open market quotation) of same or similar properties in the active market.

B. When current market price of the same or similar properties is unavailable, the company refers to the recent transaction price of the same or similar properties on active market, takes into account transaction status, date of transaction, region and other factors, or rationally estimates the fair value of investment property according to the expected future rental income and present value of relevant cash flow.

(3) Same or similar buildings refer to buildings in the same geological position and geological environment and with same nature, same or similar structure type, same or similar old and new degree, and same or similar service conditions; same or similar land use right refers to land in the same position and area with same or similar geological environment and same or similar service conditions.

(4) Investment properties measured at fair value isn't withdrawn with depreciation or amortization, and its book value is adjusted on the basis of investment properties on the balance sheet date. The

difference between fair value and original book value is included in the current profit and loss.

1. When the use of an investment properties changes to self-use, the investment properties will be converted into fixed assets or intangible assets from the date of change. When the use of self-use properties is changed to earn rent or capital appreciation, the fixed assets or intangible assets will be converted into investment properties from the date of change. When the conversion occurs, the book value before the conversion is taken as the converted value.

2. When the investment properties is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment properties should be terminated. The income from disposal of investment properties sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

15. Fixed assets

(1) Fixed asset recognition conditions

The term "fixed assets" refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are only recognized when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Buildings	Straight-line method	5-30	5	3.17-19.00
Machinery equipment	Straight-line method	10	5	9.50
Motor vehicles	Straight-line method	10	5	9.50
Electronic&Other equipments	Straight-line method	5	5	19.00

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at the end of its useful life.

(3) Impairment test method of fixed assets and withdrawal method of impairment provision

Impairment test method and provision method for impairment of fixed assets are detailed in Note IV.

(20) "Long-term impairment of assets".

(4) Identification basis and pricing method of financing lease fixed assets

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

16. Construction in process

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

Impairment test method and provision method for impairment of project under construction are detailed in Note IV. (20) "long-term impairment of assets".

17. Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization

of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment properties, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

18.Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets held or controlled by the Group and without physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs

are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

Expenditure of research and development project within the Group can be divided into expenditure in the research stage and expenditure in the development stage.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

①It is feasible technically to finish intangible assets for use or sale;

②It is intended to finish and use or sell the intangible assets;

③The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;

④Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

⑤Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment testing method of intangible assets and withdrawal method of impairment provision

Impairment test method and provision method for impairment of intangible assets are detailed in Note IV. (20) "long-term impairment of assets".

19. Long-term deferred expenses

Long-term unamortized expenses refer to various expenses occurred and assumed in the report period and later periods, and with apportion period above one year (excluding one year). Long-term unamortized expenses should be accounted according to actual amounts and averagely amortized by stages in the benefit period or defined period. If the long term prepaid expense item does not benefit the subsequent accounting period, the surplus value of the item that has not been amortized shall be transferred to the current profits and losses.

20. Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment properties measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet day. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The provision for impairment of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the

smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

21. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company 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 the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions

into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

Defined contribution plans include primary endowment insurance, unemployment insurance.

(Besides basic pension insurance, the Company establishes corporate pension plans in accordance with the related policies of corporate pension regulations. Employees can join the pension plan voluntarily. The Company has no other significant commitment of employees' social security.)

The Company shall recognise, 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 current period or the cost of a relevant asset.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

22. Debentures payable

Where the debentures payable of the Group are initially recognized, they shall be measured at fair value, and related transaction costs shall be included in the initial recognition amount. The subsequent measurement shall be made at its post-amortization costs.

The balance between the payment price of the bond and the total face value is the premium or discount of the bond, which is amortized by adopting the actual interest rate method in the duration of the bond, and is treated as the borrowing costs.

23. Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

The estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event,

uncertainties and currency time value, etc, on the balance sheet date.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For reorganization obligation with partial business sold, its obligations with reorganization can only be recognized when the Group promises to sell partial business (i.e. upon signing of binding sales agreement).

24. Revenue

(1) Selling goods

Income from sales of goods should be recognized when all following conditions are satisfied: (1) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (2) The Group neither reserves the right of continuing management which is usually associated with the ownership, nor effectively controls the sold products; (3) the amount of income can be reliably measured; (4) relevant economic benefits may flow in; (5) relevant occurred cost or cost to occur can be reliably measured.

(2) Properties sales revenue

No revenue may be recognized unless the following conditions are met simultaneously: The product has been completed and accepted, and the sales contract has been signed and the obligations stipulated in the contract have been fulfilled; The significant risks and rewards of ownership of the products have been transferred to the buyer by the company; The company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold products; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the

enterprise; and The relevant costs incurred or to be incurred can be measured in a reliable way. Sale of self-used houses. No revenue may be recognized unless the following conditions are met simultaneously: The significant risks and rewards of ownership of the self-used house have been transferred to the buyer; The company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold products; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the company; and The relevant costs incurred or to be incurred can be measured in a reliable way.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. Contract completion progress should be determined according to actually completion progress.

The result of construction contract can be reliably measured, which means simultaneously satisfy: ① the total incomes of contract can be reliably measured; ② contract-related economic benefits are likely to flow into the company; ③ actually incurred contractual costs can be clearly distinguished and reliably measured; ④ the contract completion schedule and the costs to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; if the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Providing labor services

If the outcome of a transaction concerning the providing of labor service can be measured in a reliable way (the following conditions can be met simultaneously: the amount of revenue can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be confirmed in a reliable way; and the costs incurred or to be incurred in the transaction can be measured in a reliable way), the company shall recognize the revenue from providing services employing the percentage-of-completion method, and ascertain the schedule of completion under the transaction concerning the providing of labor services by the proportion of the costs incurred provided against the total expected cost. If the company cannot, on the date of the balance sheet, measure the result of a transaction concerning the providing of labor services in a reliable way, it shall be conducted in accordance with the following circumstances, respectively: 1) If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount, or If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

No revenue from property management services may be recognized unless the following conditions are met simultaneously: The property management services have been provided; The relevant economic benefits may flow into the enterprise; The relevant costs can be measured in a reliable way.

(5) Abalienating the rights to use assets

No revenue from abalienating of right to use assets may be recognized unless the following conditions are met simultaneously: The relevant economic benefits are likely to flow into the enterprise; and The amount of revenues can be measured in a reliable way. The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the company's cash is used by others and the actual interest rate; or the amount of royalty revenue should be measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

No revenue from renting the property may be recognized unless the following conditions are met simultaneously: The date of lease and the amount of the lease is stipulated in the lease agreement; and The relevant economic benefits are likely to flow into the enterprise.

(6) Other business incomes:

No other business revenue may be recognized unless the following conditions are met simultaneously:

The relevant economic benefits are likely to flow into the enterprise as stipulated in the relevant contract or agreement ; and The related cost of revenues can be measured in a reliable way.

25. Government grant

1. Category of government grant

Government grants refer to monetary assets or non-monetary assets acquired by the Group from the government free of charge, including government grants related to assets and government grants related to revenue, excluding capital invested by the government as the owner.

The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document has not expressly specified the object of grants, the grants shall be divided into revenue-related government grants and asset-related government grants in the following ways: (1) in case the government document has specified the specific target of grants, divide according to the relative ratio between expenditure amount of formed asset in the budget of such specific target and expenditure amount included in the expense, and such division ratio shall be reviewed on each balance sheet date and modified when necessary; (2) if the government document only has general statement on the purpose of usage, rather than specify the specific target, it is deemed as revenue-related government grants.

2. Principles for recognition and measurement of government grants

Principle for confirmation of government subsidies:

- (1) Conditions attached to government grants can be satisfied by the Group;
- (2) The Group can receive government grants.

Government subsidies can only be confirmed if they meet the above conditions.

Measurement of government subsidies

(1) If government grants are monetary assets, it should be measured by the Group according to received amounts or amounts receivable.

(2) If government grants are non-monetary assets, it should be measured by the Group according to its fair value; if fair value can't be reliably obtained, it should be measured according to nominal amount (nominal amount is RMB 1 Yuan).

3. Accounting treatment methods for government subsidies

(1) Government grants relevant to the assets should be recognized as deferred income according to its actual amount upon acquisition, and included in current profits and losses by stages in the service life of

relevant assets in a reasonable and systematic manner. Government grants measured at nominal amount are directly charged to current profits and losses.

(2) Income-related government grant is treated separately as follows:

① Government grants used to compensate for relevant expenses or losses of the Group and relating to the income should be recognized as deferred income upon acquisition and included in current profits and losses or offset relevant costs during recognition of relevant expenses.

② Government grants used to compensate for occurred expenses or losses of the Group and relating to the income should be directly included in current profits and losses or offset relevant costs upon acquisition.

(3) If determined government subsidies need to be returned, it shall be provided with accounting treatment as follows in the current period requiring return:

① If book value of relevant assets is offset during initial recognition, it's necessary to adjust book value of the assets;

② Relevant deferred income, if any, shall be used to offset book balance of relevant deferred income and exceeding part shall be included in the current profit and loss;

③ In case of other conditions, it shall be directly included in current profit and loss.

(4) Government subsidies relating to daily activity of the enterprise shall be included in other income or used to offset relevant costs according to business substance. Government grants irrelevant to daily activities of the enterprise should be included in non-operating income and expenditure.

26. Deferred tax assets/deferred tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffected accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Apart from above exceptions, the Group recognizes deferred tax liabilities incurred from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffected accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to

other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

27. Leasing

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The Group records operating leasing business as the lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The Group records operating leasing business as the lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The Group records financial leasing business as the lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The Group records financial leasing business as the lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

28.Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

Non

2. Changes in accounting estimates

Non

V. Tax

1. Main tax categories and tax rates

Tax category	Tax rate
VAT	Output tax of taxable income of general taxpayers should be calculated at 5%-16% and added-value tax should be calculated and paid according to the difference after deduction of input VAT with allowable deduction in the current period.
City maintenance and	Calculated as per 7% of turnover tax actually paid.

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construction tax	
Increment tax on land value	Land VAT is calculated and paid as per the super-rate progressive tax rate of 30%-60%, for the VAT amount obtained from property transfer.
Corporate income tax	Calculation and payment is made at 25% of the taxable income.

VI. Notes on consolidated financial statement items

1. Cash at bank and in hand

Items	As at 31/12/2020	As at 31/12/2019
Cash in hand	4,934.16	4,934.16
Deposits with banks	419,261,926.45	2,172,998,307.89
Other monetary funds	347,000,000.00	17,000,000.00
Total	766,266,860.61	2,190,003,242.05

Cash or other monetary funds that are restricted:

Items	As at 31/12/2020	Reasons for being restricted
Other monetary fund	347,000,000.00	Time deposit receipt being pledged
Total	347,000,000.00	

2. Accounts receivable

(1) Accounts receivable by category:

Categories	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant assessed impairment individually and for					
Collectively assessed for impairment based on credit risk characteristics	349,906,540.64	100.00	8,902,237.43	2.54	341,004,303.21
Including: Ageing group	87,116,597.98	24.90	8,902,237.43	10.22	78,214,360.55
Other group	262,789,942.66	75.10			262,789,942.66
Individually insignificant assessed impairment individually but for					
Total	349,906,540.64	100.00	8,902,237.43	2.54	341,004,303.21

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(Continued)

Categories	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant assessed impairment individually and for					
Collectively assessed for impairment based on credit risk characteristics	92,678,384.57	100.00	3,280,449.29	3.54	89,397,935.28
Including: Ageing group	7,475,991.00	8.07	3,280,449.29	43.88	4,195,541.71
Other group	85,202,393.57	91.93			85,202,393.57
Individually insignificant assessed impairment individually but for					
Total	92,678,384.57	100.00	3,280,449.29	3.54	89,397,935.28

A.Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020			As at 31/12/2019		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)	Book value	Provision for bad and doubtful debts	Percentage of provision(%)
Within 1 year	79,640,606.98	3,982,030.35	5.00			5.00
1 and 2 years			10.00	1,131,102.75	113,110.28	10.00
2 and 3 years	1,131,102.75	226,220.55	20.00	17,017.05	3,403.41	20.00
3 and 4 years	17,017.05	8,508.53	50.00	3,284,786.40	1,642,393.20	50.00
4 and 5 years	3,284,786.40	1,642,393.20	50.00	3,043,084.80	1,521,542.40	50.00
More than 5 years	3,043,084.80	3,043,084.80	100.00			100.00
Total	87,116,597.98	8,902,237.43	—	7,475,991.00	3,280,449.29	—

B.Accounts receivable which are collectively assessed for impairment using other method at the end of the year:

Group	As at 31/12/2020		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)

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Group	As at 31/12/2020		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)
Other group	262,789,942.66		
Total	262,789,942.66		

(2) As at 31 December 2020, the accounts receivable aggregated by debtors were analysed as follows:

Debtors	Book value	The proportion of total accounts receivable (%)	Bad and doubtful debts
Yuyao Economic Development Zone Finance Office	262,789,942.66	75.10	
Weifang Xin Kinetic Energy Economic and Trade Co., Ltd.	79,533,082.48	22.73	3,981,673.05
Shuanghe Village Economic Cooperative in Yuyao Economic Development Zone	7,483,137.00	2.14	4,920,564.38
Total	349,806,162.14	99.97	8,902,237.43

3. Prepayments

The ageing analysis of prepayments is as follows:

Items	As at 31/12/2020		As at 31/12/2019	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	55,020.00	100.00		
Total	55,020.00	100.00		

4. Other receivables

Items	As at 31/12/2020	As at 31/12/2019
Other receivables	2,533,140,503.89	2,358,138,927.73
Dividends receivable		
Interests receivable		
Total	2,533,140,503.89	2,358,138,927.73

(1) Disclosure of other receivable classification

(1) Disclosure of impairment provisions classification					
Categories	As at 31/12/2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					

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Categories	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Collectively assessed for impairment based on credit risk characteristics	2,534,993,356.16	100.00	1,852,852.27	0.07	2,533,140,503.89
Including: Ageing group	9,181,198.33	0.36	1,852,852.27	20.18	7,328,346.06
Other group	2,525,812,157.83	99.64			2,525,812,157.83
Individually insignificant assessed impairment but for individually					
Total	2,534,993,356.16	100.00	1,852,852.27	0.07	2,533,140,503.89

(Continued)

Categories	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant assessed impairment and for individually					
Collectively assessed for impairment based on credit risk characteristics	2,359,215,441.10	100.00	1,076,513.37	0.05	2,358,138,927.73
Including: Ageing group	2,585,798.33	0.11	1,076,513.37	41.63	1,509,284.96
Other group	2,356,629,642.77	99.89			2,356,629,642.77
Individually insignificant assessed impairment but for individually					
Total	2,359,215,441.10	100.00	1,076,513.37	0.05	2,358,138,927.73

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020			As at 31/12/2019		
	Book value	Provision for bad and doubtful	Percentage of provision(%)	Book value	Provision for bad and doubtful	Percentage of provision(%)

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		debts			debts	
Within 1 year	6,605,000.00	330,250.00	5.00	50,000.00	2,500.00	5.00
1 and 2 years	50,000.00	5,000.00	10.00	106,898.00	10,689.80	10.00
2 and 3 years	106,898.00	21,379.60	20.00	1,458,997.00	291,799.40	20.00
3 and 4 years	1,458,997.00	729,498.50	50.00	396,758.33	198,379.17	50.00
4 and 5 years	387,158.33	193,579.17	50.00			50.00
More than 5 years	573,145.00	573,145.00	100.00	573,145.00	573,145.00	100.00
Total	9,181,198.33	1,852,852.27	—	2,585,798.33	1,076,513.37	—

B. Other receivables which are collectively assessed for impairment using other method at the end of the year:

Group	As at 31/12/2020		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)
Other group	2,525,812,157.83		
Total	2,525,812,157.83		

(2) As at 31 December 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Book value	The proportion of other total receivables (%)	Bad and doubtful debts
Yuyao Second Light Industry Corporation	816,513,300.00	32.21	
Yuyao Yaojiang Technology Investment Development Co., Ltd.	519,013,792.30	20.47	
Yuyao Haiji Construction Development Co., Ltd.	450,563,564.93	17.77	
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	260,000,000.00	10.26	
Yuyao Ditang Urban Construction Investment Co., Ltd.	250,000,000.00	9.86	
Total	2,296,090,657.23	90.57	

5. Inventories

Items	As at 31/12/2020		
	Book balance	Provision for impairment of inventories	Carrying amount
Development costs	6,732,873,729.13		6,732,873,729.13
Land	1,083,748,898.09		1,083,748,898.09
Total	7,816,622,627.22		7,816,622,627.22

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(Continued)

Items	As at 31/12/2019		
	Book balance	Provision for impairment of inventories	Carrying amount
Development costs	6,635,638,753.73		6,635,638,753.73
Land	1,322,603,380.69		1,322,603,380.69
Total	7,958,242,134.42		7,958,242,134.42

6. Other current assets

Items	As at 31/12/2020	As at 31/12/2019
Deductible input VAT		444,231.18
Prepay other taxes	7,631,324.65	5,944,926.79
Total	7,631,324.65	6,389,157.97

7. Available-for-sale financial assets

(1) Available-for-sale financial assets

Items	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments						
Including: at cost	100,000,000.00		100,000,000.00			
Total	100,000,000.00		100,000,000.00			

(2) Available-for-sale financial assets measured at cost at the end of year

Investees	Book balance				Shareholding percentage (%)
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Yuyao Transportation Station Construction Housing Development Co., Ltd.		100,000,000.00		100,000,000.00	15.00
Total		100,000,000.00		100,000,000.00	—

8. Long-term equity investments

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Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Associates:						
Yuyao Haiji Construction Development Co., Ltd.	931,211,016.57			8,840,361.36		
Total	931,211,016.57			8,840,361.36		

(Continued)

Investee	Movements during the year			Balance as at 31/12/2020	Balance of provision for impairment as at 31/12/2020	Shareholding percentage
	Declared distribution of cash dividends or profits	Provision for impairment	Other			
Associates:						
Yuyao Haiji Construction Development Co., Ltd.				940,051,377.93		45.00%
Total				940,051,377.93		

9. Investment properties

Items	Buildings	Land use rights	Total
I. Balance as at 31/12/2019	838,361,892.00	142,151,700.00	980,513,592.00
II. Additions during the year			
Add: Purchase			
Movements in fair value	42,444,865.00	1,931,500.00	44,376,365.00
III. Balance as at 31/12/2020	880,806,757.00	144,083,200.00	1,024,889,957.00

10. Fixed assets

Items	As at 31/12/2020	As at 31/12/2019
Fixed assets	40,189,323.38	47,721,984.94
Disposal of fixed assets		
Total	40,189,323.38	47,721,984.94

Fixed assets details:

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Items	Buildings	Machinery equipment	Motor vehicles	Office and electronic equipment	Total
I. Cost					
1. Balance as at 31/12/2019	44,308,146.70	13,652,762.64	1,203,104.00	24,547,094.44	83,711,107.78
2. Additions during the year			330,876.11	65,185.00	396,061.11
(1) Purchase			330,876.11	65,185.00	396,061.11
(2) Transfers from construction in progress					
3. Decreased during the year			440,000.00		440,000.00
(1) Disposals or written-offs			440,000.00		440,000.00
(2) Transfer to investment properties					
4. Balance as at 31/12/2020	44,308,146.70	13,652,762.64	1,093,980.11	24,612,279.44	83,667,168.89
II. Accumulated depreciation					
1. Balance as at 31/12/2019	20,433,114.31	9,476,182.23	1,203,104.00	4,876,722.30	35,989,122.84
2. Additions during the year	6,700,845.30	970,449.85	32,386.32	211,841.20	7,915,522.67
(1) Provision	6,700,845.30	970,449.85	32,386.32	211,841.20	7,915,522.67
3. Decreased during the year			426,800.00		426,800.00
(1) Disposals or written-offs			426,800.00		426,800.00
(2) Transfer to investment properties					
4. Balance as at 31/12/2020	27,133,959.61	10,446,632.08	808,690.32	5,088,563.50	43,477,845.51
III. Provision for impairment					
1. Balance as at 31/12/2019					
2. Additions during the year					
(1) Provision					
3. Decrease during the year					
(1) Disposals or written-offs					
4. Balance as at 31/12/2020					
IV. Carrying amount					
1. Balance as at 31/12/2020	17,174,187.09	3,206,130.56	285,289.79	19,523,715.94	40,189,323.38

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Items	Buildings	Machinery equipment	Motor vehicles	Office and electronic equipment	Total
2. Balance as at 31/12/2019	23,875,032.39	4,176,580.41		19,670,372.14	47,721,984.94

11. Intangible assets

Items	Land use right	Total
I. Cost		
1. Balance as at 31/12/2019	28,061,818.90	28,061,818.90
2. Additions during the year		
(1) Purchase		
(2) Internal research and development		
(3) Additions due to business combinations		
3. Decrease during the year		
(1) Disposal		
(2) Transfer to investment properties		
4. Balance as at 31/12/2020	28,061,818.90	28,061,818.90
II. Accumulative amortisation		
1. Balance as at 31/12/2019	1,617,598.81	1,617,598.81
2. Additions during the year	701,545.53	701,545.53
(1) Provision	701,545.53	701,545.53
3. Decrease during the year		
(1) Disposals		
(2) Transfer to investment properties		
4. As at 31/12/2020	2,319,144.34	2,319,144.34
III. Provision for impairment		
1. Balance as at 31/12/2019		
2. Additions during the year		
(1) Provision		
3. Decrease during the year		
(1) Disposals		

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4. Balance as at 31/12/2020		
IV. Carrying amount		
1. Balance as at 31/12/2020	25,742,674.56	25,742,674.56
2. Balance as at 31/12/2019	26,444,220.09	26,444,220.09

12. Long-term deferred expenses

Items	As at 31/12/2019	Additions during the year	Amortisation for the year	Others decreases	As at 31/12/2020
Renovation costs	1,266,535.47		285,647.88		980,887.59
Total	1,266,535.47		285,647.88		980,887.59

13. Deferred tax assets/deferred tax liabilities

Items	As at 31/12/2020		As at 31/12/2019	
	Deferred tax assets/ deferred tax liabilities	Deductible or taxable temporary differences	Deferred tax assets/ deferred tax liabilities	Deductible or taxable temporary differences
I. Deferred tax assets:				
Provisions for impairment of assets	2,688,772.43	10,755,089.72	1,089,240.67	4,356,962.66
Changes in fair value of investment properties			1,036,395.00	4,145,580.00
Total	2,688,772.43	10,755,089.72	2,125,635.67	8,502,542.66
II. Deferred tax liabilities:				
Changes in fair value of investment properties	76,017,157.70	304,068,630.80	65,959,461.45	263,837,845.80
Total	76,017,157.70	304,068,630.80	65,959,461.45	263,837,845.80

14. Other non-current assets

Items	As at 31/12/2020	As at 31/12/2019
Prepayment for property and equipment	400,000,000.00	293,914.00
Yuyao Weilan Zhigu Investment Partnership (Limited Partnership) Capital Contribution	315,816,716.51	
Capital contribution from Songyang County Shunlong Mountain and Sea Cooperation Industrial Park Development Co., Ltd.	100,101,691.19	
Total	815,918,407.70	293,914.00

Note: ① As at December 29, 2020, Yuyao Weilan Zhigu Investment Partnership (Limited Partnership)

held a partner meeting. All partners agreed that Yuyao Yaojiang Technology Investment and Development Co., Ltd. will invest it in Yuyao Weilan Zhigu Investment Partnership (All the property shares in the limited partnership are transferred to the company, and all rights and obligations of Yuyao Yaojiang Technology Investment Development Co., Ltd. in the partnership are inherited. As of the audit report date, the registration of equity change has yet to be completed.

②As at December 15, 2020, Songyang County Shunlong Mountain and Sea Cooperation Industrial Park Development Co., Ltd. held an extraordinary general meeting of shareholders. All shareholders unanimously agreed that Yuyao Yaojiang Technology Investment and Development Co., Ltd. would develop the Songyang County Shunlong Mountain and Sea Cooperation Industrial Park. 49.004% of the equity of the company was transferred to the company, and the "Equity Transfer Agreement" was signed with the company on December 20, 2020. As of the audit report date, the registration of equity change has yet to be completed.

15.Short-term loans

Items	As at 31/12/2020	As at 31/12/2019
Unsecured loans	10,000,000.00	10,000,000.00
Guaranteed loans	170,250,000.00	173,000,000.00
Loans secured by mortgages	180,000,000.00	
Pledged loans	95,500,000.00	432,250,000.00
Total	455,750,000.00	615,250,000.00

16.Bills payable

Items	As at 31/12/2020	As at 31/12/2019
Commercial acceptance bills	377,000,000.00	30,000,000.00
Total	377,000,000.00	30,000,000.00

17.Accounts payable

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	155,281.00	20.89	40,008.00	6.37
More than 3 years	588,128.00	79.11	588,128.00	93.63
Total	743,409.00	100.00	628,136.00	100.00

18.Advances from customers

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
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Items	As at 31/12/2020	As at 31/12/2019
Within 1 year	613,038.10	1,273,123.16
Total	613,038.10	1,273,123.16

19. Employee benefits payable

(1) Overall situation

Items	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Short-term employee benefits	70,283.55	2,377,574.30	2,367,316.90	80,540.95
Post-employment benefits - defined contribution plans		52,293.20	52,293.20	
Termination benefits				
Other benefits due within one year				
Others				
Total	70,283.55	2,429,867.50	2,419,610.10	80,540.95

(2) Short-term employee benefits

Items	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Salaries, bonus, allowances		2,108,699.50	2,082,692.10	26,007.40
Staff welfare	70,283.55	164,530.00	180,280.00	54,533.55
Social insurances		104,344.80	104,344.80	
Including: 1. Medical insurance		102,787.60	102,787.60	
2. Work-related injury insurance		849.40	849.40	
3. Maternity insurance		707.80	707.80	
Housing Fund				
Total	70,283.55	2,377,574.30	2,367,316.90	80,540.95

(3) Defined contribution plans

Items	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Post-employment benefits		50,877.20	50,877.20	
Unemployment insurance		1,416.00	1,416.00	
Corporate Annuity Payment				
Total		52,293.20	52,293.20	

20. Taxes payable

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Item	As at 31/12/2020	As at 31/12/2019
VAT	11,855,528.25	2,996,657.57
Urban maintenance and construction tax	3,979,388.53	2,353,362.74
Educational surcharge	2,841,410.54	1,680,939.63
Stamp duty		38.17
Comprehensive Fund		160.00
Corporate income tax	90,230,902.89	52,329,536.43
land holding tax	5,095,270.50	3,427,579.65
property tax	3,103,217.24	3,087,555.64
Personal Income Tax		12.96
Total	117,105,717.95	65,875,842.79

21. Other payables

Items	As at 31/12/2020	As at 31/12/2019
Other payables	697,991,969.82	1,373,304,417.58
Interest payable	86,577,250.19	79,330,338.12
Dividends payable		
Total	784,569,220.01	1,452,634,755.70

(1) Other payables

List other payables according to the nature of the payment

Items	As at 31/12/2020	As at 31/12/2019
Current payment	697,991,969.82	1,373,304,417.58
Total	697,991,969.82	1,373,304,417.58

(2) Interest payable

Items	As at 31/12/2020	As at 31/12/2019
Interest payable on Long-term loans	34,567,925.73	6,173,630.21
Interest payable on Short-term loans		112,936.13
Interest payable on debentures	52,009,324.46	73,043,771.78
Total	86,577,250.19	79,330,338.12

22. Non-current liabilities due within one year

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Items	As at 31/12/2020	As at 31/12/2019
Long-term loans due within one year	1,221,175,000.00	848,272,813.30
Debentures payable within one year	646,837,255.33	200,000,000.00
Total	1,868,012,255.33	1,048,272,813.30

23. Long-term loans

Items	As at 31/12/2020	As at 31/12/2019
Loans secured by mortgages	180,000,000.00	180,000,000.00
Guaranteed loans	3,147,675,000.00	3,561,895,794.83
Pledged loans		76,000,000.00
Loans secured by multiple guarantee methods	590,500,000.00	578,500,000.00
Less: long-term loans due within one year	1,221,175,000.00	848,272,813.30
Total	2,697,000,000.00	3,548,122,981.53

24. Debentures payable

Items	As at 31/12/2020	As at 31/12/2019
19 Yuyao Economic Development MTN01	498,564,482.96	498,187,449.04
18 US dollar bond	646,837,255.33	685,976,874.49
19 US dollar bond	648,941,557.56	691,044,810.60
19 Yao Jing 01 Corporate Bond	496,820,099.73	496,090,529.07
20 Yao Jing 02 Corporate Bond	858,957,028.98	
Less: Debentures payable within one year	646,837,255.33	
Total	2,503,283,169.23	2,371,299,663.20

Increases and decreases of debentures payable (Excluding other financial instruments such as preferred stocks and perpetual bonds classified as financial liabilities)

Bond name	Face value	Issuance date	Term	Issued amount
13Yukaitou bond	1,000,000,000.00	March 6, 2013	7 years	1,000,000,000.00
19 Yuyao Economic Development MTN01	500,000,000.00	June 24, 2019	5 years	500,000,000.00
18 US dollar bond	\$100 million	December 21, 2018	3 years	\$100 million
19 US dollar bond	\$100 million	April 23, 2019	3 years	\$100 million
19 Yao Jing 01	500,000,000.00	November 14,	5 years	500,000,000.00

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Corporate Bond		2019			
20 Yao Jing 02 Corporate Bond	865,000,000.00	April 20, 2020	5 years	865,000,000.00	
(Continued)					
Bond name	As at 31/12/2019	Issuance during the year	Amortization of premiums or discounts	Repayment during the year	As at 31/12/2020
19 Yuyao Economic Development MTN01	498,187,449.04		377,033.91		498,564,482.96
18 US dollar bond	685,976,874.49		-39,139,619.16		646,837,255.33
19 US dollar bond	691,044,810.60		-42,103,253.04		648,941,557.56
19 Yao Jing 01 Corporate Bond	496,090,529.07		729,570.66		496,820,099.73
20 Yao Jing 02 Corporate Bond		865,000,000.00	-6,042,971.02		858,957,028.98
Less: Debentures payable within one year (Note.VI.21)					
Total	2,371,299,663.20	865,000,000.00	86,179,238.65		3,150,120,424.56

25. Paid-in capital

Investor	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020	
	Amount			Amount	Proportion (%)
Yuyao Shuncai Investment Holdings Co., Ltd.	832,000,000.00			832,000,000.00	100.00
Subtotal	832,000,000.00			832,000,000.00	100.00

26. Capital reserve

Items	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Capital premium	819,829,200.00			819,829,200.00
Other capital reserves	241,379,841.12			241,379,841.12
Total	1,061,209,041.12			1,061,209,041.12

27. Other comprehensive income

	As at	Movements during the year	As at

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	31/12/2019	Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	31/12/2020
Gain or loss arising from changes in fair value of Investment properties	197,878,384.35						197,878,384.35
Total	197,878,384.35						197,878,384.35

28. Surplus reserve

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Statutory surplus	213,580,382.37	9,554,471.75		223,134,854.12
Subtotal	213,580,382.37	9,554,471.75		223,134,854.12

29. Retained earnings

Items	Year ended 31/12/2020	Year ended 31/12/2019
Retained earnings at the end of the previous year (before adjustment)	3,087,693,427.67	3,021,219,623.68
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)		-56,907,328.70
Retained earnings at the end of the previous year (after adjustment)	3,087,693,427.67	2,964,312,294.98
Add: Net profits for the year attributable to shareholders of the Company	142,646,296.39	135,535,248.17
Less: Appropriation for statutory surplus reserve	9,554,471.75	12,154,115.48
Cash dividends		
Others		
Retained earnings as at the end of the year	3,220,785,251.71	3,087,693,427.67

30. Operating income and operating cost

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Items	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Land development and consolidation	501,839,215.60	418,199,346.33	132,083,903.77	110,069,919.81
Resettlement housing sales	11,231,423.33	9,313,957.82	3,114,917.66	3,105,786.94
Leasing business	38,769,835.96	65,607.90	40,978,280.28	3,085,937.37
Engineering agent construction business	35,596,500.00	1,970,267.50	44,144,700.00	2,326,650.03
Commodity trade	310,471,868.46	309,297,981.32	509,044,220.93	508,489,660.51
Land transfer income			104,166,845.24	104,094,411.75
Other sporadic business	10,657,674.19	1,898.93	270,604.89	176,715.10
Total	908,566,517.54	738,849,059.80	833,803,472.77	731,349,081.51

31. Taxes and surcharges

Items	Year ended 31/12/2020	Year ended 31/12/2019
Urban maintenance and construction tax	1,351,035.52	640,059.71
Education surcharge	964,910.14	457,056.27
land holding tax	9,602,838.87	5,190,639.18
Land appreciation tax	703,439.26	3,584,393.06
property tax	2,233,610.08	4,146,611.80
Stamp duty	45,652.24	99,544.61
Water conservancy fund	3,381.58	
Total	14,904,867.69	14,118,304.63

32. Financial expenses

Items	Year ended 31/12/2020	Year ended 31/12/2019
Interest expenses		
Less: Interest income	5,373,832.57	1,162,551.68
Add: Bank charges	48,181.98	71,411.21
Total	-5,325,650.59	-1,091,140.47

33. Other income

Items	Year ended 31/12/2020	Year ended 31/12/2019

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Government grants related to daily business activities		72,000,000.00
Tax refund	5,383,092.04	9,169,671.19
Total	5,383,092.04	81,169,671.19

The details of government subsidies are as follows:

Items	Year ended 31/12/2020	Year ended 31/12/2019
Mould City Operating Subsidies		2,000,000.00
Operating Subsidies		70,000,000.00
Total		72,000,000.00

34. Investment income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Income from long-term equity investments accounted for using the equity method	8,840,361.36	2,287,646.62
Investment income from disposal of long-term equity investments		208,479.26
Total	8,840,361.36	2,496,125.88

35. Gains from changes in fair value

Item	Year ended 31/12/2020	Year ended 31/12/2019
Investment properties measured at fair value	44,376,365.00	-4,145,580.00
Total	44,376,365.00	-4,145,580.00

36. Impairment losses

Items	Year ended 31/12/2020	Year ended 31/12/2019
Receivables impairment	-6,398,127.04	-148,015.08
Total	-6,398,127.04	-148,015.08

37. Gains from assets disposal

Items	Year ended 31/12/2020	Year ended 31/12/2019
Gains from disposal of fixed assets	106,217.48	
Total	106,217.48	

38. Non-operating income

Items	Year ended 31/12/2020	Year ended 31/12/2019
Other	0.50	

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Total	0.50	
39. Non-operating expenses		
Items	Year ended 31/12/2020	Year ended 31/12/2019
Loss in damage and scrap of non-current assets		2,898.15
Fines and compensation expenses	2,121,316.46	40,365.64
Total	2,121,316.46	43,263.79
40. Income tax expenses		
Items	Year ended 31/12/2020	Year ended 31/12/2019
Current tax expense for the year based on tax law and regulations	37,904,953.35	15,628,279.81
Changes in deferred tax assets/liabilities	9,494,559.49	2,497,910.50
Total	47,399,512.84	18,126,190.31
41. Supplementary information on cash flow statement		
Item	Year ended 31/12/2020	Year ended 31/12/2019
I. Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	142,646,364.64	135,535,248.17
Add: Provisions for impairment of assets	6,398,127.04	148,015.08
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets	7,915,522.67	8,161,645.49
Amortization of intangible assets	701,545.53	3,663,667.49
Amortization of long-term deferred expenses	285,647.88	211,637.33
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)		
Loss from scrapping of fixed assets ("-" for gains)		2,898.15
Losses from changes in fair value ("-" for gains)	-44,376,365.00	4,145,580.00
Financial expenses ("-" for income)		
Losses arising from investment ("-" for gains)	-8,840,361.36	-2,496,125.88
Decrease in deferred tax assets ("-" for increase)	-563,136.76	2,497,910.50
Increase in deferred tax liabilities ("-" for decrease)	10,057,696.25	

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Item	Year ended 31/12/2020	Year ended 31/12/2019
Decrease in gross inventories ("-" for increase)	407,109,280.53	-619,174,925.93
Decrease in operating receivables ("-" for increase)	-703,338,187.39	-109,698,245.54
Increase in operating payables ("-" for decrease)	-955,608,148.05	168,642,560.67
Others		
Net cash flows from operating activities	-1,137,612,082.27	-408,360,134.47
2. Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash at the end of the year	419,266,860.61	873,903,242.05
Less: cash at the beginning of the year	873,903,242.05	1,028,257,472.35
Add: cash equivalents at the end of the year		
Less: cash equivalents at the beginning of the year		
Net increase/decrease in cash and cash equivalents	-454,636,381.44	-154,354,230.30

42. Assets with restrictive ownership title or right of use

Items	As at 31/12/2020	Reason for restriction
Cash at bank and on hand	347,000,000.00	Loan pledge
Inventories	1,112,124,129.19	Mortgage
Investment properties	860,697,664.00	Mortgage
Total	2,319,821,793.19	

VI. Related parties and related party transactions

1. Related party relationship

1.1 Ultimate controlling party

The ultimate controlling party of the Group is the People's Government of Yuyao City, Zhejiang Province.

2. The Group's interests in subsidiaries

For details of the Group's interests in subsidiaries, please refer to Note I.3

3. The Group's interests in joint ventures or associates

For details of the Group's interests in joint ventures or associates, please refer to Note VI.7

4. Other related parties

Name	Relationship
Ningbo Shuntong Group Co., Ltd.	Controlled by the same company
Ningbo Baoshun Infrastructure Development Co., Ltd.	Controlled by the same company
Ningbo Deshun Traffic Management Co., Ltd.	Controlled by the same company
Ningbo Yishun Road Engineering Co., Ltd.	Controlled by the same company
Ningbo Yashun Road & Bridge Co., Ltd.	Controlled by the same company
Ningbo Gangshun Transportation Development Co., Ltd.	Controlled by the same company
Ningbo Longshun Highway Development Co., Ltd.	Controlled by the same company
Yuyao South-North Expressway Connection Line Investment and Development Co., Ltd.	Controlled by the same company
Yuyao Public Transportation Co., Ltd.	Controlled by the same company
Yutiao Dazhong Transportation Co., Ltd.	Controlled by the same company
Yuyao Road Transportation Co., Ltd.	Controlled by the same company
Yuyao Hardware Decoration Material Market Co., Ltd.	Controlled by the same company
Yuyao Yaozhou Expressway Co., Ltd.	Controlled by the same company
Yuyao Dashun Automobile Comprehensive Performance Testing Service Co., Ltd.	Controlled by the same company
Yuyao Urban and Rural Public Transport Co., Ltd.	Controlled by the same company
Ningbo Shunjian Group Co., Ltd.	Controlled by the same company
Yuyao Urban Construction Investment Development Co., Ltd.	Controlled by the same company
Yuyao City Water Supply Co., Ltd.	Controlled by the same company
Yuyao No. 2 Tap Water Co., Ltd.	Controlled by the same company
Yuyao City Drainage Co., Ltd.	Controlled by the same company
Yuyao Mingyi Construction Co., Ltd.	Controlled by the same company
Yuyao City Natural Gas Co., Ltd.	Controlled by the same company
Yuyao Yaodong Water Supply Co., Ltd.	Controlled by the same company
Yuyao Town Construction Development Co., Ltd.	Controlled by the same company

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Name	Relationship
Yuyao Xinglin Investment Co., Ltd.	Controlled by the same company
Yuyao Water Resources Investment Development Co., Ltd.	Controlled by the same company
Yuyao Mushan Lake Development Co., Ltd.	Controlled by the same company
Yuyao Haitu Development Co., Ltd.	Controlled by the same company
Yuyao Affordable Housing Construction Investment Development Co., Ltd.	Controlled by the same company
Yuyao China Plastic City Logistics Co., Ltd.	Controlled by the same company
Zhejiang Yongyi Electronic Payment Co., Ltd.	Controlled by the same company
Ningbo Yongyi World Financial Services Co., Ltd.	Controlled by the same company
Yuyao Mingbang Construction Investment Co., Ltd.	Controlled by the same company
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	Controlled by the same company
Yuyao Jinshun Development and Construction Co., Ltd.	Controlled by the same company
Yuyao Jiayun Development and Construction Co., Ltd.	Controlled by the same company
Yuyao Yaobei New City Development and Construction Co., Ltd.	Controlled by the same company
Yuyao Citizen Blasting Materials Co., Ltd.	Controlled by the same company
Yuyao Metal Recycling Co., Ltd.	Controlled by the same company
Yuyao Shunxin Guarantee Co., Ltd.	Controlled by the same company
Yuyao Accounts Receivable Creditor's Rights Management Co., Ltd.	Controlled by the same company
Yuyao Muhu Ecological Construction Co., Ltd.	Controlled by the same company
Yuyao Industrial (SME) Investment Development Co., Ltd.	Controlled by the same company
Yuyao SME Credit Guarantee Co., Ltd.	Controlled by the same company
Yuyao Shuangxikou Development Co., Ltd.	Controlled by the same company
Yuyao Beicheng Land Development and Construction Co., Ltd.	Controlled by the same company
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	Controlled by the same company
Yuyao Urban Construction State-owned Assets Management Co., Ltd.	Controlled by the same company
Yuyao Yaozhou Construction Engineering Inspection Co., Ltd.	Controlled by the same company
Yuyao Chengguang Street Light Installation Co., Ltd.	Controlled by the same company

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Name	Relationship
Yuyao Jianbang Construction Investment Co., Ltd.	Controlled by the same company
Yuyao Sunrui Industry Holdings Co., Ltd.	Controlled by the same company
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	Controlled by the same company
Yuyao Moke Town Development and Construction Investment Co., Ltd.	Controlled by the same company
Ningbo Yangming Auction Co., Ltd.	Controlled by the same company

2.Related parties and related party transactions

2.1.Related party transactions

Non

2.2.Receivables from and payables to related parties

Items	Related party relationship	As at 31/12/2020	As at 31/12/2019
Other receivables	Yuyao Chengxi Industrial Development and Construction Co., Ltd.	260,000,000.00	
Other receivables	Yuyao Industrial Small and Medium-sized Enterprise Investment Development Co., Ltd.	50,000,000.00	50,000,000.00
Other receivables	Yuyao Haiji Construction Development Co., Ltd.	450,563,564.93	915,499,064.93

2.3.Related party fund borrowing

Non

VIII. Commitments and contingencies

Contingent liabilities arising from guarantee provided to other entities and related financial effects.

Guarantee	Guarantee amount (ten thousand yuan)	Guarantee balance (ten thousand yuan)	Inception date of guarantee	Maturity date of guarantee	Form of guarantee	Status of guarantee
Yuyao Langxia New Countryside Construction and Development Co., Ltd.	26,000.00	24,000.00	2014.1.23	2022.12.25	Guarantee	26,000.00
Yuyao Yaobei New City Development and Construction Investment Co., Ltd.	3,000.00	2,900.00	2019.9.29	2022.9.28	Guarantee	3,000.00
Yuyao Yaobei New City Development and Construction Investment Co., Ltd.	6,800.00	6,700.00	2019.9.29	2022.9.28	Guarantee	6,800.00

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Guarantee	Guarantee amount (ten thousand yuan)	Guarantee balance (ten thousand yuan)	Inception date of guarantee	Maturity date of guarantee	Form of guarantee	Status of guarantee
Yuyao Yaobei New City Development and Construction Investment Co., Ltd.	24,975.00	18,500.00	2019.12.27	2022.12.26	Guarantee	24,975.00
Yuyao Yaobei New City Development and Construction Investment Co., Ltd.	8,000.00	8,000.00	2019.11.27	2022.11.27	Guarantee	8,000.00
Ningbo Shuntong Group Co., Ltd.	30,000.00	29,800.00	2018.7.27	2021.7.26	Guarantee	30,000.00
Ningbo Shuntong Group Co., Ltd.	10,000.00	9,850.00	2019.4.17	2022.4.15	Guarantee	10,000.00
Yuyao Urban Construction Investment Development Co., Ltd.	6,500.00	6,400.00	2019.12.27	2022.12.26	Guarantee	6,500.00
Yuyao Urban Construction Investment Development Co., Ltd.	41,000.00	5,000.00	2017.01.04	2022.1.05	Guarantee	41,000.00
Yuyao Urban Construction Investment Development Co., Ltd.	37,000.00	30,000.00	2017.04.28	2030.12.10	Guarantee	37,000.00
Ningbo Shunjian Group Co., Ltd. (formerly known as Yuyao City Investment Group Co., Ltd.)	6,700.00	6,700.00	2015.06.26	2025.6.20	Guarantee	6,700.00
Yuyao Haitu Development Co., Ltd.	80,000.00	46,000.00	2016.06.23	2022.12.10	Guarantee	80,000.00
Yuyao Haitu Development Co., Ltd.	7,500.00	7,400.00	2019.12.9	2022.12.8	Guarantee	7,500.00
Ningbo Shunong Group Co., Ltd. (formerly Yuyao Water Resources Investment and Development Co., Ltd.)	20,000.00	20,000.00	2017.05.18	2022.05.17	Guarantee	20,000.00
Ningbo Sunnong Group Co., Ltd.	60,000.00	30,000.00	2020.1.22	2023.1.21	Guarantee	60,000.00
Yuyao Jinshun Development and Construction Co., Ltd.	13,000.00	13,000.00	2020.1.10	2022.12.31	Guarantee	13,000.00
Yuyao Xinglin Investment Co., Ltd.	50,000.00	33,000.00	2014.04.16	2025.04.14	Guarantee	50,000.00
Yuyao Xinglin Investment Co., Ltd.	4,000.00	3,950.00	2020.4.10	2022.12.31	Guarantee	4,000.00
Yuyao Xinglin Investment Co., Ltd.	4,000.00	4,000.00	2020.10.10	2022.12.31	Guarantee	4,000.00
Yuyao Haiji Construction Development Co., Ltd.	15,000.00	15,000.00	2020.1.6	2021.1.15	Guarantee	15,000.00
Yuyao Yaojiang Technology Investment	50,000.00	50,000.00	2015.3.3	2021.3.16	Mortgage	50,000.00

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

Guarantee	Guarantee amount (ten thousand yuan)	Guarantee balance (ten thousand yuan)	Inception date of guarantee	Maturity date of guarantee	Form of guarantee	Status of guarantee
Development Co., Ltd.						
Yuyao Yaojiang Technology Investment Development Co., Ltd.	6,000.00	5,200.00	2020.1.13	2023.1.13	Pledge	6,000.00
Yuyao Yaojiang Technology Investment Development Co., Ltd.	18,000.00	18,000.00	2017.11.01	2022.10.31	Guarantee	18,000.00
Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00	16,000.00	2018.5.30	2027.12.10	Guarantee	20,000.00
Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00	19,000.00	2017.09.22	2023.1.22	Guarantee	20,000.00
Yuyao Yaojiang Technology Investment Development Co., Ltd.	13,200.00	6,794.73	2018.11.14	2028.6.30	Guarantee	13,200.00
Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00	9,970.00	2019.1.7	2022.1.4	Guarantee	10,000.00
Yuyao Second Light Industry Corporation	10,000.00	10,000.00	2019.4.26	2022.4.25	Guarantee	10,000.00
Yuyao Second Light Industry Corporation	3,000.00	2,850.00	2019.12.30	2022.12.27	Pledge	3,000.00
Total	603,675.00	458,014.73	—	—	—	603,675.00

As at 31 December 2020, except for the above contingencies , there is no other commitments and contingencies to be disclosed.

IX. Post balance sheet date events

As at the date (report approved date by Board of Directors) ,there is no events after the balance sheet date to be disclosed.

X. Other significant items

As at December 31, 2020, there is no events other significant items to be disclosed.

XI. Notes to the Company's financial statements

1. Accounts receivable

(1) Accounts receivable by category

Categories	As at 31/12/2020

Fuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	272,555,945.51	100.00	8,902,237.43	3.27	263,653,708.08
Including: Ageing group	87,116,597.98	31.96	8,902,237.43	10.22	78,214,360.55
Other group	185,439,347.53	68.04			185,439,347.53
Individually insignificant but assessed for impairment individually					
Total	272,555,945.51	100.00	8,902,237.43	3.27	263,653,708.08

(Continued)

Categories	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	92,678,384.57	100.00	3,280,449.29	3.54	89,397,935.28
Including: Ageing group	7,475,991.00	8.07	3,280,449.29	43.88	4,195,541.71
Other group	85,202,393.57	91.93			85,202,393.57
Individually insignificant but assessed for impairment individually					
Total	92,678,384.57	100.00	3,280,449.29	3.54	89,397,935.28

A.Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020			As at 31/12/2019		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)	Book value	Provision for bad and doubtful debts	Percentage of provision(%)

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

Within 1 year	79,640,606.98	3,982,030.35	5.00			5.00
1 and 2 years			10.00	1,131,102.75	113,110.28	10.00
2 and 3 years	1,131,102.75	226,220.55	20.00	17,017.05	3,403.41	20.00
3 and 4 years	17,017.05	8,508.53	50.00	3,284,786.40	1,642,393.20	50.00
4 and 5 years	3,284,786.40	1,642,393.20	50.00	3,043,084.80	1,521,542.40	50.00
More than 5 years	3,043,084.80	3,043,084.80	100.00			100.00
Total	87,116,597.98	8,902,237.43	—	7,475,991.00	3,280,449.29	—

B.Accounts receivable which are collectively assessed for impairment using other method at the end of the year:

Group	As at 31/12/2020		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)
Other group	185,439,347.53		
Total	185,439,347.53		

(2) As at 31 December 2020, the accounts receivable aggregated by debtors were analysed as follows:

Debtors	Book value	The proportion of total accounts receivable (%)	Bad and doubtful debts
Yuyao Economic Development Zone Finance Office	185,439,347.53	68.04	
Weifang Xin Kinetic Energy Economic and Trade Co., Ltd.	79,533,082.48	29.18	3,976,654.12
Shuanghe Village Economic Cooperative in Yuyao Economic Development Zone	7,483,137.00	2.75	4,920,564.38
Zhejiang Jinrui Film Material Co., Ltd.	100,378.50	0.04	5,018.93
Total	272,555,945.51	100.00	8,902,237.43

2. Other receivables

Items	As at 31/12/2020	As at 31/12/2019
Other receivables	4,537,036,866.26	4,407,515,830.67
Dividends receivable		
Interests receivable		

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

Total	4,537,036,866.26	4,407,515,830.67

(1) Other receivables classified disclosure:

Categories	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	4,537,566,849.83	100.00	529,983.57	0.01	4,537,036,866.26
Including: Ageing group	7,047,885.33	0.16	529,983.57	7.52	6,517,901.76
Other group	4,530,518,964.50	99.84			4,530,518,964.50
Individually insignificant but assessed for impairment individually					
Total	4,537,566,849.83	100.00	529,983.57	0.01	4,537,036,866.26

(Continued)

Categories	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	4,407,717,285.54	100.00	201,454.87	0.01	4,407,515,830.67
Including: Ageing group	452,485.33	0.01	201,454.87	44.52	251,030.46
Other group	4,407,264,800.21	99.99		-	4,407,264,800.21
Individually insignificant but assessed for impairment individually					
Total	4,407,717,285.54	100.00	201,454.87	0.01	4,407,515,830.67

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020			As at 31/12/2019		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)	Book value	Provision for bad and doubtful debts	Percentage of provision(%)
Within 1 year	6,605,000.00	330,250.00	5.00	50,000.00	2,500.00	5.00
1 and 2 years	50,000.00	5,000.00	10.00	5,697.00	569.70	10.00
2 and 3 years	5,697.00	1,139.40	20.00	30.00	6.00	20.00
3 and 4 years	30.00	15.00	50.00	396,758.33	198,379.17	50.00
4 and 5 years	387,158.33	193,579.17	50.00			50.00
Total	7,047,885.33	529,983.57	—	452,485.33	201,454.87	—

B. Other receivables which are collectively assessed for impairment using other method at the end of the year:

Group	As at 31/12/2020		
	Book value	Provision for bad and doubtful debts	Percentage of provision(%)
Other group	4,530,518,964.50		
Total	4,530,518,964.50		

(2)As at 31 December 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Book value	The proportion of other total receivables (%)	Bad and doubtful debts
Yuyao Binhai Construction Investment Development Co., Ltd.	1,947,000,000.00	42.90	
Yuyao Second Light Industry Corporation	590,693,300.00	13.02	
Yuyao Yaojiang Technology Investment Development Co., Ltd.	457,976,416.73	10.09	
Yuyao Mingbang Technology Entrepreneurship Development Co., Ltd.	301,137,939.11	6.64	
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	260,000,000.00	5.73	
Total	3,556,807,655.84	78.39	

3.Long-term equity investments

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

(1) Long-term equity investments classification:

Investee	As at 31/12/2019	Increase in capital	Decrease in capital	As at 31/12/2020	Accounting Method	Shareholding percentage
Yuyao Binhai Construction Investment Development Co., Ltd.	278,676,879.52			278,676,879.52	Cost method	100.00%
Yuyao Mingbang Technology Entrepreneurship Development Co., Ltd.	78,369,490.15			78,369,490.15	Cost method	100.00%
Ningbo Jinxing Mould Technology Service Co., Ltd.	8,300,000.00			8,300,000.00	Cost method	100.00%
Total	365,346,369.67			365,346,369.67		

(2) Investment in subsidiaries

Investee	As at 31/12/2019	Increase in capital	Decrease in capital	As at 31/12/2020	Provision for impairment	Balance of provision for impairmen as at 31/12/2020
Yuyao Binhai Construction Investment Development Co., Ltd.	278,676,879.52			278,676,879.52		
Yuyao Mingbang Technology Entrepreneurship Development Co., Ltd.	78,369,490.15			78,369,490.15		
Ningbo Jinxing Mould Technology Service Co., Ltd.	8,300,000.00			8,300,000.00		
Total	365,346,369.67			365,346,369.67		

4. Operating income and operating cost

Items	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Land development and consolidation	501,839,215.60	418,199,346.33	132,083,903.77	110,069,919.81
Resettlement housing sales	11,231,423.33	9,313,957.82	3,114,917.66	3,105,786.94
Leasing business	5,611,899.74	65,607.90	7,553,229.13	900,015.14

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020

Items	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Engineering construction business agent	35,596,500.00	1,970,267.50	44,144,700.00	2,326,650.03
Commodity trade	310,471,868.46	309,297,981.32	509,044,220.93	508,489,660.51
Land transfer income			104,166,845.24	104,094,411.75
Other sporadic business	9,943,622.41		270,604.89	176,715.10
Total	874,694,529.54	738,847,160.87	800,378,421.62	729,163,159.28

Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

April 15, 2021



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Location: 20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China
Tel: 010-51423818 Fax: 010-51423816

Review Report

Zhongxinghua Review [2022]-020004

All shareholders of Yuyao Economic Development Zone Construction Investment Development Co., Ltd.:

We have reviewed the attached financial statements of Yuyao Economic Development Zone Construction Investment Development Co., Ltd. (hereinafter referred to as "Yuyao Economic Development Company"), including the Consolidated & Parent Company Balance Sheet as of 30 September 2021, the Consolidated & Parent Company Income Statement, Cash Flow Statement, Owner's Equity Change Statement and Financial Statement Notes in January-September 2021. The preparation of these financial statements is the responsibility of the management of Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Our responsibility is to produce a review report on these financial statements upon our review.

We have executed reviewing works in accordance with provisions of the Chinese CPA Standards on Review Engagements No. 2101 - Engagements to Review Financial Statements. It is required by the Standards that we should plan and execute reviewing works so as to obtain reasonable assurance to financial statements free from material misstatement. The review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures on financial data, and a review is substantially less in scope than an audit conducted. We did not conduct audit, and thus audit opinions are not provided.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises, there is no fairly reflecting the financial performance as well as financial position and cash flows.

ZHONGXINGHUA CERTIFIED PUBLIC



Chinese CPA:



Chinese CPA:



5 March 2022

Consolidated Balance Sheet

30 September 2021

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	31 December 2020
Current assets:			
Monetary fund	Note 6. 1	1,650,070,849.96	766,266,860.61
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable			
Accounts receivable	Note 6. 2	2,802,362.22	341,004,303.21
Advance payment	Note 6. 3	5,853.70	55,020.00
Other receivables	Note 6. 4	2,625,022,650.24	2,533,140,503.89
Inventory	Note 6. 5	7,867,787,474.07	7,816,622,627.22
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	Note 6. 6	6,339,400.30	7,631,324.65
Total current assets		12,152,028,590.49	11,464,720,639.58
Non-current assets			
Creditor's rights investment			
Held-to-maturity investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investment	Note 6. 7	951,013,468.13	940,051,377.93
Other equity instrument investments	Note 6. 8	100,000,000.00	100,000,000.00
Investment real estate	Note 6. 9	1,024,889,957.00	1,024,889,957.00
Fixed assets	Note 6. 10	34,384,968.89	40,189,323.38
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets	Note 6. 11	25,308,785.17	25,742,674.56
Development expenditure			
Goodwill			
Long-term prepaid expense	Note 6. 12	766,651.68	980,887.59
Deferred income tax assets	Note 6. 13	2,688,772.43	2,688,772.43
Other non-current assets	Note 6. 14	1,462,968,407.70	815,918,407.70
Total non-current assets		3,602,021,011.00	2,950,461,400.59
Total assets		15,754,049,601.49	14,415,182,040.17

Legal representative:

Accounting director:

Accounting firm director:

(Cont.)

Consolidated Balance Sheet (Continued)

30 September 2021

Prepared by: Yiyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	31 December 2020
Current liabilities:			
Short-term borrowings	Note 6. 15	590,900,000.00	455,750,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable	Note 6. 16		377,000,000.00
Accounts payable	Note 6. 17	588,129.00	743,409.00
Advance receipt	Note 6. 18	700,629.11	613,038.10
Payroll payable	Note 6. 19	391,642.20	80,540.95
Taxes payable	Note 6. 20	133,299,343.47	117,105,717.95
Other payables	Note 6. 21	936,493,876.90	784,569,220.01
Held-for-sale liabilities			
Non-current liabilities due within one year	Note 6. 22	2,929,628,812.89	1,888,012,255.33
Other current liabilities	Note 6. 23	647,050,000.00	
Total current liabilities		5,239,052,433.57	3,683,874,181.34
Non-current liabilities:			
Long-term borrowing	Note 6. 24	2,991,340,000.00	2,697,000,000.00
Bonds payable	Note 6. 25	1,854,341,611.67	2,503,283,169.23
Of which: Preferred Stock			
Perpetual debt			
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities	Note 6. 13	76,017,157.70	76,017,157.70
Other non-current liabilities			
Total non-current liabilities		4,921,698,769.37	5,276,300,326.93
Total liabilities		10,160,751,202.94	8,960,174,508.27
Owner's equity:			
Paid-in capital	Note 6. 26	832,000,000.00	832,000,000.00
Other equity instruments			
Of which: Preferred Stock			
Perpetual debt			
Capital reserve	Note 6. 27	1,061,209,041.12	1,061,209,041.12
Less: Treasury stock			
Other comprehensive incomes	Note 6. 28	197,878,384.35	197,878,384.35
Special reserve			
Surplus reserve	Note 6. 29	223,134,854.72	223,134,854.72
Undistributed profits	Note 6. 30	3,279,076,118.36	3,220,785,251.71
Total owner's equity attributable to the parent company		5,593,298,398.55	5,535,007,531.90
Minority shareholder's equity			
Total owner's equity		5,593,298,398.55	5,535,007,531.90
Total liabilities and owner's equity		15,754,049,601.49	14,415,182,040.17

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

January-September 2021

Prepared by: Yuzo Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	30 September 2020
I. Total operating incomes	Note 6. 31	532,344,855.47	211,963,746.87
Of which: operating incomes	Note 6. 31	532,344,855.47	211,963,746.87
II. Total operating costs	Note 6. 31	472,652,134.00	182,447,732.68
Of which: operating costs	Note 6. 31	452,205,612.36	163,852,455.83
Taxes and surcharges	Note 6. 32	3,517,328.35	6,798,125.39
Sales expenses		11,760.01	
Management expenses		14,680,492.09	15,010,266.54
R&D expenses			
Financial expenses	Note 6. 33	2,236,941.19	-3,213,115.08
Of which: interest expenses	Note 6. 33		
Interest incomes	Note 6. 33	34,219.85	3,248,354.16
Plus: other incomes	Note 6. 34		51,806,619.90
Investment incomes (losses marked with "-")	Note 6. 35	10,982,090.20	1,040,730.28
Of which: incomes from investment in associated enterprises and joint ventures	Note 6. 35	10,982,090.20	1,040,730.28
Fair value change incomes (losses marked with "-")			
Asset impairment losses (losses marked with "-")	Note 6. 36		-451,268.69
Asset disposal incomes (losses marked with "-")	Note 6. 37		106,217.48
III. Operating profits (losses marked with "-")		70,654,811.67	82,018,313.16
Plus: non-operating income	Note 6. 38		22,581.79
Less: non-operating expenses	Note 6. 39		2,121,316.46
IV. Total profits (total losses marked with "-")		70,654,811.67	79,919,578.49
Less: income tax expenses	Note 6. 40	12,363,945.02	-112,817.17
V. Net profits (net losses marked with "-")		58,290,866.65	80,032,395.66
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		58,290,866.65	80,032,395.66
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		58,290,866.65	80,032,395.66
2. Minority shareholders' profits and losses (net losses marked with "-")			
VI. After-tax net amount of other comprehensive incomes			
(I) Net other comprehensive incomes after tax attributable to owners of parent company			
1. Other comprehensive incomes not to be reclassified into profits and losses			
(1) Changes from re-measuring defined benefit plan			
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method			
2. Other comprehensive incomes to be reclassified into profits and losses			
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method			
(2) Profits and losses from changes in fair value of available-for-sale financial assets			
(3) Profits and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(4) Effective part of cash flow hedging profits and losses			
(5) Converted difference in foreign currency statements			
(6) Others			
(II) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		58,290,866.65	80,032,395.66
(I) Total comprehensive incomes attributable to owners of parent company		58,290,866.65	80,032,395.66
(II) Total comprehensive incomes attributable to minority shareholders			

Legal representative:

Accounting director:

Accounting firm director:



Consolidated Cash Flow Statement

January-September 2021

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	30 September 2020
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		233,953,448.20	164,716,425.97
Tax refunds received			
Other cash received related to operating activities		966,292,771.92	333,866,293.51
Subtotal cash inflow from operating activities		1,200,246,220.12	498,582,719.48
Cash paid to buy goods and receive labor service		154,728,506.73	160,367,188.08
Cash paid to and for employees		3,887,854.92	394,527.40
Taxes paid		16,053,535.48	8,321,969.27
Other cash paid to operating-related activities		311,963,611.14	2,927,100,661.26
Subtotal cash outflow from operating activities		486,633,508.27	3,096,184,346.01
Net cash flow from operating activities		713,612,711.85	-2,597,601,626.53
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets			389,661.11
Cash paid for investment			100,000,000.00
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities		638,745,113.25	
Subtotal cash outflow from investing activities		638,745,113.25	100,389,661.11
Net cash flow from investment activities		-638,745,113.25	-100,389,661.11
III. Cash flow from financing activities:			
Cash received from absorbing investments			
Of which: cash received from absorbing investments from minority shareholders by the subsidiary			
Cash received from borrowings		2,642,645,113.25	3,284,730,000.00
Other cash received from financing-related activities			1,111,392,000.00
Subtotal of cash inflow from financing activities		2,642,645,113.25	4,396,122,000.00
Cash paid for repayment of debt		1,155,325,000.00	1,465,255,000.00
Cash paid for distributing dividends, profits or settling interests		201,383,722.50	406,134,570.19
Of which: dividends and profits paid to minority shareholders by the subsidiary			
Other cash paid to financing-related activities		377,000,000.00	274,392,000.00
Subtotal cash outflow from financing activities		1,733,708,722.50	2,145,781,570.19
Net cash flow from financing activities		908,936,390.75	2,250,340,429.81
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		983,803,989.35	-447,650,857.83
Plus: opening balance of cash and cash equivalents		419,266,860.61	873,903,242.05
VI. Closing balance of cash and cash equivalents		1,403,070,849.96	426,252,384.22

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Owner's Equity Change Statement
January-September 2021

Prepared by: **Shanghai Construction Development Co., Ltd.**

Currency Unit: RMB Yuan

	Balance at 12/31/20	Owner's equity components					Reserves	Total owner's equity
		Capital reserve	Surplus reserve	Other comprehensive income	Other equity	Other		
1. Balance at the beginning of the period	677,906,092.87	1,084,209,044.42	187,876,386.30	32,513,483.72	3,270,165,354.74	3,501,047,324.99		5,533,501,534.90
2. Changes during the period								
2.1 Issuance of equity securities	132,900,000.00	1,024,709,044.42	187,876,386.30	22,454,854.72	3,270,165,354.74	5,533,501,534.90		5,533,501,534.90
2.2 Issuance of equity securities (continued)								
2.3 Issuance of equity securities (continued)								
2.4 Issuance of equity securities (continued)								
2.5 Issuance of equity securities (continued)								
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2.97 Issuance of equity securities (continued)								
2.98 Issuance of equity securities (continued)								
2.99 Issuance of equity securities (continued)								
2.100 Issuance of equity securities (continued)								
3. Balance at the end of the period	810,806,092.87	1,084,209,044.42	187,876,386.30	32,513,483.72	3,270,165,354.74	5,533,501,534.90		5,533,501,534.90

Prepared by: **Shanghai Construction Development Co., Ltd.**
 Signed: _____
 Date: _____

Signed: _____
 Date: _____

Consolidated Owner's Equity Change Statement
January to December 2022

© 1999 by The McGraw-Hill Companies, Inc. All rights reserved. Printed in the United States of America. This book is printed on acid-free paper.

Abstract: The purpose of this study was to determine the effect of a 12-week training program on the physical fitness of 10-year-old children. The study was conducted in a primary school in the city of Ankara, Turkey. The study group consisted of 20 children (10 boys and 10 girls) who were randomly selected from the school. The children were divided into two groups: a control group and an experimental group. The control group did not participate in any physical activity program, while the experimental group participated in a 12-week training program. The training program consisted of aerobic, strength, and flexibility exercises. The physical fitness of the children was measured at the beginning and at the end of the 12-week period. The results of the study showed that the experimental group had significantly higher levels of physical fitness than the control group at the end of the 12-week period. The study concluded that a 12-week training program can improve the physical fitness of 10-year-old children.

Debit credit statements		Debit or credit for liability to the parent company							Inventories BANK/Balances equity	Total parent's equity
Particulars to	Particulars from	Capital contributed	Retained earnings	Other liabilities	Other assets	Other liabilities	Other assets			
1. Balance forward at beginning of year										
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*The authors wish to thank Dr. J. H. Duerksen for his helpful comments.

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Balance Sheet

30 September 2021

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	31 December 2020
Current assets:			
Monetary fund		1,415,630,797.28	497,110,799.87
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable			
Accounts receivable		2,562,572.62	263,653,708.08
Advance payment		5,853.70	55,020.00
Other receivables		4,842,290,124.21	4,537,036,868.26
Inventory		5,548,199,109.27	5,523,512,385.35
Held-for-sale assets			
Non-current assets due within one year			
Other current assets			170,466.75
Total current assets		11,808,688,457.08	10,821,539,246.31
Non-current assets			
Creditor's rights investment			
Available-for-sale financial assets			100,000,000.00
Held-to-maturity investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investment		365,346,369.67	365,346,369.67
Other equity instrument investments		100,000,000.00	
Investment real estate		72,164,376.00	72,164,376.00
Fixed assets		378,808.59	435,719.67
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expense			
Deferred income tax assets		2,358,055.25	2,358,055.25
Other non-current assets		815,918,407.70	815,918,407.70
Total non-current assets		1,356,166,017.21	1,356,222,928.29
Total assets		13,164,854,474.29	12,177,762,174.60

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet (Continued)

30 September 2021

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	31 December 2020
Current liabilities:			
Short-term borrowings		318,750,000.00	318,250,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable			
Accounts payable		588,129.00	743,409.00
Advance receipt		386,823.01	550,900.00
Payroll payable			
Taxes payable		114,652,350.33	96,308,184.97
Other payables		608,542,385.97	284,763,534.37
Held-for-sale liabilities			
Non-current liabilities due within one year		1,790,147,255.33	1,682,512,255.33
Other current liabilities			
Total current liabilities		2,833,066,943.64	2,383,138,283.67
Non-current liabilities:			
Long-term borrowing		2,544,840,000.00	2,059,500,000.00
Bonds payable		2,499,333,169.23	2,503,283,169.23
Of which: Preferred Stock			
Perpetual debt			
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities		2,111,549.48	2,111,549.48
Other non-current liabilities			
Total non-current liabilities		5,046,284,718.71	4,564,894,718.71
Total liabilities		7,879,351,662.35	6,948,033,002.38
Owner's equity:			
Paid-in capital		832,000,000.00	832,000,000.00
Other equity instruments			
Of which: Preferred Stock			
Perpetual debt			
Capital reserve		1,034,221,102.24	1,034,221,102.24
Less: treasury stock			
Other comprehensive incomes		6,088,037.19	6,088,037.19
Special reserve			
Surplus reserve		223,134,854.72	223,134,854.72
Undistributed profits		3,190,058,817.79	3,134,285,178.07
Total owner's equity		5,285,502,811.94	5,229,729,172.22
Total liabilities and owner's equity		13,164,854,474.29	12,177,762,174.60

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

January-September 2021

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	30 September 2020
I. Operating Income		526,722,518.21	193,813,910.26
Less: operating costs		452,034,183.99	163,852,455.83
Taxes and surcharges		2,940,132.92	1,590,251.95
Sales expenses		11,760.01	
Management expenses		4,016,225.58	75,626.01
R&D expenses			
Financial expenses		22,021.44	25,224.35
Of which: interest expenses			
Interest incomes			
Plus: other incomes			50,000,000.00
Investment incomes (losses marked with "-")			
Of which: Incomes from investment in associated enterprises and joint ventures			
Fair value change incomes (losses marked with "-")			
Asset impairment losses (losses marked with "-")			-3,458.49
Asset disposal incomes (losses marked with "-")			106,217.48
II. Operating profits (losses marked with "-")		67,698,186.29	78,373,111.11
Plus: non-operating income			22,581.79
Less: non-operating expense			
III. Total profits (total losses marked with "-")		67,698,186.29	78,395,692.90
Less: income tax expenses		11,924,546.57	-864.62
IV. Net profits (net losses marked with "-")		55,773,639.72	78,396,557.52
(I) Net profits from sustainable operation (net losses marked with "-")		55,773,639.72	78,396,557.52
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(1) Other comprehensive incomes unable to be reclassified into profits and losses			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(2) Other comprehensive incomes to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted difference in foreign currency statements			
6. Others			
VI. Total comprehensive incomes		55,773,639.72	78,396,557.52

Legal representative:

Accounting director:

Accounting firm director:



Cash Flow Statement

January-September 2021

Prepared by: Yuyao Economic Development Zone Construction Investment Development Co., Ltd.

Items	Note	30 September 2021	30 September 2020
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		320,698,880.71	160,540,035.40
Tax refunds received			
Other cash received related to operating activities		761,862,633.92	1,384,658,805.32
Subtotal cash inflow from operating activities		1,082,561,514.63	1,545,198,840.72
Cash paid to buy goods and receive labor service		154,728,506.73	160,367,188.08
Cash paid to and for employees		3,541,776.27	
Taxes paid		14,175,475.38	1,621,220.13
Other cash paid to operating-related activities		385,787,643.19	3,705,090,499.76
Subtotal cash outflow from operating activities		558,233,401.57	3,867,078,907.97
Net cash flow from operating activities		524,328,113.06	-2,321,880,067.25
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets			330,876.11
Cash paid for investment			100,000,000.00
Other cash paid to investing-related activities			
Subtotal cash outflow from investing activities			100,330,876.11
Net cash flow from investment activities			-100,330,876.11
III. Cash flow from financing activities:			
Cash received from absorbing investments			
Cash received from borrowings		1,471,100,000.00	2,695,230,000.00
Other cash received from financing-related activities			587,000,000.00
Subtotal of cash inflow from financing activities		1,471,100,000.00	3,282,230,000.00
Cash paid for repayment of debt		873,675,000.00	848,755,000.00
Cash paid for distributing dividends, profits or settling interests		153,233,115.65	356,751,255.55
Other cash paid to financing-related activities			110,000,000.00
Subtotal cash outflow from financing activities		1,026,908,115.65	1,315,506,255.55
Net cash flow from financing activities		444,191,884.35	1,966,723,744.45
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		968,519,997.41	-455,487,198.91
Plus: opening balance of cash and cash equivalents		357,110,799.87	807,292,615.73
VI. Closing balance of cash and cash equivalents		1,325,630,797.28	351,805,416.82

Legal representative:

Accounting director:

Accounting firm director:

Owner's Equity Change Statement

January-September 2021

Prepared by: Junda Economic Development Zone Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

	Paid-in capital	Other equity instruments			Capital reserve	Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Prefixed stock	Perpetual debt	Other							
I. Balance at the end of last year	832,000,000.00				1,034,224,102.24		6,083,037.19		220,104,654.72	3,134,258,178.07	5,220,729,172.22
II. Changes during the period											
1. Issuance of new shares											
2. Conversion of convertible bonds											
3. Other											
III. Balance at the beginning of this year	832,000,000.00				1,034,224,102.24		6,083,037.19		220,104,654.72	3,134,258,178.07	5,220,729,172.22
IV. Increase or decrease in this period											
1. Increase or decrease in this period (losses or gains)											
2. Total comprehensive income											
3. Capital increase or decrease from the owner											
4. Issuance of shares by the owner											
5. Other equity instrument issued											
6. Purchase of stock payment included in owner's equity											
7. Dividends											
8. Profit distribution											
9. Withdrawal of the surplus reserve											
10. Withdrawal of the general reserve											
11. Dividends to owners											
12. Others											
13. Transfer of shareholders' equity											
14. Capital reserve to increase capital											
15. Surplus reserve to increase capital											
16. Cover losses with surplus reserve											
17. Set aside special reserve due to the nature of the business											
18. Others											
19. Special reserve											
20. Withdrawal in this period											
21. Used in this period											
22. Others											
IV. Balance at the end of current year	832,000,000.00				1,034,224,102.24		6,083,037.19		220,104,654.72	3,134,258,178.07	5,220,729,172.22

(The attached Financial Statement Notes are an integral part of the financial statements)

Legal representative

Accounting director

Accounting firm director

Owner's Equity Change Statement January-September 2020

Prepared by: Yunnan Economic Development Investment Construction Investment Development Co., Ltd.

Amount Unit: RMB yuan

	Balance at the end of the period	Other equity instruments			Capital reserve	Less: Inventory stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of the period	832,000,000.00				1,034,221,102.24		6,068,037.15		213,580,352.37	3,048,296,926.96	5,134,184,416.74
II. Increase or decrease in the current period											
(1) Total comprehensive income											
(2) Capital increase or decrease from the owner											
1. Increase capital by the owner											
2. Other equity instruments owner allocated capital											
3. Amount of stock payment induced in owner's equity											
4. Others											
(3) Profit distribution											
1. Withdrawal of the surplus reserves											
2. Withdrawal of the general reserve											
3. Distribution to owners											
4. Others											
(4) Increase or decrease of the owner's equity											
1. Capital increase or decrease capital											
2. Surplus reserve to increase capital											
3. Overlap with surplus reserve											
4. Some assets (such as intangible assets) to be carried out by the owner's equity											
5. Others											
(5) Special reserve											
1. Withdrawal of the period											
2. Used in the period											
(6) Others											
IV. Balance at the end of the current year	832,000,000.00				1,034,221,102.24		6,068,037.15		213,580,352.37	3,126,691,494.48	5,212,581,064.24

(The above Financial Statement Copies are an integral part of the financial statements)

Legal representative:

Accounting leader:

Accounting firm director:

**Yuyao Economic Development Zone Construction Investment
Development Co., Ltd.**

Financial Statement Notes in January-September 2021

(Unless otherwise specified, the amount unit is RMB)

I. Company profile

(I) Registered location, organization form and headquarter address of the company

Yuyao Economic Development Zone Construction Investment Development Co., Ltd. (hereinafter referred to as "Company" or "the Company", and totally called "The Group" if subsidiaries are included) is a solely state-owned corporation limited approved by Office of Yuyao Municipal People's Government on 5 March, 2002, Yu Zheng Ban Chao No.49 Copy Notice, funded by Management Committee of Yuyao Economic Development Zone and Zhejiang Province. It's registered at Yuyao Branch of Ningbo Administration for Industry & Commerce on 13 May, 2002.

The Company holds a business license with a unified social credit code of 913302817369899906; its legal representative is Zhou Jie; address of the enterprise: No.475, Yeshan Road, Yuyao City; Registered capital: 832 million Yuan.

(II) Business nature and main operating activities of the company

Corporate business scope: licensed items: various engineering construction activities (for items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific operation items are subject to the approval results). General items: land consolidation service; landscaping engineering construction; urban greening management; property management; building cleaning service; housing lease; engagement in investment activities with proprietary funds; social and economic consultation service; information consultation service (excluding licensing-category information consultation service); building material sales; bio-based material sales; plastic product sales; chemical product sales (excluding licensing-category chemical products); petroleum product sales (excluding hazardous chemicals); metal material sales; electronic product sales; instrument and meter sales; machinery equipment sales; rubber product sales; R&D of auto parts; manufacturing of auto parts and accessories; coal and product sales (except the items subject to approval according to laws, business activities are implemented independently according to laws with business license).

(III) Scope of consolidated statement

Three subsidiaries, i.e. Yuyao Binhai Construction Investment Development Co., Ltd., Yuyao Mingbang Technology Venture Development Co., Ltd. and Ningbo Jinxing Mould Technology Service Co., Ltd. are incorporated by the Group into the scope of consolidated financial statements for the period.

Subsidiary information is as follows:

**Yuyao Economic Development Zone Construction Investment Development Co., Ltd Financial
Statement Notes in January-September 2021**

Name of subsidiaries	Main business place	Registered place	Registered capital (ten thousand Yuan)	Main business	Shareholding ratio (%)	Acquisition mode
Yuyao Binhai Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City	20,000.00	Land development and sales	100.00	Business combination under the same control
Yuyao Mingbang Technology Venture Development Co., Ltd.	Yuyao City	Yuyao City	2,000.00	Entrusted assets management, industrial investment, self-owned house leasing and property management	100.00	Business combination under different control
Ningbo Jinxing Mould Technology Service Co., Ltd.	Yuyao City	Yuyao City	1,000.00	Mould design, mould inspection and mould manufacturing	100.00	Establishment by investment
Shunxin (Hong Kong) Development Co., Ltd	Hong Kong, China	Hong Kong, China	USD5.00	Trade, business service consultation, etc.	100.00	Establishment by investment
Shunxin International Development Co., Ltd	British Virgin Islands	British Virgin Islands	USD5.00	Trade, business service consultation, etc.	100.00	Establishment by investment

II. Preparation basis of the financial statements

1. Preparation basis

The financial statements of this Group are based on continuing operations. They are prepared in accordance with the transactions and matters actually occurring, in accordance with the Enterprise Accounting Standards issued by the Ministry of Finance and its application guidelines, interpretations and other relevant regulations (collectively referred to as "Accounting Standards for Business Enterprises").

Financial accounting of the Group should be based on accrual basis according to Accounting Standards for Enterprises. Apart from certain financial instruments and investment real estate, the financial statements should be measured on the basis of historic cost. For non-current assets for sale, the lower amount between its amount after deduction of estimated cost according to fair value and original book value when on-sale conditions are satisfied should be used for measurement. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Sustainable operations

The financial statement is presented based on sustainable operation, and the Group has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements formulated by the company were in accordance with the requirements of accounting standards for enterprises, and they truly and completely reflected the company's consolidation

and its parent company's financial status on Thursday, September 30, 2021, as well as its consolidation and its parent company's operation results, consolidation, cash flow and other relevant information in January-June 2021.

IV. Significant accounting policies and accounting estimate

(I) Accounting period

Accounting period of the Group can be divided into annual and mid-term. Accounting mid-term refers to reporting period that is less than a complete accounting year. Fiscal year of the Group is provided with gregorian calendar year, i.e. from 1 January to 31 December of each year.

(II) Operating cycle

Operating cycle of business operated by the Group is small and 12 months are used as standard for classifying liquidity of assets and liabilities.

(III) Functional currency

The Group adopts RMB as the functional currency.

(IV) Accounting treatment method for business combination under the same and different control

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination under the same control and business combination under different control.

(1) Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combination under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combining party actually obtains control to the combined party.

The assets and liabilities obtained by the combining party are measured at the carrying amounts as recorded by the combined party at the combination date. The difference between the carrying amount of the net assets obtained by the combining party and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, retained earnings shall be adjusted.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combination not under the same control, the party that obtains control over other participating enterprises on the purchase date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquiree on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquirer in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquirer in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the acquirer from the acquiree is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchase date, within 12 months after the purchase date, if new or further information shows relevant circumstances of the purchase date have existed, and economic benefits of the acquiree brought by the deductible temporary difference on the purchase date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

For enterprise mergers under different control realized in steps through multiple transactions, according to Notice of Ministry of Finance on Printing and Issuing No.5 Explanation on Accounting Standards for Enterprises (Cai Kuai [2012] No.19) and Article 51 of Accounting Standards for Enterprises No.33 - Consolidated Financial Statements, i.e. standards for judgment of "package deal", it's necessary to judge whether multiple transactions belong to "package deal". The deals belonging to package-deal are accounted based on the above description and Note IV. 15 - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In the individual financial statements, the sum of the book value of the equity investment held by the purchased party prior to the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment; if the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to the

acquisition of the investment will be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, other than the corresponding share of the change in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the purchase date is re-measured at the fair value of the equity at the acquisition date. The difference between the fair value and its carrying value is included in the current investment income; If the equity of the purchased party held before the acquisition date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as that of the acquiree directly disposing of the relevant assets or liabilities (that is, except for the corresponding share of the changes in the net liabilities or net assets of the beneficiary plan that was calculated by the acquiree after being accounted for under the equity method, the rest are transferred to the current investment income on the purchase date).

(V) Consolidated financial statement preparation method

(1) The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Bank has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. Consolidation scope includes the Group and all subsidiaries. Subsidiaries refer to the subject controlled by the Group.

Once relevant factors involved in above definition of the control due to changes to relevant facts and conditions, it should be re-measured by the Group.

(2) Method for compiling consolidated financial statements

Upon the date of obtaining control of the net assets and business operation of the subsidiary, the Bank commences to incorporate it into the scope of combination; terminates to incorporate it into the scope of combination upon the date of losing control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For subsidiaries increased through business merger under the same control and combined party consolidated by merger, their operating results and cash flow from beginning date of consolidation period to combining date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and comparison number of consolidated financial statements are adjusted at the same time.

During preparation of consolidated financial statements, if different accounting policies or accounting periods are used by the subsidiaries and the Group, financial statements of the subsidiaries should be adjusted according to accounting policy and accounting period of the Group. For subsidiaries acquired

under a business combination not under the same control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the purchase date.

All significant transaction balances, transactions and unrealized profits within the Group are offset during preparation of consolidated financial statements.

The shareholder's equity of the subsidiary and the current portion of the net profit or loss that does not belong to the company are separately presented as minority shareholders' equity and minority shareholders' profits and losses under the item of shareholders' equity and net profit in the consolidated financial statements. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceeds the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. Difference of the sum of consideration arising from equity disposal and fair value of remaining equity minus the net asset portion of original subsidiaries calculated continuously from the purchase date as per the original shareholding ratio is included in investment income of the current period when losing control right. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the acquiree that directly disposes of the relevant assets or liabilities. (That is, except for the change in the net liabilities or net assets caused by the re-measurement of the defined subsidiaries in the original subsidiary, the rest will be converted into current investment income). Thereafter, residual equity of the part can be provided with subsequent measurement according to Accounting Standards for Enterprises No. 2 - Long-term Equity Investment or Accounting Standards for Enterprises No.22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. (XIII) "long-term equity investment" or Note IV. (IX) "financial instruments".

If the Bank loses control of the subsidiary due to disposing the equity interest through two or more deals, the above deals should be determined whether belong to a package-deal. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual impact; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction of them, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV (XIII)) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the

subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

(VI) Classification of joint arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. According to rights and obligations for the arrangement of joint ventures, the Group divides the joint ventures into joint-operated and cooperative enterprise. Joint operation refers to that the Group enjoys the relevant assets of the arrangement and assumes arrangement of joint ventures of relevant liabilities. Cooperative enterprise refers to an arrangement of joint ventures where the Group only has the right for net assets of the organization.

The group investment in joint venture is accounted by the equity method, and treated according to the accounting policy specified in Note IV (XIII) (2) ② "Long-term equity investment accounting by the equity method".

As an associated enterprise, for joint operation, the Group should recognize assets independently held by the Group, liabilities independently assumed by the Group, and jointly held assets and jointly assumed liabilities according to the share of the Group; income from sales of output share of joint operation enjoyed by the Group; income from sales through joint operation according to the share of the Group; independently expenses of the Group and occurred expenses of joint operation according to the share of the Group.

When the Group, as an associate enterprise, invests or sells assets (the asset doesn't constitute a business, same hereunder) to the joint venture, or when the Group purchases assets from the joint venture, before such assets are sold to the third party, the Group only recognizes parts of profits and losses generated from the transaction and belonging to other participants of the joint venture. If such assets are subject to asset impairment losses in accordance with the Accounting Standards for Business Enterprises No.8—Impairment of Assets, etc. the Group fully recognizes such losses, for the assets jointly invested or sold by the Group; and recognizes such losses as per the assumed portion, for the accoto purchased from joint operation.

(VII) Determination standards of cash and cash equivalents

The Group's cash and cash equivalents include cash in stock, deposits that can be used to pay at any time, and investment held by the Group with short-term (usually due within three months from the date of purchase), strong liquidity, easy conversion to known amounts of cash, and little risk of change in value.

(VIII) Foreign currency transactions and conversion of foreign currency statements

(1) Conversion of foreign currency transactions

If transaction of the Group in foreign currency is determined at the very beginning, it should be converted to recording currency amount at spot rate on the trading day, but foreign currency exchange

or transaction matters involving foreign currency exchange of the Group should be converted into recording currency amount at actually used exchange rate.

(2) Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on that date, and the resulting exchange difference is included in current profits and losses, except: ① the exchange difference arising from special borrowings of foreign currency related to constructing the assets eligible for capitalization is treated in the principle of borrowing cost capitalization; ② for the available-for-sale foreign currency monetary items, the exchange difference arising from book balance change other than the amortized cost is included in other comprehensive income.

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates are included in other comprehensive income; When disposing of overseas operations, transfer to disposal of current profits and losses.

Non-monetary foreign currency items measured at historical cost are still measured by the amount of functional currency converted at the spot exchange rate on the transaction date. Non-monetary foreign currency items measured at fair value shall be converted at the spot exchange rate on the date when the fair value was determined. The difference between the converted functional currency amount and the original functional currency amount shall be treated as changes in fair value (including changes in exchange rates) and included in current profit or loss or confirming as other comprehensive income.

(3) Conversion method of foreign currency financial statements

For the preparation of consolidated financial statements involving overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange differences arising from changes in exchange rates shall be confirmed to be other comprehensive income as a "foreign currency conversion difference"; When disposing of overseas operations, included in disposal of current profit and loss.

The foreign currency financial statement of overseas operation is converted into RMB statement as follows: items of assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the "undistributed profit" item, other owner's equity items are converted at the spot exchange rate at the time of incurrence. Income and expense items in the income statement are converted by the spot exchange rate on the transaction date. The opening undistributed profit is the undistributed profit at the end of last year after the conversion; the undistributed profits at the end of the year are calculated according to the profit distribution of the items after the conversion; the difference between the total count of asset class items and liabilities items and shareholder equity items after conversion is count as a foreign currency statement conversion difference, confirmed as other comprehensive income. When disposal foreign operations and the control rights are lost, the difference in foreign currency statements related to the overseas operations that are listed in the shareholders' equity items in the balance sheet is transferred to the current profit or loss, either in whole or in proportion

to the disposal of the foreign operations.

Foreign currency cash flows and cash flows of overseas subsidiaries are converted at the spot exchange rate on the cash flow occurrence day. The impact of exchange rate changes on cash is treated as a reconciliation item and presented separately in the cash flow statement.

The opening balance and actual amount in the previous period are presented in the amount converted from the previous period's financial statements.

When disposing of the entire owner's equity of the company's overseas operations or the loss of overseas operations control rights due to the disposal of part of the equity investment or other reasons, the ownership of the company's equity in the balance sheet and the operations related to the overseas operations are attributed to the difference in conversion of foreign currency statements of owners' equity of the parent company and is transferred to the disposal of current profit or loss.

When disposing of part of the equity investment or other reasons that result in a reduction in the proportion of overseas operating equity but not losing control over overseas operations, the foreign exchange statement conversion differences related to the foreign operations disposal part will be attributed to minority shareholders' equity and will not be transferred to the current profits and losses. When disposing of partial equity in an overseas operation is an associate or a joint venture, the foreign currency conversion difference related to the overseas operation is transferred to the disposal of current profit or loss in proportion to the disposal of the foreign operation.

(IX) Financial Instruments

A financial asset or financial liability shall be recognized in case that the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

(1) Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The company measures the fair value of financial assets and financial liabilities at the prices of major markets. If there is no major market, the fair value of financial assets and financial liabilities are measured at the most favorable market prices, the applicable available sufficient and current data and the other information supporting valuation techniques are also used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The Group gives priority to use the first level of input values, and then the third level of input values. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

(2) Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss. Financial assets of the Group measured by fair value and with changes included in current profits and losses should be transactional financial assets.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Transactional financial assets are subsequently measured at fair value; gains or losses arising from fair value change, as well as dividends and interest incomes associated with such financial assets are included in profits and losses.

② Held-to-maturity investments

Refers to non-derivative financial assets with fixed expiry date, fixed or ascertainable recovery amount, and that the Group has clear intention and capability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Company will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. Financial assets of the Group divided into loans and receivables

include notes receivable, account receivables, interest receivable, dividend receivable and other receivables etc.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost.

Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the provision for impairment.

The Bank performs impairment tests individually for the financial assets whose amounts are significant; for the financial assets whose amounts are insignificant, the impairment tests can be performed individually or they are included in the portfolio of financial assets with similar credit risks to perform impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss

and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value over 50%; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

(4) Recognition basis and measurement method of financial assets transfer

Financial assets are derecognized in one of the following conditions: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership are transferred to the transferee; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has given up control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The degree of continuous involvement in the transferred financial asset refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria of de-recognition, the difference

between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

Where the Bank sells financial assets with recourse, or transfers financial assets by endorsement, the Bank needs to determine whether all the risks and rewards of ownership of the financial asset have been transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

③ Financial guarantee contract and loan commitment

Financial guarantee contracts that are not classified as financial liabilities measured at fair value to

the current profit or loss are initially recognized at fair value, and then, it should be subsequently measured the larger balance, one of them is determined in accordance with Accounting Standards for Enterprises No. 13 - Contingencies and the other is initial confirmation amount after deducting the accumulated amount of amortization determined in accordance with the principle of "Accounting Standards for Enterprises No. 14 - Revenue".

(6) De-recognition of financial liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and are measured subsequently at fair value. Changes to fair value of derivatives are included in the current profits and losses.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirety is designated as financial asset or liability at fair value through current profit or loss.

(8) Offset of financial assets and financial liabilities

When the Group has legal rights for offsetting recognized financial assets and financial liabilities, which are executable at present, and the Group plans to settle with net amount or realize the financial assets and liquidate the financial liabilities, amount of financial assets and financial liabilities after mutual offset should be listed in the balance sheet. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

(9) Equity instruments

Equity instruments refer to contracts that residual rights of the Group for the assets can be obtained after deduction of all liabilities. Issuing (including refinancing), purchasing-back, sales or write-off of equity instruments by the Group should be disposed as changes to rights and interests. The Group doesn't recognize changes to fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

Various distributions of the Group to holders of equity instruments (excluding stock dividend) are used to reduce rights of the shareholders. The Group doesn't recognize change amount to fair value of equity instruments.

(X) Receivables

Receivables include accounts receivable, other receivables, etc.

(1) Bad debt preparation confirmation standards

The group inspects book value of receivables on the balance sheet date; if the following objective evidences indicate impairment of receivables, provision for impairment is made: ① the debtor has serious financial difficulties; ② the debtor breaches the contract terms (such as payment of interest or principal is breach of contract or overdue, etc.); ③ the debtor is likely to close down or conduct other financial restructuring; ④ other objective basis to indicate impairment of the receivables.

(2) Bad debt provision method

① The confirmation standard and accrual method of bad debt provision for account receivables with single significant amount and single provision for bad debts

Receivables with amount above 5 million Yuan or amounts accounting for more than 5% of book balance of account receivables are recognized by the Group to be receivables with large single amount.

The Company conducts the individual impairment tests on individual significant receivables, and the individual test financial assets without impairment are included in the financial assets portfolio with similar characteristics of credit risk to perform the impairment tests. The receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing.

② The basis to determine the receivables of bad debt provision according to the credit risk portfolio and the method for bad debt provision

A. The basis of determining the combination of credit risk characteristics

The company classifies the financial assets based on the similarity and correlation of credit risk characteristics for receivables with single insignificant and significant amounts without impairment of individual tests. These credit risks reflect generally the ability of the debtor to repay all amounts due according to the contractual terms of the assets, which are related to the measurement of the future cash flows of the assets inspected.

The basis to determine the different combinations:

Items	Basis of determining the portfolio
Aging portfolio	The portfolio is determined by similar credit risk characteristics of accounts receivable age, for the accounts receivable with single significant amount but no bad debt provision upon separate test plus the accounts receivable with single insignificant amount upon deducting single bad debt provision.
Other combinations	Fund receivable of related party in the consolidation scope, funds receivable of government agencies and its shareholding enterprises, and amounts with very small risk for being unable to recover.

B. Bad debt provision method based on credit risk feature combination

Aging combination: the proportion of bad debt reserves withdrawn by the company according to the

aging analysis is as follows:

Aging	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1~2 years	10.00	10.00
2~3 years	20.00	20.00
3~4 years	50.00	50.00
4~5 years	50.00	50.00
Over 5 years	100.00	100.00

For other combination, no bad debt reserves are withdrawn by the Company.

③ Receivables with individual insignificant amounts and single provision for bad debts

Accounts receivable with single insignificant amount refers to the accounts receivable with single amount below RMB5 million.

For the accounts receivable with single insignificant amount but the following characteristics (accounts receivable in dispute with the other party or involved in litigation and arbitration; accounts receivable with obvious indication that the debtor is probably unable to perform repayment obligations, etc.), impairment test shall be conducted separately; if objective evidence shows occurrence of impairment, recognize impairment losses as per the difference of estimated future cash flow present value lower than the book value, and withdraw bad debt provision. Meanwhile, the company withdraws bad debt provision, according to similar credit risk characteristics of accounts receivable age, for the accounts receivable with single insignificant amount after deducting single bad debt provision.

(3) Reversal of bad debt provision

If objective evidence shows the value of such receivables has been recovered and it is objectively related to the matters occurred after the loss has been recognized, the previously recognized impairment losses are reversed and charged to the current profits and losses. However, the book value after the reversal does not exceed the assumed amortized cost of such receivables on the reversal date without provision for impairment.

If the company transfers the receivables to the financial institution without recourse, the difference between the transaction amount after deducting the book value of the receivables that have been written off and the related tax expenses should be recorded in the current profit or loss.

(XI) Inventory

(1) Classification of inventory

Inventories include development land held for sale or consumption during development and operation, development products, development products leased temporarily for sale, relocation housing, inventory materials, inventory equipment and low-value consumables, and development costs during development.

(2) Pricing method to obtain and issue inventory

Inventories are valued at the actual cost when acquired, and inventory costs include purchase costs, processing costs, and other costs.

① Sent materials and equipment should be provided with specific identification method.

② During development of the project, it's necessary to calculate development costs of land for development which is apportioned and included in the project according to floor space of development products.

③ Sent development products should be checked with average method of building area.

④ Development products and relocation housing which are intended for sales and temporarily rented should be averagely amortized by stages according to expected service life of similar fixed assets of the Group.

⑤ If public facilities are completed before relevant development products, after completion of final settlement of public facilities, it should be included in development cost of relevant development project according to actual development cost of relevant development project; if public facilities are completed after relevant development products, it's necessary to firstly withhold public facilities expenses from relevant development products and then adjust costs of relevant development products according to the difference between actual occurrence amount and withdrawal amount after completion settlement of public facilities.

(3) Confirmation of the net realizable value of inventories and withdrawal method for falling prices

On the balance sheet date, inventories should be measured according to the lower one between cost and net realizable value, and inventory falling price reserves should be withdrawn according to the difference between cost of single inventory and net realizable value. For inventories directly used for sale, during normal production and operation, its net realizable value should be determined by subtracting estimated sales expenses and related taxes from the estimated price of the inventories; for inventories requiring processing, during normal production and operation, its net realizable value should be determined by subtracting estimated costs to occur upon completion, estimated sales expenses and related taxes from estimated sales price of manufactured products; if on the balance sheet date, one inventories include part with agreed price in the contract and other parts without contractual price, it's necessary to respectively determine its net realizable value, compare it with its corresponding cost, and respectively determine the amount of withdrawal or reversal of Inventory falling price reserves.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method for low-value consumables and packaging materials

Low-value consumables should be amortized at one-off amortization method when they are received; and the packages should be amortized at one-off amortization method when they are received.

(XII) Held non-current assets for sale and disposal group

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one year. Among them, the disposal group refers to a group of assets that are disposed

of as a whole through sale or other means in a transaction, and the liabilities direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures:

- (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale;
- (2) Recoverable amount.

(XIII) Long-term equity investment

Long-term equity investment referred herein refers to long-term equity investment of the Group with control, joint control or major influence on the invested organization. Long-term equity investment of the Group in the invested organization without control, joint control or significant influence should be used as available-for-sale financial assets or measured at fair value and its changes are included in current profits and losses for business accounting of financial assets; its accounting policy is detailed in Note IV.(9) "financial instruments".

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties.

(1) Recognition of investment costs

For the long-term equity investment acquired by the business combination under the same control, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. In the case of issuance of equity securities as the merging consideration, the share of the book value of the owner's equity of the merged party in the ultimate controller's consolidated financial statements at the merged date should be taken as the initial investment cost of the long-term equity investment; the difference between the total face value of the issued shares, the initial investment cost of the long-term equity investment and the total par value of the shares issued should be adjusted for the capital reserve; if the capital reserve is insufficient to offset, the retained earnings should be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the shareholder's/owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the purchase date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as other comprehensive incomes because it uses equity method or because it is an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner's equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the

original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment, consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Other equity investment, except the long-term equity investment, shall be measured initially as cost. The initial cost shall, based on how the long-term equity investment is obtained, be determined according to the purchase cost which is actually paid, the fair value of the equity securities issued, the value stipulated in the investment contract or agreement, the fair value or book value of the assets surrendered in the exchange of non-monetary assets, or the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and measurement of financial instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investment that has common control over the invested entity (except for constituting a common operator) or significant influence is accounted as the equity method. In addition, financial statements of the Group are provided with cost method to certify long-term equity investment controlling the invested organization.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity

investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If accounting policy and accounting period used by the invested organization are inconsistent with the Group, accounting policy and accounting period of the Group should be used to adjust financial statements of the invested organization, and determine investment income and other comprehensive income. For transactions between the Group and associated enterprises and cooperative enterprise, if invested or sold assets don't constitute an business, part of unrealized profits and losses from internal transactions belonging to the Group measured according to its proportion should be offset, so as to determine investment profits and losses on this basis. But, unrealized internal transaction losses occurred between the Group and invested organization and belonging to impairment losses of transferred assets aren't offset. If the assets invested by the company to joint venture or associate constitutes a business, if the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If assets sold by the Group to cooperative enterprises or associated enterprises constitute a business, the difference between the consideration obtained and book value of the business is fully included in current profits and losses. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 – Enterprise consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. Moreover, if the Group has obligations for additional losses of the invested organization, estimated liabilities should be recognized according to obligations predicted to be assumed and included in the current investment loss. If net profits are realized by the invested organization later, the Group should recovery determination of revenue-sharing amount after unconfirmed loss contribution is remedied by revenue-sharing amount.

③ Acquisition of minority shareholder's interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of long-term equity investment

In the consolidated financial statement, if the parent company partially disposes the long-term equity investment of subsidiary without losing the control right, the difference between disposal price and net assets of subsidiary corresponding with the disposal of long-term equity investment is charged to owner's equity; if the parent company partially disposes the long-term equity investment of subsidiary, resulting in losing control right of subsidiary, it is subject to relevant account policy specified in the Note IV. 6. (2) "Method for the preparation of Consolidated Financial Statement".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder's equity recognized because of other change in invested entity's equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the Banks loses the control to the invested entity due to the disposal of partial equity investment, when prepares the separate financial statements, the remaining equity after the disposal that still do joint control or has significant influences on the invested entity shall be measured using equity method instead, and the remaining equity shall be adjusted as if it was measured using equity method since obtained; For the remaining equity after the disposal that does not do joint control or have significant influences on the invested entity, it shall conduct accounting treatment according to relevant regulations of the financial instrument recognition and measurement criterion, and the difference between the fair value and book value since the date of losing control shall be included into current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial

instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Bank loses joint control of significant influences on the invested entity due to the disposal of partial equity investment, the remaining equity after the disposal shall be measured using financial instrument recognition and measurement criterion, and the difference between the fair value and book value at the date of losing joint control of significant influences shall be included into the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

Where the Bank gradually disposes of the equity investment to the subsidiary by multiple transactions until losing control of the subsidiary, if the above transactions belong to a package-deal, all transactions shall be treated as a transaction of disposing the equity interest in subsidiary and losing control; Before losing control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall first be recognized as other comprehensive income, and be carried forward to current profit or loss without control when losing control.

(XIV) Investment real estate

The Group's investment real estate includes the use rights of leased land, the land use rights held and prepared for transfer after appreciation, and the buildings that have been leased out.

The investment real estate of the Group is recorded at its cost, and the cost of an out-purchased investment real estate includes the purchase price, related taxes and other expenses directly attributable to the asset; the cost of self-construction of investment real estate consists of the necessary expenses of the construction incurred before the scheduled usable condition is reached.

The Group subsequently measures the investment property by the fair value mode.

(1) Basis for subsequent measurement at fair value

Investment real estate with fair value continuously and reliably possessed as evidenced by concrete evidence shall be subsequently measured at fair value.

(2) Investment real estate measured at fair value with following conditions satisfied at the same time:

- A. There is active real estate trading market in the place where the investment real estate is located;
- B. The company can obtain the same category or similar real estate market price and other relevant information from the real estate transaction market, so as to make reasonable estimate on the fair value of investment real estate.

(3) Determination of fair value of investment real estate.

A. When current market price of same or similar real estate can be obtained, the Company shall determine fair value of investment real estate according to current market price (open market quotation) of same or similar real estate in the active market.

B. When current market price of same or similar real estate can't be obtained, the Company shall reasonably estimate fair value of investment real estate according to recent transaction price of same or similar real estate in the active market, transaction conditions, transaction date and corresponding area

and others, or estimated rental income to be obtained in the future and present value of relevant cash flow.

(4) Same or similar buildings refer to buildings in the same geological position and geological environment and with same nature, same or similar structure type, same or similar old and new degree, and same or similar service conditions; same or similar land use right refers to land in the same position and area with same or similar geological environment and same or similar service conditions.

(5) Investment real estate measured at fair value isn't withdrawn with depreciation or amortization, and its book value is adjusted on the basis of investment real estate on the balance sheet date. The difference between fair value and original book value is included in the current profit and loss.

When the use of an investment real estate changes to self-use, the investment real estate will be converted into fixed assets or intangible assets from the date of change. When the use of self-use real estate is changed to earn rent or capital appreciation, the fixed assets or intangible assets will be converted into investment real estate from the date of change. When the conversion occurs, the book value before the conversion is taken as the converted value.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

(XV) Fixed assets

(1) Fixed asset recognition conditions

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are only recognized when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

(2) Depreciation methods of various fixed assets

From the next month after the fixed assets reach the scheduled usable condition, the depreciation should be made within the service life as the life-average method. The use life, estimated net residual value and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation method	Depreciation year limit (years)	Residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	Straight-line method	5-30	5	3.17-19.00
Machinery equipment	Straight-line method	10	5	9.50
Transportation equipment	Straight-line method	10	5	9.50
Electronics and office equipment	Straight-line method	5	5	19.00

The expected net residual value is the amount that the company has currently reduced the estimated disposal expenses from the disposal of the asset, the estimated use life of the fixed asset is finished at

the end of its useful life.

(3) Impairment test method and withdrawal method of impairment provision of fixed assets

Impairment test method and provision method for impairment of fixed assets are detailed in Note IV. (XX) "long-term impairment of assets".

(4) Identification basis and pricing method of financing lease fixed assets

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

(5) Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

(XVI) Construction in process

Costs of construction in progress are determined on the basis of actual project expenditures, including project expenditures incurred during construction, capitalized borrowing costs and other related expenses before the project reaches its expected usable condition. Construction in progress is carried over to the fixed assets after it reaches its intended usable condition.

Impairment test method and provision method for impairment of project under construction are detailed in Note IV. (XX) "long-term impairment of assets".

(XVII) Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The capitalization of borrowing costs that can be directly attributable to the acquisition, construction, or production of assets that meet the conditions for capitalization is started when the capital expenditure and borrowing costs have already been incurred, and the necessary acquisition, construction, or production activities in order to make the assets ready for their intended use or sale have been started. The capitalization is stopped when the constructed or produced assets that meet the conditions for capitalization reach a state of intended use or sale. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

(XVIII) Intangible assets

(1) Intangible assets

Intangible assets are identifiable non-monetary assets held or controlled by the Group and without physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Research & development expenditure

Expenditure of research and development project within the Group can be divided into expenditure in the research stage and expenditure in the development stage.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④ Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- ⑤ Expenditure attributable to the development stage of the intangible asset can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(3) Impairment test method and withdrawal method of impairment provision of intangible assets

Impairment test method and provision method for impairment of intangible assets are detailed in Note IV. (XX) "long-term impairment of assets".

(XIX) Long-term prepaid expense

Long-term unamortized expenses refer to various expenses occurred and assumed in the report period and later periods, and with apportion period above one year (excluding one year). Long-term unamortized expenses should be accounted according to actual amounts and averagely amortized by stages in the benefit period or defined period. If the long term prepaid expense item does not benefit the subsequent accounting period, the surplus value of the item that has not been amortized shall be transferred to the current profits and losses.

(XX) Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the

price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

(XXI) Employee remuneration

Remuneration of the employees of the Group mainly includes short-term remuneration, after-service benefits, dismissal welfare and other welfares of long-term employees.

Of which:

Short-term remuneration mainly includes wage, bonus, allowance and subsidy, staff welfare, medical insurance premium, maternity insurance premium, work-related injury insurance premium, housing reserve fund, labor union fund and staff education fund, non-monetary welfare, etc. In the accounting period that employees provide services for the Group, remuneration of short-term employees actually occurred should be recognized as liabilities and included in current profits and losses or related asset costs. Of which non-monetary welfare is measured at fair value.

Post-employment welfare mainly includes basic pension insurance, unemployment insurance and annuity, etc. Post-employment welfare plan includes defined contribution plan and defined benefit plan.

(1) During accounting period that employees provide services for the Group, amount payable for deposit calculated according to defined contribution plan should be recognized as liabilities and included in current profits and losses or costs of relevant assets.

(2) Accounting treatment of defined benefit plan generally includes the followings:

1) According to expected cumulative welfare unit method, an unbiased and mutually consistent actuarial assumption should be used to estimate demographic variables and financial variables, measure obligations incurred from defined benefit plan and determine period of relevant obligation. At the same time, obligations incurred from defined benefit plan are discounted to determine present value and current service cost of defined benefit plan obligations;

2) If there are assets in the defined benefit plan, deficit or surplus formed after deducting fair value of assets in the defined benefit plan from present value of obligations in the defined benefit plan can be recognized as net liabilities or net assets of defined benefit plan. In case of surplus in the defined benefit plan, the enterprise measures net assets of defined benefit plan by the lower between defined benefit plan surplus and asset upper limit.

3) At the end of the period, employee compensation costs generated from defined benefit plan are recognized as service cost, net interest of net liabilities or net assets of defined benefit plan, changes occurred from re-measurement of net liabilities or net assets of defined benefit plan. Among them, service cost, net interest of net liabilities or net assets of defined benefit plan are included in current profits and losses or relevant cost of assets, and changes occurred from re-measurement of net liabilities or net assets of defined benefit plan should be included in other comprehensive income, and shouldn't transferred back to profit and loss in the subsequent accounting period. But, such amounts recognized in other comprehensive income can be transferred in the scope of the equity.

Prior to the expiration of the labor contract, terminate the labor relations with employees, or propose compensation suggestions to encourage employees to accept voluntary redundancy. When the bank cannot unilaterally withdraw the termination benefits due to termination of labor relation plans or the layoff proposal provided, confirm with the bank regarding the earlier date of costs relates to the restructure of paying resignation welfare associated, confirm the staff salary liabilities generated form termination of benefits, and included in the current profits and losses. Nevertheless, if the dismissal welfare is expected not to be fully paid within twelve months after end of the annual reporting period, it shall be handled as per other long-term employee remuneration.

Internal retirement plan of employee can be handled by the same principle as the above dismissal welfare. From the ceasing date of staff service to the normal retirement date, the bank intends to pay retired staff wages, social insurance, etc. In line with the projected liabilities confirmation conditions, it is included in the current profits or losses (termination benefits).

For other long-term staff welfare offered by the company to the employee, in case of compliance with the defined contribution plan, it shall be accounted for as per the defined contribution plan, or otherwise accounted for as per the defined benefit plan.

(XXII) Bonds payable

Where the payable bonds of the Group are initially recognized, they shall be measured at fair value, and related transaction costs shall be included in the initial recognition amount. The subsequent measurement shall be made at its post-amortization costs.

The balance between the payment price of the bond and the total face value is the premium or discount of the bond, which is amortized by adopting the actual interest rate method in the duration of the

bond, and is treated as the borrowing costs.

(XXIII) Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(1) Loss contract

Loss contract refers to the contract of costs inevitably exceeding estimated economic benefits when performing contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from such loss contract meet the recognition conditions of above estimated liabilities, the part of contractual estimated losses that exceeds the recognized impairment losses (if any) of contractual underlying assets is recognized as estimated liabilities.

(2) Reorganization obligations

If reorganization plan has been formally and externally announced in details, when meeting the aforesaid criteria of recognizing estimated liabilities, the amount of estimated liabilities is determined as per the direct expenditure related to reorganization. For reorganization obligation with partial business sold, its obligations with reorganization can only be recognized when the Group promises to sell partial business (i.e. upon signing of binding sales agreement).

(XXIV) Incomes

(1) Selling goods

Income from sales of goods should be recognized when all following conditions are satisfied: (1) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (2) The Group neither reserves the right of continuing management which is usually associated with the ownership, nor effectively controls the sold products; (3) the amount of income can be reliably measured; (4) relevant economic benefits may flow in; (5) relevant occurred cost or cost to occur can be reliably measured.

(2) Real estate sales revenue

No revenue may be recognized unless the following conditions are met simultaneously: The product has been completed and accepted, and the sales contract has been signed and the obligations stipulated in the contract have been fulfilled; The significant risks and rewards of ownership of the products have been transferred to the buyer by the company; The company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold products; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow

into the enterprise; The relevant costs incurred or to be incurred can be measured in a reliable way. Sale of self-used houses. No revenue may be recognized unless the following conditions are met simultaneously: The significant risks and rewards of ownership of the self-used house have been transferred to the buyer; The company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold products; The relevant amount of revenue can be measured in a reliable way; The relevant economic benefits may flow into the company; The relevant costs incurred or to be incurred can be measured in a reliable way.

(3) Construction contract income

In case the result of construction contract can be reliably estimated, contract income and contract expense are recognized as per the work completion percentage method on the balance sheet date. Contract completion progress should be determined according to actually completion progress.

The results of construction contract can be reliably measured meaning to simultaneously satisfy: ① total incomes of contract can be measured reliably; ② relevant economic benefits of contract are likely to flow into the company; ③ the actually incurred contractual costs can be clearly distinguished and reliably measured; ④ contract completion progress and costs to be incurred for completing the contract can be reliably measured.

If the result of construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income is recognized as per the actual contract cost that can be recovered, and the contract cost is recognized as contract expense in the period when it is incurred; If the contract cost cannot be recovered, it is immediately recognized as contract expense when it is incurred, and contract income is not recognized. If there is no uncertain factor to cause the result of construction contract not reliably estimated, relevant income and expense related to the construction contract shall be determined according to the work completion percentage method.

If estimated total contract cost exceeds total contract income, the estimated loss is recognized as current expense.

The cumulative costs incurred in the contract of construction in progress, the cumulative recognized gross profits (losses) and the settled price are presented in the balance sheet as net amount after offsetting. The part of the sum of cumulative costs incurred in the contract of construction in progress and cumulative recognized gross profits (losses) exceeding the settled price is presented as inventories; the part of the sum of settled price in the contract of construction in progress exceeding the cumulative costs incurred and cumulative recognized gross profits (losses) is presented as an advance receipts.

(4) Providing labor services

If the outcome of a transaction concerning the providing of labor service can be measured in a reliable way (the following conditions can be met simultaneously: the amount of revenue can be measured in a reliable way; the relevant economic benefits are likely to flow into the enterprise; the schedule of completion under the transaction can be confirmed in a reliable way; and the costs incurred or to be incurred in the transaction can be measured in a reliable way), the company shall recognize the revenue from providing services employing the percentage-of-completion method, and ascertain the schedule of

completion under the transaction concerning the providing of labor services by the proportion of the costs incurred provided against the total expected cost. If the company cannot, on the date of the balance sheet, measure the result of a transaction concerning the providing of labor services in a reliable way, it shall be conducted in accordance with the following circumstances, respectively: If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount, or If the cost of labor services incurred is not expected to compensate, the cost incurred should be included in the current profits and losses, and no revenue from the providing of labor services may be recognized.

No revenue from property management services may be recognized unless the following conditions are met simultaneously: The property management services have been provided; The relevant economic benefits may flow into the enterprise; The relevant costs can be measured in a reliable way.

(5) Abalienating the rights to use assets

No revenue from abalienating of right to use assets may be recognized unless the following conditions are met simultaneously: The relevant economic benefits are likely to flow into the enterprise; The amount of revenues can be measured in a reliable way. The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the company's cash is used by others and the actual interest rate; the amount of royalty revenue should be measured and confirmed in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

No revenue from renting the property may be recognized unless the following conditions are met simultaneously: The date of lease and the amount of the lease is stipulated in the lease agreement; The relevant economic benefits are likely to flow into the enterprise.

(6) Other business incomes

No other business revenue may be recognized unless the following conditions are met simultaneously: The relevant economic benefits are likely to flow into the enterprise as stipulated in the relevant contract or agreement; The related cost of revenues can be measured in a reliable way.

(XXV) Government grants

1. Category of government subsidy

Government grants refer to monetary assets or non-monetary assets acquired by the Group from the government free of charge, including government grants related to assets and government grants related to revenue, excluding capital invested by the government as the owner.

The company defines the government grants obtained for construction or forming long-term assets by other means as asset-related government grants; the other government grants are defined as revenue-related government grants. If government document does not expressly specify the recipient of subsidy, the subsidy fund is divided into income-related government subsidy and asset-related government subsidy in the following manners: (1) if the government document clarifies the specific project for subsidy, it is divided as per the relative proportion of asset expenditure amount and expenditure amount charged to expense in the budget of this specific project, and this division proportion needs to be reviewed on each balance sheet date and changed when necessary; (2) if government document only makes general

statement on the purpose of usage, rather than indicate the specific project, it is the income-related government subsidy.

2. Principles for recognition and measurement of government grants

Principle of recognizing government subsidy:

- (1) Conditions attached to government grants can be satisfied by the Group;
- (2) The Group can receive government grants.

Government subsidies can only be confirmed if they meet the above conditions.

Measurement of government subsidies

(1) If government grants are monetary assets, it should be measured by the Group according to received amounts or amounts receivable.

(2) If government grants are non-monetary assets, it should be measured by the Group according to its fair value; if fair value can't be reliably obtained, it should be measured according to nominal amount (nominal amount is RMB 1 Yuan).

3. Accounting treatment methods for government subsidies

(1) Government grants relevant to the assets should be recognized as deferred income according to its actual amount upon acquisition, and included in current profits and losses by stages in the service life of relevant assets in a reasonable and systematic manner. Government grants measured at nominal amount are directly charged to current profits and losses.

(2) Income-related government subsidy is treated separately as follows:

① Government grants used to compensate for relevant expenses or losses of the Group and relating to the income should be recognized as deferred income upon acquisition and included in current profits and losses or offset relevant costs during recognition of relevant expenses.

② Government grants used to compensate for occurred expenses or losses of the Group and relating to the income should be directly included in current profits and losses or offset relevant costs upon acquisition.

(3) If determined government subsidies need to be returned, it shall be provided with accounting treatment as follows in the current period requiring return:

① If book value of relevant assets is offset during initial recognition, it's necessary to adjust book value of the assets;

② Relevant deferred income, if any, shall be used to offset book balance of relevant deferred income and exceeding part shall be included in the current profit and loss;

③ In case of other conditions, it shall be directly included in current profit and loss.

(4) Government subsidies relating to daily activity of the enterprise shall be included in other income or used to offset relevant costs according to business substance. Government grants irrelevant to daily activities of the enterprise should be included in non-operating income and expenditure.

(XXVI) Deferred income tax assets/deferred income tax liabilities

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in

accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

(2) Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, uninfluenced accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Apart from above exceptions, the Group recognizes deferred tax liabilities incurred from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffected accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax recognized as other comprehensive revenue or related to the transaction and matter directly included in shareholder's equity are charged to

other comprehensive revenue or shareholder's equity, as well as the deferred income tax arising from enterprise merger to adjust book value of goodwill, other current income tax and deferred income tax expenses or revenues are charged to current profits and losses.

(4) Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

(XXVII) Leasing

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

(1) The Group records operating leasing business as the lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(2) The Group records operating leasing business as the lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(3) The Group records financial leasing business as the lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease

period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(4) The Group records financial leasing business as the lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(XXVIII) Changes in significant accounting policies and accounting estimates

1. Accounting policy change

None.

2. Accounting estimate change

None.

V. Tax items

1. Main tax categories and tax rates

Tax category	Specific tax rate
VAT	As for taxable income of general taxpayers, the output tax is calculated at the rate of 5%-16%, and VAT is calculated and paid as per the difference after deducting the deductible input tax of the current period.
Urban maintenance and construction tax	Calculated as per 7% of turnover tax actually paid.
Increment tax on land value	Land VAT is calculated and paid as per the super-rate progressive tax rate of 30%-60% for the VAT amount obtained from property transfer.
Corporate income tax	Calculation and payment is made at 25% of the taxable income.

VI. Notes on consolidated financial statement items

The following note items (including main item notes of the group's financial statements), unless otherwise specified, the beginning of year refers to 1 January 2021, the end of period refers to 30 September 2021, the current period refers to January-September 2021, and the last period refers to January-September 2020.

1. Monetary fund

Items	Closing balance	Opening balance
Cash	4,934.16	4,934.16
Bank savings	1,403,065,915.80	419,261,926.46
Other monetary funds	247,000,000.00	347,000,000.00
Total	1,650,070,849.96	766,266,860.61

Among them, limited monetary funds are detailed as follows:

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Items	Amount	Reasons for restricted use
Other monetary funds	247,000,000.00	Pledged fixed deposit
Total	247,000,000.00	

2. Accounts receivable

(1) Disclosure of receivable classification

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single significant amount and single provision for bad debt reserve					
Receivables with bad debt provision as per credit risk characteristic combinations	7,722,926.60	100.00	4,920,564.38	63.71	2,802,362.22
Of which: combination of account age	7,483,137.00	96.90	4,920,564.38	65.76	2,562,572.62
Other combinations	239,789.60	3.10			239,789.60
Account receivables with single insignificant amount but single provision for bad debts					
Total	7,722,926.60	100.00	4,920,564.38	63.71	2,802,362.22

(Continued)

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Receivables with single significant amount and single provision for bad debt reserve					
Receivables with bad debt provision as per credit risk characteristic combinations	349,906,540.64	100.00	8,902,237.43	2.54	341,004,303.21
Of which: combination of account age	87,116,597.98	24.90	8,902,237.43	10.22	78,214,360.55
Other combinations	262,789,942.66	75.10			262,789,942.66
Receivables with individual insignificant amounts and single provision for bad debts					
Total	349,906,540.64	100.00	8,902,237.43	2.54	341,004,303.21

A. In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

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Aging	Closing balance			Opening balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)	Accounts receivable	Bad debt provision	Accrual ratio (%)
Within 1 year	7,146.00	357.30	5.00	79,640,606.98	3,982,030.35	5.00
1-2 years			10.00			10.00
2-3 years	1,131,102.75	226,220.55	20.00	1,131,102.75	226,220.55	20.00
3-4 years	17,017.05	8,508.53	50.00	17,017.05	8,508.53	50.00
4-5 years	3,284,786.40	1,642,393.20	50.00	3,284,786.40	1,642,393.20	50.00
Over 5 years	3,043,084.80	3,043,084.80	100.00	3,043,084.80	3,043,084.80	100.00
Total	7,483,137.00	4,920,564.38	100.00	87,116,597.96	8,902,237.43	—

B. In the combination, other methods are used to withdraw account receivables of bad debt provision.

Name of portfolio	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Other combinations	239,789.60		
Total	239,789.60		

(2) Important accounts receivable classified by overdue parties at the end of the period

Name of debtors	Closing balance of receivables	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provision for bad debts
Shuanghe Village Economic Cooperative in Yuyao Economic Development Zone	7,483,137.00	96.90	4,920,564.38
Total	7,483,137.00	96.90	4,920,564.38

3. Advance payment

Advance payment by age is shown as follows:

Items	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	5,853.70	100.00	55,020.00	100.00
Total	5,853.70	100.00	55,020.00	100.00

4. Other receivables

Items	Closing balance	Opening balance
Other receivables	2,625,022,650.24	2,533,140,503.89
Interests receivable		
Dividends receivable		
Total	2,625,022,650.24	2,533,140,503.89

(1) Disclosure of other receivable classification

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Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single significant amount and single provision for bad debts					
Other receivables with bad debt provision as per credit risk characteristic combinations	2,630,657,175.56	100.00	5,834,525.32	0.22	2,625,022,650.24
Of which: combination of account age	78,203,894.13	2.97	5,834,525.32	7.46	72,369,368.81
Other combinations	2,552,653,281.43	97.03			2,552,653,281.43
Other receivables with single insignificant amount but single provision for bad debts					
Total	2,630,657,175.56	100.00	5,834,525.32	0.22	2,625,022,650.24

(Continued)

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with single significant amount and single provision for bad debts					
Other receivables with bad debt provision as per credit risk characteristic combinations	2,534,993,356.16	100.00	1,852,852.27	0.07	2,533,140,503.89
Of which: combination of account age	9,181,198.33	0.36	1,852,852.27	20.18	7,328,346.06
Other combinations	2,525,812,157.83	99.64			2,525,812,157.83
Other receivables with single insignificant amount but single provision for bad debts					
Total	2,534,993,356.16	100.00	1,852,852.27	0.07	2,533,140,503.89

A. In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance			Opening balance		
	Other receivables	Bad debt provision	Accrual ratio (%)	Other receivables	Bad debt provision	Accrual ratio (%)
Within 1 year	69,022,695.80	3,451,134.79	5.00	6,605,000.00	330,250.00	5.00
1-2 years	6,605,000.00	660,500.00	10.00	50,000.00	5,000.00	10.00
2-3 years	50,000.00	10,000.00	20.00	106,898.00	21,379.60	20.00
3-4 years	106,898.00	53,449.00	50.00	1,458,997.00	729,498.50	50.00
4-5 years	1,519,717.60	759,858.80	50.00	387,158.33	193,579.17	50.00

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Aging	Closing balance			Opening balance		
	Other receivables	Bad debt provision	Accrual ratio (%)	Other receivables	Bad debt provision	Accrual ratio (%)
Over 5 years	899,582.73	899,582.73	100.00	573,145.00	573,145.00	100.00
Total	78,203,894.13	5,834,525.32	—	9,181,198.33	1,852,852.27	—

B. In the combination, other methods are used to withdraw account receivables of bad debt provision.

Name of portfolio	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio (%)
Other combinations	2,552,653,281.43		
Total	2,552,653,281.43		

(2) Other receivables of Top 5 closing balance classified by debtors

Name of debtors	Closing balance of other receivables	Proportion to total closing balance of other receivables (%)	Closing balance of provision for bad debts
Yuyao Second Light Industry Corporation	783,143,783.66	29.77	
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	508,121,854.48	19.31	
Yuyao Haiji Construction Development Co., Ltd.	450,563,564.93	17.13	
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	255,000,000.00	9.69	
Yuyao Ditang Urban Construction Investment Co., Ltd	250,000,000.00	9.50	
Total	2,246,829,203.07	85.40	

5. Inventory

Items	Closing balance		
	Book balance	Provision for depreciation	Book value
Development cost	7,469,821,696.79		7,469,821,696.79
Land assets	397,965,777.28		397,965,777.28
Total	7,867,787,474.07		7,867,787,474.07

(Continued)

Items	Opening balance		
	Book balance	Provision for depreciation	Book value
Development cost	6,732,873,729.13		6,732,873,729.13
Land assets	1,083,748,898.09		1,083,748,898.09
Total	7,816,622,627.22		7,816,622,627.22

6. Other current assets

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Items	Closing balance	Opening balance
Advance payment of other taxes and fees	6,339,400.30	7,631,324.65
Total	6,339,400.30	7,631,324.65

7. Other equity instrument investments

(1) Investment of other equity instruments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Other equity instrument investments						
Of which: measured by cost	100,000,000.00		100,000,000.00	100,000,000.00		100,000,000.00
Total	100,000,000.00		100,000,000.00	100,000,000.00		100,000,000.00

(2) Other equity instrument investments measured at cost at the end of the period

Investee	Book balance				Shareholding ratio in the investee (%)
	At the beginning of the year	Increase in current period	Decrease in current period	The end of the period	
Yuyao Traffic Station Construction and Housing Development Co., Ltd	100,000,000.00			100,000,000.00	15.00
Total	100,000,000.00			100,000,000.00	

8. Long-term equity investment

Investee	Opening balance	Increases and decreases in current period				
		Increasing investment	Reduced investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues	Other equity change
Associated enterprises						
Yuyao Haiji Construction Development Co., Ltd.	940,051,377.93			10,962,090.20		
Total	940,051,377.93			10,962,090.20		

(Continued)

Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision	Period-end shareholding ratio
	Declaration of cash dividends or profits	Provision for impairment	Other			
Associated enterprises						

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Investee	Increases and decreases in current period			Closing balance	Closing balance of impairment provision	Period-end shareholding ratio
	Declaration of cash dividends or profits	Provision for impairment	Other			
Yuyao Halji Construction Development Co., Ltd.				951,013,468.13		45.00%
Total				951,013,468.13		

9. Investment real estate

Items	Houses, buildings	Land use right	Total
I. Opening balance	880,806,757.00	144,083,200.00	1,024,889,957.00
II. Changes in current period			
Plus: outsourced			
Fair value changes			
III. Closing balance	880,806,757.00	144,083,200.00	1,024,889,957.00

10. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	34,384,968.89	40,189,323.38
Fixed asset liquidation		
Total	34,384,968.89	40,189,323.38

Changes in classification of fixed assets are detailed as follows:

Items	Houses and buildings	Machinery equipment	Transportation equipment	Electronics and office equipment	Total
I. Original book value					
1. Opening balance	44,308,146.70	13,652,762.64	1,093,980.11	24,612,279.44	83,667,168.89
2. Increased amount in current period					
(1) Purchase					
(2) Transfer of engineering under construction					
3. Decreased amount in current period					
(1) Disposal or scraping					
(2) Investment property transfer-in					
4. Closing balance	44,308,146.70	13,652,762.64	1,093,980.11	24,612,279.44	83,667,168.89
II. Cumulative depreciation					
1. Opening balance	27,133,959.61	10,446,832.08	808,690.32	5,088,563.50	43,477,845.51
2. Increased amount in current period	3,622,422.37	1,394,640.31	107,961.33	679,330.48	5,804,354.49
(1) Provision	3,622,422.37	1,394,640.31	107,961.33	679,330.48	5,804,354.49

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Items	Houses and buildings	Machinery equipment	Transportation equipment	Electronics and office equipment	Total
3. Decreased amount in current period					
(1) Disposal or scrapping					
(2) Investment property transfer-in					
4. Closing balance	30,756,381.98	11,841,272.39	916,651.65	5,767,993.98	49,282,200.00
III. Provision for impairment					
1. Opening balance					
2. Increased amount in current period					
(1) Provision					
3. Decreased amount in current period					
(1) Disposal or scrapping					
4. Closing balance					
IV. Book value					
1. Period-end book value	13,551,764.72	1,811,490.25	177,328.46	18,844,385.46	34,384,968.89
2. Book value at the beginning of year	17,174,187.09	3,206,130.56	285,289.79	19,523,715.94	40,189,323.38

11. Intangible assets

Items	Land use right	Total
I. Original book value		
1. Opening balance	28,061,818.90	28,061,818.90
2. Increased amount in current period		
(1) Purchase		
(2) Internal R&D		
(3) Increase in business combination		
3. Decreased amount in current period		
(1) Disposal		
(2) Investment property transfer-in		
4. Closing balance	28,061,818.90	28,061,818.90
II. Accumulated amortization		
1. Opening balance	2,319,144.34	2,319,144.34
2. Increased amount in current period	433,889.39	433,889.39
(1) Provision	433,889.39	433,889.39
3. Decreased amount in current period		
(1) Disposal		
(2) Investment property transfer-in		
4. Closing balance	2,753,033.73	2,753,033.73
III. Provision for impairment		

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Items	Land use right	Total
1. Opening balance		
2. Increased amount in current period		
(1) Provision		
3. Decreased amount in current period		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Period-end book value	25,308,785.17	25,308,785.17
2. Book value at the beginning of year	25,742,674.56	25,742,674.56

12. Long-term prepaid expense

Items	Opening balance	Increase in current period	Current amortization	Other decreases	Closing balance
Decoration fees	980,887.59		214,235.91		766,651.68
Total	980,887.59		214,235.91		766,651.68

13. Deferred income tax assets and deferred income tax liabilities

Items	Closing balance		Opening balance	
	Deferred income tax	Deductible/taxable	Deferred income tax	Deductible/taxable
	Assets/liabilities	Temporary difference	Assets/liabilities	Temporary difference
I. Deferred income tax assets				
Asset impairment reserve	2,688,772.43	10,755,089.72	2,688,772.43	10,755,089.72
Increase and decrease in fair value of investment properties				
Total	2,688,772.43	10,755,089.72	2,688,772.43	10,755,089.72
II. Deferred income tax liabilities				
Increase and decrease in fair value of investment properties	76,017,157.70	304,068,630.80	76,017,157.70	304,068,630.80
Total	76,017,157.70	304,068,630.80	76,017,157.70	304,068,630.80

14. Other non-current assets

Items	Closing balance	Opening balance
Advance payments of long-term assets	400,000,000.00	400,000,000.00
Funding amount of Yuyao Weilan Zhigu Investment Partnership Enterprise (Limited Partnership)	315,816,716.51	315,816,716.51
Funding amount of Songyang County Shunlong Shanhai Cooperative Industrial Park Development Co., Ltd	100,101,691.19	100,101,691.19
Other project investments	647,050,000.00	
Total	1,462,968,407.70	815,918,407.70

Note: ① On 29 December 2020, Yuyao Weilan Zhigu Investment Partnership Enterprise (Limited Partnership) held a partner meeting. All partners unanimously agreed Yuyao Yaojiang Technology Investment Development Co., Ltd to transfer all property portions in Yuyao Weilan Zhigu Investment Partnership Enterprise (Limited Partnership) to the company, and inheriting all rights and obligations of Yuyao Yaojiang Technology Investment Development Co., Ltd in the partnership enterprise. As of the audit report date, equity change registration had not yet completed.

② On 15 December 2020, Songyang County Shunlong Shanhai Cooperative Industrial Park Development Co., Ltd held an interim shareholder's meeting. All shareholders unanimously agreed Yuyao Yaojiang Technology Investment Development Co., Ltd to transfer 49.004% equity of Songyang County Shunlong Shanhai Cooperative Industrial Park Co., Ltd held by it to the company, and signed the Equity Transfer Agreement with the company on 20 December 2020. As of the audit report date, equity change registration had not yet completed.

15. Short-term borrowings

Items	Closing balance	Opening balance
Credit borrowings	10,000,000.00	10,000,000.00
Security borrowings	351,750,000.00	170,250,000.00
Mortgage borrowings	80,000,000.00	180,000,000.00
Pledge borrowings	149,150,000.00	95,500,000.00
Total	590,900,000.00	455,750,000.00

16. Bills payable

Items	Closing balance	Opening balance
Commercial acceptance bill		377,000,000.00
Total		377,000,000.00

17. Accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1.00	0.01	155,281.00	20.89
Over 3 years	588,128.00	99.99	588,128.00	79.11
Total	588,129.00	100.00	743,409.00	100.00

18. Advance receipt

Items	Closing balance	Opening balance
Within 1 year	700,829.11	613,038.10
Total	700,829.11	613,038.10

19. Payroll payable

(1) Employee remuneration payable is listed in a classified manner

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Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term remuneration	80,540.95	3,894,116.08	3,583,014.83	391,642.20
Post-employment welfare defined benefit plan		74,662.46	74,662.46	
Dismissal benefits				
Other benefits due within one year				
Other				
Total	80,540.95	3,968,778.54	3,657,677.29	391,642.20

(2) Presentation of short-term remuneration

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Wages, bonuses, allowances and subsidies	26,007.40	3,419,794.08	3,108,692.83	337,108.65
II. Employee services and benefits	54,533.55	337,869.40	337,869.40	54,533.55
III. Social insurance premiums		136,452.60	136,452.60	
Of which:				
1. Medical insurance premium		133,329.49	133,329.49	
2. Work-related injury insurance premium		1,958.39	1,958.39	
3. Birth insurance premium		1,164.72	1,164.72	
IV. Housing fund				
Total	80,540.95	3,894,116.08	3,583,014.83	391,642.20

(3) Presentation of defined contribution plan

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium		72,557.91	72,557.91	
Unemployment insurance premium		2,104.55	2,104.55	
Payment of enterprise annuity				
Total		74,662.46	74,662.46	

20. Taxes payable

Tax category	Closing balance	Opening balance
VAT	20,873,897.59	11,855,528.26
Urban maintenance and construction tax	4,112,195.03	3,979,388.53
Education surcharge	2,934,891.64	2,841,410.54
Stamp duty	25,108.04	
Corporate income tax	102,114,793.25	90,230,902.89
Land use tax	1,326,123.79	5,095,270.50
Housing tax	1,912,334.13	3,103,217.24
Total	133,299,343.47	117,105,717.95

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21. Other payables

Items	Closing balance	Opening balance
Other payables	837,766,737.33	697,991,969.82
Interest payable	98,726,939.57	86,577,250.19
Dividends payable		
Total	936,493,676.90	784,569,220.01

(1) Other payables

Other payables presented by nature of funds

Items	Closing balance	Opening balance
Transaction accounts	837,766,737.33	697,991,969.82
Total	837,766,737.33	697,991,969.82

22. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	1,840,260,000.00	1,221,175,000.00
Bonds payable due within one year	1,289,368,812.89	846,837,255.33
Total	2,929,628,812.89	1,868,012,255.33

23. Other current liabilities

Items	Closing balance	Opening balance
US bond	647,050,000.00	
Total	647,050,000.00	

24. Long-term borrowing

Items	Closing balance	Opening balance
Mortgage borrowings	399,000,000.00	180,000,000.00
Security borrowings	3,572,600,000.00	3,147,675,000.00
Mixed borrowings	660,000,000.00	590,500,000.00
Less: long-term borrowings due within one year	1,640,260,000.00	1,221,175,000.00
Total	2,991,340,000.00	2,697,000,000.00

25. Bonds payable

Items	Closing balance	Opening balance
19Yao Economic Development MTN01	496,564,482.96	496,564,482.96
18-dollar debt	642,887,255.33	646,837,255.33
19 USD bond	646,481,557.56	648,941,557.56
19 Yao Economic 01 Corporate Bond	496,820,099.73	496,820,099.73
20 Yao Economic 02 Corporate Bond	858,957,028.98	858,957,028.98
Less: bonds payable due within one year	1,289,368,812.89	846,837,255.33
Total	1,854,341,611.67	2,503,283,169.23

Increases and decreases of bonds payable (excluding other financial instruments such as preferred stock and perpetual bond classified as financial liabilities)

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Bond name	Face value	Issue date	Bond maturity	Issue amount
13 Yukaitou debt	1,000,000,000.00	Wednesday, March 6, 2013	7 years	1,000,000,000.00
19Yao Economic Development MTN01	500,000,000.00	Monday, June 24, 2019	5 year	500,000,000.00
18-dollar debt	100 million dollars	Friday, December 21, 2018	3 year	100 million dollars
19 USD bond	100 million dollars	Tuesday, April 23, 2019	3 year	100 million dollars
19 Yao Economic 01 Corporate Bond	500,000,000.00	Thursday, November 14, 2019	5 year	500,000,000.00
20 Yao Economic 02 Corporate Bond	865,000,000.00	Monday, April 20, 2020	5 year	865,000,000.00

(Continued)

Bond name	Opening balance	Issue in current period	Amortization of discount or premium	Repayment in the current period	Other changes	Closing balance
19Yao Economic Development MTN01	498,564,482.96					498,564,482.96
18-dollar debt	646,837,255.33		-3,950,000.00			642,887,255.33
19 USD bond	648,941,557.56		-2,460,000.00			646,481,557.56
19 Yao Economic 01 Corporate Bond	496,820,099.73					496,820,099.73
20 Yao Economic 02 Corporate Bond	858,957,028.98					858,957,028.98
Less: partial ending balance due within one year (Note VI. 22)	646,837,255.33					1,299,368,812.89
Total	2,503,283,169.23		-6,410,000.00			1,854,341,611.67

26. Paid-in capital

Name of shareholder	Opening balance	Increase in current period	Decrease in current period	Closing balance	
	Amount			Amount	Proportion (%)
Yuyao City Shuncai Investment Holding Co., Ltd	832,000,000.00			832,000,000.00	100.00
Subtotal	832,000,000.00			832,000,000.00	100.00

27. Capital reserve

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Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	819,829,200.00			819,829,200.00
Other capital reserves	241,379,841.12			241,379,841.12
Total	1,061,209,041.12			1,061,209,041.12

28. Other comprehensive incomes

Items	Opening balance	Amount incurred in current period					Closing balance
		Actual amounts incurred before income tax for the current period	Less: transferred profit or loss for the current period taken into the other comprehensive income in the previous period	Less: income tax expenses	After-tax parent company's attributable share	After-tax minority shareholders' attributable share	
Profits and losses from fair value changes of investment property	197,878,384.35						197,878,384.35
Total	197,878,384.35						197,878,384.35

29. Surplus reserve

Name of shareholder	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	223,134,854.72			223,134,854.72
Subtotal	223,134,854.72			223,134,854.72

30. Undistributed profits

Items	Current amount	Previous amount
Undistributed profit at the end of the prior year before adjustment	3,220,785,251.71	3,087,693,427.67
Total beginning undistributed profits adjusted (increase +, decrease -)		
Undistributed profits after adjustment at the beginning of period	3,220,785,251.71	3,087,693,427.67
Add: current net profits belonging to parent company	58,290,866.65	142,646,296.39
Less: withdrawal of statutory surplus reserve		9,554,471.75
Common stock dividends payable		
Other		
Undistributed profits at the end of period	3,279,076,118.36	3,220,785,251.71

31. Operating incomes and operating costs

Details of operating income and operating cost

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Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Land development and consolidation	376,379,411.70	313,849,509.75	25,576,909.31	21,314,091.09
Sales of resettlement houses	143,604.89	1,117,326.78	11,211,910.01	9,313,957.82
Leasing business	17,809,725.80	428,191.05	22,370,940.55	2,199,166.67
Engineering agent business			20,450,234.96	1,752,249.00
Merchandise trade	137,840,684.71	136,839,158.41	129,395,458.85	129,226,418.00
Other sporadic business	171,428.37	171,428.37	2,958,293.19	46,573.25
Total	532,344,855.47	452,205,612.36	211,963,746.87	163,852,455.83

32. Taxes and surcharges

Items	Current amount	Previous amount
Urban maintenance and construction tax	984,018.07	232,493.78
Education surcharge	702,844.32	166,030.46
Land use tax	85,564.80	5,163,679.62
Increment tax on land value		525,059.08
Housing tax	1,726,068.17	693,864.40
Stamp duty	18,832.99	16,998.05
Total	3,517,328.35	6,798,125.39

33. Financial expenses

Items	Current amount	Previous amount
Interest expenses		
Less: interest income	34,219.85	3,248,354.16
Handling fee	781,161.04	35,239.08
Exchange gains and losses	1,490,000.00	
Total	2,236,941.19	-3,213,115.08

34. Other revenues

Items	Current amount	Previous amount
Government grants related to daily business activities		50,000,000.00
Tax rebate		1,806,619.90
Total		51,806,619.90

35. Investment income

Sources of investment incomes	Current amount	Previous amount
Long-term equity investment incomes by equity methods	10,962,090.20	1,040,730.28
Total	10,962,090.20	1,040,730.28

36. Asset impairment losses

Items	Current amount	Previous amount
Bad debt losses		-451,268.69

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Items	Current amount	Previous amount
Total		-451,268.69

37. Asset disposal gains

Items	Current amount	Previous amount
Gains from disposal of fixed assets		106,217.48
Total		106,217.48

38. Non-operating income

Items	Current amount	Previous amount
Other		22,581.79
Total		22,581.79

39. Non-operating expenses

Items	Current amount	Previous amount
Other		2,121,316.46
Total		2,121,316.46

40. Income tax expenses

Items	Current amount	Previous amount
Current income tax expenses	12,363,945.02	
Deferred income tax expenses		-112,817.17
Total	12,363,945.02	-112,817.17

41. Assets with limited ownership or right of use

Items	Period-end book value	Limited reasons
Monetary fund	247,000,000.00	Pledge borrowings
Investment real estate	1,024,889,957.00	Mortgage borrowings
Total	1,271,889,957.00	

VII. Related party and its transactions

(I) Associated party relationship

1. Final controller of the Group

Final controller of the Group is Yuyao People's Government in Zhejiang Province.

2. Conditions of the subsidiaries of the Group

Please refer to Note I (3) for details of the Group's subsidiaries.

3. Conditions of joint ventures and associated enterprises of the Group

Important joint ventures and associated enterprises of the Group are detailed in Note VI (8).

4. Other associated parties

Name of company	Associated party relationship
Ningbo Shuntong Group Co., Ltd.	Controlled by same company
Ningbo Baoshun Infrastructure Development Co., Ltd.	Controlled by same company
Ningbo Dashun Traffic Management Co., Ltd.	Controlled by same company

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Name of company	Associated party relationship
Ningbo Yishun Road Engineering Co., Ltd.	Controlled by same company
Ningbo Yashun Road and Bridge Co., Ltd.	Controlled by same company
Ningbo Gangshun Traffic Development Co., Ltd.	Controlled by same company
Ningbo Longshun Highway Development Co., Ltd.	Controlled by same company
Yuyao North-South High-Speed Connecting Line Investment Development Co., Ltd.	Controlled by same company
Yuyao Public Transport Co., Ltd.	Controlled by same company
Yuyao Dazhong Transportation Co., Ltd.	Controlled by same company
Yuyao Highway Transportation Co., Ltd.	Controlled by same company
Yuyao Hardware Decoration Market Co., Ltd.	Controlled by same company
Yuyao Yaozhou Expressway Co., Ltd.	Controlled by same company
Yuyao Dashun Automobile Comprehensive Performance Testing Service Co., Ltd.	Controlled by same company
Yuyao Urban and Rural Public Transport Co., Ltd.	Controlled by same company
Ningbo Shunjian Construction Group Co., Ltd.	Controlled by same company
Yuyao Urban Construction Investment Development Co., Ltd.	Controlled by same company
Yuyao Tap Water Co., Ltd.	Controlled by same company
Yuyao No.2 Water Supply Co., Ltd.	Controlled by same company
Yuyao Urban Drainage Co., Ltd.	Controlled by same company
Yuyao Mingyi Construction Co., Ltd.	Controlled by same company
Yuyao Urban Natural Gas Co., Ltd.	Controlled by same company
Yuyao Yaodong Tap Water Co., Ltd.	Controlled by same company
Yuyao Town Construction and Development Co., Ltd.	Controlled by same company
Yuyao Xinglin Investment Co., Ltd.	Controlled by same company
Yuyao Water Resources Investment and Development Co., Ltd.	Controlled by same company
Yuyao Moushan Lake Development Co., Ltd.	Controlled by same company
Yuyao Hailu Development Co., Ltd.	Controlled by same company
Yuyao Municipal Affordable Housing Construction Investment Development Co., Ltd.	Controlled by same company
Yuyao China Plastic City Logistics Co., Ltd.	Controlled by same company
Zhejiang Yongyi Electronic Payment Co., Ltd.	Controlled by same company
Ningbo Yongyi World Financial Services Co., Ltd.	Controlled by same company
Yuyao Mingbang Construction Investment Co., Ltd.	Controlled by same company
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	Controlled by same company
Yuyao Jinshun Development Construction Co., Ltd.	Controlled by same company
Yuyao Jiayun Development Construction Co., Ltd.	Controlled by same company
Yuyao Yaobei New Town Development and Construction Co., Ltd.	Controlled by same company
Yuyao Civil Blasting Materials Co., Ltd.	Controlled by same company
Yuyao Metal Recovery Co., Ltd.	Controlled by same company
Yuyao Shunxi Guarantee Co., Ltd.	Controlled by same company
Yuyao Account Receivables Creditor's Right Management Co., Ltd.	Controlled by same company
Yuyao Mouhu Ecological Construction Co., Ltd.	Controlled by same company
Yuyao Industrial (Small and Medium-sized Enterprises) Investment Development Co., Ltd.	Controlled by same company

**Yuyao Economic Development Zone Construction Investment Development Co., Ltd Financial
Statement Notes in January-September 2021**

Name of company	Associated party relationship
Yuyao Small and Medium-Sized Enterprise Credit Guarantee Co., Ltd.	Controlled by same company
Yuyao Shuangxikou Development Co., Ltd.	Controlled by same company
Yuyao Beicheng Plot Development and Construction Co., Ltd.	Controlled by same company
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	Controlled by same company
Yuyao Urban Construction State-owned Asset Management Co., Ltd.	Controlled by same company
Yuyao Yaozhou Construction Engineering Detection Co., Ltd.	Controlled by same company
Yuyao Chengguang Street Lamp Installation Co., Ltd.	Controlled by same company
Yuyao Jianbang Construction Investment Co., Ltd.	Controlled by same company
Yuyao Shunrui Industrial Holdings Co., Ltd.	Controlled by same company
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	Controlled by same company
Yuyao Moke Town Development and Construction Investment Co., Ltd.	Controlled by same company
Ningbo Yangming Auction Co., Ltd.	Controlled by same company

(II) Related transaction and interaction among related parties

1. Receivables and payables of related parties

Name of projects	Associated party	Closing balance	Opening balance
Other receivables	Yuyao Chengxi Industrial Development and Construction Co., Ltd.	255,000,000.00	260,000,000.00
Other receivables	Yuyao Industrial Small and Medium-sized Enterprises Investment Development Co., Ltd.	50,000,000.00	50,000,000.00
Other receivables	Yuyao Haiji Construction Development Co., Ltd.	450,563,564.93	450,563,564.93

2. Associated party fund borrowing

None.

VIII. Commitments and contingencies

Providing contingent liabilities formed through guarantee

Secured units	Guarantee amount (ten thousand Yuan)	Guarantee balance (RMB ten thousand)	Guarantee start date	Guarantee due date	Guarantee method	Condition of guarantee object
Yuyao Langxia New Rural Construction and Development Co., Ltd.	26,000.00	23,000.00	1/23/2014	12/25/2022	Security	Sustainable operations
Yuyao Yaobei New Town Development and Construction Investment Co., Ltd.	3,000.00	2,750.00	9/29/2019	9/28/2022	Security	Sustainable operations
Yuyao Yaobei New Town Development and Construction Investment Co., Ltd.	6,800.00	6,600.00	9/29/2019	9/28/2022	Security	Sustainable operations
Yuyao Yaobei New Town Development and Construction Investment Co., Ltd.	24,975.00	16,500.00	12/27/2019	12/26/2022	Security	Sustainable operations

*Yuyao Economic Development Zone Construction Investment Development Co., Ltd Financial
Statement Notes in January-September 2021*

Secured units	Guarantee amount (ten thousand Yuan)	Guarantee balance (RMB ten thousand)	Guarantee start date	Guarantee due date	Guarantee method	Condition of guarantee object
Yuyao Yaobei New Town Development and Construction Investment Co., Ltd.	8,000.00	8,000.00	11/27/2019	11/27/2022	Security	Sustainable operations
Ningbo Shunlong Group Co., Ltd.	30,000.00	30,000.00	7/21/2021	7/19/2024	Security	Sustainable operations
Yuyao Urban Construction Investment Development Co., Ltd.	6,500.00	6,200.00	12/27/2019	12/26/2022	Security	Sustainable operations
Yuyao Urban Construction Investment Development Co., Ltd.	37,000.00	30,000.00	4/28/2017	12/10/2030	Security	Sustainable operations
Yuyao Hailu Development Co., Ltd.	80,000.00	36,000.00	6/23/2016	12/10/2022	Security	Sustainable operations
Yuyao Hailu Development Co., Ltd.	7,500.00	7,350.00	12/9/2019	12/8/2022	Security	Sustainable operations
Ningbo Shunlong Group Co., Ltd (formerly Yuyao City Water Resources Investment Development Co., Ltd.)	20,000.00	20,000.00	5/18/2017	5/17/2022	Security	Sustainable operations
Ningbo Shunlong Group Co., Ltd.	60,000.00	30,000.00	1/22/2020	1/21/2023	Security	Sustainable operations
Yuyao Jinshun Development Construction Co., Ltd.	13,000.00	13,000.00	1/10/2020	12/31/2022	Security	Sustainable operations
Yuyao Xinglin Investment Co., Ltd.	50,000.00	29,000.00	4/16/2014	4/14/2025	Security	Sustainable operations
Yuyao Xinglin Investment Co., Ltd.	4,000.00	3,850.00	4/10/2020	12/31/2022	Security	Sustainable operations
Yuyao Xinglin Investment Co., Ltd.	4,000.00	3,900.00	10/10/2020	12/31/2022	Security	Sustainable operations
Yuyao Xinglin Investment Co., Ltd.	4,000.00	3,950.00	4/12/2021	12/31/2022	Security	Sustainable operations
Yuyao Haiji Construction Development Co., Ltd.	15,000.00	15,000.00	1/12/2021	1/12/2022	Security	Sustainable operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	6,000.00	5,200.00	1/13/2020	1/13/2023	Pledge	Sustainable operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	18,000.00	18,000.00	11/1/2017	10/31/2022	Security	Sustainable operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00	15,000.00	5/30/2018	12/10/2027	Security	Sustainable operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00	18,500.00	9/22/2017	1/22/2023	Security	Sustainable operations
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	13,200.00	13,200.00	11/14/2018	6/30/2028	Security	Sustainable operations

*Yuyao Economic Development Zone Construction Investment Development Co., Ltd. Financial
Statement Notes in January-September 2021*

Secured units	Guarantee amount (ten thousand Yuan)	Guarantee balance (RMB ten thousand)	Guarantee start date	Guarantee due date	Guarantee method	Condition guarantee object
Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	10,000.00	9,950.00	1/7/2019	1/4/2022	Security	Sustainable operations
Yuyao Second Light Industry Corporation	10,000.00	10,000.00	4/25/2019	4/25/2022	Security	Sustainable operations
Yuyao Second Light Industry Corporation	3,000.00	2,850.00	12/30/2019	12/27/2022	Pledge	Sustainable operations
Total	450,975.00	377,800.00				

Apart from above contingencies, the Group has no other commitments and contingencies requiring disclosure as at Thursday, September 30, 2021.

IX. Events after the balance sheet date

As at approval and issuing day of the financial report, the Group has no significant non-adjusting matters after balance sheet date requiring disclosure.

X. Other important matters

The Group has no other significant matters requiring disclosure as at Thursday, September 30, 2021.

Yuyao Economic Development Zone
Construction Investment Development Co., Ltd.
5 March 2022



营业执照

(副本)

(5-2)

统一社会信用代码
91110102082881116K



兴华会计师事务所(普通合伙)

名称 兴华会计师事务所
类型 特殊普通合伙
出资人 李增农



经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其它业务。(市场主体依法自主选择经营范围，开展经营活动；依法须经批准的项目，经相关部门批准后按批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。)

经营范围(一)

成立日期 2013年11月04日

合伙期限 2013年11月04日至 长期

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼2015



登记机关

2021 12 08

国家企业信用信息公示系统网址：

http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过
国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号: 00114586

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》。



会计师事务所

执业证书

名称: 中兴华会计师事务所(特殊普通合伙)

首席合伙人: 李尊农

主任会计师:

经营场所: 北京市丰台区丽泽路20号院1号楼南楼20层

组织形式: 特殊普通合伙

执业证书编号: 11000167

批准执业文号: 京财会许可〔2013〕0066号

批准执业日期: 2013年10月25日

发证机关:

北京市财政局

二〇一三年八月十七日

中华人民共和国财政部

中国证券监督管理委员会

股票上市，股票发行

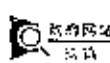
财务 税务 法律 审计 资产评估 会计 统计 人力资源 管理 咨询 培训 其他

中国证券监督管理委员会

从事证券服务业务会计师事务所名录 (截至2021.9.30)



会计师事务所 (特殊普通合伙) 执业证书 证字[2014]1-000000000000



会计师事务所 (特殊普通合伙) 执业证书 证字[2014]1-000000000000

会计师事务所 (特殊普通合伙) 执业证书 证字[2014]1-000000000000

从事证券服务业务会计师事务所名录

序号	会计师事务所名称	通讯地址	联系电话
55	立信会计师事务所(特殊普通合伙)	北京市海淀区西便门大街2号12层2001	010-65336663
56	永拓会计师事务所(特殊普通合伙)	北京市东城区东直门内大街1号(国英大厦13层)	010-65050411
57	先施会计师事务所(特殊普通合伙)	北京市西城区西便门大街20号	010-65051367
58	浙江天平会计师事务所(特殊普通合伙)	杭州滨江区西兴街道567号杭州天伦商务中心9楼第一层	0571-59023576
59	浙江三鼎会计师事务所(特殊普通合伙)	杭州滨江区西兴街道10号5层205室	0571-83603663-8636
60	致同会计师事务所(特殊普通合伙)	北京市朝阳区建国门外大街22号嘉德广场5层	010-65665216
61	中汇会计师事务所(特殊普通合伙)	北京市海淀区中关村大街1号A座501室	010-68078662
62	中勤万信会计师事务所(特殊普通合伙)	北京市西城区西便门大街112号10层	010-66369123
63	中瑞联合会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街21号5层512A	010-67267688
64	中瑞华会计师事务所(特殊普通合伙)	天津市和平区解放北路168号信达广场50层	022-68238203-8219
65	中审亚太会计师事务所(特殊普通合伙)	北京市西城区复兴路47号天行建商务大厦20层2206	010-51717657
66	中审众环会计师事务所(特殊普通合伙)	深圳市南山区粤海街道129号2-9层	027-86761250
67	中天运会计师事务所(特殊普通合伙)	北京市西城区阜成门大街9号银泰大厦B1座七、八层	010-88395676
68	中喜会计师事务所(特殊普通合伙)	北京市东城区东直门内大街11号顺成文化大厦A座11层	010-57088759
69	中兴财光华会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街2号22层A21	010-65027137
70	中兴财金会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街1号5层1015室	010-57423818
71	中审天恒会计师事务所(特殊普通合伙)	北京市西城区西便门大街43号1号楼13层1316-1326	010-62212893
72	中审会计师事务所(特殊普通合伙)	北京市西城区西便门大街22号弘义大厦4层	010-65365126
73	众环会计师事务所(特殊普通合伙)	深圳市宝安区西乡街道1030号5楼1009室	021-63526507



姓 名 _____
Full name _____
性 别 _____
Sex _____
出生日期 _____
Date of birth _____
工作单位 _____
Working unit _____
身份证号码 _____
Identity card No. _____

证书编号: 110001670152
No. of Certificate

批准注册协会: 江苏省注册会计师协会
Authorized Institute of CPAs

发证日期: 2020年12月31日
Date of issuance



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.

注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

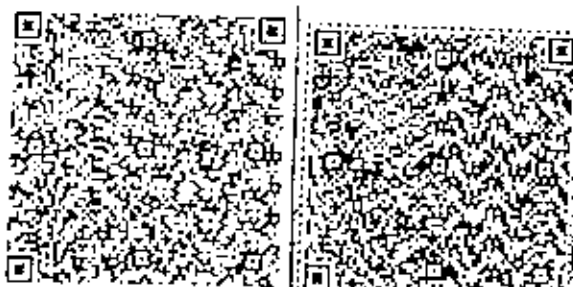
同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

年 月 日
By / On / At

同意调入
Agree the holder to be transferred to 变更备案



孙裕强(110001670152)
您已通过2021年年检
江苏省注册会计师协会

孙裕强(110001670152)
您已通过2021年年检
江苏省注册会计师协会

江苏省注册会计师协会(特殊普通合伙)江苏会计师事务所
JICPA





320000390010



姓 名
Full name 金秀丽
性 别
Sex 女
出生日期
Date of birth 1975-01-17
工作单位
Working unit 江苏日月会计师事务所有限公司
身份证号码
Identity card No. 21011119750117

证书编号
No. of Certificate

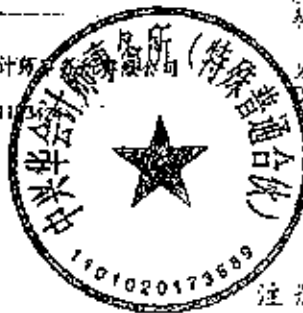
江苏省注册会计师协会

批准注册协会
Authorized Institute of CPAs

七 三十

发证日期
Date of Issuance

年 月 日



年度检验登记 Annual Renewal Registration

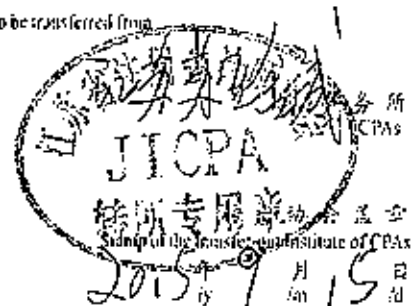
本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



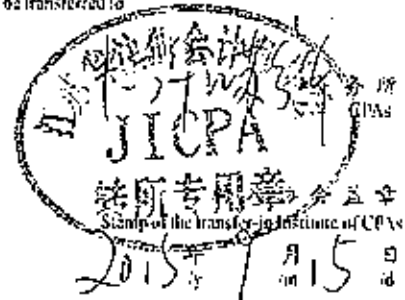
金秀丽(320000390010)
您已通过2021年年检
江苏省注册会计师协会

注册会计师工作单位变更事项登记 Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from



同意调入
Agree the holder to be transferred to





ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

F15, Sichuan Building East, No.1 Fu Wai Da Jie, Xicheng District, Beijing, China

Audit Report

Zhongxinghua Audit (2020) No.021292

To the shareholders of Yuyao Shuncaï Investment Holdings Co., Ltd.:

I. Audit Opinions

We have audited the accompanying financial statements of Yuyao Shuncaï Investment Holdings Co., Ltd. (hereinafter referred to as "Yuyao Shuncaï company"), which comprise: the consolidated and company balance sheets as at December 31, 2019; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Yuyao Shuncaï company as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

II. Foundation of audit opinions

We conducted our audit in accordance with China 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of Yuyao Shuncaï company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

III. Management and governance liabilities for financial statement

Management of Yuyao Shuncaï company is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for 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 these financial statements, management is responsible for assessing Yuyao Shuncal company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Yuyao Shuncal company or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

IV. Responsibilities of CPA for financial statement audit.

Our objectives are to obtain reasonable assurance about whether these 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 judgement and maintain professional scepticism 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.
- (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 Yuyao Shuncal company's ability to continue as a going concern. If we conclude that a material



uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these 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 Yuyao Shuncal company 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 Yuyao Shuncal company to express an opinion on the consolidated 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 the governance level 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.



Chinese CPA: 
1100006340042

Chinese CPA: 
May 9, 2020
110001673901

Consolidated Balance Sheet

As at 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note V	As at 31/12/2019	As at 31/12/2018
Current assets:			
Cash at bank and on hand	1	17,057,069,488.67	14,229,222,423.36
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable	2	1,000,000.00	
Accounts receivable	3	6,432,347,356.31	5,581,600,311.04
Prepayments	4	4,958,952,833.68	4,087,291,899.76
Other receivables	5	22,350,878,321.88	21,409,363,815.99
Inventories	6	41,929,226,327.49	38,865,571,682.18
Assets held for sale			
Non-current assets due within one year			
Other current assets	7	196,659,987.59	169,620,594.44
Total current assets		92,926,134,315.62	84,342,670,726.79
Non-current assets:			
Available-for-sale financial assets	8	876,943,526.98	598,988,572.00
Held-to-maturity investments	9	413,000,000.00	143,000,000.00
Long-term receivables			
Long-term equity investments	10	1,433,099,270.20	927,244,967.89
Investment properties	11	2,262,035,065.61	849,288,852.71
Fixed assets	12	9,305,716,958.32	9,249,451,848.27
Construction in progress	13	6,453,698,777.40	5,060,198,775.39
Productive biological assets		433,436.29	430,136.29
Oil and gas assets			
Intangible assets	14	3,794,636,379.54	3,962,968,232.18
Development costs			
Goodwill	15	137,573,698.00	133,996,136.14
Long-term deferred expenses	16	9,764,521.96	7,793,550.03
Deferred tax assets	17	3,071,103.98	6,419,632.23
Other non-current assets	18	19,227,552,446.74	18,010,668,105.81
Total non-current assets		43,917,525,184.02	38,950,448,807.94
Total assets		136,843,659,499.64	123,293,119,534.73

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Balance Sheet(continued)

As at 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note.V	As at 31/12/2019	As at 31/12/2018
Current liabilities:			
Short-term loans	19	5,708,312,138.89	5,145,860,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable	20	366,800,000.00	164,024,960.83
Accounts payable	21	242,367,086.45	163,149,183.74
Advances from customers	22	2,059,765,981.61	1,265,533,629.44
Employee benefits payable	23	27,764,912.84	14,218,344.41
Taxes payable	24	1,153,337,602.78	921,386,317.43
Other payables	25	12,849,197,936.25	10,699,727,977.24
Liabilities held for sale			
Non-current liabilities due within one year	26	12,490,928,950.87	12,832,350,098.91
Other current liabilities	27	7,660,738.39	394,004,242.56
Total current liabilities		34,906,135,327.48	30,600,254,754.56
Non-current liabilities:			
Long-term loans	28	27,957,485,022.01	26,927,755,740.88
Debentures payable	29	21,366,063,846.50	15,044,813,896.19
Of which: preferred stock			
Perpetual debt			
Long-term payables	30	3,005,074,387.07	2,320,700,418.38
Long-term employee benefits payable			
Provisions			
Deferred income	31	238,928,600.86	216,631,616.02
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		52,567,533,056.44	44,509,901,671.47
Total liabilities		87,473,668,383.92	75,110,156,426.03
shareholders' equity:			
Paid-in capital	32	1,500,000,000.00	1,500,000,000.00
Other equity instruments	33	1,984,000,000.00	1,984,000,000.00
Of which: preferred stock			
Perpetual debt	33	1,984,000,000.00	1,984,000,000.00
Capital reserve	34	41,885,035,776.48	40,816,995,319.74
Less: treasury shares			
Other comprehensive income		-6,122,172.16	
Specific reserve		6,917,587.18	6,697,298.72
Surplus reserve	35	7,390,370.79	6,476,499.90
Retained earnings	36	3,317,227,392.83	3,376,659,708.28
Total equity attributable to shareholders of the Company		48,695,448,955.12	47,690,828,826.64
Non-controlling interests		674,542,160.60	492,134,282.06
Total shareholders' equity		49,369,991,115.72	48,182,963,108.70
Total liabilities and shareholders' equity		136,843,659,499.64	123,293,119,534.73

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

For the year ended 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
I. Operating income		6,336,506,026.67	4,005,108,303.64
Including: Main business income	37	6,336,506,026.67	4,005,108,303.64
II. Total operating costs		5,704,141,456.24	4,203,740,252.23
Including: operating costs	37	5,598,927,622.41	3,381,933,459.79
Taxes and surcharges	38	52,839,436.41	42,958,148.86
Selling and distribution expenses		38,796,902.47	32,119,538.64
General and administrative expenses		307,816,933.91	240,561,586.99
Research and development expenses			
Financial expenses	39	705,760,562.04	508,179,517.95
Including: interest expense		780,190,521.52	601,050,974.53
Interest income		91,495,112.14	96,478,307.72
Add: Other income	40	588,462,540.39	458,489,007.49
Investment income ("-" for losses)	41	10,254,996.89	26,884,116.18
Including: Income from investment in associates and joint ventures		4,034,723.39	18,850,772.55
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)	42	-891,124.10	9,353,844.24
Gains from assets disposal ("-" for losses)		-3,096,728.79	1,227,956.01
III. Operating profit ("-" for losses)		227,094,253.82	297,322,975.36
Add: Non-operating income	43	281,950,875.45	178,655,836.09
Less: Non-operating expenses	44	57,559,477.28	1,797,740.42
IV. Profit before income tax ("-" for losses)		451,485,651.99	474,191,071.03
Less: Income tax expenses	45	168,152,786.60	135,740,150.85
V. Net profit for the year ("-" for losses)		283,332,865.39	338,450,920.18
(1) Classification according to operation continuity			
Including: Net profit from continuing operations ("-" for net loss)		283,332,865.39	338,450,920.18
Net profit from discontinued operations ("-" for net loss)			
(2) Classification according to attribute			
Including: Shareholders of the company		273,836,908.82	334,489,430.53
Non-controlling interests		9,495,956.57	3,961,489.65
VI. Other comprehensive income, net of tax		-6,122,172.16	
Other comprehensive income (net of tax) attributable to shareholders of the company		-6,122,172.16	
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss		-6,122,172.16	
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from changes in fair value of available-for-sale financial assets		-6,122,172.16	
c. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			
Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		277,210,693.23	338,450,920.18
Attributable to: Shareholders of the company		267,714,736.66	334,489,430.53
Non-controlling interests		9,495,956.57	3,961,489.65

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

For the year ended 31 December 2019

Prepared by: Yuyao Shuncui Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		6,515,519,633.52	4,279,402,547.61
Refund of taxes		16,816,235.60	10,831,355.51
Proceeds from other operating activities		18,903,544,510.03	22,682,447,893.98
Sub-total of cash inflows		25,435,880,379.15	26,992,681,797.10
Payment for goods and services		4,963,314,091.36	4,756,189,614.21
Payment to and for employees		237,613,663.10	205,940,922.93
Payments of various taxes		343,250,185.42	114,182,792.44
Payment for other operating activities		20,486,718,922.68	19,939,218,062.79
Sub-total of cash outflows		26,030,896,862.56	25,017,531,392.37
Net cash flows from operating activities		-595,016,483.41	1,935,150,404.73
II. Cash flows from investing activities			
Proceeds from disposal of investments		185,228,182.95	67,925,865.00
Investment returns received		6,883,952.57	9,417,330.58
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		1,752,732.53	39,682,728.44
Net proceeds from disposal of subsidiaries and other business units		1,062.00	
Proceeds from other investing activities		3,427,219,746.67	1,138,483,966.67
Sub-total of cash inflows		3,620,085,696.72	1,255,589,890.69
Payment for acquisition of fixed assets, intangible assets and other long-term assets		2,545,641,602.81	2,384,762,809.02
Payment for acquisition of investments		773,735,015.24	501,811,072.00
Net payment for acquisition of subsidiaries and other business units		1,010,000.00	
Payment for other investing activities		2,402,611,840.71	1,257,255,456.92
Sub-total of cash outflows		5,722,998,458.76	4,123,829,137.94
Net cash flows from investing activities		-2,102,912,762.04	-2,868,319,247.25
III. Cash flows from financing activities			
Proceeds from investors		1,031,139,400.00	1,734,200,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		32,420,752,106.68	19,903,095,191.30
Proceeds from other financing activities		2,614,365,000.00	1,567,956,253.22
Sub-total of cash inflows		36,066,256,506.68	23,205,253,444.52
Repayments of borrowings		24,043,171,337.11	16,428,311,751.42
Payment for dividends, profit distributions or interest		3,924,309,852.64	3,579,640,441.38
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Repayments for other financing activities		3,332,933,768.73	1,256,392,584.43
Sub-total of cash outflows		31,300,414,958.48	21,264,344,777.23
Net cash flows from financing activities		4,765,841,548.10	1,940,908,667.29
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		2,067,912,302.65	1,007,739,824.77
Add: Cash and cash equivalents as at 31/12/2018		10,124,208,770.52	9,116,468,945.75
VI. Cash and cash equivalent as at 31/12/2019		12,192,121,073.17	10,124,208,770.52

Legal representative:

Accounting director:

Accounting firm director:

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Accounting Director:

Legal representative:

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2018

Prepared by: Youssou Shirel Investment Holdings Co., Ltd.

Item	Attributable to shareholders' equity of the parent company										Total equity	
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		
		Preference shares	Perpetual loans	Others								
Balance at 31/12/2017	1,500,000,000.00		495,000,000.00		30,092,935,104.03			6,129,683.24	3,871,103.17	3,118,214,115.16	187,166,463.13	31,401,275,546.33
Add: Changes in accounting policies												
Correction of prior period errors												
Others												
Balance at 01/01/2018	1,500,000,000.00		495,000,000.00		30,090,896,104.03			6,129,683.24	3,871,103.17	3,118,214,115.16	187,166,463.13	31,401,275,546.33
Changes in equity during the year ("for decrease")			1,489,000,000.00		1,725,032,215.11			260,515.40	2,805,315.73	258,165,893.12	304,867,818.93	3,701,654,502.27
Total comprehensive income										334,489,430.53	3,981,483.65	338,470,914.18
Shareholders' contributions and decrease of capital			1,489,000,000.00		1,725,032,215.11					361,306,320.28	3,516,105,544.39	
Contribution by ordinary shareholders												1,485,000,000.00
Capital contributed by other equity instruments holders			1,489,000,000.00									
Equity-linked share-based payments												
Others					1,725,032,215.11			260,515.40		258,165,893.12	304,867,818.93	3,701,654,502.27
Appropriation of profits												
Appropriation for surplus reserves												
Extract general risk provision												
Distributions to shareholders												
Others												
Transfer within equity												
Share capital increased by capital reserves transfer												
Share capital increased by surplus reserves transfer												
Transfer of surplus reserve to other reserves												
Carry over re-investment of changes in net assets or net assets of defined benefit plans												
Others												
Special Reserve												
Appropriation during the year												
Dis-solution during the year												
Dividends												
Balance at 31/12/2018	1,500,000,000.00		1,489,000,000.00		40,816,595,319.14			6,390,198.64	6,676,418.90	3,376,653,738.28	492,104,282.06	43,182,753,108.73
Accounting director:												
Accounting firm director:												

Accounting director:

Accounting firm director:

Legal representative:

Balance Sheet

As at 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note.XI	As at 31/12/2019	As at 31/12/2018/
Current assets:			
Cash at bank and on hand		1,259,357,178.39	329,408,840.62
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Prepayments			
Other receivables	1	3,375,859,626.66	2,850,972,368.58
Inventories			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		4,635,216,805.05	3,180,381,209.20
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	2	38,448,045,156.48	38,372,641,513.66
Investment properties			
Fixed assets		114,380,563.75	121,085,656.14
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		45,180,101.05	46,742,525.29
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		62,500.00	33,750.00
Other non-current assets			
Total non-current assets		38,607,668,321.28	38,540,503,445.09
Total assets		43,242,885,126.33	41,720,884,654.29

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet(continued)

As at 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note XI	As at 31/12/2019	As at 31/12/2018
Current liabilities:			
Short-term loans			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payable			
Advances from customers			
Employee benefits payable		92,544.10	26,255.43
Taxes payable		9,834,640.05	7,148,952.56
Other payables	3	3,840,167,777.78	2,400,283,335.67
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		3,850,084,961.93	2,407,458,541.66
Non-current liabilities:			
Long-term loans			
Debentures payable			
Of which: preferred stock			
Perpetual debt			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		3,850,084,961.93	2,407,458,541.66
Total liabilities			
shareholders' equity:			
Paid-in capital		1,500,000,000.00	1,500,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		37,828,437,156.48	37,753,033,513.66
Less: treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserve		7,390,370.79	6,476,499.90
Retained earnings		56,972,637.13	53,916,099.07
Total shareholders' equity		39,392,800,164.40	39,313,426,112.63
Total liabilities and shareholders' equity		43,242,885,126.33	41,720,884,654.29

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

For the year ended 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note XI	Year ended 31/12/2019	Year ended 31/12/2018
I. Operating income	4	105,662,029.37	73,768,020.19
Less: operating costs	4	81,604,444.11	41,245,833.33
Taxes and surcharges		5,850,008.12	795,429.14
Selling and distribution expenses			
General and administrative expenses		20,461,083.92	9,638,862.57
Research and development expenses			
Financial expenses		-14,615,118.71	-12,549,701.28
include: interest expense		191,559,570.46	
Interest income		-2,520,000.00	12,550,854.48
Add: Other income			
Investment income ("-" for losses)			
Including: Income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)		-115,000.00	300,000.00
Gains from assets disposal ("-" for losses)			
II. Operating profit ("-" for losses)		13,246,611.93	34,937,596.42
Add: Non-operating income			
Less: Non-operating expenses		12,146,611.93	34,837,596.42
III. Profit before income tax ("-" for losses)		9,138,708.95	26,053,197.31
Less: Income tax expenses		9,138,708.95	26,053,197.31
IV. Net profit for the year ("-" for losses)			
A. Net profits from sustainable operation (net losses marked with "-")			
B. Net profits from discontinued operations (net losses marked with "-")			
V. Other comprehensive income, net of tax			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from changes in fair value of available-for-sale financial assets			
c. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements		9,138,708.95	26,053,197.31
f. Other		-20,281,453.09	-45,846,328.71
VI. Total comprehensive income for the year			

Legal representative:

Accounting director:

Accounting firm director:

Cash Flow Statement

For the year ended 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		132,502,277.79	7,519,145.85
Refund of taxes			
Proceeds from other operating activities		1,384,426,509.43	1,637,550,854.48
Sub-total of cash inflows		1,516,928,787.22	1,645,070,000.33
Payment for goods and services		18,977,777.78	
Payment to and for employees		1,305,340.08	515,963.74
Payments of various taxes		16,859,196.58	10,771,043.71
Payment for other operating activities		544,869,535.01	2,385,193,352.32
Sub-total of cash outflows		581,812,149.45	2,395,480,359.77
Net cash flows from operating activities		935,116,637.77	-751,410,359.44
II. Cash flows from investing activities			
Proceeds from disposal of investments		35,540,000.00	
Investment returns received			
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows		35,540,000.00	
Payment for acquisition of fixed assets, intangible assets and other long-term assets			
Payment for acquisition of investments		35,540,000.00	
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			
Sub-total of cash outflows		35,540,000.00	
Net cash flows from investing activities			
III. Cash flows from financing activities			
Proceeds from investors			
Proceeds from borrowings			
Proceeds from other financing activities			
Sub-total of cash inflows			
Repayments of borrowings			
Payment for dividends, profit distributions or interest		5,168,300.00	1,770,800.00
Repayments for other financing activities			
Sub-total of cash outflows		5,168,300.00	1,770,800.00
Net cash flows from financing activities		-5,168,300.00	-1,770,800.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		929,948,337.77	-753,181,159.44
Add: Cash and cash equivalents as at 31/12/2018		329,408,840.62	1,082,590,000.05
VI. Cash and cash equivalent as at 31/12/2019		1,259,357,178.39	329,408,840.62

Legal representative:

Accounting director:

Accounting firm director:

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: Yuyao Shuncai Investment Holdings Co., Ltd.

Item	Year ended 31/12/2019					Total
	Paid-in capital	Other equity instruments Preference shares Perpetual loans Others	Capital reserve	Loss/treasury shares	Other comprehensive income	
I. Balance at 31/12/2018	1,500,000,000.00		31,753,033,513.63			32,253,033,513.63
And: Changes in accounting policies						
Correction of prior period errors						
Others						
II. Balance at 01/01/2019	1,500,000,000.00		31,753,033,513.63			32,253,033,513.63
III. Changes in equity during the year ("+" for increase)			75,403,642.82			75,403,642.82
(I) Total comprehensive income						
(II) Shareholders' contributions and decrease of capital						
1. Contribution by ordinary shareholders						
2. Capital contributed by other equity instruments holders						
3. Equity settled share-based payments						
4. Others						
(III) Appropriation of profits						
1. Appropriation for surplus reserves						
2. Extract general risk preparation						
3. Distributions to shareholders						
4. Others						
(IV) Transfer within equity						
1. Share capital increased by capital reserves transfer						
2. Share capital increased by surplus reserves transfer						
3. Transfer of surplus reserve to offset losses						
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans						
5. Others						
(V) Possible Reserve						
1. Appropriation during the year						
2. Utilization during the year						
(VI) Others						
IV. Balance at 31/12/2019	1,500,000,000.00		37,828,437,106.45			39,328,437,106.45

Accounting firm director:

Accounting director:

Legal representative:

Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2019

Prepared by: Yuehai Shunchei Investment Holding Co., Ltd.

中外合資經營有限公司
中外合資經營有限公司
Expressed in RMB

Items	Year ended 31/12/2019					Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
	Paid-in capital	Preference shares	Perpetual loans	Others	Capital reserve					
(I) Balance at 31/12/2017	1,500,000,000.00				38,261,500,540.25			3,571,140.17	32,239,071.40	38,819,702,750.61
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
(II) Balance at 01/01/2018	1,500,000,000.00				38,261,500,540.25			3,571,140.17	32,239,071.40	38,819,702,750.61
(III) Changes in equity during the year (or decrease)					-530,557,014.69			2,805,319.73	21,077,077.59	-506,274,617.39
(I) Total comprehensive income									20,054,197.21	20,054,197.21
(II) Shareholders' contributions and decrease of capital					-530,557,014.69					-530,557,014.69
1. Contribution by ordinary shareholders										
2. Capital contributed by other equity instruments										
3. Equity issued share-based payments										
4. Others										
(III) Appropriation of profits					-530,557,014.69			2,805,319.73	-4,376,119.73	-1,770,800.00
1. Appropriation for surplus reserves								2,805,319.73	-4,376,119.73	
2. Extract general risk preparation										
3. Distributions to shareholders									1,770,800.00	
4. Others										
(IV) Transfer within equity										
1. Share capital increased by capital reserves transfer										
2. Share capital increased by surplus reserves transfer										
3. Transfer of surplus reserve to other losses										
4. Carry over re-investment of changes in net liabilities or net assets of defined benefit plans										
5. Others										
(V) Specific Reserve										
1. Appropriation during the year										
2. Utilization during the year										
(VI) Others										
(V) Balance at 31/12/2018	1,500,000,000.00				37,753,033,513.66			9,476,499.90	53,016,290.07	38,213,426,119.63

Accounting firm director:

Accounting director:

Legal representative:

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.

For the year ended 31 December 2019

I. Basic information of the company

1. Company registration place, organization form and headquarters address

Yuyao Shuncai Investment Holdings Co., Ltd. (hereinafter referred to as the company or the company), formerly known as Yuyao State-owned Assets Management Co., Ltd., was established by the capital of Yuyao State-owned Assets Management Office. The registered capital is 1.5 billion yuan and the paid-in capital is 1.5 billion yuan. The Unified Business Credit Code issued by Yuyao Market Supervision Administration is 913302813169022117 "Business License".

Company domicile: 118 Nanbinjiang Road, Yuyao City; company type: limited liability company (wholly state-owned); legal representative: Xu Wenjiong; business period: February 17, 2015 to February 16, 2035.

Business scope of the company: Entrusted by the State-owned Assets Management Office of Yuyao City, a shareholder, to manage, supervise and supervise the capital of state-owned assets; general economic information consultation. (Projects that must be approved in accordance with the law can only be operated after approval by the relevant department)

2. Scope of consolidated financial statements

The consolidation scope of the company's consolidated financial statements is determined on the basis of control, and all controlled subsidiaries are included in the consolidation scope of the consolidated financial statements.

The changes in the scope of the consolidated financial statements are as follows:

(1) First-level subsidiaries newly included in the scope of consolidation in this period

No.	Name	Acquisition method
1	Ningbo Sungong Industrial Investment Co., Ltd.	Appropriation
2	Yuyao Shunhuan Residue Operation Co., Ltd.	Appropriation

(2) There were no first-level subsidiaries that were no longer included in the scope of consolidation in this period

For details of subsidiaries included in the consolidated financial statements in 2019, please refer to Note VI.1 "Equity in Subsidiaries".

II. Basis of preparation

1.Preparation basis

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises").

2.Continuing operations

The financial statements of the Company have been prepared on going concern basis. The Company has evaluated its ability of going concern for the next at least 12 months since 31 December 2019 considering all available information.

III.Significant accounting policies and accounting estimate

1.Statement of Following the Accounting Standards for Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at 31 December 2019 and the Company's and consolidated operating results and cash flows for the year ended 31 December 2019.

2.Accounting period

The company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete fiscal year. The accounting period of the Company is from 1 January to 31 December.

3.Operating cycle

The normal business cycle refers to the period from when the company purchases assets for processing to when it realizes cash or cash equivalents. The company takes 12 months as a business cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

4.Functional currency

The financial statements of the Company have been prepared in RMB.

5.Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination refers to a transaction or event in which two or more separate businesses are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

(1)Business combinations involving enterprises under common control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that

obtains control of other participating companies on the merger day is the merging party, and the other companies participating in the merger are the merging party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

The direct costs incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

(2) Business combinations involving enterprises not under common control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. The transaction costs of the marketable equity securities or debt securities issued by the acquirer as the combined consideration are included into the initial confirmation amount of marketable equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The combination costs generated by the acquirer and the identifiable net assets obtained during the combination process are computed based on the fair value on the acquisition date. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination

cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Business combination under different control realized step by step through multiple transactions, according to the "Notice of the Ministry of Finance on Issuing Interpretation of Accounting Standards for Enterprises No. 5" (Caikuai [2012] No. 19) and "Accounting Standards for Business Enterprises No. 33-Merger Financial Statement" Article 51 on the "package deal" judgment criteria (see Note IV.5 (2)), to determine whether the multiple transactions belong to "package deal". If it belongs to a "package deal", refer to the previous paragraphs of this part and note IV.13 "Long-term equity investment" for accounting treatment; if it does not belong to a "package deal", distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost of the purchase date is taken as the initial investment cost of the investment; the equity of the purchaser held before the purchase date If other comprehensive income is involved, the other comprehensive income related to the investment will be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the purchased party held before the purchase date is remeasured according to the fair value of the equity at the purchase date, and the difference between the fair value and its book value is included in the current investment income; held before the purchase date If the equity of the purchased party involves other comprehensive income, the other comprehensive income related to it should be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the

corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest are converted into the current investment income of the purchase date).

(3) Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

6. Consolidated financial statements

(1) Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's

interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary's net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control investment income. Other comprehensive income related to the original subsidiary's equity investment is accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities when it loses control (ie, except for the remeasurement of the original subsidiary's defined benefit plan Except for changes due to net liabilities or net assets, the rest are also converted into current investment income). Afterwards, follow-up measurement of this part of the remaining equity in accordance with "Accounting Standards for Business Enterprises No. 2-Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", please refer to Note IV. 12. "Long-term equity investment" or "Finance Instruments" in Note IV.

If the company disposes of the equity investment in the subsidiary in stages through multiple transactions until it loses control, it is necessary to distinguish whether the transaction of equity investment in the subsidiary until the loss of control is a package transaction. The terms, conditions and economic impact of the disposal of various transactions on the subsidiary's equity investment are consistent with one or more of the following conditions, usually indicating that multiple transactions should be accounted for as a package transaction: ① These transactions are simultaneous or under consideration Concluded under the influence of each other; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least one other transaction; ④ a transaction alone is uneconomical, but and Other transactions are economic when considered together. If it does not belong to a package deal, for each of these transactions, according to the situation, the partial disposal of long-term equity investment in the subsidiary company without losing control rights (see Note IV. 12, (2) ④) and "The loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons" (see the previous paragraph for details) is accounted for. Disposal of the equity investment in the subsidiary until the loss of control rights is a package transaction, the transactions are treated as a transaction that disposes of the subsidiary and loses control rights; however, each time the price is disposed before the loss of control rights The difference corresponding to the disposal of the investment and the share of the subsidiary's net assets is

recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit or loss of the current period when control is lost

7. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

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 recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any assets held jointly;
- B. its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture. It is handled in accordance with the accounting policies described in Note IV. 12 (2) ② "Long-term equity investment accounted for by the equity method".

When the company invests or sells assets as a joint venture (the asset does not constitute a business, the same applies below), or purchases assets from the joint operation, before the assets are sold to a third party, the company only confirms that the transaction has occurred. The part of the profit and loss that belongs to other parties that jointly operate. If any asset impairment loss that meets the requirements of "Accounting Standards for Business Enterprises No. 8-Asset Impairment", etc., the company confirms the loss in full for the case where the company invests or sells assets to the joint operation; When the company purchases assets from a joint operation, the company recognizes the loss according to the share assumed.

8. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates [or rates determined under a systematic and rational method that approximate the spot exchange rates] on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss.

(2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding “retained earnings”, are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the transaction dates.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as “Effect of foreign exchange rate changes on cash and cash equivalents” in the cash flow statement.

The resulting translation differences are recognised in other comprehensive income in shareholders’ equity of balance sheet.

The translation differences accumulated in shareholders’ equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Determination of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market,

the fair value of the financial assets and financial liabilities is measured at the most favorable market price, and the data applicable at the time and with sufficient available data and Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, that is, the first level input value is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date; the second level input value is divided by the first level. The input value of the relevant assets or liabilities other than the input value is directly or indirectly observable; the input value of the third level is the unobservable input value of the related assets or liabilities. The company preferentially uses the first level input value, and finally uses the third level input value. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is significant to the fair value measurement as a whole belongs.

(2) Recognition, derecognition, classification and measurement of financial assets of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

① the contractual rights to the cash flows from the financial asset expire; or

② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of Financial Assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

The Company classifies financial assets into four categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are measured initially at fair value. For financial assets at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets, any related directly attributable transaction costs are included in their initial costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated to financial assets at fair value through profit or loss on initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including account receivables and other receivables. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories. Available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. The discount or premium are amortised using the effective interest method and recognised as interest income. Dividend and interest are recognised in profit or loss using the effective interest method.

Available-for-sale investments in equity instruments without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost subsequent to initial recognition.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into different categories at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to financial liabilities at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Other financial liabilities

Derivative liabilities that are linked to and must be settled by delivery of equity instruments without quoted price in an active market whose fair value cannot be measured reliably, are measured at cost subsequent to initial recognition. Other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss are initially recognized at fair value, and are determined in accordance with "Accounting Standards for Business Enterprises No. 13-Contingencies" after initial recognition. The higher of the amount and the initial confirmation amount after deducting the accumulated amortization amount determined in accordance with the principles of "Accounting Standards for Business Enterprises No. 14-Revenue" shall be subsequently measured.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment of financial assets are the matters that occurred after initial recognition of financial assets which has impact on the expected future cash flows of financial assets, and can be reliably measured by the Company.

Objective evidence that a financial asset is impaired includes but is not limited to:

- ① significant financial difficulty of the issuer or obligor;
- ② a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- ③ considering economic or legal factors, the Company makes concessions to a debtor in financial difficulties;
- ④ it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

⑤ the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;

⑥ the cash flow of an asset in a financial asset group cannot be identified to be reduced, but after evaluating the group as a whole using the public data, the expected future cash flow of the financial asset group since its initial recognition has definitely been reduced and measurable, including:

- The debtor's pay back ability gradually deteriorates;
- Changes taken place in the economic environment in which the debtor operates, indicating that the debtor cannot pay back.

⑦ significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;

⑧ a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. For example, at the balance sheet, there is a decline of more than 20% (including 20%) in the fair value of an equity investment or a decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment.

A decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment is that monthly average fair value of the equity investment is less than the initial investment cost persisting for 12 months.

⑨ other objective evidences.

Financial assets carried at amortised cost

If an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and the values of the underlying collateral. The amount of loss is recognised in profit or loss for the current period.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. If there is objective evidence that the asset is impaired, the impairment loss is recognized in profit or loss for the current period. For a financial asset that is not individually significant, the impairment assessment is made collectively where financial assets share similar credit risk characteristics (or the asset is assessed individually for impairment). For financial assets not having been individually assessed as impaired (including financial assets no matter it is individually significant or not), the Company makes impairment assessment collectively where financial assets share similar credit risk characteristics. For financial assets having been individually assessed as impaired, they are not included in collective assessment of impairment.

If, after an impairment loss has been recognised on financial assets measured at amortized cost, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognised directly in other comprehensive income is reclassified to profit or loss. The reclassified accumulated loss is the asset's initial cost deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

Financial assets measured at cost

When an equity instrument without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, is impaired, the difference between the carrying amount and the present value discounted at the market rate of return on future cash flows of the similar financial assets shall be recognized as impairment loss in profit or loss. The impairment loss recognized is not reversed.

(6) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognised if the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if the Company retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset

is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

11.Receivables

Receivables include accounts receivables and other receivables.

(1) Basis for provision for bad and doubtful debts

The company checks the book value of the receivables on the balance sheet date. If there is the following objective evidence that the receivables are impaired, the impairment provision is made: ① The debtor has serious financial difficulties; ② The debtor violates the contract terms (Such as default or overdue payment of interest or principal, etc.); ③ the debtor is likely to go bankrupt or undergo other financial restructuring; ④ other objective basis indicating that the receivable is impaired.

(2)Method of provision for bad and doubtful debts

①Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant: Receivables individually greater than RMB 5 million are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually: Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

For receivables not having been individually assessed as impaired, the Company makes impairment assessment collectively.

②Receivables that are collectively assessed for impairment based on credit risk characteristics:

A. Basis for collective receivables that are collectively assessed for impairment based on credit risk characteristics:

Other portfolios refer to accounts receivable within the scope of the company's financial statements consolidation, current accounts formed by various government units and companies invested by them, deposits, security deposits, reserve funds, etc.

Basis for collective assessment:

B. Method of provision for bad and doubtful debts collectively assessed for impairment based on credit risk characteristics

(1) The provision for bad debts based on the aging group in the credit risk characteristic group is based on the 0.5% balance at the end of the year.

(2) Bad debts are not accrued for other groups. The accrual method of bad debt preparation for different groups:

The provisioning for groups of receivables using the ageing analysis method is as follows:

③Receivables that are individually insignificant but assessed individually for impairment:

Reasons for assessing individually for impairment of receivables that are individually insignificant: Litigation receivables, receivables with customer credit deterioration

12. Inventories

Inventories include raw materials, work in progress, consumables, packaging materials, finished goods, issuing goods, development costs, and product developments.

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials, work in progress, finished goods and issuing goods are calculated using weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortised when they are used.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single (type, group) inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence. The company's long-term equity investment that does not have control, joint control or significant influence on the investee is accounted for as an available-for-sale financial asset or a financial asset that is measured at fair value and its changes are included in the current profit. For details of its accounting policies, refer to Note IV. 8 "Financial Instruments"

Joint control refers to the company's common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. Significant influence means that the company has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the

subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods

with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The company disposes of the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transaction is a package transaction, each transaction is accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current loss or loss of control when the control is lost.

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at fair value model, the basis for accounting policy selection is

- ① There is an active properties market in the location of investment properties.
- ② The company can obtain the market price and other relevant information of similar or similar properties from the properties transaction market, so as to make a reasonable estimate of the fair value of investment properties.

The company does not accrue depreciation or amortization of investment properties, and adjusts its book value based on the fair value of the investment properties on the balance sheet date. The difference between the fair value and the original book value is included in the current profit and loss.

When determining the fair value of investment properties, the company is determined at the evaluation price of the evaluation agency.

When self-used properties or inventory is converted into investment properties, it is valued at the fair value of the conversion date. If the fair value of the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value of the conversion date is greater than the original book value, the difference recognized as other comprehensive income. When the investment properties is converted into self-use properties, the fair value of the conversion date is used as the book value of the self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When the investment properties is disposed of, or is permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the confirmation of the investment properties is terminated. The income from disposal of investment properties sold, transferred, scrapped or damaged is deducted from its book value and related taxes and included in the current profit and loss.

15.Fixed assets

(1)Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year, only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

(2)Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is fixed assets that have been fully depreciated and still in use, and the separately priced land. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

NO.	Category	Estimated useful life (years)	Residual value rate %	Depreciation rate %
1	Buildings	20~50	5	4.75~1.95
2	Machinery and equipment	5~20	5	19.00~4.75
3	Motor vehicles	4~10	5	23.75~9.50
4	Electronic equipment	3~5	5	31.67~19.00
6	Others	3~5	5	31.67~19.00

At the end of each year, the company reviews the estimated useful life, estimated net salvage value and depreciation method of fixed assets. If there is a change, it will be treated as a change in accounting estimates.

When the Fixed assets are disposed of, or no economic benefits are expected to be generated through use or disposal, the confirmation of the fixed assets is terminated. The amount of fixed assets sold, transferred, scrapped or damaged, after deducting its book value and related taxes, is included in the current profit and loss.

(3)Recognition and measurement of fixed assets acquired under finance leases

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable

certainty that the Company will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

16. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use. Construction in progress is transferred to fixed asset when it is ready for its intended use.

Construction in progress is measured at the actual cost incurred. Self-operated construction projects are measured by direct materials, direct wages, direct construction fees, etc.; outsourced construction projects are measured by the project price payable; etc.; equipment installation projects are based on the value of the installed equipment, installation costs, project trial operation, etc. Expenditure, etc. determine the project cost. Construction in progress costs also include borrowing costs and exchange gains and losses that should be capitalized.

Construction in progress starts from the day when it reaches the expected usable state, according to the project budget, cost or actual cost of the project, the fixed assets are carried forward at the estimated value, and the depreciation starts to be accrued from the next month. Then adjust the difference of the original value of fixed assets.

For the impairment of the Construction in progress, please refer to Note.IV. 19. Impairment of long-term assets

17. Borrowing costs

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses, and exchange differences due to foreign currency borrowings.

(1) Capitalisation criteria

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalisation of borrowing costs shall commence only when the following criteria are met:

- ① capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities;
- ② borrowing costs have been incurred;
- ③ the activities that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation period The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(3) Capitalisation rate of borrowing costs and calculation basis of capitalised amount for interest expense actually incurred on specific borrowings, the eligible capitalised amount is the net amount of the borrowing costs after deducting any investment income earned before some or all of the funds are used for expenditures on the qualifying asset. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset, the capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings specifically for the purpose of obtaining a qualifying asset.

In the capitalisation period, exchange differences of specific borrowings in foreign currency shall be capitalised; exchange differences of general borrowings in foreign currency is recognised in profit or loss for the current period.

18. Intangible assets

(1) Initial measurement of intangible assets

1. Initial measurement of intangible assets

The cost of outsourcing intangible assets includes the purchase price, related taxes and other expenses directly attributable to the asset's intended use. If the purchase price of intangible assets is delayed beyond the normal credit conditions and is of a financing nature, the cost of the intangible assets is determined on the basis of the present value of the purchase price. The difference between the actual payment and the present value of the purchase price, except for those that should be capitalized, is included in the current profit and loss within the credit period.

2. Initial research and development of initial measurement of intangible assets

The cost of self-developed intangible assets is determined based on the total expenditures incurred since the capitalization conditions are met and before reaching the intended use, and the expenditures that have been expensed in the previous period will not be adjusted.

For intangible assets researched and developed by the company itself, the expenditures at the research stage are included in the current profit and loss when incurred; if the expenditures in the development stage do not meet the capitalization conditions, they are included in the current profit and loss when incurred; if they meet the capitalization conditions, they are recognized. It is an

intangible asset. If it is indeed impossible to distinguish between expenditures in the research phase and expenditures in the development phase, all R & D expenditures incurred are included in the current profit and loss.

(II) Subsequent measurement of intangible assets

The company analyzes and judges its service life when acquiring intangible assets. The company divides the acquired intangible assets into intangible assets with limited service life and intangible assets with uncertain service life.

1. Subsequent measurement of intangible assets with limited service life

The company uses the straight-line method to amortize the intangible assets with a limited service life within the service life from the time when it reaches the intended use, and does not reserve the residual value. The amortized amount of intangible assets is usually included in the current profit and loss; if the economic benefits contained in an intangible asset are realized through the products or other assets produced, the amortized amount is included in the cost of the relevant asset.

Amortisation method for intangible assets with finite useful lives is as follows:

Categories	Useful life (years)	Estimated net salvage rate (%)	Annual amortization rate (%)
Land use rights	50	0	2.00
Patent	7~10	0	14.29~10.00
Software	5-10	0	20.00~10.00

On the balance sheet date, review the service life and amortization method of intangible assets with limited service life.

2. Subsequent measurement of intangible assets with uncertain service life

The company does not amortize intangible assets with uncertain service life during the holding period, but conducts impairment tests at the end of each year.

(III) Estimate of service life of intangible assets

1. The service life of intangible assets derived from contractual rights or other statutory rights is determined in accordance with the duration of the contractual rights or other statutory rights; contractual rights or other statutory rights continue due to renewal and other If the evidence shows that the company does not need to pay a large cost for the renewal of the contract, the renewal period is included in the service life.

2. If the contract or law does not stipulate the service life, the company integrates all aspects of the situation, by hiring relevant experts to demonstrate or compare with the situation in the same industry and referring to the company's historical experience to determine whether the intangible assets can bring economic benefits to the company the period of interest.

3. If it is still impossible to reasonably determine the period in which the intangible assets bring economic benefits to the company according to the above method, the intangible assets are regarded as intangible assets with uncertain service life.

(IV) Specific standards for dividing the research phase and development phase of the company's internal research and development projects

According to the actual situation of research and development, the company divides research and development projects into research and development stages.

1. Research phase

The research stage refers to the stage of original planned investigation and research activities to acquire and understand new scientific or technical knowledge.

2. Development stage

The development stage refers to the stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use.

Expenditures on the research stage of internal research and development projects are included in the current profit and loss when incurred.

(V) Expenditure at the development stage meets the specific standards for capitalization

Expenditures for the internal research and development project during the development phase are recognized as intangible assets when the following conditions are met:

1. It is technically feasible to complete the intangible asset so that it can be used or sold;
2. Have the intention to complete the intangible asset and use or sell it;
3. The ways in which intangible assets generate economic benefits include the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally to prove their usefulness;
4. There are sufficient technical, financial resources and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset;
5. The expenditure attributable to the development stage of the intangible assets can be measured reliably.

(VI) Handling of land use rights

1. The land use right acquired by the company is usually recognized as an intangible asset, but if the use of the land use right is changed and used to earn rent or capital appreciation, it is converted into investment real estate.

2. The company develops and constructs factories and other buildings on its own, and the related land use rights and buildings are handled separately.

3. The price paid for the purchased land and buildings is allocated between the buildings and the land use rights; if it is difficult to allocate them reasonably, all are regarded as fixed assets.

19. Long-term deferred expenses

Long-term deferred expenses are those expenses that have occurred but should be borne by the reporting period and subsequent periods with amortization period of more than one year. The company's long-term deferred expenses mainly include rent, consulting fee, decoration fee, and testing fee. Long-term deferred expenses are recorded at the actual cost, and amortized using a straight-line method within the benefit period.

20. Impairment of long-term assets

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, productive biological assets measured using a cost model, intangible assets, goodwill, proven oil and gas mining rights and wells and related facilities, etc. (Excluding inventories, investment property measured using a fair value model, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset

group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

21. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company 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 the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, 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 current period or the cost of a relevant asset.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

22. Preferred Stock, Perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the company, such as perpetual bond and preferred stock that meet the following conditions are regarded as equity instruments:

①. Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

②. If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are underivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instruments issued by the company are compound financial instruments, they are recognized as a liability as per the fair value of liability part, and recognized as "other equity instruments" as per the actually received amount deducting the fair value of liability part. The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond and preferred stock

Financial instruments such as perpetual bonds and preferred stocks categorized as financial liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, etc, except for the borrowing cost eligible for capitalization (see Note IV 17 "Borrowing cost"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the company handles as equity changes, and related transaction costs are also deducted from equity. The company's distribution to holders of equity instruments is regarded as profit distribution.

The company does not recognize the fair value changes of equity instruments.

23. Provisions

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

(1) The Company has a present obligation;

(2) It is probable that an outflow of economic benefits will be required to settle the obligation;

and

(3) The amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The Company reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If all or part of the expenditure necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying amount of the provision.

(1) Loss contract

A loss contract is a contract that inevitably costs more than expected economic benefits in fulfilling contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from the loss contract meet the above-mentioned conditions for confirming the estimated liability, the portion of the contract's estimated loss exceeding the confirmed impairment loss (if any) of the target asset of the contract is recognized as an estimated liability.

(2) Restructuring obligations

For a detailed, formal and publicly announced restructuring plan, when the aforementioned conditions for confirming the expected liabilities are met, the estimated liability amount is determined based on the direct expenditure related to the restructuring. Regarding the reorganization obligation to sell part of the business, only when the company promises to sell part of the business (that is, when the binding sale agreement is signed), the obligation related to the reorganization will be confirmed.

24. Revenue

(1) Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

(2) Rendering of services

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion.

The stage of completion is based on the proportion of costs incurred to date to the estimated total costs.

Rendering of services can be estimated reliably when all the following conditions are satisfied:

- A. The revenue can be measured reliably;
- B. It is probable that the economic benefits will flow to the Company;
- C. The stage of completion can be measured reliably;
- D. The costs incurred and to be incurred in the transaction can be measured reliably.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

The contract or agreement between the company and other enterprises includes the sale of goods and the provision of labor services. If the sales of goods and the provision of services can be distinguished and measured separately, the sales of goods and the provision of services shall be treated separately; If the labor service part cannot be distinguished, or if it can be distinguished but cannot be measured separately, all the contracts are treated as sales commodities.

(3) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised using the percentage of

completion method. When the outcome of a construction contract cannot be estimated reliably, if the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred; otherwise, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

If the estimated total costs exceed contract revenue, the Company recognises estimated loss in profit or loss for the current period.

The stage of completion of a contract is determined based on the proportion of contract costs incurred for work performed to date to the completion of a physical proportion of the contract work.

The outcome of a construction contract can be estimated reliably when all the following conditions are satisfied:

- A. The contract revenue can be measured reliably;
- B. It is probable that the economic benefits will flow to the Company;
- C. The actual contract costs incurred can be distinguished clearly and measured reliably;
- D. The completion progress of the contract and the costs need to be incurred to complete the contract can be measured reliably.

The accumulated costs incurred in the contract under construction, the accumulated confirmed gross profit (loss) and the settled price are listed in the balance sheet as the net amount after offset. The portion of the sum of the accumulated costs of the contract under construction and the accumulated confirmed gross profit (loss) that exceeds the settled price is listed as Inventories; the price of the contract under construction exceeds the accumulated cost and accumulated confirmed gross profit (The sum of the losses) is listed as Advances from customers.

(4) Royalty income

According to relevant contracts or agreements, revenue is recognized on an accrual basis.

(5) Interest income

It is calculated and determined according to the time when others use the company's currency funds and the actual interest rate.

25. Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income. A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Group for expenses or losses already incurred is recognised in profit or loss or offset against related expenses directly. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognised.

A grant related to ordinary activities is recognised as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognised as non-operating income. When a recognised government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognised in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

26. Operating leases and finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1) As a lessor

At the commencement of the lease term, the Company recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognises unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2)As a lessee

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

27. Significant accounting estimates and judgments

The Ministry of Finance issued the revised CAS 22 - Recognition and Measurement of Financial Instruments, CAS 23 - Transfer of Financial Assets and CAS 37 - Presentation of Financial Instruments (hereinafter collectively referred to as "new financial instruments standards"), and the Circular on Revising and Issuing the Formats of Corporate Financial Statements for the Year of 2019 (Cai Kuai [2019] No. 6) in 2019. The Group's financial statements for the year ended 2019 are prepared in accordance with the above standards and circular. Impacts of the revisions on the financial statements of the Group and the Company are as follows:

Original statement items and amounts		New statement items and amounts	
Notes receivable and accounts receivable	5,581,600,311.04	Notes receivable	
		accounts receivable	5,581,600,311.04
Notes payable and accounts payable	327,174,144.57	Notes payable	164,024,850.83
		accounts payable	163,149,183.74
Asset impairment losses	-9,353,844.24	Asset impairment losses("-" for losses)	9,353,844.24

The company has no significant changes in accounting estimates during the reporting period.

IV.Taxation

1.Main types of taxes and corresponding tax rates

Categories of taxes	Tax basis	Tax rate
VAT(Note)	Taxable income	3%、5%、6%、10%/9%、

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Categories of taxes	Tax basis	Tax rate
		11%、16%/13%
City maintenance and construction tax	Amount of VAT paid	7%
Educational surcharge (including local)	Amount of VAT paid	5%
Water conservancy construction fund	Income	0.10%
Corporate income tax	Taxable profits	25%

Note: According to the joint announcement [No. 39 of 2019] issued by the Ministry of Finance, the General Administration of Taxation, and the General Administration of Customs, from April 1, 2019, VAT taxpayers have VAT taxable sales or imported goods, which originally applied 16% tax rate, the tax rate will be adjusted to 13%; if the original 10% tax rate is applied, the tax rate will be adjusted to 9%.

2. Tax preference

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of Preferential Tax Policies for the Construction and Operation of Rural Drinking Water Safety Projects (Caishui [2016] No. 19), the Company's indirect holding company Yuyao City Water Co., Ltd. The company provides rural residents with domestic water sales income from tap water exempt from value-added tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy on Sewage Treatment Fees (Caishui [2001] No. 97), the Company indirectly controls the holding companies Yuyao Water Supply Co., Ltd. and Yuyao No. 2 Water Supply Co., Ltd. Exempt from VAT.

According to Article 3 of the Circular of the Ministry of Finance and the State Administration of Taxation on Continuing to Implement the Preferential Tax Policies for the Construction and Operation of Rural Drinking Water Safety Projects (Caishui [2016] No. 19), the Company indirectly holds the holding companies Yuyao City Water Supply Co., Ltd. and Yuyao City The property and land of the rural drinking water project operation and management unit of the Second Water Supply Co., Ltd. are exempt from property tax and urban land use tax.

V. Notes to the consolidated financial statements

1. Cash at bank and in hand

(1) Cash at bank and in hand balance

Item	As at 31/12/2019	As at 31/12/2018

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Item	As at 31/12/2019	As at 31/12/2018
Cash in hand	309,213.48	270,392.60
Deposits with banks	15,884,850,120.19	13,515,588,780.06
Other monetary funds	1,171,910,155.00	713,363,250.72
Total	17,057,069,488.67	14,229,222,423.38

Note: The restricted cash and other monetary funds totaled RMB 4,864,948,415.50, of which the deposit was RMB 315,528,415.50; the pledged regular deposit RMB 4,549,420,000.00.

2. Bills receivable

(1) Disclosure of bills receivable

Classification	As at 31/12/2019	As at 31/12/2018
Bank acceptance bills	1,000,000.00	
Bank acceptance bills		
Total	1,000,000.00	

3. Accounts receivable

(1) Accounts receivable by category

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	427,789,746.20	6.65	2,138,948.73	0.50	425,650,797.47
Other group	6,006,696,558.84	93.35			6,006,696,558.84
Subtotal	6,434,486,305.04	100.00	2,138,948.73	0.03	6,432,347,356.31
Individually insignificant but assessed for impairment individually					
Total	6,434,486,305.04	100.00	2,138,948.73		6,432,347,356.31

(Continued)

Category	As at 31/12/2018				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	244,536,376.73	4.38	1,222,681.88	0.50	243,313,694.85

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Category	As at 31/12/2018				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Other group	5,338,286,616.19	95.62			5,338,286,616.19
Subtotal	5,582,822,992.92	100.00	1,222,681.88	0.02	5,581,600,311.04
Individually insignificant but assessed for impairment individually					
Total	5,582,822,992.92	100.00	1,222,681.88		5,581,600,311.04

(2) As at 31 December 2019, the five largest accounts receivable aggregated by debtors were analysed as follows:

Debtor	Relations with the company	As at 31/12/2019	Nature	The proportion of the total accounts receivable (%)
Hangzhou-Ningbo Railway Passenger Dedicated Line Yuyao Section and Yuci Station Yard Construction Project Headquarters	Unrelated party	1,665,147,655.49	Entrusted construction revenue	25.89
Yuyao High-speed Railway New City Construction Headquarters	Unrelated party	949,916,767.70	Entrusted construction revenue	14.76
Management Committee of Zhejiang Yuyao Industrial Park	Unrelated party	903,677,890.25	Management fee	14.04
Yuyao Housing and Urban-rural Construction Bureau	Unrelated party	863,403,996.00	Entrusted construction revenue	13.42
Yuyao City Finance Bureau	Unrelated party	621,313,892.10	Income	9.66
Total		5,034,460,201.54		77.77

4. Prepayments

(1) The ageing analysis of prepayments is as follows:

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Ageing	As at 31/12/2019		As at 31/12/2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,472,087,292.75	29.69	329,184,715.41	8.06
1 to 2 years	195,094,606.78	3.93	368,457,719.34	9.01
2 to 3 years	365,206,875.56	7.36	479,875,381.36	11.74
More than 3 years	2,926,564,058.59	59.02	2,909,774,083.65	71.19
Total	4,958,952,833.68	100.00	4,087,291,899.76	100.00

(2) As at 31 December 2019, the five largest prepayment aggregated by debtors were analysed as follows:

Debtor	Relations with the company	As at 31/12/2019
Yuyao Municipal Government House Relocation Management Office	Unrelated party	1,657,598,905.41
Yuyao Municipal Wastewater Collection Project Headquarters	Unrelated party	904,650,723.32
Yuyao City Finance Bureau	Unrelated party	677,968,391.10
Pre-Headquarters for the Development and Construction of the Fengshan Block on the South Side of the Northwest Loop	Unrelated party	423,570,591.17
Ningbo Kaizhou Real Estate Co., Ltd.	Unrelated party	199,334,877.80
Total		3,863,123,488.90

5. Other receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest receivable	22,169,104,943.97	21,217,267,953.55
Dividends receivable	181,773,377.91	192,095,862.44
Other receivables		
Total	22,350,878,321.88	21,409,363,815.99

(1) Other receivables

① Other receivables by category

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment					

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Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	1,416,528,662.04	6.39	7,082,643.31	0.50	1,409,446,018.73
Other group	20,759,658,925.24	93.61			20,759,658,925.24
Subtotal	22,176,187,587.28	100.00	7,082,643.31	0.03	22,169,104,943.97
Individually insignificant but assessed for impairment individually	1,062,823.90		1,062,823.90		
Total	22,177,250,411.18	100.00	8,145,467.21		22,169,104,943.97

(Continued)

Category	As at 31/12/2018				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	1,421,557,214.26	6.70	7,107,786.07	0.50	1,414,449,428.19
Other group	19,802,818,525.36	93.30			19,802,818,525.36
Subtotal	21,224,375,739.62	100.00	7,107,786.07	0.03	21,217,267,953.55
Individually insignificant but assessed for impairment individually	1,062,823.90		1,062,823.90		
Total	21,225,438,563.52	100.00	8,170,609.97		21,217,267,953.55

②As at 31 December 2019, the five largest other receivables aggregated by debtors were analysed as follows:

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Debtors	Relationship with the company	As at 31/12/2019	Ageing	The proportion of other total receivables (%)
Yuyao Langxia Market Development Management Co., Ltd.	Unrelated party	1,364,413,198.32	Within 1 year	6.15
Yuyao Houdai Block Reconstruction (Phase I) Project Headquarters	Unrelated party	1,323,389,366.83	Scrolling occurs	5.97
Yuyao Tongxia Industry and Trade Co., Ltd.	Unrelated party	1,257,339,355.25	Within 1 year	5.67
Yuyao Chemical Fiber Factory Lot Development and Construction Project Headquarters	Unrelated party	1,233,730,161.91	Within 1 year/Over 3 years	5.56
Yuyao Siming Plaza Construction Investment Co., Ltd.	Related party	989,500,000.00	Within 3 years	4.46
Total		6,168,378,082.31		27.81

(2) Interest receivable

Item	As at 31/12/2019	As at 31/12/2018
From time deposit	36,659,286.34	24,615,883.56
From dismantling of funds	145,114,091.57	167,479,978.88
Total	181,773,377.91	192,095,862.44

6. Inventories

(1) Inventories by category

Category	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	30,715,686.37		30,715,686.37	16,420,523.36		16,420,523.36
Stock Goods	2,387,655,237.33		2,387,655,237.33	2,218,646,345.13		2,218,646,345.13
Low-value consumables	307,980.38		307,980.38	187,770.43		187,770.43
land development	2,186,453,896.20		2,186,453,896.20			
Land cost	1,485,231,868.45		1,485,231,868.45			
Product development	1,682,741,262.01		1,682,741,262.01	1,807,317,792.83		1,807,317,792.83
Development costs	33,123,000,791.27		33,123,000,791.27	34,674,176,970.97		34,674,176,970.97
Development overhead	1,033,119,505.48		1,033,119,505.48	148,822,279.46		148,822,279.46
Total	41,929,226,327.49		41,929,226,327.49	38,865,571,682.18		38,865,571,682.18

7. Other current assets

Item	As at 31/12/2019	As at 31/12/2018
Prepaid expenses	10,436,580.95	2,618,716.36
Short-term loan	24,350,000.00	16,100,000.00
Tax prepaid	161,873,406.64	150,901,878.06
Total	196,659,987.59	169,620,594.44

8. Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments	878,943,526.88	2,000,000.00	876,943,526.88	600,988,572.00	2,000,000.00	598,988,572.00
Including: at fair value	114,404,000.00		114,404,000.00			
at cost	764,539,526.88	2,000,000.00	762,539,526.88	600,988,572.00	2,000,000.00	598,988,572.00
Total	878,943,526.88	2,000,000.00	876,943,526.88	600,988,572.00	2,000,000.00	598,988,572.00

(2) Available-for-sale financial assets at cost

Investees	Book value			
	As at 31/12/2018	Increase during the year	Decrease during the year	As at 31/12/2019
Zhejiang Octopus Co., Ltd.	233,200.00			233,200.00
Ningbo Hangyong Double Line Investment Co., Ltd.	875,500.00		875,500.00	
Yuyao Jiajiafu Supermarket Distribution Co., Ltd.		50,420,670.98		50,420,670.98
Yuyao Capital Water Co., Ltd.	10,000,000.00			10,000,000.00
Yuyao Shouchuang Sewage Treatment Co., Ltd.	20,000,000.00			20,000,000.00
Yuyao Liaoyuan Lighting Co., Ltd.	2,000,000.00			2,000,000.00
Zhejiang Guohua Yuyao Gas Power Generation Co., Ltd.	95,000,000.00			95,000,000.00
Yuyao Youth Social Practice Service Center	18,000,000.00			18,000,000.00
Yuyao Guangjinpeng to Hengfu Equity Investment Fund	240,118,800.00			240,118,800.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Investees	Book value			
	As at 31/12/2018	Increase during the year	Decrease during the year	As at 31/12/2019
Partnership (Limited Partnership)				
Yuyao Mingshun Infrastructure Investment Co., Ltd.	2,000,000.00			2,000,000.00
Ningbo Xinwei Clean Energy Co., Ltd.		560,000.00		560,000.00
Yuyao Kaitou City Investment Development Co., Ltd.		65,250,000.00		65,250,000.00
Ningbo Mingzhou Xianming Tea Cooperative		50,000.00		50,000.00
Yuyao Caifu Junrun Venture Capital Partnership (Limited Partnership)	5,000,000.00		1,113,900.00	3,886,100.00
Zhejiang Jibeike Information Technology Co., Ltd.	1,000,000.00			1,000,000.00
Yuyao Yangzhixing Investment Center (Limited Partnership)	14,000,000.00	6,000,000.00		20,000,000.00
Ningbo Yanyuan Yao Commercial Property Finance Equity Investment Partnership (Limited Partnership)	46,340,316.00	35,684,684.00		82,025,000.00
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)	30,000,000.00			30,000,000.00
Pratt & Whitney Intellectual Property Consulting (Yuyao) Partnership (Limited Partnership)	50,000,000.00			50,000,000.00
Ningbo Yanyuan Dingxin Investment Partnership (Limited Partnership)	50,000,000.00			50,000,000.00
Ningbo Yanyuan Shouke Haheng Investment Partnership (Limited Partnership)	2,170,756.00			2,170,756.00
Ningbo Fuyong Integrated Circuit Investment Co., Ltd.		7,575,000.00		7,575,000.00
Yuyao Bicheng Construction Development Co., Ltd.	14,000,000.00			14,000,000.00
Ningbo Henglian Civil Blasting Equipment Co., Ltd.	250,000.00			250,000.00
Total	600,988,572.00	165,540,354.98	1,989,400.00	764,539,526.98

(Continued)

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Investees	Provision for impairment				Percentage of share holding in investees(%)
	As at 31/12/2018	Increase during the year	Decrease during the year	As at 31/12/2019	
Zhejiang Octopus Co., Ltd.					<0.01
Ningbo Hangyong Double Line Investment Co., Ltd.					1.03
Yuyao Jiajiafu Supermarket Distribution Co., Ltd.					100.00
Yuyao Capital Water Co., Ltd.					4.76
Yuyan Shouchuang Sewage Treatment Co., Ltd.					10.00
Yuyao Liaoyuan Lighting Co., Ltd.	2,000,000.00			2,000,000.00	3.33
Zhejiang Guojima Yuyao Gas Power Generation Co., Ltd.					20.00
Yuyao Youth Social Practice Service Center					75.00
Yuyao Guangjinpeng to Hengfu Equity Investment Fund Partnership (Limited Partnership)					19.06
Yuyao Mingshun Infrastructure Investment Co., Ltd.					10.00
Ningbo Xiwei Clean Energy Co., Ltd.					20.00
Yuyao Kaitou City Investment Development Co., Ltd.					15.00
Ningbo Mingzhon Xianming Tea Cooperative					3.03
Yuyao Caifu Junrun Venture Capital Partnership (Limited Partnership)					16.50
Zhejiang Jibeike Information Technology Co., Ltd.					10.00
Yuyao Yangzhixing Investment Center (Limited Partnership)					6.25
Ningbo Yanyuan Yao Commercial Property Finance Equity Investment Partnership (Limited Partnership)					22.73
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)					30.00
Pratt & Whitney Intellectual					99.75

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Investees	Provision for impairment				Percentage of share holding in investees(%)
	As at 31/12/2018	Increase during the year	Decrease during the year	As at 31/12/2019	
Property Consulting (Yuyao) Partnership (Limited Partnership)					
Ningbo Yanyuan Dingxin Investment Partnership (Limited Partnership)					96.15
Ningbo Yanyuan Shouke Jiabeng Investment Partnership (Limited Partnership)					19.27
Ningbo Fuyong Integrated Circuit Investment Co., Ltd.					7.50
Yuyao Bicheng Construction Development Co., Ltd.					10.00
Ningbo Henglian Civil Blasting Equipment Co., Ltd.					4.29
Total	2,000,000.00			2,000,000.00	

Note: The company's shareholding ratio in the above units is greater than or equal to 20%, but the company has neither control nor significant influence, and its investment is accounted for using the cost method.

9. Held-to-maturity investments

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yuyao Natural Gas ABS Subscription	413,000,000.00		413,000,000.00	143,000,000.00		143,000,000.00
Total	413,000,000.00		413,000,000.00	143,000,000.00		143,000,000.00

10. Long-term equity investments

Investee	As at 31/12/2018	Movements during the year			As at 31/12/2019
		Increase in capital	Investment income recognised under equity method	Decrease in capital	
Ningbo Yuqi	200,000,000.00				200,000,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Expressway Co., Ltd.					
Yuyao Jiaotong Auto Maintenance Co., Ltd.	5,915,265.12			5,915,265.12	
Yuyao Sanqi Gas Station Co., Ltd.		27,847,400.00	2,486,278.77		30,333,678.77
Zhejiang Yuyao Shinkansen Express Passenger Transport Co., Ltd.	2,390,177.30		5,171.27	869,808.55	1,525,480.02
Yuyao Yongshi Petroleum Gas Co., Ltd.	2,825,321.53		406,533.48	186,666.67	3,045,188.34
Yuyao Taxi Association					
Yuyao Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd.		24,500,000.00			24,500,000.00
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd.	19,821,027.85		1,649,275.80		18,171,752.05
Yuyao Eaton Real Estate	115,381,227.06		1,385,754.63		116,766,981.69

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Development Co., Ltd.					
Yuyao Shimao Moushan Lake Leisure Resort Development Co., Ltd.	52,365,119.36		-57,878.32		52,307,241.04
Yuyao Shimao Property Co., Ltd.	18,955,633.00		-20,883.99		18,934,749.01
Zhejiang Wangsu Electronic Commerce Co., Ltd.	35,811,805.98		-808,623.27		35,003,182.71
Yuyao Renhe Wok Factory Co., Ltd.		1,300,000.00			1,300,000.00
Ningbo Shengtu Construction Development Co., Ltd.	9,791,520.74			9,791,520.74	
Yuyao Haiji Construction Development Co., Ltd.	463,987,869.95	464,935,500.00	2,287,646.62		931,211,016.57
Total	927,244,967.89	518,582,900.00	4,034,723.39	16,763,321.08	1,433,099,270.20

(Continued)

Investee	Accounting Method	Percentage of share holding in investees(%)	Provision for impairment
Ningbo Yuci Expressway Co., Ltd.	Equity method	50.00	
Yuyao Jiaotong Auto Maintenance Co., Ltd.	Equity method		
Yuyao Sanqi Gas Station Co., Ltd.	Equity method	40.00	

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Investee	Accounting Method	Percentage of share holding in investees(%)	Provision for impairment
Zhejiang Yuyao Shinkansen Express Passenger Transport Co., Ltd.	Equity method	35.00	
Yuyao Yongshi Petroleum Gas Co., Ltd.	Equity method	40.00	
Yuyao Taxi Association	Equity method	20.00	
Yuyao Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd.	Equity method	49.00	
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd.	Equity method	20.00	
Yuyao Eaton Real Estate Development Co., Ltd. (Note)	Equity method	60.00	
Yuyao Shimao Moushan Lake Leisure Resort Development Co., Ltd.	Equity method	30.00	
Yuyao Shimao Property Co., Ltd.	Equity method	30.00	
Zhejiang Wangsu Electronic Commerce Co., Ltd.	Equity method	28.20	
Yuyao Renhe Wok Factory Co., Ltd.	Equity method	46.43	
Ningbo Shengtu Construction Development Co., Ltd.	Equity method		
Yuyao Haiji Construction Development Co., Ltd.	Equity method	45.00	

Note: Yuyao Eaton Real Estate Development Co., Ltd. Board of Directors has 3 members, one of whom is appointed by the company. Yuyao Eaton Real Estate Development Co., Ltd. performs daily affairs, and its financial statements are not included in the company's consolidation scope, so the company uses the equity method Accounting.

11. Investment properties

(1) Investment properties measured using the cost model

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
I. Cost	1,050,432,751.97	1,612,403,641.85	38,943,366.40	2,623,893,227.42
Of which: Building	451,731,488.05	1,313,644,947.28		1,765,376,435.33
Land use rights	598,701,263.92	298,758,694.57	38,943,366.40	858,516,792.09
II. Accumulated depreciation:	201,143,899.26	165,093,722.27	4,379,459.72	361,858,161.81

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Of which: Building	112,118,898.29	92,093,962.48		204,212,860.77
Land use rights	89,025,000.97	72,999,769.79	4,379,459.72	157,645,301.04
III. Net book value	849,288,852.71			2,282,035,065.61
Of which: Building	339,612,589.76			1,561,163,574.56
Land use rights	509,676,262.95			700,871,491.05
IV. Provision for impairment				
Of which: Building				
Land use rights				
V. Carrying amount	849,288,852.71			2,262,035,065.61
Of which: Building	339,612,589.76			1,561,163,574.56
Land use rights	509,676,262.95			700,871,491.05

12. Fixed assets

Item	As at 31/12/2019	As at 31/12/2018
Fixed assets	9,305,716,958.32	9,249,451,848.27
Disposal of fixed assets		
Total	9,305,716,958.32	9,249,451,848.27

(1) Fixed assets details

Item	Buildings	Mechanical equipment	Motor vehicles	Office & electronic and other equipment	Total
I. Cost					
1. Balance as at 31/12/2018	9,161,808,932.92	1,887,988,942.98	546,062,319.08	107,386,382.45	11,703,246,577.43
2. Additions during the year	447,061,658.35	96,950,581.26	81,297,284.41	167,471,012.17	792,780,536.19
(1) Purchases	215,870,150.98	90,628,242.32	70,410,034.78	152,946,234.40	529,854,662.48
(2) Transfer in of construction in progress	14,568,276.25			74,867.42	14,643,143.67
(3) Enterprise consolidation increase	216,623,231.12	6,322,338.94	10,887,249.63	14,449,910.35	248,282,730.04

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Item	Buildings	Mechanical equipment	Motor vehicles	Office & electronic and other equipment	Total
3. Decrease during the year	414,878,081.28	1,049,770.97	17,932,107.16	3,230,991.95	437,090,951.36
(1) Disposals or written-offs	14,986,870.78	1,049,770.97	17,253,906.16	2,257,596.20	35,548,144.11
(2) Other	399,891,210.50		678,201.00	973,395.75	401,542,807.25
4. Balance as at 31/12/2019	9,193,992,509.99	1,983,889,753.27	609,427,496.33	271,626,402.67	12,058,936,162.26
II. Accumulated depreciation:					
1. Balance as at 31/12/2018	1,162,817,659.33	963,777,357.47	264,164,232.15	63,035,480.21	2,453,794,729.16
2. Additions during the year	192,687,907.61	102,250,354.79	66,394,769.02	39,453,284.07	400,786,315.49
(1) Provision	97,652,680.29	102,249,711.96	56,993,264.71	32,787,035.28	289,682,692.24
(2) Enterprise consolidation increase	95,035,227.32	642.83	9,401,504.31	6,666,248.79	111,103,623.25
3. Decrease during the year	78,320,207.00	2,891,513.18	17,156,822.01	2,993,298.52	101,351,840.71
4. Balance as at 31/12/2019	1,277,185,359.94	1,063,136,199.08	313,402,179.16	99,495,465.76	2,753,219,203.94
III. Provision for impairment					
1. Balance as at 31/12/2018					
2. Additions during the year					
(1) Provision					
3. Decrease during the year					

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Item	Buildings	Mechanical equipment	Motor vehicles	Office & electronic and other equipment	Total
(1) Disposals or written-offs					
(2) Other					
1. Balance as at 31/12/2019					
IV. Carrying amount					
1. Balance as at 31/12/2019	7,916,807,150.05	920,753,554.19	296,025,317.17	172,130,936.91	9,305,716,958.32
2. Balance as at 31/12/2018	7,998,991,273.59	924,211,585.51	281,898,086.93	44,350,902.24	9,249,451,848.27

13. Construction in progress

Category	As at 31/12/2019	As at 31/12/2018
Construction in progress	6,451,067,435.33	5,056,447,191.44
Engineer material	2,631,342.07	3,751,583.95
Total	6,453,698,777.40	5,060,198,775.39

(1) Construction in progress

Project	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yaodong Water Plant Project				189,413,777.06		189,413,777.06
new water pipe laying				40,525,502.81		40,525,502.81
in Beixihai smear sewage treatment project	95,337,075.01		95,337,075.01	100,517,549.79		100,517,549.79
Natural gas pipeline installation	436,003,490.79		436,003,490.79	386,679,087.77		386,679,087.77
Waterworks	216,065,873.60		216,065,873.60	171,434,325.84		171,434,325.84
in household one table project	30,810,204.43		30,810,204.43	236,170,421.95		236,170,421.95
Reservoir	175,717,900.00		175,717,900.00	175,717,900.00		175,717,900.00
Liangnong Town Waterworks	6,801,123.00		6,801,123.00			

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Project	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Rural drinking water standards uplift project	8,044,052.20		8,044,052.20			
Third Grain Depot	106,777,159.16		106,777,159.16			
Yuyao Second People's Hospital (Lanjiang Hospital) Relocation Project	664,035,147.10		664,035,147.10			
Yuyao Traditional Chinese Medicine Hospital Relocation Project	358,836,127.91		358,836,127.91			
Yuyao Lizhou Hospital Renovation Project	2,680,000.00		2,680,000.00			
Reservoir project	180,079,246.48		180,079,246.48	110,955,753.48		110,955,753.48
Lake Surrounding Project	404,007,101.00		404,007,101.00	378,347,101.00		378,347,101.00
Plot on the north side of Oriental Logistics	4,551,763.39		4,551,763.39	4,358,903.02		4,358,903.02
Plot in the east of Jingqiao Village	20,347,532.85		20,347,532.85	19,721,355.32		19,721,355.32
Pavilion parking lot	3,449,550.52		3,449,550.52	3,449,550.52		3,449,550.52
Plots on the west side of primary and secondary schools	9,500,838.02		9,500,838.02	9,131,356.42		9,131,356.42
Chang Nonggang Lot	3,225,354.45		3,225,354.45	3,069,205.11		3,069,205.11
Beijiao Village Car Park	5,751,610.00		5,751,610.00	5,751,610.00		5,751,610.00
Taojinlujiang Pumping Station	674,875,143.55		674,875,143.55	639,251,459.46		639,251,459.46
Yaojia Lujiang Phase II Project	745,470,000.00		745,470,000.00	639,290,000.00		639,290,000.00
Embankment Reinforcement Project in City Section (Phase I)	237,830,000.00		237,830,000.00	211,350,000.00		211,350,000.00
Houqingjiang sluice pump	238,840,000.00		238,840,000.00	207,970,000.00		207,970,000.00
Urban Embankment Reinforcement Project (Phase III)	154,450,000.00		154,450,000.00	96,490,000.00		96,490,000.00
Ningbo-Yuyao Intercity Railway Phase I Project	18,932,228.89		18,932,228.89			
European and American standard factory building project				65,198,974.87		65,198,974.87
Other construction	1,648,648,912.97		1,648,648,912.97	1,361,653,357.02		1,361,653,357.02
Total	6,451,067,435.33		6,451,067,435.33	5,056,447,191.44		5,056,447,191.44

At the end of the period, there is no case where the book value of the construction in progress

is higher than its recoverable amount, and no provision for impairment of construction in progress.

(2) Engineer material

Item	As at 31/12/2019			As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Engineering special materials	2,631,342.07		2,631,342.07	3,751,583.95		3,751,583.95
Total	2,631,342.07		2,631,342.07	3,751,583.95		3,751,583.95

14. Intangible assets

(1) Intangible assets

Item	Land use right	patent right	Software	Road management rights	Total
I. Cost					
1. Balance as at 31/12/2018	3,939,417,781.31	10,500.04	6,654,714.98	950,000,000.00	4,896,082,996.33
2. Additions during the year	234,341,210.77	2,844,188.69	1,125,061.94		238,310,461.40
(1) Purchase	119,954,703.37	2,830,188.69	838,595.73		123,623,487.79
(2) Additions due to business combinations	114,386,507.40	14,000.00	286,466.21		114,686,973.61
(3) Other	370,749,418.57	10,500.04			370,759,918.61
3. Decrease during the year	3,803,009,573.51	2,844,188.69	7,779,776.92	950,000,000.00	4,763,633,539.12
4. Balance as at 31/12/2019					
II. Accumulative amortisation	224,560,581.56	10,500.04	5,553,681.81	703,000,000.74	933,114,764.15
1. As at 31/12/2018	45,816,589.27	957,396.23	416,344.61	38,000,000.04	85,190,310.15
2. Additions during the year	44,896,543.11	943,395.23	348,026.85	38,000,000.04	84,187,966.23
(1) Provision	920,026.16	14,000.00	68,317.76		1,002,343.92

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Item	Land use right	patent right	Software	Road management rights	Total
(2) Additions due to business combinations	49,297,414.68	10,500.04			49,307,914.72
3. Decrease during the year	221,069,736.15	957,396.23	5,970,020.42	741,000,000.78	968,997,159.58
4. Balance as at 31/12/2019					
III. Provision for impairment					
IV. Carrying amount	3,581,939,837.36	1,886,792.46	1,809,750.50	206,999,999.22	3,794,636,379.54
I. Balance as at 31/12/2019	3,714,867,199.75		1,101,033.17	246,999,999.26	3,962,968,232.18

Note: At the end of the period, there is no case where the book value of the intangible assets is higher than its recoverable amount, and no provision for impairment of intangible assets.

15. Goodwill

Name of investee or events from which goodwill arose	Balance as at 31/12/2018	Additions during the year	Decreases during the year	Balance as at 31/12/2019	Provision for impairment
The formation of the elimination of the merger of Yuyao City Natural Gas Co., Ltd.	18,000,000.00			18,000,000.00	
Acquired 60% equity of Ningbo Deshun Transportation Management Co., Ltd.	25,789,198.01			25,789,198.01	
Acquired 60% equity of Ningbo Gangshun Transportation Development Co., Ltd.	18,725,834.95			18,725,834.95	
Acquired 60% equity of Ningbo Baoshun Infrastructure Development Co., Ltd.	6,009,619.88			6,009,619.88	
Acquired 60% equity of	20,840,792.16			20,840,792.16	

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Ningbo Longshun Highway Development Co., Ltd.				
Acquired 60% equity of Ningbo Yashun Road and Bridge Co., Ltd.	7,136,785.43			7,136,785.43
Acquired 60% equity of Ningbo Yishun Road Engineering Co., Ltd.	31,886,996.64			31,886,996.64
Acquired 49% equity of Yuyao Public Transport Co., Ltd.	5,138,468.45			5,138,468.45
Acquired 100% equity of Yuyao Dazhong Transportation Co., Ltd.	468,439.62			468,439.62
Acquired 55% equity of Yuyao Fengshan Petrochemical Co., Ltd.		3,577,562.86		3,577,562.86
Total	133,996,135.14	3,577,562.86		137,573,698.00

16. Long-term deferred expenses

Item	As at 31/12/2019	As at 31/12/2018
Decoration and repair costs	7,360,216.40	6,612,833.19
Forestry training building engineering renovation	465,788.74	
Mazhu Nursery Management House Renovation	207,081.13	
Collaborative Office Information Management System	109,048.75	
The ground of the company's north side	101,130.04	
Other	1,521,256.90	1,180,716.64
Total	9,764,521.96	7,793,550.03

17. Deferred tax assets and deferred tax liabilities**(1) Deferred tax assets**

Item	As at 31/12/2019		As at 31/12/2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provisions for impairment of assets	12,284,415.94	3,071,103.98	11,393,291.85	2,848,322.96
Deductible loss			14,285,237.06	3,571,309.27
Total	12,284,415.94	3,071,103.98	25,678,528.93	6,419,632.23

18. Other non-current assets

Item	As at 31/12/2019	As at 31/12/2018
Agent Construction Project	12,764,592,609.18	11,935,642,720.26

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Old car license	3,392,490.00	3,392,490.00
329 station west relocation project	5,199,449.71	5,199,449.71
Municipal Infrastructure	3,047,666,840.56	2,634,521,645.15
Deferred tax	3,174,667.73	3,385,412.13
BT project	3,201,232,474.56	3,206,232,474.56
Other assets	202,293,914.00	202,293,914.00
Total	19,227,552,445.74	18,010,668,105.81

19. Short-term loans

(1) Short-term loans by category

Category	As at 31/12/2019	As at 31/12/2018
Pledged loans	1,656,622,138.89	1,446,500,000.00
Loans secured by mortgages	311,000,000.00	599,700,000.00
Guaranteed loans	2,975,900,000.00	2,019,660,000.00
Unsecured loans	764,790,000.00	80,000,000.00
Total	5,708,312,138.89	4,145,860,000.00

(2) At the end of the year, the company has no short-term loans that have not been repaid.

20. Bills payable

Category	As at 31/12/2019	As at 31/12/2018
Bank acceptance bills	276,500,000.00	164,024,960.83
Commercial acceptance bills	90,300,000.00	
Total	366,800,000.00	164,024,960.83

21. Accounts payable

(1) The ageing analysis of accounts payable is as follows:

Ageing	As at 31/12/2019		As at 31/12/2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	149,168,598.72	61.55	77,713,148.59	47.63
1-2 years	14,481,561.36	5.97	3,927,543.45	2.41
2-3 years	3,410,357.29	1.41	3,791,177.33	2.32
More than 3 years	75,306,569.08	31.07	77,717,314.37	47.64
Total	242,367,086.45	100.00	163,149,183.74	100.00

(2) Significant accounts payables at the end of the period are listed below:

Creditor	As at 31/12/2019	Unsettled reason
Sining Apartment Project Payment (Provisional estimate)	26,688,070.69	Unexpired

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Creditor	As at 31/12/2019	Unsettled reason
Liangnong Town Government	26,095,393.10	Unexpired
Ningbo BYD Automobile Co., Ltd.	26,430,000.00	Unexpired
Zhejiang Yifeng Decoration Engineering Co., Ltd.	13,708,670.44	Unexpired
Zhejiang Dongying Decoration Engineering Co., Ltd.	7,465,367.90	Unexpired
Total	100,387,502.13	

22. Advances from customers

(1) The ageing analysis of advances from customers is as follows:

Ageing	As at 31/12/2019		As at 31/12/2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	895,198,063.26	43.46	428,530,159.87	33.86
1~2years	379,898,879.43	18.44	429,191,035.85	33.91
2~3years	410,872,590.21	19.95	137,581,350.73	10.87
More than 3years	373,796,428.11	18.15	270,231,082.99	21.36
Total	2,059,765,961.01	100.00	1,265,533,629.44	100.00

(2) Significant advances from customers at the end of the period are listed below:

Item	As at 31/12/2019	Reasons for not being transferred
Advance payment for sale	1,141,083,612.87	Unsettlement
Project payment received in advance	220,299,428.07	Unsettlement
Advance rent	184,388,291.44	Unsettlement
Advance payment	40,000,000.00	Unsettlement
Service charge received in advance	37,527,784.31	Unsettlement
Total	1,623,299,116.69	

23. Employee benefits payable

(1) Overall situation

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Short-term employee benefits	14,077,320.41	265,342,424.83	251,841,564.30	27,578,180.94
Post-employment benefits - defined contribution plans	141,024.00	7,760,716.07	7,715,008.17	186,731.90
Termination benefits		20,757.50	20,757.50	
Total	14,218,344.41	273,123,898.40	259,577,329.97	27,764,912.84

(2) Short-term employee benefits

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Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Salaries, bonus, allowances	12,596,204.52	215,032,519.49	202,056,985.36	25,571,738.65
Staff welfare	1,383,207.07	14,061,233.59	13,769,219.36	1,675,221.30
Social insurances	16,505.44	22,151,822.83	22,046,753.97	121,574.30
Including : 1. Medical	16,505.44	18,559,193.29	18,474,134.33	101,564.40
2. Work-related injury		2,401,364.92	2,395,623.02	5,741.90
3. Maternity insurance		1,178,151.62	1,176,996.62	1,155.00
4. Other		13,113.00		13,113.00
Housing Fund		11,727,608.20	11,692,762.20	34,846.00
Labor union fees, staff and workers' education fee	81,403.38	2,361,640.72	2,268,243.41	174,800.69
Short-term paid absences				
Other short-term employee benefits		7,600.00	7,600.00	
Total	14,077,320.41	265,342,424.83	251,841,564.30	27,578,180.94

(3) Defined contribution plans

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Post-employment benefits		6,523,386.54	6,343,474.74	179,911.80
Unemployment insurance		234,718.53	227,898.43	6,820.10
Enterprise annuity payment	141,024.00	142,695.00	283,719.00	
Other		859,916.00	859,916.00	
Total	141,024.00	7,760,716.07	7,715,008.17	186,731.90

24. Taxes payable

Item	As at 31/12/2019	As at 31/12/2018
Corporate income tax	810,949,508.60	667,564,223.66
VAT	242,246,891.04	176,364,814.20
Business tax	16,439,003.68	16,439,003.68
Land value added tax	24,954,512.23	25,087,833.17
Land holding tax	14,219,807.07	8,352,109.32
Property tax	13,038,471.64	4,263,342.90
Urban maintenance and construction tax	17,883,033.09	13,086,954.58
Educational surcharge	13,175,702.04	9,932,175.70
Individual income tax	38,752.77	48,734.60

Item	As at 31/12/2019	As at 31/12/2018
Stamp duty	258,901.40	79,487.12
Other	133,919.22	167,638.50
Total	1,153,337,602.78	921,386,317.43

25. Other payables

Item	As at 31/12/2019	As at 31/12/2018
Other payables	12,204,807,131.86	10,085,641,415.88
Interest payable	644,390,804.39	614,086,561.36
Dividends payable		
Total	12,849,197,936.25	10,699,727,977.24

(1) Other payables

① The ageing analysis of other payable is as follows:

Ageing	As at 31/12/2019		As at 31/12/2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,586,357,124.22	37.58	5,622,632,961.88	55.75
1~2years	4,636,026,150.31	37.98	2,126,866,030.00	21.09
2~3years	2,008,746,504.98	16.46	359,958,361.13	3.57
Over 3years	973,677,352.35	7.98	1,976,184,062.87	19.59
Total	12,204,807,131.86	100.00	10,085,641,415.88	100.00

② The top five of detail statement of other payables at the end of the period are listed below:

As at 31 December 2019, the five largest other payables aggregated by creditor were analysed as follows:

Creditor	Relations with the company	As at 31/12/2019	Nature
Yuyao City Finance Bureau	Unrelated party	3,398,649,604.91	Current payment
Yuyao Financial Land Development Center	Unrelated party	1,214,360,167.30	Current payment
Sino-Italian Ningbo Ecological Park Holdings Co., Ltd.	Unrelated party	605,700,000.00	Current payment
Finance Office of Yuyao Economic Development Zone	Unrelated party	368,613,376.41	Current payment
Yuyao Siming Plaza Construction Investment Co., Ltd.	Unrelated party	336,806,695.35	Current payment
Total		5,924,129,843.97	

(2) Interest payable

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Item	As at 31/12/2019	As at 31/12/2018
Interest payable for long-term loans with interest paid in installments and principal paid on maturity	14,130,292.75	189,662,210.90
Interest payable on debentures	550,992,859.46	370,719,199.06
Other	79,267,652.18	53,705,151.40
Total	644,390,804.39	614,086,561.36

26. Non-current liabilities due within one year

Item	As at 31/12/2019	As at 31/12/2018
Long-term loans due within one year	10,453,586,488.57	11,701,616,906.10
Debentures payable within one year	1,097,125,229.24	971,981,815.15
Long-term payables due within one year	940,417,233.06	158,751,377.66
Total	12,490,928,950.87	12,832,350,098.91

27. Other current liabilities

(1) Other current liabilities category

Item	As at 31/12/2019	As at 31/12/2018
18 Euro debt		391,580,000.00
Guarantee compensation reserve	6,199,136.17	1,446,621.17
Guarantee liability reserve	1,461,602.22	977,621.39
Total	7,660,738.39	394,004,242.56

28. Long-term loans

Item	As at 31/12/2019	As at 31/12/2018
Pledged loans	4,182,800,000.00	5,321,445,830.00
Loans secured by mortgages	4,076,000,000.00	4,211,073,932.75
Guaranteed loans	18,293,470,578.52	16,784,643,052.23
Unsecured loans	624,946,851.83	505,592,925.90
Other loans	780,248,591.66	105,000,000.00
Total	27,957,466,022.01	26,927,755,740.88

29. Debentures payable

(1) Increases and decreases of debentures payable

Bond name	Face value	Issuance date	Term	Issuing amount
14Yutou 01	600,000,000.00	5/19/2014	7years	1,489,500,000.00
16Yutou 01	1,000,000,000.00	3/23/2016	5years	994,000,000.00
16Yutou 02	1,000,000,000.00	7/21/2016	5years	994,000,000.00
16Yutou 03	1,000,000,000.00	11/7/2016	5years	994,000,000.00

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17 shots 01	500,000,000.00	3/23/2017	5years	497,000,000.00
17 shots 02	500,000,000.00	7/17/2017	5years	497,000,000.00
17 shots 03	500,000,000.00	11/6/2017	5years	491,000,000.00
19 Yutou 01	300,000,000.00	3/20/2019	5years	298,200,000.00
19 Yutou 02	200,000,000.00	3/20/2019	5years	198,800,000.00
19 Yutou 03	500,000,000.00	4/26/2019	5years	497,000,000.00
19 Yutou 05	500,000,000.00	8/22/2019	5years	497,000,000.00
Yu Ranqi 4	243,000,000.00	11/27/2015	4years	241,150,528.54
Yu Ranqi 5	299,000,000.00	11/27/2015	5years	296,724,312.90
Yu Ranqi 6	331,000,000.00	11/27/2015	6years	328,480,761.10
Yu Ranqi Secondary	143,000,000.00	11/27/2015	6years	141,911,627.91
17 Yuyao City Investment MTN001	500,000,000.00	8/7/2017	5years	499,000,000.00
18 Yuyao City Investment MTN002	400,000,000.00	9/19/2018	5years	396,000,000.00
19 Yuyao City vote MTN001	600,000,000.00	2/25/2019	5years	594,000,000.00
19 Yuyao City vote MTN002	500,000,000.00	4/25/2019	5years	495,000,000.00
12 Yuyao Water Investment	1,400,000,000.00	10/18/2012	7years	1,400,000,000.00
More than 16 crosses 01	1,000,000,000.00	8/25/2016	5years	1,000,000,000.00
17 Yujiao 02	550,000,000.00	3/15/2017	5years	550,000,000.00
17 Yujiao 03	550,000,000.00	5/26/2017	5years	550,000,000.00
17 Yujiao 04	600,000,000.00	6/20/2017	5years	600,000,000.00
17 Yujiao 05	300,000,000.00	7/3/2017	5years	300,000,000.00
18 Shuntong MTN001	1,000,000,000.00	4/26/2018	3years	1,000,000,000.00
18 Shuntong MTN002	500,000,000.00	8/31/2018	3years	500,000,000.00
19 Shuntong MTN001	500,000,000.00	8/28/2019	5years	500,000,000.00
19 Shuntong 01	800,000,000.00	4/24/2019	5years	800,000,000.00
17Yuyao High Speed Rail PPN001	500,000,000.00	4/13/2017	5years	500,000,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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17Yuyao High Speed Rail PPN002	300,000,000.00	8/29/2017	5years	300,000,000.00
17Yuyao High Speed Rail PPN003	100,000,000.00	11/16/2017	5years	100,000,000.00
18Yuyao High Speed Rail PPN001	70,000,000.00	1/9/2018	5years	70,000,000.00
18Yuyao High Speed Rail PPN002	400,000,000.00	1/15/2018	3years	400,000,000.00
18Yuyao High Speed Rail PPN003	130,000,000.00	12/27/2018	3years	130,000,000.00
19 Yuyao high-speed rail short-term financing	300,000,000.00	8/29/2019	1years	300,000,000.00
Financial management	500,000,000.00	4/26/2019	3years	500,000,000.00
More than 13 open bonds	1,000,000,000.00	3/6/2013	7years	1,000,000,000.00
18 US dollar debt	\$ 100 million	12/21/2018	3years	\$ 100 million
19 US dollar debt	\$ 100 million	4/23/2019	3years	\$ 100 million
19Yuyao Jingkai MTN01	500,000,000.00	6/24/2019	5years	500,000,000.00
19 Yao Jing 01 Corporate Bond	500,000,000.00	11/14/2019	5years	500,000,000.00
16 Yuyao 01	500,000,000.00	7/19/2016	5years	500,000,000.00
16 Yuyao 03	1,000,000,000.00	11/14/2016	5years	1,000,000,000.00
More than 19 workers 01	600,000,000.00	8/23/2019	5years	600,000,000.00
More than 19 workers 02	400,000,000.00	9/18/2019	5years	400,000,000.00
Total				

(Continued)

Bond name	Balance as at 31/12/2018	Issuance during the year	Additions during the year	Reductions during the year	Balance as at 31/12/2019
14Yutou 01	898,680,689.15		1,240,458.82	300,000,000.00	599,921,147.97
16Yutou 01	997,140,504.58		1,154,902.21		998,295,406.79
16Yutou 02	996,783,431.81		1,159,148.29		997,942,580.10
16Yutou 03	996,462,027.18		1,165,949.69		997,627,976.87
17 shots 01	498,021,120.29		576,057.04		498,597,177.33
17 shots 02	497,837,868.33		575,935.86		498,413,804.19

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17 shou 03	492,967,170.37		1,717,744.45		494,684,914.82
19 Yutou 01		298,200,000.00	253,939.90		298,453,939.90
19 Yutou 02		198,800,000.00	173,276.40		198,973,276.40
19 Yutou 03		497,000,000.00	368,596.13		497,368,596.13
19 Yutou 05		497,000,000.00	227,318.82		497,227,318.82
Yu Ranqi 4	192,637,233.72		362,766.28	193,000,000.00	
Yu Ranqi 5	298,052,013.13		484,310.71		298,536,323.84
Yu Ranqi 6	329,862,627.89		433,344.14		330,095,972.03
Yu Ranqi Secondary	142,471,682.37		181,531.99		142,653,214.36
17 Yuyao City Investment MTN001	499,268,703.73		192,307.57		499,461,011.30
18 Yuyao City Investment MTN002	396,206,490.69		724,702.91		396,931,193.60
19 Yuyao City vote MTN001		594,000,000.00	931,416.96		594,931,416.96
19 Yuyao City vote MTN002		495,000,000.00	626,966.46		495,626,966.46
12 Yuyao Water Investment	280,000,000.00			280,000,000.00	
More than 16 crosses 01	983,992,254.60		5,779,256.60		989,771,511.20
17 Yujiao 02	544,076,566.29		1,733,978.73		545,810,545.02
17 Yujiao 03	544,677,943.01		1,439,167.73		546,117,110.74
17 Yujiao 04	594,948,577.57		1,330,465.00		596,279,042.57
17 Yujiao 05	297,034,148.76		780,705.18		297,814,853.94
18 Shuntong MTN001	998,098,699.48		781,916.43		998,880,615.91
18 Shuntong MTN002	499,462,255.52		191,078.18		499,653,333.70

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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19 Shuntong MTN001		500,000,000.00	-940,568.58		499,059,431.42
19 Shuntong 01		800,000,000.00	-4,238,469.07		795,761,530.93
17Yuyao High Speed Rail PPN001	498,966,473.11		294,134.48		499,260,607.59
17Yuyao High Speed Rail PPN002	299,542,420.74		114,537.81		299,656,958.55
17Yuyao High Speed Rail PPN003	99,839,842.18		37,732.39		99,877,574.57
18Yuyao High Speed Rail PPN001	69,884,516.15		26,146.07		69,910,662.22
18Yuyao High Speed Rail PPN002	399,438,761.91		265,560.22		399,704,322.13
18Yuyao High Speed Rail PPN003	130,000,000.00				130,000,000.00
19 Yuyao high-speed rail short- term financing			299,200,000.00		299,200,000.00
Financial management			500,000,000.00		500,000,000.00
More than 13 open bonds	400,000,000.00			200,000,000.00	200,000,000.00
18 US dollar debt	668,271,747.88		5,187,752.00	-12,517,374.61	685,976,874.49
19 US dollar debt		662,765,244.16	1,801,362.82	-26,478,203.62	691,044,810.60
19Yuyao Jinghai		500,000,000.00	-1,812,550.96		498,187,449.04

Notes to the Financial Statements of Yuyao Shoncai Investment Holdings Co., Ltd.
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MTN01					
19 Yao Jing 01 Corporate Bond		500,000,000.00	-3,909,470.93		496,090,529.07
16 Yuyao 01	493,414,882.61	240,000,000.00	4,006,692.76	240,000,000.00	497,421,575.37
16 Yuyao 03	978,955,058.29		12,862,830.68		991,817,888.97
More than 19 workers 01		600,000,000.00	228,334.95		600,228,334.95
More than 19 workers 02		400,000,000.00	121,274.89		400,121,274.89
Less: Debenture s payable due within one year	971,981,815.15				1,097,125,229.24
Total	15,044,813,896.19	6,782,765,244.16	837,632,542.01	1,174,004,421.77	21,366,063,846.50

30. Long-term payables

Item	As at 31/12/2019	As at 31/12/2018
Guangzhou Yuxiao Financial Leasing Co., Ltd.	262,500,000.00	
Huarong Financial Leasing Co., Ltd.		134,435,832.96
Operating margin and remaining balance of the car price	9,068,052.00	12,196,342.87
Far East International Leasing Co., Ltd.	115,666,137.16	201,387,696.08
Housing fund	255,058.68	255,058.68
China Development Fund Corporation	119,000,000.00	119,000,000.00
Yuyao Shanty Town Reconstruction Investment and Construction Co., Ltd.	488,000,000.00	488,000,000.00
Huarong Financial Leasing Co., Ltd.	84,000,000.00	94,000,000.00
Changjiang United Financial Leasing Co., Ltd.	160,000,000.00	
Zhejiang Yinyuan Investment Management Co., Ltd.	200,000,000.00	

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Jiushi Financial Leasing (Shanghai) Co., Ltd.	178,168,113.94	
Xiongjia Village, Langxia Street, Yuyao City	2,243,925.00	2,243,925.00
Tianzhong Village, Langxia Street, Yuyao City	11,627,940.45	8,627,940.45
Zhaojia Village, Langxia Street, Yuyao City	600,000.00	600,000.00
Zhejiang Punot Asset Management Co., Ltd.	8,310,000.00	8,310,000.00
AVIC International Leasing Co., Ltd.	298,500,000.00	368,000,000.00
Yunnan International Trust Co., Ltd.	350,000,000.00	350,000,000.00
Bohai International Trust Co., Ltd.	100,000,000.00	100,000,000.00
Kunlun Trust Co., Ltd.	200,000,000.00	200,000,000.00
Bank of Communications International Trust Co., Ltd.		61,500,000.00
Western Trust Co., Ltd.	200,000,000.00	
Central Land Collaborative Financial Asset Trading Center Co., Ltd.	200,000,000.00	
Changan International Trust Co., Ltd.	100,000,000.00	
Lujiazui International Trust Co., Ltd.	300,000,000.00	
Zhongrong International Trust Co., Ltd.	224,000,000.00	
other	20,000,000.00	20,000,000.00
Less: long-term payables due within one year	940,417,233.06	158,751,377.66
Special payables	313,552,392.60	310,845,000.00
Total	3,005,074,387.07	2,320,700,418.38

Among them, the special payables details are as follows:

Item	As at 31/12/2019	As at 31/12/2018
Government grants	100,000,000.00	100,000,000.00
Cao Ejiang drinking water project subsidy	117,885,000.00	117,885,000.00
Mushan Lake Project Subsidy	7,960,000.00	7,960,000.00
Subsidy for seawall reclamation works	33,000,000.00	33,000,000.00
Subsidy for Shuangxikou Reservoir	20,000,000.00	20,000,000.00

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Project		
Award Jialongjiang Project Subsidy	5,000,000.00	5,000,000.00
A subsidy for the prevention and reinforcement of Yaojiangcheng section	20,000,000.00	20,000,000.00
Pavilion parking lot construction project funding	4,000,000.00	4,000,000.00
Plastic City West parking lot construction project funding	3,000,000.00	3,000,000.00
Other	2,707,392.60	
Total	313,552,392.60	310,845,000.00

31. Deferred income

Item	As at 31/12/2019			As at 31/12/2018
Subsidy for buried fees	199,643,411.35	34,263,787.18	7,597,886.44	226,309,312.09
Bus operation subsidies	16,988,204.67	4,547,500.00	9,716,215.90	11,819,488.77
other		1,000,000.00	200,000.00	300,000.00
Total	216,631,616.02	39,811,287.18	17,514,102.34	238,928,800.86

32. Paid-in capital

Investor	As at 31/12/2018		Additions during the year	Reductions during the year	As at 31/12/2019	
	Investment amount	Shareholding ratio (%)			Investment amount	Shareholding ratio (%)
Yuyao State-owned Assets Management Office	4,000,000,000.00	100.00	3,500,000,000.00		7,500,000,000.00	100.00
Total	4,000,000,000.00	100.00	3,500,000,000.00		7,500,000,000.00	100.00

33. Other equity instruments

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Perpetual debt: 17 Yuyao City vote MTN002	495,000,000.00			495,000,000.00
Perpetual debt: 18 Yuyao City Investment MTN001	495,000,000.00			495,000,000.00
Perpetual debt: 18 Yuyao City Investment MTN003	397,600,000.00			397,600,000.00
Perpetual debt: 18 Yuyao City vote MTN004	596,400,000.00			596,400,000.00
Total	1,984,000,000.00			1,984,000,000.00

Note: Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd. 2017 second-term medium-term notes (abbreviation: 17 Yuyao) from September 1, 2017 to September 4, 2017 City Investment MTN002, code: 101756032). The actual issuance amount is 500 million yuan, the bond value date is September 5, 2017, the term is 5 + N years, and the redemption date expires when the issuer redeems according to the terms of the issuance. 1.5277%), the issue price is 100.00 yuan.

From April 30, 2018 to April 23, 2018 Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd.'s 2018 first-term medium-term notes (referred to as 18 Yuyao City Investment MTN001, code: 101800478). The actual issuance amount is 500 million yuan, the bond value date is April 24, 2017, the term is 5 + N years, the redemption date expires when the issuer redeems according to the terms of the issuance, and the issuance interest rate is 7.00% (1-year SHIBOR + 2.58%), the issue price is 100.00 yuan.

Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd. 2018 third-term medium-term notes (referred to as 18 Yuyao City Investment) from October 17, 2018 to October 18, 2018. MTN003, code: 101801103). The actual issuance amount is 400 million yuan. The bond value date is October 19, 2018, with a term of 3 + N years. The redemption date expires when the issuer redeems according to the terms of the issuance. The issuance interest rate is 6.45% (1-year SHIBOR + 2.94%), the issue price is 100.00 yuan.

Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd. 2018 fourth-term medium-term notes (referred to as 18 Yuyao City Investment MTN004, code: 101801536). The actual issuance amount is 600 million yuan, the bond value date is December 21, 2018, the term is 3 + N years, and the redemption date expires when the issuer redeems according to the terms of the issuance. The issuance interest rate is 6.00% (1-year SHIBOR + 2.48%), the issue price is 100.00 yuan. According to the notice on the issuance of the "Division of Financial Liabilities and Equity Instruments and Related Accounting Treatment Regulations" (Caihui <2014> No. 13), the perpetual bond 17 Yuyao City Investment MTN002 is classified as an equity instrument and is issued at a face value of 500,000,000.00 yuan. 5,000,000.00 yuan is deducted from equity; 18 Yuyao City Investment MTN001 is divided into equity instruments, with a par value of 500,000,000.00 yuan, and the underwriting fee of 5,000,000.00 yuan is deducted from equity; 18 Yuyao City Investment MTN003 is divided into equity instruments, with a par value of 400,000,000.00 yuan, underwriting fee RMB 2,400,000.00 is deducted from equity; 18 Yuyao Chengtong MTN004 is divided into equity instruments, with a par value of RMB 600,000,000.00, and an underwriting fee of RMB 3,600,000.00 is deducted from equity.

34. Capital reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Other capital reserves	40,816,995,319.74	2,214,585,649.46	1,145,545,192.72	41,886,035,776.48

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Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Total	40,816,995,319.74	2,214,585,649.46	1,145,545,192.72	41,886,035,776.48

35. Surplus reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Statutory surplus	6,476,499.90	913,870.89		7,390,370.79
Total	6,476,499.90	913,870.89		7,390,370.79

36. Retained earnings

Item	Year ended 31/12/2019	Year ended 31/12/2018
Retained earnings as at 31/12/2018 (before adjustment)	3,376,659,708.28	3,118,214,115.16
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)		
Retained earnings as at 31/12/2018(after adjustment)	3,376,659,708.28	3,118,214,115.16
Add: Net profits for the year attributable to shareholders of the Company	273,836,908.82	334,489,430.53
Less: Appropriation for statutory surplus reserve	913,870.89	2,605,319.73
Appropriation for Special reserves		417,751.80
Cash dividends	250,510,690.04	73,020,765.88
Dividends converted to share capital	81,844,663.34	
Retained earnings as at 31/12/2019	3,317,227,392.83	3,376,659,708.28

37. Operating income and operating cost

(1) Operating income and Operating cost:

Item	Operating income		Operating cost	
	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2019	Year ended 31/12/2018
Principal activities	5,873,710,437.91	5,263,461,669.48	3,750,876,638.03	3,223,618,893.53
Other operating activities	462,795,587.76	335,465,952.93	254,231,665.61	158,314,566.26
Total	6,336,506,025.67	5,598,927,622.41	4,005,108,303.64	3,381,933,459.79

(2) Operating income and operating costs from principal activities by product:

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Operating income	Operating cost	Operating income	Operating cost
Project construction repo	1,119,836,428.69	919,424,603.10	1,579,214,596.84	1,330,542,557.86
Enclosure	246,818,697.09	177,864,263.86	219,520,532.04	158,192,374.05

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development revenue				
Sales income of resettlement houses	972,297,282.74	857,387,705.67	538,774,866.44	458,480,742.36
Land consolidation income	958,897,526.29	742,739,292.17	415,890,301.81	276,379,331.69
Bus operation	182,868,111.36	205,309,318.24	203,315,624.27	208,718,349.07
Water supply income	258,595,413.78	229,271,429.61	291,865,148.88	275,907,762.05
Natural gas revenue	249,051,955.87	229,689,324.51	138,894,169.80	126,055,796.59
Raw water fee income	108,463,176.44	53,184,031.94	65,146,503.40	55,983,191.51
Highway toll	30,000,000.00	38,630,479.72	30,000,000.00	38,609,463.10
Passenger transport	32,105,676.96	119,531,286.96	28,559,178.84	119,459,906.85
Wastewater treatment income	97,587,220.50	149,396,606.78	32,710,149.50	82,998,958.96
Street lamp repair and maintenance	25,151,289.80	19,080,304.32	36,176,627.77	24,923,152.31
Sales of goods	1,429,859,655.42	1,434,700,093.15	45,081,432.20	43,579,735.04
Other business	2,785,660.22		4,708,410.51	1,296,765.77
Service income	17,093,889.71	3,220,365.51	28,013,692.60	14,059,940.34
Interest income			4,566,037.89	
inspection fees	14,737,407.51	2,125,254.99	14,180,673.29	5,248,335.21
Construction management fee	23,230,695.41		42,808,903.00	
Demolition management fee	2,855,718.07		21,454,822.83	
Taxi management fee	3,180,077.65	1,452,033.98	2,796,893.23	1,370,255.39
Waste recycling	7,926,045.21	2,016,066.21	7,198,072.89	1,812,275.38
Pension service income	8,036,403.23	8,985,729.90		
Cement sales	4,457,460.08	4,438,308.76		
Security service income	8,503,204.65	2,805,393.13		
Repair fee	6,310,145.70	4,659,321.99		
Revenue from the sale of drugs and medical devices	49,152,585.76	44,559,469.24		
Property	5,566,429.66	7,680,821.71		

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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management income				
Broadcasting	8,342,280.11	5,290,164.03		
Total	5,873,710,437.91	5,263,461,669.48	3,750,876,638.03	3,223,618,893.53

(3) Operating income and operating costs from other operating activities by product:

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Operating income	Operating cost	Operating income	Operating cost
Fund borrowing interest income	138,721,554.87	81,604,444.11	85,846,255.15	41,245,833.33
Revenue from installing water pipes	56,043,096.49	53,605,370.49	47,205,226.24	45,669,147.32
Pipeline embedding fee	10,279,122.08	2,399,589.62	9,062,724.93	1,892,218.68
Providing services	2,023,127.12	99,121.88		
Leasing business	113,116,272.84	60,537,391.83	57,617,972.98	35,550,349.65
Land transfer income	134,966,845.24	133,299,515.50	36,380,000.00	31,529,737.86
Other income	7,645,569.12	3,920,519.50	18,119,486.31	2,427,279.42
Total	462,795,587.76	335,465,952.93	254,231,665.61	158,314,566.26

38. Taxes and surcharges

Item	Year ended 31/12/2019	Year ended 31/12/2018
Business tax	4,659,082.38	5,177,828.89
Urban maintenance and construction tax	9,030,207.63	8,359,518.26
Educational surcharge	6,481,561.59	5,900,223.64
Stamp duty	1,288,387.12	513,029.44
Land value added tax	3,584,393.07	
land holding tax	14,002,097.28	11,969,801.79
property tax	13,391,476.89	7,161,108.68
Other	402,229.45	3,874,638.16
Total	52,839,435.41	42,956,148.86

39. Financial expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Interest expenses	780,190,521.52	601,050,974.53
Less: Interest income	91,495,112.14	96,478,307.72
Add: Bank charges	3,065,152.66	3,790,136.34
Others	14,000,000.00	-2,183,285.20
Total	705,760,562.04	506,179,517.95

40. Other income

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Item	Year ended 31/12/2019	Year ended 31/12/2018
Government grants related to daily business activities	588,462,540.39	458,489,007.49
Total	588,462,540.39	458,489,007.49

(1)Details of government grants as follows:

Item	Year ended 31/12/2019	Year ended 31/12/2018
Financial discount	272,500,000.00	150,000,000.00
Subsidies for making up losses	175,155,135.63	165,338,358.36
Scwage treatment working capital subsidies	27,000,000.00	19,000,000.00
Operating subsidy	70,000,000.00	
Special accounts payable for comprehensive environmental improvement		18,700,000.00
Infrastructure construction subsidies		30,000,000.00
Local storage of grain and oil purchases other subsidies	11,162,080.00	
Other	32,645,324.76	75,450,649.13
Total	588,462,540.39	458,489,007.49

41. Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Income from long-term equity investments accounted for using the equity method	4,034,723.39	18,850,772.55
Investment income from holding held-to-maturity investments	6,009,203.04	1,317,316.33
Other	211,070.46	6,716,027.30
Total	10,254,996.89	26,884,116.18

42. Impairment losses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Receivables impairment	-891,124.10	9,353,844.24
Total	-891,124.10	9,353,844.24

43. Non-operating income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Government grants not related to the daily activities of the enterprise	276,458,458.39	174,836,144.44
Net fine income	47,876.70	66,828.57
other	5,444,540.36	3,762,863.08
Total	281,950,875.45	178,665,836.09

44. Non-operating expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Donations provided	51,953,000.00	1,250,000.00
Fines and late fees	106,171.89	256,000.00
Other	5,500,305.39	291,740.42
Total	57,559,477.28	1,797,740.42

45. Income tax expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Current tax expense for the year based on tax law and regulations	164,804,258.35	135,279,718.11
Changes in deferred tax assets/liabilities	3,348,528.25	460,432.74
Total	168,152,786.60	135,740,150.85

46. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

Item	Year ended 31/12/2019	Year ended 31/12/2018
I.Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	283,332,865.39	338,450,920.18
Add: Provisions for impairment of assets	891,124.10	-9,353,844.24
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	381,776,654.72	298,114,073.76
Amortization of intangible assets	157,187,726.02	122,278,129.07
Amortization of long-term deferred expenses	4,301,761.40	3,973,240.35
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	3,096,728.79	-1,227,956.04
Loss from scrapping of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	794,190,521.52	601,050,974.53
Losses arising from investment ("-" for gains)	-10,254,996.89	-26,884,116.18
Decrease in deferred tax assets ("-" for increase)	3,348,528.25	460,432.74
Increase in deferred tax liabilities ("-" for decrease)		
Decrease in gross inventories ("-" for increase)	-3,063,654,645.31	-1,910,331,586.62
Decrease in operating receivables ("-" for increase)	-2,664,922,485.08	-4,793,409,545.19
Increase in operating payables ("-" for decrease)	3,515,689,733.68	7,312,029,682.37
Others		
Net cash flows from operating activities	-595,016,483.41	1,935,150,404.73

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Item	Year ended 31/12/2019	Year ended 31/12/2018
2. Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash as at 31/12/2019	12,192,121,073.17	10,124,208,770.52
Less: cash As at 31/12/2018	10,124,208,770.52	9,116,468,945.75
Add: cash equivalents as at 31/12/2019		
Less: cash equivalents as at 31/12/2018		
Net increase/decrease in cash and cash equivalents	2,067,912,302.65	1,007,739,824.77

(2) Details of cash and cash equivalents

Item	Year ended 31/12/2019	Year ended 31/12/2018
Cash:	12,192,121,073.17	10,124,208,770.52
Including: Cash on hand	309,213.48	270,392.60
Bank deposits available on demand	11,335,430,120.19	9,505,123,780.06
Other monetary funds available on demand	856,381,739.50	618,814,597.86
Cash equivalents		
Including: Bond investments with a maturity of 3 months or less		
Cash and cash equivalents as at 31/12/2019	12,192,121,073.17	10,124,208,770.52

47. Assets with restrictive ownership title or right of use

Item	As at 31/12/2019	Reason for restriction
Cash at bank and on hand	4,864,948,415.50	Certificate of Deposit Pledge and Margin
Total	4,864,948,415.50	

VI. Interests in other entities

1. Interests in subsidiaries

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Ningbo Shuntong Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Ningbo Baoshun Infrastructure Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Deshun Traffic	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Management Co., Ltd.					
Ningbo Yishun Road Engineering Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Yashun Road and Bridge Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Gangshun Transportation Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Longshun Highway Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao North-South Expressway Investment and Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Public Transport Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Dazhong Transportation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Highway Transportation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Yaozhou Expressway Co., Ltd.	Yuyao	Yuyao		68.05	Appropriation
Yuyao Dashun Automobile Comprehensive Performance Testing Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Urban and Rural Public Transportation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Mingbang Construction Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Jianbang Construction Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao New Century Transportation Real Estate Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Shuntong Asset Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Transportation Station Construction Housing Development Co.,	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Ltd.					
Yuyao Tongyuan Fuel Supply Co., Ltd.	Yuyao	Yuyao		68.75	Appropriation
Ningbo Intercity Railway Development Co., Ltd.	Ningbo	Ningbo		50.00	Establishment
Yuyao Changqing Seniors Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Tongtu Building Material Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Zhejiang Shuntong Travel Technology Co., Ltd.	Yuyao	Yuyao		80.00	Establishment
Yuyao Fengshan Petrochemical Co., Ltd.	Yuyao	Yuyao		55.00	Appropriation
Yuyao Security Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Zhongtai Motor Vehicle Testing Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Jiaotong Auto Maintenance Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Shunjian Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao City Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao City Water Supply Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Second Water Supply Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao City Drainage Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Mingyi Construction Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Jingsheng City Comprehensive Property Service Co., Ltd.	Yuyao	Yuyao		45.00	Establishment
Yuyao City Natural Gas Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Shenran Energy Co., Ltd.	Yuyao	Yuyao		45.00	Establishment
Yuyao Yaodong Water Supply Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao City Construction State-owned Assets Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Yaozhou Construction Engineering Inspection Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Chengguang Street Lamp Installation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Yangming Auction Co., Ltd.	Yuyao	Yuyao		85.00	Appropriation
Yuyao Radio and Television Communication Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Radio and TV Advertising Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Grain Purchasing and Storage Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Town Construction Development Co., Ltd.	Yuyao	Yuyao		94.99	Appropriation
Yuyao Jingyi Parking Industry Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Ningbo Zhibang Municipal Engineering Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Guanglian Information Engineering Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Xinglin Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Qingyuantang Kejian Pharmaceutical Co., Ltd.	Yuyao	Yuyao		100.00	Purchase
Yuyao Baoqing Pharmacy Co., Ltd.	Yuyao	Yuyao		100.00	Purchase
Yuyao Hanzhang Pharmaceutical Trading Co., Ltd.	Yuyao	Yuyao		100.00	Purchase
Ningbo Sunnong Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Tideland Development Co., Ltd.	Yuyao	Yuyao		74.21	Appropriation
Yuyao Affordable Housing Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao Nongtong Agricultural Machinery Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Modern Agriculture Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Waterfall Xianming Greening Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Nongxin Financial Guarantee Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Modern Agriculture Park Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Mushan Lake Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao China Plastic City Logistics Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Zhejiang Yongyi Electronic Payment Co., Ltd.	Ningbo	Ningbo		53.50	Appropriation
Ningbo Yongyi World Financial Services Co., Ltd.	Ningbo	Ningbo		53.90	Appropriation
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Shunyu'an Energy Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Zhejiang Jinshun Junhe Supply Chain Management Co., Ltd.	Yuyao	Yuyao		48.00	Establishment
Yuyao Jinshun Development & Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Jiayun Development & Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Yaohai New City Development and Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Civil Explosive Materials Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Antai Storage Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Metal Recycling Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao Shunxin Finance Guarantee Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Accounts Receivable Credit Management Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Mouhu Ecological Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Industrial (SME) Investment and Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao SME Financing Guarantee Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Fushun Integrated Circuit Equity Investment Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Ningbo Songong Industrial Investment Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Shuangzikou Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Beicheng Land Development and Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Intelligent Photoelectric Town Development and Construction Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Shunrui Industrial Holdings Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Shunhuan Residue Operation Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Economic Development Zone Construction Investment Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Binhai Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Mingbang Technology Venture	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Development Co., Ltd.					
Ningbo Jinxing Mould Technical Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Yaobei Products Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Yaobei Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd.	Yuyao	Yuyao		49.00	Establishment
Yuyao Moke Town Development and Construction Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

2. Interests in joint ventures or associates

Name	Joint ventures or associates	Type	Registration place	Business nature	Registered capital	Shareholding (%)
Ningbo Yucui Expressway Co., Ltd.	Joint ventures	Co. Ltd.	Yuyao	Construction, operation, maintenance and management of highways and auxiliary facilities	2,000.00	50.00
Yuyao Sanqi Gas Station Co., Ltd.	Associates	Co. Ltd.	Yuyao	Gasoline and diesel retail	100.00	40.00
Zhejiang Yuyao Shinkansen Express Passenger Transport Co., Ltd.	Associates	Co. Ltd.	Yuyao	Passenger transport	250.00	35.00
Yuyao Yongshi Petroleum Gas Co., Ltd.	Associates	Co. Ltd.	Yuyao	Car gas refueling	500.00	40.00
Yuyao Taxi Association	Associates	Co. Ltd.	Yuyao	Taxi industry management	3.00	20.00
Yuyao Zhejiang Petroleum	Associates	Co. Ltd.	Yuyao	Sales of lubricants, greases, chemical raw	5,000.00	49.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Comprehensive Energy Sales Co., Ltd.				materials and products;		
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd.	Associates	Co. Ltd.	Yuyao	Civil Engineering and Construction	10,000.00	20.00
Yuyao Eaton Real Estate Development Co., Ltd.	Associates	Co. Ltd.	Yuyao	Real estate	10,000.00	60.00
Yuyan Shimaou Moushen Lake Leisure Resort Development Co., Ltd.	Associates	Co. Ltd.	Yuyao	Real estate	20,000.00	30.00
Yuyao Shimaou Property Co., Ltd.	Associates	Co. Ltd.	Yuyao	Real estate	10,000.00	30.00
Zhejiang Wangsu Electronic Commerce Co., Ltd.	Associates	Co. Ltd.	Yuyao	Information Service Business	14,041.43	28.20
Yuyao Renhe Wok Factory Co., Ltd.	Associates	Co. Ltd.	Yuyao	Manufacturing and processing of iron pots, castings, agricultural tools	280.00	46.43
Yuyao Haiji Construction Development Co., Ltd.	Associates	Co. Ltd.	Yuyao	Infrastructure	100,000.00	45.00

3.Related parties

Name	Relationship with the company	Type of enterprise
Zhejiang Octopus Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Hangyong Double Line Investment Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Jiayifu Supermarket Distribution Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Capital Water Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Shouchuang Sewage Treatment Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Liaoyuan Lighting Co., Ltd.	Joint stock company	Co. Ltd.
Zhejiang Guohua Yuyao Gas Power Generation Co.,	Joint stock company	Co. Ltd.

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Ltd.		
Yuyao Youth Social Practice Service Center	Joint stock company	Other
Yuyao Guangjinpeng to Hongfu Equity Investment Fund Partnership (Limited Partnership)	Joint stock company	Other
Yuyao Mingshun Infrastructure Investment Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Xiwei Clean Energy Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Kaitou City Investment Development Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Mingzhou Xianming Tea Cooperative	Joint stock company	Other
Yuyao Caifu Junrun Venture Capital Partnership (Limited Partnership)	Joint stock company	Other
Zhejiang Jibeike Information Technology Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Yangzhixing Investment Center (Limited Partnership)	Joint stock company	Other
Ningbo Yanyuan Yao Commercial Property Finance Equity Investment Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)	Joint stock company	Other
Pratt & Whitney Intellectual Property Consulting (Yuyao) Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Yanyuan Dingxin Investment Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Yanyuan Shouke Jiaheng Investment Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Fuyong Integrated Circuit Investment Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Bicheng Construction Development Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Henglian Civil Blasting Equipment Co., Ltd.	Joint stock company	Co. Ltd.

VII. Related parties and related party transactions

1. Information about the parent of the Company

The actual controller of the company is Yuyao State-owned Assets Management Office.

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VI.

3. Information about joint ventures and associates of the Company

For information about the joint ventures and associates of the Company, refer to Note VI.2.

4. Transactions with related parties

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Related party	Nature of transaction	Related party transaction pricing methods and decision-making procedures	Year ended 31/12/2019	Year ended 31/12/2018
Yuyao Capital Water Co., Ltd.	Buy tap water	Market pricing	73,215,262.14	71,821,543.92

5. Receivables from related parties

Accounting subjects	Related parties	As at 31/12/2019	As at 31/12/2018
Other receivables	Yuyao Youth Social Practice Service Center	9,500,000.00	9,500,000.00
Other receivables	Yuyao Mingshun Infrastructure Investment Co., Ltd.	2,400,000.00	
Prepayments	Yuyao Capital Water Co., Ltd.	22,556,448.10	34,608,803.35
Other receivables	Yuyao State-owned Assets Management Office	520,000,000.00	1,201,938,641.91
Total		9,500,000.00	9,500,000.00

6. Payables to related parties

Accounting subjects	Related parties	As at 31/12/2019	As at 31/12/2018
Other payables	Yuyao Eaton Real Estate Development Co., Ltd.	55,048,473.90	93,048,473.90
Other payables	Yuyao Capital Water Co., Ltd.	39,856,730.45	39,856,730.45
Other payables	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	130,000,000.00	

VIII. Contingencies

As of December 31, 2019, the company's external guarantees are as follows:

Guarantor	Guarantee holder	Amount of guarantee
		Ten thousand yuan
The company	Yuyao City Lubu Town Waterworks	1,000.00
The company	Yuyao City Lubu Town Waterworks	1,200.00
The company	Yuyao City Lubu Town Waterworks	2,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao City Lubu Town Waterworks	700.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	21,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	2,700.00
The company	Yuyao Simen New Rural Construction Development Co., Ltd.	13,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	8,000.00
The company	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	6,000.00
The company	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	9,000.00
The company	Yuyao Simen New Rural Construction Development Co., Ltd.	10,000.00
The company	Yuyao Yaojiang Tourism Development Co., Ltd.	3,000.00
The company	Yuyao Jiurui Construction Investment Co., Ltd.	40,200.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
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Guarantor	Guarantee holder	Amount of guarantee Ten thousand yuan
The company	Yuyao Langxia Market Development Management Co., Ltd.	4,500.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	4,500.00
The company	Yuyao Simingshan Tourism Investment Development Co., Ltd.	15,000.00
The company	Yuyao Ditang Economic Development Co., Ltd.	3,000.00
The company	Yuyao Ditang City Construction Investment Co., Ltd.	3,000.00
The company	External guarantee amount	6,882.00
The company	Yuyao Langxia New Rural Construction Development Co., Ltd.	30,000.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	5,000.00
The company	Yuyao Haiji Construction Development Co., Ltd.	15,000.00
The company	Yuyao Shunhai Construction Development Co., Ltd.	15,000.00
The company	Sino-Italian Ningbo Ecological Park Holdings Co., Ltd.	20,000.00
The company	Sino-Italian Ningbo Ecological Park Holdings Co., Ltd.	24,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	7,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	4,500.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	18,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	50,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	13,200.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	50,000.00
The company	Yuyao Second Light Industry Corporation	1,000.00
The company	Yuyao Second Light Industry Corporation	3,000.00
The company	Yuyao Second Light Industry Corporation	8,000.00
The company	Yuyao Second Light Industry Corporation	1,700.00
The company	Yuyao Second Light Industry Corporation	10,000.00
The company	Yuyao Second Light Industry Corporation	6,030.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	12,000.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	6,560.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	6,213.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	12,000.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	2,260.00
The company	Yuyao Langxia Market Development Management Co., Ltd.	3,000.00
The company	Yuyao Langxia Market Development Management Co., Ltd.	1,747.00
The company	Yuyao Langxia Market Development Management Co., Ltd.	53.00
The company	Yuyao Langxia Market Development Management Co., Ltd.	10,000.00
The company	Yuyao Diclai Zixi Yuanzhe Hotel Co., Ltd.	1,000.00
The company	Yuyao Yangming Cultural Tourism Scenic Spot Management Co., Ltd.	1,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	4,700.00

Notes to the Financial Statements of Yuyao Shencai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Guarantor	Guarantee holder	Amount of guarantee Ten thousand yuan
The company	Yuyao Huangpiabu Urbanization Construction Development Co., Ltd.	6,000.00
The company	Yuyao Zhangting Waterworks	3,000.00
The company	Yuyao Ditang New Rural Construction Co., Ltd.	5,000.00
The company	Yuyao Mazhu Town Enterprise Asset Management Company	2,500.00
The company	Yuyao Simen Town Waterworks	5,000.00
The company	Yuyao Langxia New Rural Construction Development Co., Ltd.	3,500.00
The company	Yuyao China Plastic City Group Co., Ltd.	4,600.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	20,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	5,000.00
The company	Sino-Italian Ningbo Ecological Park Co., Ltd.	13,000.00
The company	Sino-Italian Ningbo Ecological Park Co., Ltd.	60,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	7,000.00
The company	Yuyao Siming Lake Kaiyuan Villa Co., Ltd.	5,000.00
The company	Yuyao China Plastic City Group Co., Ltd.	15,000.00
The company	Yuyao Ditang City Construction Investment Co., Ltd.	4,200.00
The company	Yuyao Oriental International Logistics Co., Ltd.	5,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	20,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	15,000.00
The company	Yuyao Simen Town Waterworks	5,000.00
The company	Yuyao Simen New Rural Construction Development Co., Ltd.	5,000.00
The company	Yuyao Simen Public Transportation Co., Ltd.	10,000.00
The company	Yuyao Simen Town Enterprise Asset Management Company	4,000.00
The company	Yuyao Siming Lake Kaiyuan Villa Co., Ltd.	3,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	10,000.00
The company	Yuyao Second Light Industry Corporation	7,750.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	20,000.00
The company	Yuyao Zhangting Waterworks	1,700.00
The company	Yuyao Zhongtai Wastewater Discharge Management Co., Ltd.	2,000.00
The company	Yuyao Shunke Industry and Trade Development Co., Ltd.	5,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	145,000.00
The company	Yuyao Huangpiabu Zhenxing Stone Material Co., Ltd.	2,550.00
The company	Sino-Italian Ningbo Ecological Park Co., Ltd.	123,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	10,000.00
The company	Yuyao Hemudu Town Waterworks	2,000.00
The company	Sino-Italian Ningbo Ecological Park Co., Ltd.	25,000.00
The company	Yuyao Zhongtai Wastewater Discharge Management Co., Ltd.	3,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	40,000.00
The company	Yuyao Ditang Market Development Co., Ltd.	3,000.00
The company	Ningbo Yaodong Environmental Protection Technology Co., Ltd.	9,000.00
The company	Yuyao Zhangting Drainage Co., Ltd.	3,600.00
The company	Yuyao City Lubu Town Waterworks	1,700.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Guarantor	Guarantee holder	Amount of guarantee Ten thousand yuan
The company	Yuyao Lubu Urbanization Construction Development Co., Ltd.	4,300.00
The company	Sino-Italian Ningbo Ecological Park Co., Ltd.	30,000.00
The company	Yuyao Langxia New Rural Construction Development Co., Ltd.	4,750.00
The company	Yuyao Haiji Construction Development Co., Ltd.	15,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	10,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00
The company	Ningbo Yaodong Environmental Protection Technology Co., Ltd.	3,500.00
The company	Yuyao Lubu Urbanization Construction Development Co., Ltd.	5,000.00
The company	Enterprise Asset Management Center of Lubu Town, Yuyao City	5,000.00
The company	Yuyao Yaojiang Tourism Development Co., Ltd.	3,600.00
The company	Zhejiang Yifeng Decoration Engineering Co., Ltd.	340.00
The company	Ningbo Shuangyang Construction Engineering Co., Ltd.	111.60
The company	Ningbo Yaojiang Water Conservancy Ecological Construction Co., Ltd.	212.82
The company	Ningbo Feiming International Trade Co., Ltd.	111.00
The company	Ningbo Feiming International Trade Co., Ltd.	139.00
The company	Ningbo Minhua Elevator Co., Ltd.	9.30
The company	Ningbo Keyi Building Material Co., Ltd.	18.60
The company	Zhejiang Hongliyang Ecological Construction Co., Ltd.	964.00
The company	Yuyao Qianmo Construction Machinery Rental Service Department	345.00
The company	Yuyao Sanqi New Rural Construction Development Co., Ltd.	600.00
The company	Yuyao Sanqi New Rural Construction Development Co., Ltd.	400.00
The company	Ningbo Feiming International Trade Co., Ltd.	93.00
The company	Yuyao Qinyong Building Materials Management Department	162.00
The company	Ningbo Yaojiang Water Conservancy Ecological Construction Co., Ltd.	172.81
The company	Ningbo Feiming International Trade Co., Ltd.	74.00
The company	Ningbo Tielin Materials Co., Ltd.	139.50
The company	Yuyao Simen Town Waterworks	2,000.00
The company	Yuyao China Plastic City Group Co., Ltd.	5,000.00
The company	Yuyao China Plastic City Group Co., Ltd.	8,000.00
The company	Yuyao China Plastic City Group Co., Ltd.	3,000.00
The company	Yuyao Bicheng Construction Development Co., Ltd.	60,000.00
The company	Yuyao Radio and TV Station	3,000.00
The company	Ningbo Best Electric Co., Ltd.	500.00
The company	Ningbo Pulida Intelligent Technology Application Co., Ltd.	500.00
The company	Yuyao Aotong Auto Repair Co., Ltd.	150.00
The company	Yuyao Xiaoyuer Clothing Co., Ltd.	200.00
The company	Ningbo Shunyu Surveying and Mapping Technology Co., Ltd.	200.00
The company	Ningbo Shandi Solar Energy Technology Co., Ltd.	500.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Guarantor	Guarantee holder	Amount of guarantee
		Ten thousand yuan
The company	Yuyao Chencui Food Co., Ltd.	200.00
The company	Ningbo Fujia Industrial Co., Ltd.	300.00
The company	Ningbo Fujia Industrial Co., Ltd.	400.00
The company	Ningbo Fujia Industrial Co., Ltd.	120.00
The company	Ningbo Fujia Industrial Co., Ltd.	127.00
The company	Ningbo Fujia Industrial Co., Ltd.	30.00
The company	Ningbo Fujia Industrial Co., Ltd.	37.00
The company	Ningbo Fujia Industrial Co., Ltd.	90.00
The company	Ningbo Fujia Industrial Co., Ltd.	97.00
The company	Ningbo Fujia Industrial Co., Ltd.	78.00
The company	Ningbo Fujia Industrial Co., Ltd.	700.00
The company	Yuyao Mingfeng Freshwater Farm	580.00
The company	Ningbo Xinning Universal Wheel Co., Ltd.	100.00
The company	Ningbo Shenge Machinery Technology Co., Ltd.	210.00
The company	Ningbo Junfu Food Co., Ltd.	200.00
The company	Yuyao Yiwang Metal Hose Co., Ltd.	1,000.00
The company	Ningbo Dechang Motor Manufacturing Co., Ltd.	1,180.00
The company	Ningbo Dechang Motor Manufacturing Co., Ltd.	69.00
The company	Ningbo Dechang Motor Manufacturing Co., Ltd.	70.00
The company	Ningbo Dechang Motor Manufacturing Co., Ltd.	128.00
The company	Ningbo Dechang Motor Manufacturing Co., Ltd.	80.00
The company	Zhejiang Compass Trading Co., Ltd.	100.00
The company	Ningbo Anbei Intelligent Control Technology Co., Ltd.	265.00
The company	Yuyao Mingfeng Freshwater Farm	500.00
The company	Yuyao Hongfeng Lighting Co., Ltd.	200.00
The company	Yuyao Yadong Plastic Industry Co., Ltd.	900.00
The company	Ningbo Shunhui Electric Appliance Co., Ltd.	500.00
The company	Ningbo Shitai Plastic Mould Co., Ltd.	350.00
The company	Ningbo Qisheng Cold Drawn Steel Co., Ltd.	350.00
The company	Ningbo Yingqi Kitchenware Co., Ltd.	350.00
The company	Yuyao City Simen Jeddah Building Materials Management Department	500.00
The company	Zhejiang Zhonghang New Material Technology Co., Ltd.	950.00
The company	Ningbo Licheng Electronic Manufacturing Co., Ltd.	160.00
The company	Yuyao Changlun Century Auto Parts Co., Ltd.	180.00
The company	Ningbo Haojia Electric Co., Ltd.	250.00
The company	Yuyao Shengju Dengfeng Modern Agricultural Technology Development Co., Ltd.	200.00
The company	Ningbo Wanjia Lighting Electronic Co., Ltd.	150.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	75.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	75.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Guarantor	Guarantee holder	Amount of guarantee
		Ten thousand yuan
The company	Ningbo Mengying Home Furnishing Co., Ltd.	225.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	225.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	300.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	300.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	400.00
The company	Ningbo Mengying Home Furnishing Co., Ltd.	400.00
The company	Yuyao Xiaocao Kaikai Carton Factory	200.00
The company	Yuyao Mingfeng Freshwater Farm	500.00
The company	Yuyao Mingfeng Freshwater Farm	500.00
The company	Ningbo Jiefeng Machinery Co., Ltd.	500.00
The company	Ningbo Beiyi Tractor Manufacturing Co., Ltd.	1,000.00
The company	Ningbo Ruicheng Packing Material Co., Ltd.	2,000.00
The company	Yuyao Golden Mouse Chemical Fiber Co., Ltd.	250.00
The company	Ningbo Yuanxi Kitchenware Industry and Trade Co., Ltd.	100.00
The company	Yuyao Huanyu Fuel Co., Ltd.	300.00
The company	Yuyao Huizhong Machinery Factory (General Partnership)	200.00
The company	Ningbo Honghuan Geotechnical Material Co., Ltd.	200.00
The company	Zhejiang New Four Seasons Garden Construction Co., Ltd.	400.00
The company	Ningbo Guyuan Pipe Fittings Co., Ltd.	780.00
The company	Zhejiang Ruihua Kangyuan Technology Co., Ltd.	1,456.00
The company	Zhejiang Ruihua Kangyuan Technology Co., Ltd.	544.00
The company	Ningbo Shunjie Sanitary Ware Co., Ltd.	900.00
The company	Yuyao HSBC Electric Co., Ltd.	1,000.00
The company	Ningbo Hongsong Commodity Co., Ltd.	300.00
The company	Zhejiang Xinda Plastic Pipe Fittings Co., Ltd.	500.00
The company	Yuyao Mingfeng Freshwater Farm	420.00
The company	Ningbo Far East Moulding Co., Ltd.	1,800.00
The company	Yuyao Yizhou Clothing Co., Ltd.	190.00
The company	Yuyao Xiaolou Carton Factory	100.00
The company	Zhejiang Jinrui Film Material Co., Ltd.	3,000.00
The company	Zhejiang Chuanghong Motor Co., Ltd.	450.00
The company	Ningbo Longfeng Pipe Industry Co., Ltd.	100.00
The company	Ningbo Weir Electric Co., Ltd.	2,000.00
The company	Yuyao Hongshuo Mould Manufacturing Co., Ltd.	280.00
The company	Yuyao Tailian Lighting Appliance Co., Ltd.	500.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Guarantor	Guarantee holder	Amount of guarantee Ten thousand yuan
The company	Yuyao Tailian Lighting Appliance Co., Ltd.	500.00
The company	Yuyao Tailian Lighting Appliance Co., Ltd.	500.00
The company	Yuyao Tailian Lighting Appliance Co., Ltd.	500.00
The company	Yuyao Lvcheng Garden Engineering Co., Ltd.	200.00
The company	Yuyao Lvcheng Garden Engineering Co., Ltd.	195.00
The company	Yuyao Dayin Waterworks	500.00
The company	Zhejiang Juxing Construction and Installation Engineering Co., Ltd.	585.50
The company	Yuyao Enda Electric Appliance Factory	100.00
The company	Xin Gaoyi Medical Equipment Co., Ltd.	1,500.00
The company	Yuyao East Axis Electric Co., Ltd.	100.00
The company	Zhejiang Jiabei Green Energy Co., Ltd.	2,000.00
The company	Ningbo Yiran Machinery Equipment Co., Ltd.	95.00
The company	Zhejiang Qianjian Precision Machinery Co., Ltd.	2,000.00
The company	Yuyao City Fengshan Plastic Factory	360.00
The company	Ningbo Beilong Precision Mould Co., Ltd.	2,000.00
The company	Yuyao Fengbei Metal Material Co., Ltd.	300.00
The company	Ningbo Coco Magnetic Industry Co., Ltd.	850.00
The company	Ningbo Shunyun Electronics Co., Ltd.	1,250.00
The company	Ningbo Shimao Copper Industry Co., Ltd.	1,044.00
The company	Zhejiang Wangsu Electronic Commerce Co., Ltd.	4.80
The company	Zhejiang Wangsu Electronic Commerce Co., Ltd.	2.00
The company	Zhejiang Tongqi Packaging Co., Ltd.	200.00
The company	Ningbo Chaoze Supply Chain Management Co., Ltd.	240.00
The company	Ningbo Silicon Electronics (Ningbo) Co., Ltd.	3,000.00
The company	Zhejiang Wangsu Electronic Commerce Co., Ltd.	1.40
The company	Ningbo Shengjie Spray Pump Co., Ltd.	2,000.00
The company	Ningbo Biyi Electric Co., Ltd.	487.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Guarantor	Guarantee holder	Amount of guarantee Ten thousand yuan
The company	Yuyao Yaojiang Tourism Development Co., Ltd.	5,000.00
The company	Yuyao Yaojiang Tourism Development Co., Ltd.	3,600.00
Total		1,478,093.33

IX. Post balance sheet date events

As at March 6, 2020 (report approved date by Board of Directors), there is no events after the balance sheet date to be disclosed.

X. Other significant items

As at May 9, 2020 (report approved date by Board of Directors), there is no other significant items to be disclosed.

XI. Notes to the Company's financial statements

1. Other receivables

Item	As at 31/12/2019	As at 31/12/2018
Interest receivable	3,315,686,270.02	2,771,822,689.71
Dividends receivable	60,173,356.64	79,149,678.87
Other receivables		
Total	3,375,859,626.66	2,850,972,368.58

(1) Other receivables

① Other receivables by category

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	50,000,000.00	1.51	250,000.00	0.50	49,750,000.00
Other group	3,265,936,270.02	98.49			3,265,936,270.02
Subtotal	3,315,936,270.02	100.00	250,000.00	0.01	3,315,686,270.02

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually insignificant but assessed for impairment individually					
Total	3,315,935,270.02	100.00	250,000.00		3,315,685,270.02

(Continued)

Category	As at 31/12/2018				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	27,000,000.00	0.97	135,000.00	0.50	26,865,000.00
Other group	2,744,957,689.71	99.03			2,744,957,689.71
Subtotal	2,771,957,689.71	100.00	135,000.00	0.005	2,771,822,689.71
Individually insignificant but assessed for impairment individually					
Total	2,771,957,689.71	100.00	135,000.00		2,771,822,689.71

② As at 31 December 2019, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Relationship with the company	As at 31/12/2019	Ageing	Nature or content	The proportion of other total receivables (%)
Yuyao High-speed Railway New City Construction Headquarters	Unrelated party	1,395,000,000.00	Within 1 year/1-2years /2-3years	Industrial fund inferior level	42.07
Yuyao State-owned Assets Management Office	Related party	780,000,000.00	1-2years/More than 3years	Borrowing	23.52
Yuyao Mouhu Ecological Construction Co., Ltd.	Related party	400,000,000.00	1-2years	Borrowing	12.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Debtors	Relationship with the company	As at 31/12/2019	Ageing	Nature or content	The proportion of other total receivables (%)
Yuyao Mushan Lake Development Co., Ltd.	Related party	299,000,000.00	Within 1 year/1-2years	Current payment	9.02
Ningbo Sungong Industrial Investment Co., Ltd.	Related party	140,000,000.00	Within 1 year	Margin	4.22
Total		3,014,000,000.00			90.89

(2) Interest receivable

Item	As at 31/12/2019	As at 31/12/2018
Time deposit	3,389,565.08	
Money lending	56,783,791.56	79,149,678.87
Total	60,173,356.64	79,149,678.87

2. Long-term equity investments

(1) Long-term equity investments classification:

Item	As at 31/12/2018	Increase in this period	Decrease in this period	As at 31/12/2019
Subsidiaries	38,372,641,513.66	75,403,642.82		38,448,045,156.48
Joint ventures				
Associates				
Total	38,372,641,513.66	75,403,642.82		38,448,045,156.48

(2) Long-term equity investment details

Investee	Shareholding ratio (%)	As at 31/12/2018	Increase in this period	Decrease in this period	As at 31/12/2019
Ningbo Shuntong Group Co., Ltd.	100.00	5,695,916,466.06			5,695,916,466.06
Ningbo Shunjian Group Co., Ltd.	100.00	9,179,587,987.90			9,179,587,987.90
Ningbo Sunnong Group Co., Ltd.	100.00	8,966,311,367.69			8,966,311,367.69
Yuyao China Plastic City Logistics Co., Ltd.	100.00	276,387,899.07			276,387,899.07
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	100.00	2,946,646,766.19			2,946,646,766.19
Yuyao Jinshun Development & Construction Co., Ltd.	100.00	311,370,334.32			311,370,334.32

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Investee	Shareholding ratio (%)	As at 31/12/2018	Increase in this period	Decrease in this period	As at 31/12/2019
Yuyao Jiayun Development & Construction Co., Ltd.	100.00	119,946,350.33			119,946,350.33
Yuyao Yaobei New City Development and Construction Co., Ltd.	100.00	391,649,318.50			391,649,318.50
Yuyao Civil Explosive Materials Co., Ltd.	100.00	27,387,020.05			27,387,020.05
Yuyao Metal Recycling Co., Ltd.	100.00	16,505,028.48			16,505,028.48
Yuyao Shunxin Finance Guarantee Co., Ltd.	100.00	360,000,000.00			360,000,000.00
Yuyao Accounts Receivable Credit Management Co., Ltd.	100.00	20,000,000.00			20,000,000.00
Yuyao Moulou Ecological Construction Co., Ltd.	100.00	200,007,729.02			200,007,729.02
Yuyao Industrial (SME) Investment and Development Co., Ltd.	100.00	205,225,124.20			205,225,124.20
Yuyao Shuangxi Kou Development Co., Ltd.	100.00	788,176,368.06			788,176,368.06
Yuyao Beicheng Land Development and Construction Co., Ltd.	100.00	388,943,095.44			388,943,095.44
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	100.00	183,894,258.45			183,894,258.45
Yuyao Shunrui Industrial Holdings Co., Ltd.	100.00	200,000,000.00			200,000,000.00
Yuyao Economic Development Zone Construction Investment Development Co., Ltd.	100.00	4,984,645,887.66			4,984,645,887.66
Zhejiang Yuyao Industrial Park Development and	100.00	3,110,040,512.24			3,110,040,512.24

Notes to the Financial Statements of Yuyao Shuncui Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Investee	Shareholding ratio (%)	As at 31/12/2018	Increase in this period	Decrease in this period	As at 31/12/2019
Construction Investment Co., Ltd.					
Ningbo Sungong Industrial Investment Co., Ltd.	100.00		37,766,022.26		37,766,022.26
Yuyao Shunhuan Residue Operation Co., Ltd.	100.00		1,770,122.51		1,770,122.51
Yuyao Mushan Lake Development Co., Ltd.	100.00		35,867,498.05		35,867,498.05
Total		38,372,641,513.86	75,403,642.82		38,448,045,156.48

3. Other payables

Item	As at 31/12/2019	As at 31/12/2018
Other payables	3,814,100,000.00	2,381,150,000.00
Interest payable	26,067,777.78	19,133,333.67
Dividends payable		
Total	3,840,167,777.78	2,400,283,333.67

(1) Other payables

① The ageing analysis of other payable is as follows:

Ageing	As at 31/12/2019		As at 31/12/2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,843,000,000.00	48.32	1,435,000,000.00	60.26
1~2 years	1,025,000,000.00	26.88	600,000,000.00	25.20
2~3 years	600,000,000.00	15.73	317,150,000.00	13.32
Over 3 years	346,100,000.00	9.07	29,000,000.00	1.22
Total	3,814,100,000.00	100.00	2,381,150,000.00	100.00

② Other payables listed according to the nature of the payment: The top five of detail statement of other payables at the end of the period are listed below:

Creditor	As at 31/12/2019	Ageing
Yuyao Jinshun Development & Construction Co., Ltd.	1,495,000,000.00	Within 1 year / 1-2 years / 2-3 years
Ningbo Sunnong Group Co., Ltd.	699,000,000.00	Within 1 year / 1-2 years / More than 3 years
Yuyao Sinaing Plaza Construction Investment Co., Ltd.	500,000,000.00	2-3 years
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	407,000,000.00	Within 1 year / More than 3 years

Creditor	As at 31/12/2019	Ageing
Yuyao Shuncai Industrial Holdings Co., Ltd.	360,000,000.00	Within 1 year /1-2years
Total	3,461,000,000.00	

(2) Interest payable

Item	As at 31/12/2019	As at 31/12/2018
Interest payable on Money lending	26,067,777.78	19,133,333.67
Total	26,067,777.78	19,133,333.67

4. Operating income and Operating cost

(1) Operating income and Operating cost:

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Operating income	Operating cost	Operating income	Operating cost
Fund borrowin g interest income	106,662,029.37	81,604,444.11	73,768,020.18	41,245,833.33

5. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

Item	Year ended 31/12/2019	Year ended 31/12/2018
1.Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	9,138,708.94	26,053,197.31
Add: Provisions for impairment of assets	115,000.00	-300,000.00
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	6,716,065.84	6,732,064.23
Amortization of intangible assets	1,562,424.24	1,562,424.24
Amortization of long-term deferred expenses		
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)		
Loss from scrapping of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)		
Losses arising from investment ("-" for gains)		
Decrease in deferred tax assets ("-" for increase)	-28,750.00	75,000.00
Increase in deferred tax liabilities ("-" for decrease)		

Notes to the Financial Statements of Yuyao Shuncai Investment Holdings Co., Ltd.
For the year ended 31 December 2019

Item	Year ended 31/12/2019	Year ended 31/12/2018
Decrease in gross inventories ("-" for increase)		
Decrease in operating receivables ("-" for increase)	-524,887,258.06	-2,121,971,589.69
Increase in operating payables ("-" for decrease)	1,442,500,446.83	1,336,438,544.47
Others		
Net cash flows from operating activities	935,116,637.77	-751,410,359.44
2. Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash as at 31/12/2019	1,259,357,178.39	329,408,840.62
Less: cash As at 31/12/2018	329,408,840.62	1,082,590,000.06
Add: cash equivalents as at 31/12/2019		
Less: cash equivalents as at 31/12/2018		
Net increase/decrease in cash and cash equivalents	929,948,337.77	-753,181,159.44

(2) Details of cash and cash equivalents

Item	Year ended 31/12/2019	Year ended 31/12/2018
Cash	1,259,357,178.39	329,408,840.62
including: Cash on hand	2,131.94	2,877.20
Bank deposits available on demand	1,259,355,046.45	329,405,963.42
Other monetary funds available on demand		
Cash equivalents		
including: Bond investments with a maturity of 3 months or less		
Cash and cash equivalents as at 31/12/2019	1,259,357,178.39	329,408,840.62

Yuyao Shuncai Investment Holdings Co., Ltd.

May 9, 2020



Audit Report

Zhongxinghua Audit (2021) No. 021314

To the shareholders of Yuyao Shuncai Investment Holding Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Yuyao Shuncai Investment Holding Co., Ltd. (hereinafter referred to as "Yuyao Shuncai company"), which comprise the consolidated and company balance sheets as at 31 December 2020; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Yuyao Shuncai company, as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("ASBEs").

II. Foundation of audit opinion

We conducted our audit in accordance with China 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 Yuyao Shuncai company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. 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 financial statements

Management of Yuyao Shuncai company is responsible for the preparation and fair presentation of these financial statements in accordance with the ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.



In preparing these financial statements, management is responsible for assessing Yuyao Shuncai company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate Yuyao Shuncai company or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

IV. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these 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 judgement and maintain professional scepticism 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.
- (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 Yuyao Shuncai company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these 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 Yuyao Shuncai company 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 Yuyao Shuncui company to express an opinion on the consolidated 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 the governance level 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.



Signing CPA:



Signing CPA:



April 24, 2021

Consolidated Balance Sheet

As at 31 December 2020

Prepared by: Yuyao Shuncai Investment Holding Co., Ltd.

Expressed in RMB

Item	Note V	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand	1	17,445,759,600.98	17,057,669,488.67
Financial assets at fair value through profit or loss	2	130,000,000.00	-
Derivative financial assets			
Bills receivable	3	5,262,514.00	1,000,000.00
Accounts receivable	4	7,072,598,234.66	6,432,347,356.31
Prepayments	5	5,225,278,716.33	4,958,952,833.68
Other receivables	6	21,317,197,449.50	22,350,878,321.88
Contract assets	7	328,716,225.29	
Inventories	8	45,885,792,371.64	41,929,226,327.49
Assets held for sale			
Non-current assets due within one year			
Other current assets	9	180,344,666.87	196,659,987.59
Total current assets		97,590,849,779.27	92,926,134,315.62
Non-current assets:			
Available-for-sale financial assets	10	971,080,856.00	876,943,526.98
Held-to-maturity investments	11	143,000,000.00	413,000,000.00
Long-term receivables			
Long-term equity investments	12	1,602,890,744.64	1,433,099,270.20
Investment properties	13	2,103,241,056.12	2,262,035,065.61
Fixed assets	14	9,296,704,916.63	9,305,716,958.32
Construction in progress	15	8,115,710,364.71	6,453,698,777.40
Productive biological assets		433,436.29	433,436.29
Oil and gas assets			
Intangible assets	16	4,019,717,925.53	3,794,636,379.54
Development costs			
Goodwill	17	442,141,756.25	137,573,698.00
Long-term deferred expenses	18	31,106,670.97	9,764,521.96
Deferred tax assets	19	5,672,794.31	3,071,103.98
Other non-current assets	20	21,274,797,972.59	19,227,552,445.74
Total non-current assets		48,006,498,494.04	43,917,525,184.02
Total assets		145,597,348,273.31	136,843,659,499.64

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Balance Sheet(continued)

As at 31 December 2020

Prepared by:Yuyao Shuncai Investment Holding Co., Ltd.

Expressed in RMB

Item	Note V	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans	21	5,728,337,600.00	5,708,312,138.89
Financial liabilities at fair value through profit or loss		-	-
Derivative financial liabilities			
Bills payable	22	1,231,000,000.00	366,800,000.00
Accounts payable	23	688,636,766.15	242,367,086.45
Advances from customers	24	3,016,960,569.50	2,059,765,961.01
Employee benefits payable	25	66,627,616.28	27,764,912.84
Taxes payable	26	1,377,446,284.77	1,153,337,602.78
Other payables	27	12,399,559,955.60	12,849,197,936.25
Liabilities held for sale			
Non-current liabilities due within one year	28	19,724,777,863.88	12,490,928,950.87
Other current liabilities	29	281,442,313.94	7,660,738.39
Total current liabilities		44,514,788,970.12	34,906,135,327.48
Non-current liabilities:			
Long-term loans	30	28,032,686,416.40	27,957,466,022.01
Debentures payable	31	16,950,514,666.69	21,366,063,846.50
Of which: preferred stock			
Perpetual debt			
Long-term payables	32	3,194,007,626.68	3,005,074,387.07
Long-term employee benefits payable			
Provisions		-	-
Deferred income	33	275,778,248.36	238,928,800.86
Deferred tax liabilities		48,417,461.69	-
Other non-current liabilities			
Total non-current liabilities		48,501,404,419.82	52,567,533,056.44
Total liabilities		93,016,193,389.94	87,473,668,383.92
Shareholders' equity:			
Paid-in capital	34	1,500,000,000.00	1,500,000,000.00
Other equity instruments	35	2,978,000,000.00	1,984,000,000.00
Of which: preferred stock			
Perpetual debt		2,978,000,000.00	1,984,000,000.00
Capital reserve	36	41,276,563,723.36	41,886,035,776.48
Less: treasury shares		-	-
Other comprehensive income		-	-6,122,172.16
Specific reserve		5,395,522.49	6,917,587.18
Surplus reserve	37	11,543,705.37	7,390,370.79
Retained earnings	38	3,415,279,932.52	3,317,227,392.83
Total equity attributable to shareholders of the company		49,186,782,883.74	48,695,448,955.12
Non-controlling interests		3,394,371,999.63	674,542,160.60
Total shareholders' equity		52,581,154,883.37	49,369,991,115.72
Total liabilities and shareholders' equity		145,597,348,273.31	136,843,659,499.64

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Income Statement

For the year ended 31 December 2020

Prepared by: Yuyao Shuncal Investment Holding Co., Ltd.

Expressed in RMB

Item	Note V	Year ended 31/12/2020	Year ended 31/12/2019
I. Operating income		10,303,198,217.59	6,336,506,025.67
Including: Main business income	39	10,303,198,217.59	6,336,506,025.67
II. Total operating costs		10,454,555,760.06	6,704,141,456.24
Including: operating costs	39	9,246,269,522.94	5,596,927,622.41
Taxes and surcharges	40	62,088,152.17	52,839,435.41
Selling and distribution expenses		65,271,864.45	38,766,992.47
General and administrative expenses		427,814,735.38	307,816,933.91
Research and development expenses		30,551,199.57	
Financial expenses	41	622,560,265.55	705,760,562.04
Including: interest expense		781,257,785.40	780,190,621.52
Interest income		188,965,285.91	91,495,112.14
Add: Other income	42	432,040,375.20	588,462,540.39
Investment income ("-" for losses)	43	75,506,368.50	10,254,896.89
Including: income from investment in associates and joint ventures		16,754,706.30	4,034,723.39
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)	44	7,127,058.85	-891,124.10
Gains from assets disposal ("-" for losses)		87,065,786.47	-3,096,728.79
III. Operating profit ("-" for losses)		450,402,046.55	227,094,253.82
Add: Non-operating income	45	214,808,735.33	281,950,875.45
Less: Non-operating expenses	46	4,252,959.02	57,559,477.28
IV. Profit before income tax ("-" for losses)		660,957,822.86	451,485,651.99
Less: income tax expenses	47	232,562,467.29	168,152,786.80
V. Net profit for the year ("-" for losses)		428,395,355.57	283,332,865.39
(1) Classification according to operation continuity			
Including: Net profit from continuing operations ("-" for net loss)		428,395,355.57	283,332,865.39
Net profit from discontinued operations ("-" for net loss)			
(2) Classification according to attribute			
Including: Shareholders of the company		345,202,645.22	273,836,908.82
Non-controlling interests		83,192,710.35	9,495,956.57
VI. Other comprehensive income, net of tax			-6,122,172.16
Other comprehensive income (net of tax) attributable to shareholders of the company			-6,122,172.16
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			-6,122,172.16
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			-6,122,172.16
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			
Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		428,395,355.57	277,210,693.23
Attributable to: Shareholders of the company		345,202,645.22	267,714,736.66
Non-controlling interests		83,192,710.35	9,495,956.57

Legal representative: The person in charge of accounting affairs: The head of the accounting department:

Consolidated Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Yuyao Shuncal Investment Holding Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		10,376,465,277.19	6,515,519,633.52
Refund of taxes		7,558,377.71	16,816,235.60
Proceeds from other operating activities		13,142,673,532.75	18,903,544,510.03
Sub-total of cash inflows		23,526,697,187.65	25,435,880,379.15
Payment for goods and services		8,002,913,828.48	4,963,314,091.36
Payment to and for employees		388,047,123.72	237,613,663.10
Payments of various taxes		258,820,008.19	343,250,185.42
Payment for other operating activities		12,391,292,851.21	20,486,718,922.68
Sub-total of cash outflows		21,041,073,811.60	26,030,896,862.56
Net cash flows from operating activities		2,485,623,376.05	-595,016,483.41
II. Cash flows from investing activities			
Proceeds from disposal of investments		1,205,317,095.00	185,228,182.95
Investment returns received		55,287,777.43	5,883,952.57
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		231,106,553.32	1,752,732.53
Net proceeds from disposal of subsidiaries and other business units			1,082.00
Proceeds from other investing activities		846,680,022.98	3,427,219,746.67
Sub-total of cash inflows		2,338,391,448.73	3,620,085,696.72
Payment for acquisition of fixed assets, intangible assets and other long-term assets		3,171,982,719.95	2,545,641,602.81
Payment for acquisition of investments		1,927,513,851.84	773,735,015.24
Net payment for acquisition of subsidiaries and other business units		1,269,556.05	1,010,000.00
Payment for other investing activities		454,110,927.51	2,402,611,840.71
Sub-total of cash outflows		5,554,877,055.35	5,722,998,458.76
Net cash flows from investing activities		-3,216,485,606.62	-2,102,912,762.04
III. Cash flows from financing activities			
Proceeds from investors		2,506,000,000.00	1,031,139,400.00
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		26,287,943,771.00	32,420,752,106.58
Proceeds from other financing activities		3,063,712,942.18	2,614,365,000.00
Sub-total of cash inflows		31,857,656,713.18	36,068,256,506.58
Repayments of borrowings		24,253,007,313.91	24,043,171,337.11
Payment for dividends, profit distributions or interest		4,079,116,386.20	3,924,309,852.64
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Repayments for other financing activities		1,985,402,854.77	3,332,933,768.73
Sub-total of cash outflows		30,317,526,554.88	31,300,414,958.48
Net cash flows from financing activities		1,540,130,158.30	4,765,841,548.10
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		809,267,927.73	2,067,912,302.65
Add: Cash and cash equivalents as at 31/12/2019		12,192,121,073.17	10,124,208,770.52
VI. Cash and cash equivalent as at 31/12/2020		13,001,389,000.90	12,192,121,073.17

Legal representative: The person in charge of accounting affairs: The head of the accounting department

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by Yaguo Sheng Investment Holding Co., Ltd.

Expressed in RMB

Item	Year ended 10/12/2019									
	Attributable to shareholders' equity of the parent company									
	Paid-in capital	Other equity instruments	Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
I Balance at 10/12/2018	1,590,000,000.00	Preferred stock 1,594,000,000.00	Others 41,386,033,776.48			6,812,587.18	7,200,370.79	3,217,237,391.82	614,542,160.69	49,309,971,115.72
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II Balance at 10/12/2019	1,590,000,000.00	1,594,000,000.00	41,884,034,776.48		-4,172,172.10	6,812,587.18	7,200,370.79	3,217,237,391.82	614,542,160.69	49,309,971,115.72
III Changes in equity during the year: "+" for increase		954,000,000.00	-409,472,833.12		6,172,172.10	-1,332,664.69	4,153,334.58	98,692,339.65	2,779,829,329.85	3,211,353,937.62
(I) Issued comprehensive income								245,392,643.32	83,182,710.35	428,575,353.67
(II) Shareholders' contributions and decrease of capital			-409,472,833.12		6,172,172.10				2,656,037,128.60	3,057,282,247.72
1 Contribution by ordinary shareholders										
2 Capital increased by other equity instruments holder										
3 Equity settled share-based payments										
4 Others		954,000,000.00	-409,472,833.12		6,172,172.10		4,153,334.58	-347,192,353.51	2,656,037,128.60	3,813,283,247.72
(III) Appropriation of profits										
1 Appropriation for surplus reserves										
2 Extract general risk provisions										
3 Distribute to shareholders										
4 Others										
(IV) Transfer within equity										
1 Share capital increased by capital reserve transfer										
2 Share capital increased by surplus reserves transfer										
3 Transfer of surplus reserves to offset losses										
4 Carry-over re-measurement of changes in net liabilities for net assets of defined benefit plans										
5 Others										
(V) Specific Reserves										
1 Appropriation during the year										
2 Utilization during the year										
(VI) Others										
IV Balance at 10/12/2019	1,590,000,000.00	2,548,000,000.00	41,284,561,943.36			5,205,523.49	11,343,205.37	3,415,279,931.47	3,294,371,979.61	51,261,324,882.02

The person in charge of accounting affairs

The head of the accounting department

Legal representative

Consolidated Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2019

Prepared by: Yinyao Shenzai Investment Holding Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2019									
	Attributable to shareholders' equity of the parent company									
	Paid-in capital	Other equity instruments			Capital reserve	Lentitutory shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings
		Preferred stock	Perpetual debt	Others						
I Balance at 31/12/2018	1,500,000,000.00		1,984,000,000.00		40,816,995,319.74			6,697,298.72	6,476,499.90	3,776,659,708.38
Add: Changes in accounting policies										
Correction of prior period errors										
Others										
II Balance at 31/12/2019	1,500,000,000.00		1,984,000,000.00		40,816,995,319.74			6,697,298.72	6,476,499.90	3,776,659,708.38
III Changes in equity during the year ("+" for increase)					1,669,040,456.74		-6,122,172.16	230,288.40	913,870.80	-59,432,315.45
(I) Total comprehensive income							-6,122,172.16			273,836,908.82
(II) Shareholders' contributions and decrease of capital					1,669,040,456.74					
1. Contributions by ordinary shareholders										
2. Capital contributed by other equity instrument holders										
3. Equity settled share-based payments										
4. Others										
(III) Appropriation of profits										
1. Appropriation for surplus reserves									913,870.80	-331,299,124.27
2. Extract general risk provision									913,870.80	-913,870.80
3. Distributions to shareholders										-250,310,690.00
I. Others										-81,844,603.34
IV) Transfer within equity										
1. Share capital increased by capital reserves transfer										
2. Share capital increased by surplus reserves transfer										
3. Transfer of surplus reserve to offset losses										
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plan										
I. Others										
V) Other										
VI) Profit Reserve										
Appropriation during the year								220,288.40		
Utilization during the year								1,415,896.80		
VII) Others								1,095,608.34		
VIII Balance at 31/12/2019	1,500,000,000.00		1,984,000,000.00		41,886,035,776.48		-6,122,172.16	-6,917,587.18	7,390,370.79	3,317,227,992.83
Agal representative:										
The person in charge of accounting affairs:					The head of the accounting department:					

Balance Sheet

As at 31 December 2020

Prepared by: Yuyao Shuncai Investment Holding Co., Ltd.

Expressed in RMB

Item	Note XI	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand	1	1,405,503,464.09	1,259,357,178.39
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Prepayments			
Other receivables	2	3,596,026,873.99	3,375,859,626.66
Inventories			
Assets held for sale			
Non-current assets due within one year			
Other current assets			
Total current assets		5,001,530,338.08	4,635,216,805.05
Non-current assets:			
Available-for-sale financial assets		136,000,000.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments		38,394,559,888.31	38,448,045,156.48
Investment properties		-	-
Fixed assets		11,105.74	114,380,563.75
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets			45,180,101.05
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			62,500.00
Other non-current assets			
Total non-current assets		38,530,570,994.05	38,607,668,321.28
Total assets		43,532,101,332.13	43,242,885,126.33

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Balance Sheet(continued)

As at 31 December 2020

Prepared by: Yuyao Shuncai Investment Holding Co., Ltd.

Expressed in RMB

Item	Note XI	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payable			
Advances from customers		230,000.00	
Employee benefits payable		229,932.90	82,544.10
Taxes payable		12,443,157.17	9,834,640.05
Other payables	3	3,184,350,000.00	3,840,167,777.78
Liabilities held for sale			
Non-current liabilities due within one year		-	
Other current liabilities		-	
Total current liabilities		3,197,253,090.07	3,850,084,961.93
Non-current liabilities:			
Long-term loans			
Debentures payable			
Of which: preferred stock			
Perpetual debt			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		3,197,253,090.07	3,850,084,961.93
Shareholders' equity:			
Paid-in capital		1,500,000,000.00	1,500,000,000.00
Other equity instruments		994,000,000.00	
Of which: preferred stock			
Perpetual debt		994,000,000.00	
Capital reserve		37,734,951,888.31	37,828,437,156.48
Less: treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserve		11,543,705.37	7,390,370.79
Retained earnings		94,352,648.38	56,972,637.13
Total shareholders' equity		40,334,848,242.06	39,392,800,164.40
Total liabilities and shareholders' equity		43,532,101,332.13	43,242,885,126.33

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Income Statement

For the year ended 31 December 2020

Prepared by: Yuyao Shuncal Investment Holding Co., Ltd.

Expressed in RMB

Item	Note XI	Year ended 31/12/2020	Year ended 31/12/2019
I. Operating Income	4	40,417,815.45	106,662,029.37
Less: operating costs	4	61,008,888.89	81,604,444.14
Taxes and surcharges		-107,466.83	5,850,008.12
Selling and distribution expenses			
General and administrative expenses		13,256,771.54	20,461,083.92
Research and development expenses			
Financial expenses		-23,566,200.30	-14,615,118.71
Including: interest expense			
Interest income		23,361,082.85	14,615,989.51
Add: Other income		9,825.87	
Investment income ("-" for losses)		24,691,478.84	
Including: income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)		250,000.00	-115,000.00
Gains from assets disposal ("-" for losses)		40,784,000.91	
II. Operating profit ("-" for losses)		55,561,127.77	13,246,611.93
Add: Non-operating income		-	
Less: Non-operating expenses		100,000.00	1,100,000.00
III. Profit before income tax ("-" for losses)		55,461,127.77	12,146,611.93
Less: Income tax expenses		13,927,781.94	3,007,902.98
IV. Net profit for the year ("-" for losses)		41,533,345.83	9,138,708.95
A. Net profits from sustainable operation (net losses marked with "-")		41,533,345.83	9,138,708.95
B. Net profits from discontinued operations (net losses marked with "-")			
V. Other comprehensive income, net of tax			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			
VI. Total comprehensive income for the year		41,533,345.83	9,138,708.95

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Yuyao Shuncal Investment Holding Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		19,957,055.48	132,502,277.79
Refund of taxes		-	-
Proceeds from other operating activities		1,340,302,048.02	1,384,426,509.43
Sub-total of cash inflows		1,360,259,103.50	1,516,928,787.22
Payment for goods and services		-	18,977,777.78
Payment to and for employees		1,278,094.54	1,305,340.08
Payments of various taxes		13,082,619.55	16,859,196.58
Payment for other operating activities		2,042,443,582.55	544,669,835.01
Sub-total of cash outflows		2,056,804,296.64	581,812,149.45
Net cash flows from operating activities		-696,545,193.14	935,116,637.77
II. Cash flows from investing activities			
Proceeds from disposal of investments		360,000,000.00	35,540,000.00
Investment returns received		24,691,478.84	-
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		-	-
Net proceeds from disposal of subsidiaries and other business units		-	-
Proceeds from other investing activities		-	-
Sub-total of cash inflows		384,691,478.84	35,540,000.00
Payment for acquisition of fixed assets, intangible assets and other long-term assets		-	-
Payment for acquisition of investments		536,000,000.00	35,540,000.00
Net payment for acquisition of subsidiaries and other business units		-	-
Payment for other investing activities		-	-
Sub-total of cash outflows		536,000,000.00	35,540,000.00
Net cash flows from investing activities		-151,308,521.16	-
III. Cash flows from financing activities			
Proceeds from investors		994,000,000.00	-
Proceeds from borrowings		-	-
Proceeds from other financing activities		-	-
Sub-total of cash inflows		994,000,000.00	-
Repayments of borrowings		-	-
Payment for dividends, profit distributions or interest		-	5,168,300.00
Repayments for other financing activities		-	-
Sub-total of cash outflows		-	5,168,300.00
Net cash flows from financing activities		994,000,000.00	-5,168,300.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		146,146,285.70	929,948,337.77
Add: Cash and cash equivalents as at 31/12/2019		1,259,357,178.39	329,408,840.62
VI. Cash and cash equivalent as at 31/12/2020		1,405,503,464.09	1,259,357,178.39

Legal representative: The person in charge of accounting affairs: The head of the accounting department

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

Prepared by: Yoyao Shanshi Investment Holding Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2020						
	Paid-in capital	Other equity instruments			Capital reserve	Treasury shares	Other comprehensive income
		Preferred stock	Perpetual debt	Others			
I. Balance at 1/1/2019	1,500,000,000.00				37,828,437,159.48		
II. Changes in accounting policies							
Correction of prior period errors							
Others							
III. Balance at 01/01/2020	1,500,000,000.00				37,828,437,159.48		
IV. Changes in equity during the year ("for decrease")			994,000,000.00		-93,485,268.17		
(I) Total comprehensive income							
(II) Shareholders' contributions and decrease of capital			994,000,000.00		-93,485,268.17		
1. Contribution by ordinary shareholders							
2. Capital contributed by other equity instruments holders							
3. Equity settled share-based payments							
4. Others			994,000,000.00		-93,485,268.17		
(III) Appropriation of profits							
1. Appropriation for surplus reserves							
2. Extract general risk preparation							
3. Distributions to shareholders							
4. Others							
(IV) Transfer within equity							
1. Share capital increased by capital reserves transfer							
2. Share capital increased by surplus reserves transfer							
3. Transfer of surplus reserve to other losses							
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans							
5. Others							
(V) Specific Reserve							
1. Appropriation during the year							
2. Utilization during the year							
(VI) Others							
IV. Balance at 31/12/2020	1,500,000,000.00		994,000,000.00		37,734,951,891.31		

The person in charge of accounting affairs:

The head of the accounting department:

Legal representative:

Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2020

Prepared by: Yoo Shun Investment Holding Co., Ltd.

Expressed in RMB

Item	Paid-in capital	Other equity instruments			Capital reserve	Residual equity shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preferred stock	Perpetual debt	Others							
Balance at 31/12/2018	1,500,000,000.00				37,753,033,513.66				6,476,499.96	53,916,099.97	39,312,426,112.63
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
Balance at 01/01/2019	1,500,000,000.00				37,753,033,513.66				6,476,499.96	53,916,099.97	39,312,426,112.63
(II) Changes in equity during the year ("If decrease")					75,403,642.82				913,870.89	3,055,538.00	79,374,051.71
(1) Total comprehensive income										9,138,708.95	9,138,708.95
(1)(I) Shareholders' contributions and decrease of capital					75,403,642.82						75,403,642.82
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others					75,403,642.82				913,870.89	-6,082,170.89	71,403,642.82
(1)(II) Appropriation of profits									913,870.89	-913,870.89	-5,168,300.00
1. Appropriation for surplus reserves											
2. Extract general risk preparation											
3. Distribution to shareholders											
4. Others											
(IV) Transfer within equity											
1. Share capital increased by capital reserves transfer											
2. Share capital increased by surplus reserves transfer											
3. Transfer of surplus reserve to offset losses											
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5. Others											
(V) Specific Reserve											
1. Appropriation during the year											
2. Utilization during the year											
(VI) Others											
Balance at 31/12/2019	1,500,000,000.00				37,828,437,156.48				7,390,370.85	56,973,637.13	39,392,800,164.46

The person in charge of accounting affairs:

The head of the accounting department:

Legal representative:

Notes to the Financial Statements of Yuyao Shunca Investment Holding Co., Ltd.

For the year ended 31 December 2020

1. Basic information of the company

1. Company registration place, organization form and headquarters address

Yuyao Shunca Investment Holding Co., Ltd. (hereinafter referred to as the company), formerly known as Yuyao State-owned Assets Management Co., Ltd., was established by the capital of Yuyao State-owned Assets Management Office. The registered capital is 1.5 billion yuan and the paid-in capital is 1.5 billion yuan. The Unified Business Credit Code issued by Yuyao Market Supervision Administration is 913302813169022117 "Business License".

Company domicile: 118 Nanbinjiang Road, Yuyao City; company type: limited liability company (wholly state-owned); legal representative: Xu Wenjong; business period: February 17, 2015 to long-term.

Business scope of the company: Entrusted by the State-owned Assets Management Office of Yuyao City, a shareholder, to manage, supervise and supervise the capital of state-owned assets; general economic information consultation. (Projects that must be approved in accordance with the law can only be operated after approval by the relevant department)

2. Scope of consolidated financial statements

The consolidation scope of the company's consolidated financial statements is determined on the basis of control, and all controlled subsidiaries are included in the consolidation scope of the consolidated financial statements.

The changes in the scope of the consolidated financial statements are as follows:

(1) First-level subsidiaries newly included in the scope of consolidation in this period

No.	Name	Acquisition method
1	Yuyao China Plastics City Group Co., Ltd.	Appropriation

(2) First-level subsidiaries that were no longer included in the scope of consolidation in this period:

No.	Name	Acquisition method
1	Yuyao Beicheng Land Development and Construction Co., Ltd.	Appropriation
2	Yuyao Shunxin Financing Guarantee Co., Ltd.	Establishment

For details of subsidiaries included in the consolidated financial statements in 2020, please refer to Note VI.1 "Equity in Subsidiaries".

II. Basis of preparation

1. Preparation basis

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions issued by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises").

2. Continuing operations

The financial statements of the Company have been prepared on going concern basis. The Company has evaluated its ability of going concern for the next at least 12 months since 31 December 2019 considering all available information.

III. Significant accounting policies and accounting estimate

1. Statement of Following the Accounting Standards for Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position as at 31 December 2020 and the Company's and consolidated operating results and cash flows for the year ended 31 December 2020.

2. Accounting period

The company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete fiscal year. The accounting period of the Company is from 1 January to 31 December.

3. Operating cycle

The normal business cycle refers to the period from when the company purchases assets for processing to when it realizes cash or cash equivalents. The company takes 12 months as a business cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

4. Functional currency

The financial statements of the Company have been prepared in RMB.

5. Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination refers to a transaction or event in which two or more separate businesses are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

(1) Business combinations involving enterprises under common control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that obtains control of other participating companies on the merger day is the merging party, and the other companies participating in the merger are the merging party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

For a business combination involving enterprises under common control, the assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

The direct costs incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

(2) Business combinations involving enterprises not under common control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. The transaction costs of the marketable equity securities or debt securities issued by the acquirer as the combined consideration are included into the initial confirmation amount of marketable equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The combination costs generated by the acquirer and the identifiable net assets obtained during the combination process are computed based

on the fair value on the acquisition date. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Business combination under different control realized step by step through multiple transactions, according to the "Notice of the Ministry of Finance on Issuing Interpretation of Accounting Standards for Enterprises No. 5" (Caikuai [2012] No. 19) and "Accounting Standards for Business Enterprises No. 33-Merger Financial Statement" Article 51 on the "package deal" judgment criteria (see Note IV.5 (2)), to determine whether the multiple transactions belong to "package deal". If it belongs to a "package deal", refer to the previous paragraphs of this part and note IV.13 "Long-term equity investment" for accounting treatment; if it does not belong to a "package deal", distinguish between individual financial statements and consolidated financial statements for related accounting treatment:

In the individual financial statements, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost of the purchase date is taken as the initial investment cost of the investment; the equity of the purchaser held before the purchase date If other comprehensive income is involved, the other comprehensive income related to the investment will be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the purchased party held before the purchase date is remeasured according to the fair value of the equity at the purchase date, and the difference between the fair value and its book value is included in the current investment income; held before the purchase date. If the equity of the purchased party involves other comprehensive income, the other comprehensive income related to it should be accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities (ie, except for Except for the corresponding share in the changes caused by the net liabilities or net assets of the defined benefit plan, the rest are converted into the current investment income of the purchase date).

(3) Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt securities issued as the considerations of business combination are included in the initial recognition amount of the equity or debt securities.

6. Consolidated financial statements

(1) Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line

item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured at its fair value on the date of loss of control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity minus the difference between the share of the original subsidiary's net assets that should be continuously calculated from the date of purchase based on the original shareholding ratio is included in the current period of loss of control Investment income. Other comprehensive income related to the original subsidiary's equity investment is accounted for on the same basis as the purchaser's direct disposal of related assets or liabilities when it loses control (ie, except for the remeasurement of the original subsidiary's defined benefit plan Except for changes due to net liabilities or net assets, the rest are also converted into current investment income). Afterwards, follow-up measurement of this part of the remaining equity in accordance with "Accounting Standards for Business Enterprises No. 2-Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", please refer to Note IV. 12. "Long-term equity investment" or "Finance Instruments" in Note IV.

If the company disposes of the equity investment in the subsidiary in stages through multiple transactions until it loses control, it is necessary to distinguish whether the transaction of equity investment in the subsidiary until the loss of control is a package transaction. The terms, conditions and economic impact of the disposal of various transactions on the subsidiary's equity investment are consistent with one or more of the following conditions, usually indicating that multiple transactions should be accounted for as a package transaction: ① These transactions are simultaneous or under consideration Concluded under the influence of each other; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least one other transaction; ④ a transaction alone is uneconomical, but and Other transactions are economic when considered together. If it does not belong to a package

deal, for each of these transactions, according to the situation, the partial disposal of long-term equity investment in the subsidiary company without losing control rights (see Note IV. 12, (2) ④) and "The loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons" (see the previous paragraph for details) is accounted for. Disposal of the equity investment in the subsidiary until the loss of control rights is a package transaction, the transactions are treated as a transaction that disposes of the subsidiary and loses control rights; however, each time the price is disposed before the loss of control rights The difference corresponding to the disposal of the investment and the share of the subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit or loss of the current period when control is lost

7. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

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 recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any assets held jointly;
- B. its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

1. Confirm the assets held separately, and confirm the assets held jointly according to their shares;
2. Recognize the liabilities borne individually and the liabilities borne jointly according to their share;
3. Confirm the income generated by selling the share of joint operating output it enjoys;
4. Recognize the income generated by the joint operation from the sale of output according to its share;

5. Confirm the expenses incurred separately, and confirm the expenses incurred in joint operations according to their share.

8. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

Foreign currency transactions are translated to the functional currency of the Company at the spot exchange rates (or rates determined under a systematic and rational method that approximate the spot exchange rates) on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences between the spot exchange rate on balance sheet date and the spot exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined. The resulting exchange differences are recognised in profit or loss.

(2) Translation of foreign currency financial statements

When translating the foreign currency financial statements of overseas subsidiaries, assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding "retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates.

Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the transaction dates.

Cash flow statement of foreign operation is translated to Renminbi at the spot exchange rates [the rates determined under a systematic and rational method that approximate the spot exchange rates] at the cash flow occurrence dates. Effect of foreign exchange rate changes on cash and cash equivalents is presented separately as "Effect of foreign exchange rate changes on cash and cash equivalents" in the cash flow statement.

The resulting translation differences are recognised in other comprehensive income in shareholders' equity of balance sheet.

The translation differences accumulated in shareholders' equity with respect to a foreign operation are transferred to profit or loss in the period when the foreign operation is disposed.

10. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(I) Classification of financial instruments

(1). Classification of financial assets

According to business characteristics, investment strategies and risk management requirements, the company divides the acquired financial assets into the following four categories: a. Financial assets measured at fair value and whose changes are included in the current profits and losses; b. Held-to-maturity investments ; c. Loans and accounts receivable; d. A available-for-sale financial assets.

Financial assets that are measured at fair value and whose changes are included in the current profits and losses include: a. transactional financial assets; b. designated as financial assets that are measured at fair value and whose changes are included in current profits and losses; c. investment entities Equity investments in subsidiaries not included in the consolidated financial statements; d. Equity investments held by venture capital institutions, mutual funds and similar entities.

Equity investments that do not have control, joint control or significant influence on the investee can be classified as financial assets or available-for-sale financial assets that are measured at fair value and whose changes are included in the current profits and losses according to business characteristics, investment strategies and risk management requirements. assets. In some special circumstances, equity investments classified as available-for-sale financial assets can be accounted for using the cost method.

(2). Classification of financial liabilities

According to the business characteristics and risk management requirements, the company divides the financial liabilities assumed into the following two categories: a. Financial liabilities measured at fair value and whose changes are included in the current profit and loss (including transactional financial liabilities and designated as measured at fair value And its changes are included in the financial liabilities of the current profit and loss); b. Other financial liabilities.

(II) Determination of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market, the fair value of the financial assets and financial liabilities is measured at the most favorable market

price, and the data applicable at the time and with sufficient available data and Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, that is, the first level input value is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date; the second level input value is divided by the first level. The input value of the relevant assets or liabilities other than the input value is directly or indirectly observable; the input value of the third level is the unobservable input value of the related assets or liabilities. The company preferentially uses the first level input value, and finally uses the third level input value. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is significant to the fair value measurement as a whole belongs.

(2) Recognition, derecognition, classification and measurement of financial assets of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

- ① the contractual rights to the cash flows from the financial asset expire; or
- ② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of Financial Assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

The Company classifies financial assets into four categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are measured initially at fair value. For financial assets at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets, any related directly attributable transaction costs are included in their initial costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated to financial assets at fair value through profit or loss on initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including account receivables and other receivables. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories. Available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. The discount or premium are amortised using the effective interest method and recognised as interest income. Dividend and interest are recognised in profit or loss using the effective interest method.

Available-for-sale investments in equity instruments without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost subsequent to initial recognition.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into different categories at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are

charged to profit or loss; for other categories of financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to financial liabilities at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Other financial liabilities

Derivative liabilities that are linked to and must be settled by delivery of equity instruments without quoted price in an active market whose fair value cannot be measured reliably, are measured at cost subsequent to initial recognition. Other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss are initially recognized at fair value, and are determined in accordance with "Accounting Standards for Business Enterprises No. 13-Contingencies" after initial recognition. The higher of the amount and the initial confirmation amount after deducting the accumulated amortization amount determined in accordance with the principles of "Accounting Standards for Business Enterprises No. 14-Revenue" shall be subsequently measured.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment of financial assets are the matters that occurred after initial recognition of financial assets which has impact on the expected future cash flows of financial assets, and can be reliably measured by the Company.

Objective evidence that a financial asset is impaired includes but is not limited to:

- ① significant financial difficulty of the issuer or obligor;
- ② a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

③ considering economic or legal factors, the Company makes concessions to a debtor in financial difficulties;

④ it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

⑤ the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;

⑥ the cash flow of an asset in a financial asset group cannot be identified to be reduced, but after evaluating the group as a whole using the public data, the expected future cash flow of the financial asset group since its initial recognition has definitely been reduced and measurable, including:

- The debtor's pay back ability gradually deteriorates;
- Changes taken place in the economic environment in which the debtor operates, indicating that the debtor cannot pay back.

⑦ significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;

⑧ a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. For example, at the balance sheet, there is a decline of more than 20% (including 20%) in the fair value of an equity investment or a decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment.

A decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment is that monthly average fair value of the equity investment is less than the initial investment cost persisting for 12 months.

⑨ other objective evidences.

Financial assets carried at amortised cost

If an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and the values of the underlying collateral. The amount of loss is recognised in profit or loss for the current period.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. If there is objective evidence that the asset is impaired, the impairment loss is recognized in profit or loss for the current period. For a financial asset that is not individually significant, the impairment assessment is made collectively where financial assets share similar

credit risk characteristics [or the asset is assessed individually for impairment]. For financial assets not having been individually assessed as impaired (including financial assets no matter it is individually significant or not), the Company makes impairment assessment collectively where financial assets share similar credit risk characteristics. For financial assets having been individually assessed as impaired, they are not included in collective assessment of impairment.

If, after an impairment loss has been recognised on financial assets measured at amortized cost, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognised directly in other comprehensive income is reclassified to profit or loss. The reclassified accumulated loss is the asset's initial cost deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

Financial assets measured at cost

When an equity instrument without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, is impaired, the difference between the carrying amount and the present value discounted at the market rate of return on future cash flows of the similar financial assets shall be recognized as impairment loss in profit or loss. The impairment loss recognized is not reversed.

(6) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognised if the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if

the Company retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: If the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

11.Receivables

Receivables include accounts receivables and other receivables.

(1) Basis for provision for bad and doubtful debts

The company checks the book value of the receivables on the balance sheet date. If there is the following objective evidence that the receivables are impaired, the impairment provision is made: ① The debtor has serious financial difficulties; ② The debtor violates the contract terms (Such as default or overdue payment of interest or principal, etc.); ③ the debtor is likely to go bankrupt or undergo other financial restructuring; ④ other objective basis indicating that the receivable is impaired.

(2)Method of provision for bad and doubtful debts

①Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant: Receivables individually greater than RMB 5 million are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually: Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

For receivables not having been individually assessed as impaired, the Company makes impairment assessment collectively.

②Receivables that are collectively assessed for impairment based on credit risk characteristics:

A. Basis for collective receivables that are collectively assessed for impairment based on credit risk characteristics:

Other portfolios refer to accounts receivable within the scope of the company's financial statements consolidation, current accounts formed by various government units and companies invested by them, deposits, security deposits, reserve funds, etc.

Basis for collective assessment:

B. Method of provision for bad and doubtful debts collectively assessed for impairment based on credit risk characteristics

(1) The provision for bad debts based on the aging group in the credit risk characteristic group is based on the 0.5% balance at the end of the year.

(2) Bad debts are not accrued for other groups. The accrual method of bad debt preparation for different groups:

The provisioning for groups of receivables using the ageing analysis method is as follows:

③Receivables that are individually insignificant but assessed individually for impairment:

Reasons for assessing individually for impairment of receivables that are individually insignificant: Litigation receivables, receivables with customer credit deterioration

12. Inventories

Inventories include raw materials, work in progress, consumables, packaging materials, finished goods, issuing goods, development costs, and product developments.

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials, work in progress, finished goods and issuing goods are calculated using weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortised when they are used.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single (type, group) inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

Inventory system for inventories: the company's inventory adopts a perpetual inventory system, and on-site inventory is regularly conducted.

Amortization method of turnover materials:

Amortization method for low-value consumables: The company uses a one-off write-off method for amortization of low-value consumables.

Amortization method of packaging materials: The packaging materials received by the company are amortized using the one-off write-off method.

13. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence. The company's long-term equity investment that does not have control, joint control or significant influence on the investee is accounted for as an available-for-sale financial asset or a financial asset that is measured at fair value and its changes are included in the current profit. For details of its accounting policies, refer to Note IV. 8 "Financial Instruments"

Joint control refers to the company's common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. Significant influence means that the company has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at

cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of

owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The company disposes of the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transaction is a package transaction, each transaction is accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current loss or loss of control when the control is lost.

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at fair value model, the basis for accounting policy

selection is

① There is an active properties market in the location of investment properties.

② The company can obtain the market price and other relevant information of similar or similar properties from the properties transaction market, so as to make a reasonable estimate of the fair value of investment properties.

The company does not accrue depreciation or amortization of investment properties, and adjusts its book value based on the fair value of the investment properties on the balance sheet date. The difference between the fair value and the original book value is included in the current profit and loss.

When determining the fair value of investment properties, the company is determined at the evaluation price of the evaluation agency.

When self-used properties or inventory is converted into investment properties, it is valued at the fair value of the conversion date. If the fair value of the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value of the conversion date is greater than the original book value, the difference recognized as other comprehensive income. When the investment properties is converted into self-use properties, the fair value of the conversion date is used as the book value of the self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When the investment properties is disposed of, or is permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the confirmation of the investment properties is terminated. The income from disposal of investment properties sold, transferred, scrapped or damaged is deducted from its book value and related taxes and included in the current profit and loss.

15.Fixed assets

(1)Recognition of fixed assets

Fixed assets represent the tangible assets held by the Company for use in production of goods, use in supply of services, rental or for administrative purposes with useful lives over one accounting year, only recognised when its related economic benefits are likely to flow to the Company and its cost can be reliably measured.

(2)Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is fixed assets that have been fully depreciated and still in use, and the separately priced land. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

For the year ended 31 December 2020

NO.	Category	Estimated useful life (years)	Residual value rate %	Depreciation rate %
1	Buildings	20~50	5	4.75~1.95
2	Machinery and equipment	5~20	5	19.00~4.75
3	Motor vehicles	4~10	5	23.75~9.50
4	Electronic equipment	3~5	5	31.67~19.00
6	Others	3~5	5	31.67~19.00

At the end of each year, the company reviews the estimated useful life, estimated net salvage value and depreciation method of fixed assets. If there is a change, it will be treated as a change in accounting estimates.

When the Fixed assets are disposed of, or no economic benefits are expected to be generated through use or disposal, the confirmation of the fixed assets is terminated. The amount of fixed assets sold, transferred, scrapped or damaged, after deducting its book value and related taxes, is included in the current profit and loss.

(3) Recognition and measurement of fixed assets acquired under finance leases

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable certainty that the Company will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

16. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use. Construction in progress is transferred to fixed asset when it is ready for its intended use.

Construction in progress is measured at the actual cost incurred. Self-operated construction projects are measured by direct materials, direct wages, direct construction fees, etc.; outsourced construction projects are measured by the project price payable; etc.; equipment installation projects are based on the value of the installed equipment, installation costs, project trial operation, etc. Expenditure, etc. determine the project cost. Construction in progress costs also include borrowing costs and exchange gains and losses that should be capitalized.

Construction in progress starts from the day when it reaches the expected usable state, according to the project budget, cost or actual cost of the project, the fixed assets are carried forward

at the estimated value, and the depreciation starts to be accrued from the next month. Then adjust the difference of the original value of fixed assets.

For the impairment of the Construction in progress, please refer to Note.IV. 19. Impairment of long-term assets

17.Intangible assets

(I) Initial measurement of intangible assets

1. Initial measurement of intangible assets

The cost of outsourcing intangible assets includes the purchase price, related taxes and other expenses directly attributable to the asset's intended use. If the purchase price of intangible assets is delayed beyond the normal credit conditions and is of a financing nature, the cost of the intangible assets is determined on the basis of the present value of the purchase price. The difference between the actual payment and the present value of the purchase price, except for those that should be capitalized, is included in the current profit and loss within the credit period.

2. Initial research and development of initial measurement of intangible assets

The cost of self-developed intangible assets is determined based on the total expenditures incurred since the capitalization conditions are met and before reaching the intended use, and the expenditures that have been expensed in the previous period will not be adjusted.

For intangible assets researched and developed by the company itself, the expenditures at the research stage are included in the current profit and loss when incurred; if the expenditures in the development stage do not meet the capitalization conditions, they are included in the current profit and loss when incurred; if they meet the capitalization conditions, they are recognized it is an intangible asset. If it is indeed impossible to distinguish between expenditures in the research phase and expenditures in the development phase, all R & D expenditures incurred are included in the current profit and loss.

(II) Subsequent measurement of intangible assets

The company analyzes and judges its service life when acquiring intangible assets. The company divides the acquired intangible assets into intangible assets with limited service life and intangible assets with uncertain service life.

1. Subsequent measurement of intangible assets with limited service life

The company uses the straight-line method to amortize the intangible assets with a limited service life within the service life from the time when it reaches the intended use, and does not reserve the residual value. The amortized amount of intangible assets is usually included in the current profit and loss; if the economic benefits contained in an intangible asset are realized through

the products or other assets produced, the amortized amount is included in the cost of the relevant asset.

Amortisation method for intangible assets with finite useful lives is as follows:

Categories	Useful life (years)	Estimated net salvage rate (%)	Annual amortization rate (%)
Land use rights	50	0	2.00
Patent	7~10	0	14.29~10.00
Software	5-10	0	20.00~10.00

On the balance sheet date, review the service life and amortization method of intangible assets with limited service life.

2. Subsequent measurement of intangible assets with uncertain service life

The company does not amortize intangible assets with uncertain service life during the holding period, but conducts impairment tests at the end of each year.

(III) Estimate of service life of intangible assets

1. The service life of intangible assets derived from contractual rights or other statutory rights is determined in accordance with the duration of the contractual rights or other statutory rights; contractual rights or other statutory rights continue due to renewal and other If the evidence shows that the company does not need to pay a large cost for the renewal of the contract, the renewal period is included in the service life.

2. If the contract or law does not stipulate the service life, the company integrates all aspects of the situation, by hiring relevant experts to demonstrate or compare with the situation in the same industry and referring to the company's historical experience to determine whether the intangible assets can bring economic benefits to the company the period of interest.

3. If it is still impossible to reasonably determine the period in which the intangible assets bring economic benefits to the company according to the above method, the intangible assets are regarded as intangible assets with uncertain service life.

(IV) Specific standards for dividing the research phase and development phase of the company's internal research and development projects

According to the actual situation of research and development, the company divides research and development projects into research and development stages.

1. Research phase

The research stage refers to the stage of original planned investigation and research activities to acquire and understand new scientific or technical knowledge.

2. Development stage

The development stage refers to the stage of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use.

Expenditures on the research stage of internal research and development projects are included in the current profit and loss when incurred.

(V) Expenditure at the development stage meets the specific standards for capitalization

Expenditures for the internal research and development project during the development phase are recognized as intangible assets when the following conditions are met:

1. It is technically feasible to complete the intangible asset so that it can be used or sold;
2. Have the intention to complete the intangible asset and use or sell it;
3. The ways in which intangible assets generate economic benefits include the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally to prove their usefulness;
4. There are sufficient technical, financial resources and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset;
5. The expenditure attributable to the development stage of the intangible assets can be measured reliably.

(VD) Handling of land use rights

1. The land use right acquired by the company is usually recognized as an intangible asset, but if the use of the land use right is changed and used to earn rent or capital appreciation, it is converted into investment real estate.

2. The company develops and constructs factories and other buildings on its own, and the related land use rights and buildings are handled separately.

3. The price paid for the purchased land and buildings is allocated between the buildings and the land use rights; if it is difficult to allocate them reasonably, all are regarded as fixed assets.

18. Impairment of long-term assets

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, productive biological assets measured using a cost model, intangible assets, goodwill, proven oil and gas mining rights and wells and related facilities, etc. (Excluding inventories, investment property measured using a fair value model, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the

Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

19. Long-term deferred expenses

(1) Scope of long-term deferred expenses

Long-term deferred expenses refer to the various expenses that the company has incurred but should be borne by the current and subsequent periods for amortization period of more than 1 year (excluding 1 year), including the improvement of fixed assets leased by operating leases Expenses, etc.

(2) Initial measurement of long-term deferred expenses

Long-term deferred expenses are initially measured in accordance with the actual expenditures incurred.

(3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized in installments based on the benefit period using the straight-line method.

20. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company 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 the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, 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 current period or the cost of a relevant asset.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally

withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

21. Borrowing costs

(1) Scope of borrowing costs

The company's borrowing costs include borrowing interest incurred due to borrowing, amortization of discounts or premiums, auxiliary expenses, and exchange differences due to foreign currency borrowings.

(2) Recognition principle of borrowing costs

If the borrowing costs incurred by the company can be directly attributable to the purchase, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when they are incurred and included Current profit and loss.

Assets that meet the conditions for capitalization include fixed assets, investment real estate, inventory, and other assets that require a long period of acquisition, construction or production activities to reach the intended use or sale status.

(3) Determination of the period of capitalization of borrowing costs

1. Determination of the time when borrowing costs start to be capitalized

When asset expenditures have occurred, borrowing costs have incurred, and the purchase, construction or production activities necessary to make the assets reach the expected usable or saleable state have begun, the borrowing costs begin to be capitalized. Among them, asset expenditures include expenditures in the form of paying cash, transferring non-cash assets, or assuming interest-bearing debts for the purchase, construction or production of assets that meet the capitalization conditions.

2. Determination of the suspension of capitalization time of borrowing costs

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process and the interruption time exceeds 3 consecutive

months, the capitalization of borrowing costs shall be suspended. The company recognizes the borrowing costs incurred during the interruption period as current profits and losses, and the borrowing costs continue to be capitalized until the acquisition, construction or production activities of the asset restart. If the interruption is the necessary procedure for the purchased, constructed or produced assets that meet the capitalization conditions to reach the intended usable or saleable state, the capitalization of the borrowing costs will continue.

3. Determination of the time when the capitalization of borrowing costs ceases

When the acquisition, construction or production of assets that meet the capitalization conditions reaches the intended usable or saleable state, the capitalization of borrowing costs shall be stopped. The borrowing costs incurred after the assets that meet the capitalization conditions reach the expected usable or saleable state, when incurred, are recognized as current profits and losses based on the amount incurred.

Each part of the purchased, constructed or produced asset that meets the capitalization conditions has been completed separately, and each part is available for use or sold externally during the continued construction of other parts, and is required to make the part of the asset reach the expected usable or saleable state. If the necessary purchase, construction or production activities have been substantially completed, the capitalization of the borrowing costs related to the part of the asset shall be stopped; each part of the purchase, construction or production of the asset is completed separately, but it cannot be used or sold externally until the entire construction is completed. If the asset is sold, the capitalization of borrowing costs shall be stopped when the entire asset is completed.

(4) Determination of the amount of capitalization of borrowing costs

1. Determination of the amount of capitalization of loan interest

During the capitalization period, the capitalized amount of interest (including amortization of discounts or premiums) in each accounting period shall be determined in accordance with the following provisions:

(1) Where special loans are borrowed for the purchase, construction or production of assets that meet the capitalization conditions, the company uses the actual interest expenses incurred during the period of the special loans, minus the interest income obtained by depositing the unused borrowed funds in the bank or makes temporary investment. The amount after the investment income obtained by the investment is determined.

(2) If general borrowings are occupied for the purpose of purchasing, constructing or producing assets that meet the capitalization conditions, the company shall calculate and determine the general borrowings based on the weighted average of the asset expenditures of the accumulated asset expenditure exceeding the part of the special borrowings multiplied by the capitalization rate of the

general borrowings occupied. The amount of interest that should be capitalized on the loan. The capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

(3) Where there is a discount or premium on the loan, the company shall determine the amount of discount or premium that should be amortized in each accounting period in accordance with the actual interest rate method, and adjust the amount of interest in each period.

(4) During the period of capitalization, the amount of interest capitalized in each accounting period cannot exceed the amount of interest actually incurred on the relevant borrowings in the current period.

2. Determination of the amount of capitalization of auxiliary borrowing costs

(1) Auxiliary expenses incurred by special borrowings that occur before the purchased, constructed or produced assets that meet the capitalization conditions reach the intended use or saleable state, they shall be capitalized according to the amount incurred at the time of occurrence and included in the eligible capital. The cost of assets subject to capitalization conditions; those that occur after the purchased, constructed or produced assets that meet the capitalization conditions have reached the intended usable or saleable state, they shall be recognized as expenses based on the amount incurred at the time of occurrence, and shall be included in the current profits and losses.

(2) Auxiliary expenses incurred by general borrowings shall be recognized as expenses based on the amount incurred when they are incurred, and shall be included in the current profits and losses.

3. Determination of the amount of capitalization of exchange differences

During the capitalization period, the exchange difference between the principal and interest of the foreign currency special loan is capitalized and included in the cost of the assets that meet the capitalization conditions.

22. Provisions

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

- (1) The Company has a present obligation;
 - (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- and
- (3) The amount of the obligation can be estimated reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where the effect

of the time value of money is material, provisions are determined by discounting the expected future cash flows. The Company reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If all or part of the expenditure necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount shall not exceed the carrying amount of the provision.

(1) Loss contract

A loss contract is a contract that inevitably costs more than expected economic benefits in fulfilling contractual obligations. If the contract to be executed becomes a loss contract, and the obligations arising from the loss contract meet the above-mentioned conditions for confirming the estimated liability, the portion of the contract's estimated loss exceeding the confirmed impairment loss (if any) of the target asset of the contract is recognized as an estimated liability.

(2) Restructuring obligations

For a detailed, formal and publicly announced restructuring plan, when the aforementioned conditions for confirming the expected liabilities are met, the estimated liability amount is determined based on the direct expenditure related to the restructuring. Regarding the reorganization obligation to sell part of the business, only when the company promises to sell part of the business (that is, when the binding sale agreement is signed), the obligation related to the reorganization will be confirmed.

23. Revenue

The company's operating revenue mainly includes income from the sale of goods, income from the provision of labor services, and income from the transfer of asset use rights. The recognition principles are as follows:

(1) Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

(2) Rendering of services

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion.

The stage of completion is based on the proportion of costs incurred to date to the estimated total costs.

Rendering of services can be estimated reliably when all the following conditions are satisfied:

- A. The revenue can be measured reliably;
- B. It is probable that the economic benefits will flow to the Company;
- C. The stage of completion can be measured reliably;
- D. The costs incurred and to be incurred in the transaction can be measured reliably.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

The contract or agreement between the company and other enterprises includes the sale of goods and the provision of labor services. If the sales of goods and the provision of services can be distinguished and measured separately, the sales of goods and the provision of services shall be treated separately; If the labor service part cannot be distinguished, or if it can be distinguished but cannot be measured separately, all the contracts are treated as sales commodities.

(3) Revenue from the transfer of asset use rights

When the company's economic benefits related to the transaction are likely to flow into the company, and the amount of income can be reliably measured, the realization of the income from the transfer of asset use rights is recognized.

24. Government grants

Government subsidies are monetary and non-monetary assets obtained by the company from the government free of charge. It is divided into government subsidies related to assets and government subsidies related to income.

The government subsidies related to assets refer to the government subsidies obtained by the company for purchase and construction or to form long-term assets in other ways. Government subsidies related to income refer to government subsidies other than government subsidies related to assets.

Government subsidies related to assets are confirmed when the constructed or purchased assets are put into use or when the relevant department's acceptance report is obtained.

Government subsidies related to income are recognized when the subsidy funds are received.

Government subsidies related to assets are used to offset the book value of related assets or be recognized as deferred income. If it is confirmed as deferred income, it shall be included in the current profit and loss in a reasonable and systematic way within the useful life of the relevant asset

(the company's daily activities shall be included in other income; the company's daily activities shall be included in the non-operating income) .

Government subsidies related to income that are used to compensate the company's related costs or losses in subsequent periods shall be recognized as deferred income, and shall be included in the current profits and losses during the period when the relevant costs or losses are recognized (related to the company's daily activities) , Included in other income; those not related to the company's daily activities, included in non-operating income) or offset related costs or losses; used to compensate the company's related costs or losses, directly included in the current profit and loss (with Those related to the company's daily activities are included in other income; those that are not related to the company's daily activities are included in non-operating income) or offset related costs or losses.

25. Deferred income tax

The company uses the balance sheet debt method to calculate income tax.

(1) Recognition of deferred income tax assets or deferred income tax liabilities

i. The company determines its tax base when acquiring assets and liabilities. On the balance sheet date, the company analyzes and compares the book value of assets and liabilities and their tax base. If there is a temporary difference between the book value of assets and liabilities and their tax base, the temporary difference occurs in the current period and meets the conditions for recognition. The company recognizes deferred income tax liabilities or deferred income tax assets for tax temporary differences or deductible temporary differences, respectively.

2. Recognition basis for deferred income tax assets

(1) The company recognizes the deferred income tax assets arising from the deductible temporary differences within the limit of the taxable income that is likely to be obtained in the future period to deduct the deductible temporary differences. When determining the taxable income that is likely to be obtained in the future period, it includes the taxable income realized by normal production and business activities in the future period, and the increase due to the reversal of the taxable temporary difference during the reversal of the deductible temporary difference. Taxable income.

(2) For the deductible losses and tax deductions that can be carried forward in subsequent years, the company is likely to obtain the future taxable income that can be used to deduct the deductible losses and tax deductions, and confirm the corresponding Deferred tax assets.

(3) On the balance sheet date, the company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be

written down; when sufficient taxable income is likely to be obtained, the amount shall be written down. The amount is reversed.

3. Recognition basis for deferred income tax liabilities

The company recognizes the taxable temporary difference between the current period and the previous period as deferred income tax liabilities. But it does not include goodwill, non-business merger transactions and temporary differences formed by the transaction that neither affects accounting profits nor taxable income.

(2) Measurement of deferred income tax assets or deferred income tax liabilities

1. On the balance sheet date, for deferred income tax assets and deferred income tax liabilities, the company shall, in accordance with the tax law, measure it at the applicable tax rate during the period when the asset is expected to be recovered or the liability is paid off.

2. When the applicable tax rate changes, the company remeasures the confirmed deferred income tax assets and deferred income tax liabilities, except for the deferred income tax assets and deferred income tax liabilities arising from transactions or events directly recognized in the owner's equity, And include its impact in the income tax expense of the current period of tax rate change.

3. When the company measures deferred income tax assets and deferred income tax liabilities, it adopts the tax rate and tax basis consistent with the expected method of recovering assets or paying off debts.

4. The company does not discount deferred income tax assets and deferred income tax liabilities.

26. Operating leases and finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1) As a lessor

At the commencement of the lease term, the Company recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognises unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2) As a lessee

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

27. Significant accounting estimates and judgments

The company has no significant changes in accounting policies and accounting estimates during the reporting period.

IV. Taxation

1. Main types of taxes and corresponding tax rates

Categories of taxes	Tax basis	Tax rate
VAT(Note)	Taxable income	3%, 5%, 6%, 10%/9%, 11%, 16%/13%
City maintenance and construction tax	Amount of VAT paid	7%
Educational surcharge (including local)	Amount of VAT paid	5%
Water conservancy construction fund	Income	0.10%
Corporate income tax	Taxable profits	25%

2. Tax preference

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of Preferential Tax Policies for the Construction and Operation of Rural Drinking Water Safety Projects (Caishui [2016] No. 19), the Company's indirect holding

company Yuyao City Water Co., Ltd. The company provides rural residents with domestic water sales income from tap water exempt from value-added tax.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy on Sewage Treatment Fees (Caishui [2001] No. 97), the Company indirectly controls the holding companies Yuyao Water Supply Co., Ltd. and Yuyao No. 2 Water Supply Co., Ltd. Exempt from VAT.

According to Article 3 of the Circular of the Ministry of Finance and the State Administration of Taxation on Continuing to Implement the Preferential Tax Policies for the Construction and Operation of Rural Drinking Water Safety Projects (Caishui [2016] No. 19), the Company indirectly holds the holding companies Yuyao City Water Supply Co., Ltd. and Yuyao City The property and land of the rural drinking water project operation and management unit of the Second Water Supply Co., Ltd. are exempt from property tax and urban land use tax.

V. Notes to the consolidated financial statements

1. Cash at bank and in hand

(1) Cash at bank and in hand balance

Item	As at 31/12/2020	As at 31/12/2019
Cash in hand	435,061.79	309,213.48
Deposits with banks	15,966,119,242.10	15,884,850,120.19
Other monetary funds	1,479,205,297.09	1,171,910,155.00
Total	17,445,759,600.98	17,057,069,488.67

Note: The restricted cash and other monetary funds totaled RMB 4,444,370,600.0, of which the deposit was RMB 668,440,600.00 ; the pledged regular deposit RMB 3,775,760,000.00, other is RMB 170,000.00.

2. Financial assets at fair value through profit or loss

Item	As at 31/12/2020	As at 31/12/2019
Classified as financial assets that are measured at fair value through profit or loss	130,000,000.00	
Including: structured deposits	80,000,000.00	
Trust products	50,000,000.00	
Total	130,000,000.00	

3. Bills receivable

Classification	As at 31/12/2020	As at 31/12/2019
Bank acceptance bills	3,342,514.00	1,000,000.00

For the year ended 31 December 2020

Classification	As at 31/12/2020	As at 31/12/2019
Commercial acceptance bills	1,920,000.00	
Total	5,262,514.00	1,000,000.00

There is no outstanding endorsed or discounted bills that have not matured at the end of the year.

4. Accounts receivable

(1) Accounts receivable by category

Category	As at 31/12/2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	786,584,168.59	11.12	3,932,920.84	0.50	782,651,247.75
Other group	6,289,946,986.91	88.88			6,289,946,986.91
Subtotal	7,076,531,155.50	100.00	3,932,920.84	0.06	7,072,598,234.66
Individually insignificant but assessed for impairment individually					
Total	7,076,531,155.50	100.00	3,932,920.84		7,072,598,234.66

(Continued)

(Continued)

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	427,789,746.20	6.65	2,138,948.73	0.50	425,650,797.47
Other group	6,006,696,558.84	93.35			6,006,696,558.84
Subtotal	6,434,486,305.04	100.00	2,138,948.73	0.03	6,432,347,356.31
Individually insignificant but assessed for impairment individually					
Total	6,434,486,305.04	100.00	2,138,948.73		6,432,347,356.31

(2) As at 31 December 2020, the five largest accounts receivable aggregated by debtors were analysed as follows:

For the year ended 31 December 2020

Debtor	Relations with the company	As at 31/12/2020	Nature	The proportion of the total accounts receivable (%)
Hangzhou-Ningbo Railway Passenger Dedicated Line Yuyao Section and Yuci Station Construction Project Headquarters	Unrelated party	1,666,147,655.49	Agent construction repurchase	23.54
Yuyao City Finance Bureau	Unrelated party	983,036,927.29	Income	13.89
Housing and Urban-Rural Development Bureau of Yuyao City	Unrelated party	863,403,996.00	Agent construction repurchase	12.20
Yuyao River Basin Flood Control Project Construction Headquarters	Unrelated party	773,602,124.10	Agent construction repurchase	10.93
Zhejiang Yuyao Industrial Park Management Committee	Unrelated party	664,147,002.30	Income	9.39
Total		4,950,337,705.18		69.95

5. Prepayments

(1) The ageing analysis of prepayments is as follows:

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,268,972,831.94	24.29	1,472,087,292.75	29.69
1 to 2 years	511,202,064.46	9.78	195,094,606.78	3.93
2 to 3 years	158,924,070.17	3.04	365,206,875.56	7.36
More than 3 years	3,286,179,749.76	62.89	2,926,564,058.59	59.02
Total	5,225,278,716.33	100.00	4,958,952,833.68	100.00

(2) As at 31 December 2020, the five largest prepayment aggregated by debtors were analysed as follows:

For the year ended 31 December 2020

Debtor	Relations with the company	As at 31/12/2020
Housing Relocation Management Office of Yuyao Municipal People's Government	Unrelated party	1,673,749,849.61
Yuyao Sewage Collection Project Headquarters	Unrelated party	1,047,733,126.47
Headquarters for the development and construction of the Fengshan block on the south side of the Northwest Loop	Unrelated party	423,570,591.17
Yuyao High-speed Railway New City Construction Headquarters	Unrelated party	260,523,431.67
Ningbo Kaizhou Real Estate Co., Ltd.	Unrelated party	199,334,877.90
Total		3,604,911,876.82

6. Other receivables

Item	As at 31/12/2020	As at 31/12/2019
Interest receivable	21,245,228,069.66	22,169,104,943.97
Dividends receivable	71,969,379.84	181,773,377.91
Other receivables		
Total	21,317,197,449.50	22,350,878,321.88

(1) Other receivables

① Other receivables by category

Category	As at 31/12/2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	1,558,597,167.64	7.33	7,792,985.84	0.50	1,550,804,181.80
Other group	19,694,423,887.86	92.66			19,694,423,887.86
Subtotal	21,253,021,055.50	99.99	7,792,985.84	0.04	21,245,228,069.66
Individually insignificant	1,062,823.90	0.01	1,062,823.90		

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Category	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
but assessed for impairment individually					
Total	21,254,083,879.40	100.00	8,855,809.74		21,245,228,069.66

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	1,416,528,662.04	6.39	7,082,643.31	0.50	1,409,446,018.73
Other group	20,759,658,925.24	93.61			20,759,658,925.24
Subtotal	22,176,187,587.28	100.00	7,082,643.31	0.03	22,169,104,943.97
Individually insignificant but assessed for impairment individually	1,062,823.90		1,062,823.90		
Total	22,177,250,411.18	100.00	8,145,467.21		22,169,104,943.97

②As at 31 December 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Relationship with the company	As at 31/12/2020	Ageing	The proportion of other total receivables (%)
Yuyao State-owned Assets Management Office	Related party	1,581,742,000.00	Scrolling occurs	7.44
Yuyao Yaojiang Technology Investment Development Co., Ltd.	Unrelated party	1,334,932,200.00	Within 1 year	6.28

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Debtors	Relationship with the company	As at 31/12/2020	Ageing	The proportion of other total receivables (%)
Yuyao Langxia Market Development and Operation Co., Ltd.	Unrelated party	1,279,228,041.71	Within 1 year/1 to 2 years	6.02
Yuyao Tengxia Industry and Trade Co., Ltd.	Unrelated party	1,265,839,355.25	Within 1 year/1 to 2 years	5.96
Yuyao Transportation Station Construction Housing Development Co., Ltd.	Related party	1,139,140,000.00	Within 1 year	5.36
Total		6,600,881,596.96		31.06

(1) Interest receivable

Item	As at 31/12/2020	As at 31/12/2019
From time deposit	66,684,338.17	36,659,285.34
From dismantling of funds	5,285,041.67	145,114,091.57
Total	71,969,379.84	181,773,377.91

7. Contract assets

Item	As at 31/12/2020		
	Book balance	Provision for impairment	Carrying amount
Warranty receivable	233,550.00	11,677.50	221,872.50
Contract assets related to general engineering contracting business	328,494,352.79		328,494,352.79
Total	328,727,902.79	11,677.50	328,716,225.29

(Continued)

Item	As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount
Warranty receivable			
Contract assets related to general engineering contracting business			
Total			

8. Inventories

For the year ended 31 December 2020

(1) Inventories by category

Category	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment of inventories	Carrying amount	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	21,787,150.24		21,787,150.24	30,715,686.37		30,715,686.37
Stock Goods	3,966,948,474.79		3,966,948,474.79	2,387,655,237.33		2,387,655,237.33
Low-value consumables	3,050,328.54		3,050,328.54	307,980.38		307,980.38
land development	3,117,811,738.02		3,117,811,738.02	2,186,453,896.20		2,186,453,896.20
Land cost	1,558,704,982.11		1,558,704,982.11	1,485,231,968.45		1,485,231,968.45
Product development	1,442,499,681.56		1,442,499,681.56	1,682,741,262.01		1,682,741,262.01
Development costs	34,365,101,059.96		34,365,101,059.96	33,123,000,791.27		33,123,000,791.27
Development overhead	1,409,888,956.42		1,409,888,956.42	1,033,119,505.48		1,033,119,505.48
Total	45,885,792,371.64		45,885,792,371.64	41,929,226,327.49		41,929,226,327.49

9. Other current assets

Item	As at 31/12/2020	As at 31/12/2019
Prepaid expenses	9,459,407.24	10,436,580.95
Short-term loan	15,624,000.00	24,350,000.00
Tax prepaid	155,161,259.63	161,873,406.64
Total	180,244,666.87	196,659,987.59

10. Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments	973,080,856.00	2,000,000.00	971,080,856.00	878,943,526.98	2,000,000.00	876,943,526.98
Including: at fair value				114,404,000.00		114,404,000.00
at cost	973,080,856.00	2,000,000.00	971,080,856.00	764,539,526.98	2,000,000.00	762,539,526.98

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Total	973,080,856.00	2,000,000.00	971,080,856.00	878,943,526.98	2,000,000.00	876,943,526.98

(2) Available-for-sale financial assets at cost

Investees	Book value			
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020
Zhejiang Bada Co., Ltd.	233,200.00			233,200.00
Ningbo Shilian Construction Drawing Design Review Co., Ltd.		300,000.00		300,000.00
Yuyao Jiajiafu Supermarket Distribution Co., Ltd.	50,420,670.98		50,420,670.98	
Yuyao Transportation Station Construction Housing Development Co., Ltd.		960,000.00		960,000.00
Yuyao Shouchuang Water Co., Ltd.	10,000,000.00			10,000,000.00
Yuyao Shouchuang Sewage Treatment Co., Ltd.	20,000,000.00			20,000,000.00
Yuyao Shunbei Gas Station		500,000.00		500,000.00
Yuyao Liaoyuan Lighting Co., Ltd.	2,000,000.00			2,000,000.00
Zhejiang Guohua Yuyao Gas Power Generation Co., Ltd.	95,000,000.00			95,000,000.00
Yuyao Youth Social Practice Service Center	18,000,000.00			18,000,000.00
Yuyao Guangjin Penthouse Reform Hengfu Equity Investment Fund Partnership (Limited Partnership)	240,118,800.00			240,118,800.00
Yuyao Mingshun	2,000,000.00			2,000,000.00

For the year ended 31 December 2020

Investees	Book value			
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020
Infrastructure Investment Co., Ltd.				
Ningbo Xiwei Clean Energy Co., Ltd.	560,000.00	2,240,000.00		2,800,000.00
Yuyao Kai Shooting City Investment Development Co., Ltd.	65,250,000.00			65,250,000.00
Ningbo Mingzhou Xianming Tea Cooperative	50,000.00			50,000.00
Yuyao Caifu Junrun Venture Capital Partnership (Limited Partnership)	3,886,100.00		1,400,000.00	2,486,100.00
Zhejiang Jibcike Information Technology Co., Ltd.	1,000,000.00			1,000,000.00
Yuyao Yang Mingzhixing Investment Center (Limited Partnership)	20,000,000.00			20,000,000.00
Ningbo Yanyuan Yaoshang Industry Financial Equity Investment Partnership (Limited Partnership)	82,025,000.00	103,566,095.00	23,591,095.00	162,000,000.00
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)	30,000,000.00			30,000,000.00
Pratt & Whitney Intellectual Property Consulting (Yuyao) Partnership (Limited Partnership)	50,000,000.00			50,000,000.00
Ningbo Yanyuan Dingxin Investment Partnership (Limited Partnership)	50,000,000.00			50,000,000.00

For the year ended 31 December 2020

Investees	Book value			
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020
Ningbo Yanyuan Shouke Jiaheng Investment Partnership (Limited Partnership)	2,170,756.00			2,170,756.00
Ningbo Fuyong Integrated Circuit Investment Co., Ltd.	7,575,000.00	22,500,000.00		30,075,000.00
Yuyao Bicheng Construction Development Co., Ltd.	14,000,000.00			14,000,000.00
Yuyao Zhiyu Zhongcheng Enterprise Management Partnership (Limited Partnership)		16,887,000.00		16,887,000.00
Ningbo Henglian Civil Blasting Equipment Co., Ltd.	250,000.00			250,000.00
Shunfa Guoxin (Ningbo) Cultural Technology Co., Ltd.		1,000,000.00		1,000,000.00
Ningbo Financial Guarantee Co., Ltd.		136,000,000.00		136,000,000.00
Total	764,539,526.98	283,953,095.00	75,411,765.98	973,080,856.00

(Continued)

Investees	Provision for impairment				Percentage of share holding in investees(%)
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Zhejiang Bada Co., Ltd.					<<0.01
Ningbo Shilian Construction Drawing Design Review Co., Ltd.					2.36
Yuyao Jiajiafu Supermarket Distribution Co., Ltd.					

Notes to the Financial Statements of Yuyao Shuncal Investment Holding Co., Ltd.

For the year ended 31 December 2020

Investees	Provision for impairment				Percentage of share holding in investees(%)
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Yuyao Transportation Station Construction Housing Development Co., Ltd.					48.00
Yuyao Shouchuang Water Co., Ltd.					4.76
Yuyao Shouchuang Sewage Treatment Co., Ltd.					10.00
Yuyao Shunbei Gas Station					100.00
Yuyao Liaoyuan Lighting Co., Ltd.	2,000,000.00			2,000,000.00	3.33
Zhejiang Guohua Yuyao Gas Power Generation Co., Ltd.					20.00
Yuyao Youth Social Practice Service Center					75.00
Yuyao Guangjin Penthouse Reform Hengfu Equity Investment Fund Partnership (Limited Partnership)					19.96
Yuyao Mingshun Infrastructure Investment Co., Ltd.					10.00
Ningbo Xivei Clean Energy Co., Ltd.					20.00
Yuyao Kai Shooting City Investment Development Co., Ltd.					15.00
Ningbo Mingzhou					3.03

For the year ended 31 December 2020

Investees	Provision for impairment				Percentage of share holding in investees(%)
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Xianming Tea Cooperative					
Yuyao Caifu Junrun Venture Capital Partnership (Limited Partnership)					16.50
Zhejiang Jibeike Information Technology Co., Ltd.					10.00
Yuyao Yang Mingzhixing Investment Center (Limited Partnership)					6.25
Ningbo Yanyuan Yaoshang Industry Financial Equity Investment Partnership (Limited Partnership)					22.73
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)					30.00
Pratt & Whitney Intellectual Property Consulting (Yuyao) Partnership (Limited Partnership)					99.15
Ningbo Yanyuan Dingxin Investment Partnership (Limited Partnership)					96.15
Ningbo Yanyuan Shouke Jiahong Investment Partnership (Limited Partnership)					19.27

For the year ended 31 December 2020

Investees	Provision for impairment			As at 31/12/2020	Percentage of share holding in investees(%)
	As at 31/12/2019	Increase during the year	Decrease during the year		
Ningbo Fuyong Integrated Circuit Investment Co., Ltd.					7.50
Yuyao Bicheng Construction Development Co., Ltd.					10.00
Yuyao Zhiyu Zhongcheng Enterprise Management Partnership (Limited Partnership)					93.94
Ningbo Henglian Civil Blasting Equipment Co., Ltd.					3.57
Shunfa Guoxin (Ningbo) Cultural Technology Co., Ltd.					10.00
Ningbo Financial Guarantee Co., Ltd.					5.98
Total	2,000,000.00			2,000,000.00	

Note: The company's shareholding ratio in the above units is greater than or equal to 20%, but the company has neither control nor significant influence, and its investment is accounted for using the cost method.

11. Held-to-maturity investments

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yuyao Natural Gas ABS Subscription	143,000,000.00		143,000,000.00	413,000,000.00		413,000,000.00
Total	143,000,000.00		143,000,000.00	413,000,000.00		413,000,000.00

12. Long-term equity investments

Investee	As at 31/12/2019	Movements during the year	As at 31/12/2020

Notes to the Financial Statements of Yuyao Shuntai Investment Holding Co., Ltd.

For the year ended 31 December 2020

		Increase in capital	Investment income recognised under equity method	Decrease in capital	
Ningbo Yuci Expressway Co., Ltd.	200,000,000.00				200,000,000.00
Yuyao Sanqi Gas Station Co., Ltd.	30,333,678.77		2,166,199.05		32,499,877.82
Zhejiang Yuyao Shinkansen Express Passenger Transport Co., Ltd.	1,525,480.02		-215,520.61		1,309,959.41
Yuyao Yongshi Petroleum and Gas Co., Ltd.	3,045,188.34		394,397.14		3,439,585.48
Yuyao Taxi Association					
Yuyao Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd.	24,500,000.00				24,500,000.00
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd.	18,171,752.05		2,176,287.35		20,348,039.40

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Ningbo Shuntong New Material Technology Co., Ltd.		42,000,000.00	6,865,583.62		48,865,583.62
Ningbo Hangzhou-Ningbo Double Line Phase II Expressway Co., Ltd.		10,000,000.00			10,000,000.00
Anhui Jiaxi New Material Technology Co., Ltd.		30,245,818.95	-2,339,010.88	427,254.25	27,479,553.82
Huainan Jiazhong Trading Co., Ltd.		1,248,855.39	187,968.30		1,436,823.69
Ningbo Yichengjin Environmental Technology Co., Ltd.		3,450,000.00	-604,587.54		2,845,412.46
Yuyao Eaton Real Estate Development Co., Ltd.	116,766,981.69		246,116.85		117,013,098.54
Yuyao Public Information Service Operation Co., Ltd.		800,000.00	-25,083.06		774,916.94
Ningbo Yangming Co.,		66,511,157.54	3,686,565.72	3,672,337.50	66,525,386.16

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Ltd.					
Yuyao Shimao Mushan Lake Leisure Resort Development Co., Ltd.	52,307,241.04		-248,227.30		52,059,013.74
Yuyao Shimao Real Estate Co., Ltd.	18,934,749.01		-195,816.09		18,738,932.92
Zhejiang Wangsu Electronic Commerce Co., Ltd.	35,003,182.71				35,003,182.71
Yuyao Renhe Wok Factory Co., Ltd.	1,300,000.00			1,300,000.00	
Yuyao Haiji Construction Development Co., Ltd.	931,211,016.57		8,840,361.36		940,051,377.93
Total	1,433,099,270.20	154,255,832.28	20,935,233.91	5,399,591.75	1,602,890,744.64

(Continued)

Investee	Accounting Method	Percentage of share holding in investees(%)	Provision for impairment
Ningbo Yuci Expressway Co., Ltd.	Equity method	50.00	
Yuyao Sanqi Gas Station Co., Ltd.	Equity method	40.00	
Zhejiang Yuyao Shinkansen Express Passenger Transport Co., Ltd.	Equity method	35.00	
Yuyao Yongshi Petroleum and Gas Co., Ltd.	Equity method	40.00	
Yuyao Taxi Association	Equity method	20.00	
Yuyao Zhejiang Petroleum Comprehensive Energy Sales Co.,	Equity method	49.00	

For the year ended 31 December 2020

Investee	Accounting Method	Percentage of share holding in investees(%)	Provision for impairment
Ltd.			
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd.	Equity method	20.00	
Ningbo Shuntong New Material Technology Co., Ltd.	Equity method	35.00	
Ningbo Hangzhou-Ningbo Double Line Phase II Expressway Co., Ltd.	Equity method	50.00	
Anhui Jiayi New Material Technology Co., Ltd.	Equity method		
Huainan Jiazhong Trading Co., Ltd.	Equity method		
Ningbo Yichengjin Environmental Technology Co., Ltd.	Equity method	35.00	
Yuyao Eaton Real Estate Development Co., Ltd.	Equity method	60.00	
Yuyao Public Information Service Operation Co., Ltd.	Equity method	40.00	
Ningbo Yangming Co., Ltd.	Equity method	39.59	
Yuyao Shimao Mushan Lake Leisure Resort Development Co., Ltd.	Equity method	30.00	
Yuyao Shimao Real Estate Co., Ltd.	Equity method	30.00	
Zhejiang Wangsu Electronic Commerce Co., Ltd.	Equity method	28.20	
Yuyao Renhe Wok Factory Co., Ltd.	Equity method	46.43	
Yuyao Haiji Construction Development Co., Ltd.	Equity method	45.00	

13. Investment properties

(1) Investment properties measured using the cost model

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
I. Cost	2,623,893,227.42	37,146,146.41	159,414,514.84	2,501,624,858.99
Of which: Building	1,763,376,435.33	37,146,146.41		1,802,522,581.74
Land use rights	858,516,792.09		159,414,514.84	699,102,277.25

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

II. Accumulated depreciation:	361,858,161.81	57,834,491.46	21,308,850.40	398,383,802.87
Of which: Building	204,212,860.77	37,103,405.33		241,316,266.10
Land use rights	157,645,301.04	20,731,086.13	21,308,850.40	157,067,536.77
III. Net book value	2,262,035,065.61			2,103,241,056.12
Of which: Building	1,561,163,574.56			1,561,206,315.64
Land use rights	700,871,491.05			542,034,740.48
IV. Provision for impairment				
Of which: Building				
Land use rights				
V. Carrying amount	2,262,035,065.61			2,103,241,056.12
Of which: Building	1,561,163,574.56			1,561,206,315.64
Land use rights	700,871,491.05			542,034,740.48

14. Fixed assets

Item	As at 31/12/2020	As at 31/12/2019
Fixed assets	9,296,704,916.63	9,305,716,958.32
Disposal of fixed assets		
Total	9,296,704,916.63	9,305,716,958.32

(1) Fixed assets details

Item	Buildings	Mechanical equipment	Motor vehicles	Office & electronic and other equipment	Total
I. Cost					
1. Balance As at 31/12/2019	9,193,992,509.99	1,993,889,753.27	609,427,496.33	271,626,402.67	12,058,936,162.26
2. Additions during the year	462,375,482.91	74,605,075.65	208,178,970.59	22,099,797.31	767,259,286.46
(i) Purchases	183,368,486.50	63,838,857.96	75,017,342.43	5,252,467.45	327,477,154.34
(2) Transfer in of construction in progress	3,239,771.00	3,445,455.30			6,685,226.30

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Item	Buildings	Mechanical equipment	Motor vehicles	Office & electronic and other equipment	Total
(3) Enterprise consolidation increase	275,767,225.41	7,320,762.39	133,161,588.16	16,847,329.86	433,096,905.82
3. Decrease during the year	199,605,369.11	9,963,131.53	181,768,596.18	34,037,241.60	425,374,338.42
(1) Disposals or written-offs	3,094,882.83	833,957.00	43,040,473.03	29,732,725.43	76,702,038.29
(2) Other	196,510,486.28	9,129,174.53	138,728,123.15	4,304,516.17	348,672,300.13
4. Balance As at 31/12/2020	9,456,762,623.79	2,048,531,697.39	635,837,830.74	259,688,958.38	12,400,821,110.30
II. Accumulated depreciation:					
1. Balance As at 31/12/2019	1,277,185,359.94	1,063,136,199.08	313,402,179.16	99,495,465.76	2,753,219,203.94
2. Additions during the year	265,679,592.68	99,251,674.79	153,885,889.92	28,401,887.74	547,219,045.13
(1) Provision	193,851,685.39	94,431,056.99	147,160,971.39	24,615,636.21	460,059,349.98
(2) Enterprise consolidation increase	71,827,907.29	4,820,617.80	6,724,918.53	3,786,251.53	87,159,695.15
3. Decrease during the year	45,837,003.86	6,613,508.53	137,772,998.19	6,098,544.82	196,322,055.40
4. Balance As at 31/12/2020	1,497,027,948.76	1,155,774,365.34	329,515,070.89	121,798,808.68	3,104,116,193.67
III. Provision for impairment					
IV. Carrying amount					
1. Balance As	7,959,734,675.03	892,757,332.05	306,322,759.85	137,890,149.70	9,296,704,916.63

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Item	Buildings	Mechanical equipment	Motor vehicles	Office & electronic and other equipment	Total
at 31/12/2020					
2. Balance As at 31/12/2019	7,916,807,150.05	920,755,554.19	296,025,317.17	172,130,936.91	9,305,716,958.32

15. Construction in progress

Category	As at 31/12/2020	As at 31/12/2019
Construction in progress	8,112,928,770.35	6,451,067,435.33
Engineer material	2,781,594.36	2,631,342.07
Total	8,115,710,364.71	6,453,698,777.40

(1) Construction in progress

Project	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yaodong Water Plant Project	36,452,757.54		36,452,757.54			
Yaobei Sea Sewage Treatment Project	208,837,344.64		208,837,344.64	95,337,075.01		95,337,075.01
Natural gas pipeline installation project	487,487,112.02		487,487,112.02	436,003,490.79		436,003,490.79
Tap Water Pipeline Project	214,182,184.98		214,182,184.98	216,065,873.60		216,065,873.60
One household one meter project	57,480,621.59		57,480,621.59	30,810,204.43		30,810,204.43
Reservoir	175,717,900.00		175,717,900.00	175,717,900.00		175,717,900.00
Jiangnong Town Water Plant	31,582,826.00		31,582,826.00	6,801,123.00		6,801,123.00
Rural Drinking Water Standard Upgrading Project	39,061,101.77		39,061,101.77	8,044,052.20		8,044,052.20

For the year ended 31 December 2020

Project	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Third grain depot				106,777,159.16		106,777,159.16
Yuyao Second People's Hospital (Lanjiang Hospital) Relocation Project	769,733,544.92		769,733,544.92	664,035,147.10		664,035,147.10
Yuyao Traditional Chinese Medicine Hospital Relocation Project	399,165,810.38		399,165,810.38	358,836,127.91		358,836,127.91
Renovation Project of Yuyao Jizhou Hospital	2,680,000.00		2,680,000.00	2,680,000.00		2,680,000.00
Reservoir project	184,156,361.32		184,156,361.32	180,079,246.48		180,079,246.48
Lake project	427,007,101.00		427,007,101.00	404,007,101.00		404,007,101.00
The land on the north side of Oriental Logistics	4,733,619.95		4,733,619.95	4,551,763.39		4,551,763.39
The plot on the east side of Lingqiao Village	20,937,983.26		20,937,983.26	20,347,532.86		20,347,532.86
Exhibition hall parking lot	3,449,550.52		3,449,550.52	3,449,550.52		3,449,550.52
Plot on the west side of primary and secondary schools	9,849,238.49		9,849,238.49	9,500,838.02		9,500,838.02
Long Lane Plot	3,372,594.53		3,372,594.53	3,225,354.45		3,225,354.45
Beijiao Village Parking Lot	5,751,610.00		5,751,610.00	5,751,610.00		5,751,610.00
Baojialujiang Pumping Station	689,395,143.55		689,395,143.55	674,875,143.55		674,875,143.55
Baojialujiang Phase II Project	841,850,000.00		841,850,000.00	745,470,000.00		745,470,000.00
Urban dike reinforcement project (Phase I)	245,610,000.00		245,610,000.00	237,830,000.00		237,830,000.00
Waiting Qingjiang sluice pump	280,000,000.00		280,000,000.00	238,840,000.00		238,840,000.00
Urban dike reinforcement	202,430,000.00		202,430,000.00	154,450,000.00		154,450,000.00

For the year ended 31 December 2020

Project	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
project (Phase III)						
Phase I of Ningbo-Yuyao Intercity Railway	52,774,711.77		52,774,711.77	18,932,228.89		18,932,228.89
Other projects	2,719,229,652.12		2,719,229,652.12	1,648,648,912.97		1,648,648,912.97
Total	8,112,928,770.35		8,112,928,770.35	6,451,067,435.33		6,451,067,435.33

At the end of the period, there is no case where the book value of the construction in progress is higher than its recoverable amount, and no provision for impairment of construction in progress.

(2) Engineer material

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Engineering special materials	2,781,594.36		2,781,594.36	2,631,342.07		2,631,342.07
Total	2,781,594.36		2,781,594.36	2,631,342.07		2,631,342.07

16. Intangible assets

(1) Intangible assets

Item	Land use right	patent right	Software	Road management rights	Total
1. Cost					
1. Balance As at 31/12/2019	3,803,009,573.51	2,844,188.69	7,779,776.92	950,000,000.00	4,763,633,539.12
2. Additions during the year	357,595,306.70		19,408,572.16	20,000,000.00	397,003,878.86
(1) Purchase	140,552,294.77		5,466,103.76	20,000,000.00	166,018,403.53
(2) Additions	217,043,011.93		13,942,468.40		230,985,475.33

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Item	Land use right	patent right	Software	Road management rights	Total
due to business combinations					
3. Decrease during the year	71,113,391.69		5,128.20		71,118,519.89
4. Balance As at 31/12/2020	4,089,491,488.52	2,844,188.69	27,183,220.88	970,000,000.00	5,089,518,898.09
II. Accumulative amortisation					
1. As at 31/12/2019	221,069,736.15	957,396.23	5,970,026.42	741,000,000.78	968,997,159.58
2. Additions during the year	61,538,064.82	1,886,792.46	12,062,647.71	38,520,000.04	114,007,505.03
(1) Provision	50,487,705.19	1,886,792.46	3,144,991.35	38,520,000.04	94,039,489.04
(2) Additions due to business combinations	11,050,359.63		8,917,656.36		19,968,015.99
3. Decrease during the year	13,203,225.37		466.68		13,203,692.05
4. Balance As at 31/12/2020	269,404,575.60	2,844,188.69	18,032,207.45	779,520,000.82	1,069,800,972.56
III. Provision for impairment					
IV. Carrying amount					
1. Balance As at 31/12/2020	3,820,086,912.92		9,151,013.43	190,479,999.18	4,019,717,925.53
2. Balance As at 31/12/2019	3,581,939,837.36	1,886,792.46	1,809,750.50	208,999,999.22	3,794,636,379.54

Note: At the end of the period, there is no case where the book value of the intangible assets is higher than its recoverable amount, and no provision for impairment of intangible assets.

17. Goodwill

Name of investee or events from which goodwill arose	Balance As at 31/12/2019	Additions during the year	Decreases during the year	Balance As at 31/12/2020	Provision for impairment
The formation of the elimination of the merger of Yuyao City Natural Gas Co., Ltd.	18,000,000.00			18,000,000.00	
Acquired 60% equity of Ningbo Deshun Transportation Management Co., Ltd.	25,789,198.01			25,789,198.01	
Acquired 60% equity of Ningbo Gangshun Transportation Development Co., Ltd.	18,725,834.95			18,725,834.95	
Acquired 60% equity of Ningbo Baoshun Infrastructure Development Co., Ltd.	6,009,619.88			6,009,619.88	
Acquired 60% equity of Ningbo Longshun Highway Development Co., Ltd.	20,840,792.16			20,840,792.16	
Acquired 60% equity of Ningbo Yushun Road and Bridge Co., Ltd.	7,136,785.43			7,136,785.43	
Acquired 60% equity of Ningbo Yishun Road Engineering Co., Ltd.	31,886,996.64			31,886,996.64	
Acquired 49% equity of Yuyao Public Transport Co., Ltd.	5,138,468.45			5,138,468.45	
Acquired 100% equity of Yuyao Dazhong Transportation Co., Ltd.	468,439.62			468,439.62	
Acquired 55% equity of Yuyao Fengshan Petrochemical Co.,	3,577,562.86			3,577,562.86	

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

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Ltd.				
Acquired the equity of Yuyao Jiajiafu Supermarket Distribution Co., Ltd.		8,472,022.67		8,472,022.67
Acquired equity of Zhenhai Petrochemical Engineering Co., Ltd.		296,096,035.58		296,096,035.58
Total	137,573,698.00	304,568,058.25		442,141,756.25

18. Long-term deferred expenses

Item	As at 31/12/2020	As at 31/12/2019
Decoration and repair costs	18,871,936.37	7,360,216.40
Fengshan Power Plant Renovated Temporary Warehouse of Paint Market	1,328,272.66	
Yuyao Smart Parking Lot Renovation Project	1,367,300.11	
Forestry training building engineering renovation	223,078.30	465,788.74
Mazhu Nursery Management House Renovation	112,953.45	207,081.13
Collaborative Office Information Management System	69,394.63	109,048.75
The ground of the company's north side	88,488.76	101,130.04
Other	9,045,246.69	1,521,256.90
Total	31,106,670.97	9,764,521.96

19. Deferred tax assets and deferred tax liabilities

(1)Deferred tax assets

Item	As at 31/12/2020		As at 31/12/2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provisions for impairment of assets	12,788,730.58	3,197,182.65	12,284,415.94	3,071,103.98
Deferred government subsidies	8,293,420.96	1,244,013.14		
Payable wages and bonuses	7,232,568.36	1,084,885.25		
Restricted equity incentive expenses	978,088.49	146,713.27		
Total	29,292,808.39	5,672,794.31	12,284,415.94	3,071,103.98

20. Other non-current assets

Item	As at 31/12/2020	As at 31/12/2019
Agent Construction Project	14,011,144,442.25	12,764,592,609.18
Old car license	3,392,490.00	3,392,490.00
329 station west relocation project	5,199,449.71	5,199,449.71
Municipal Infrastructure	3,217,880,985.04	3,047,666,840.56

For the year ended 31 December 2020

Deferred tax	2,963,923.33	3,174,667.73
BT project	3,016,298,274.56	3,201,232,474.56
Other assets	1,017,918,407.70	202,293,914.00
Total	21,274,797,972.59	19,227,552,445.74

21. Short-term loans

Category	As at 31/12/2020	As at 31/12/2019
Pledged loans	1,635,600,000.00	1,656,622,138.89
Loans secured by mortgages	252,000,000.00	311,000,000.00
Guaranteed loans	3,616,800,000.00	2,975,900,000.00
Unsecured loans	223,937,600.00	764,790,000.00
Total	5,728,337,600.00	5,708,312,138.89

22. Bills payable

Category	As at 31/12/2020	As at 31/12/2019
Bank acceptance bills	589,000,000.00	276,500,000.00
Commercial acceptance bills	642,000,000.00	90,300,000.00
Total	1,231,000,000.00	366,800,000.00

23. Accounts payable

(1) The ageing analysis of accounts payable is as follows:

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	484,548,272.31	70.36	140,168,598.72	61.55
1 to 2 years	104,987,068.04	15.25	14,481,561.36	5.97
2 to 3 years	26,520,157.24	3.85	3,410,357.29	1.41
More than 3 years	72,581,260.56	10.54	75,306,569.08	31.07
Total	688,636,766.15	100.00	242,367,086.45	100.00

(2) Significant accounts payables at the end of the period are listed below:

Creditor	As at 31/12/2020	Unsettled reason
Songyuan Grain Group Co., Ltd.	28,381,456.00	Unexpired
Temporary Estimate of Siming Apartment Cost	26,688,070.69	Unexpired
Liangnong Town Government	26,095,393.10	Unexpired
Grain depot directly under Yanbian Grain Bureau	15,800,000.00	Unexpired

For the year ended 31 December 2020

Creditor	As at 31/12/2020	Unsettled reason
Yuyao Medical Insurance Center	9,440,531.86	Unexpired
Total	106,405,451.65	

24. Advances from customers

(1) The ageing analysis of advances from customers is as follows:

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,008,366,193.02	33.42	895,198,063.26	43.46
1 to 2 years	842,186,497.99	27.92	379,898,879.43	18.44
2 to 3 years	375,239,039.88	12.44	410,872,590.21	19.95
More than 3 years	791,168,838.61	26.22	373,796,428.11	18.15
Total	3,016,960,569.50	100.00	2,059,765,961.01	100.00

(2) Significant advances from customers at the end of the period are listed below:

Item	As at 31/12/2020	Reasons for not being transferred
Yuyao Land Transaction Reserve Center	1,439,888,795.64	Unsettlement
Lizhou Sub-district Office, People's Government of Yuyao City	277,808,592.00	Unsettlement
Yuyao City Housing Expropriation and Compensation Office	271,693,485.74	Unsettlement
Yuyao Construction Bureau	183,034,206.07	Unsettlement
Five-star village resettlement housing payment	109,058,119.58	Unsettlement
Total	2,281,483,199.03	

25. Employee benefits payable

(1) Overall situation

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Short-term employee benefits	27,578,180.94	446,637,289.82	408,208,835.00	66,006,635.76
Post-employment benefits - defined contribution plans	186,731.90	10,178,922.06	9,744,673.44	620,980.52
Termination benefits				
Total	27,764,912.84	456,816,211.88	417,953,508.44	66,627,616.28

(2) Short-term employee benefits

For the year ended 31 December 2020

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Salaries, bonus, allowances	25,571,738.65	380,265,021.35	341,984,168.87	63,852,591.13
Staff welfare	1,675,221.30	19,980,507.93	20,137,175.69	1,518,553.54
Social insurances	121,574.30	18,966,520.34	18,646,718.01	441,376.63
Including : 1. Medical	101,564.40	16,865,855.74	16,574,790.21	392,629.93
2. Work-related injury	5,741.90	1,108,998.14	1,090,618.24	24,121.80
3. Maternity insurance	1,155.00	539,072.41	515,602.51	24,624.90
4. Other	13,113.00	452,594.05	465,707.05	
Housing Fund	34,846.00	22,306,532.00	22,323,129.00	18,249.00
Labor union fees, staff and workers' education fee	174,800.69	5,118,708.20	5,117,643.43	175,865.46
Short-term paid absences				
Other short-term employee benefits				
Total	27,578,180.94	446,637,289.82	408,208,835.00	66,006,635.76

(3) Defined contribution plans

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Post-employment benefits	179,911.80	9,571,419.69	9,176,357.41	574,474.08
Unemployment insurance	6,820.10	402,574.17	362,887.83	46,506.44
Enterprise annuity payment		204,928.20	204,928.20	
Other				
Total	186,731.90	10,178,922.06	9,744,673.44	620,980.52

26. Taxes payable

Item	As at 31/12/2020	As at 31/12/2019
Corporate income tax	991,577,031.04	810,949,508.60
VAT	268,734,499.24	242,246,891.04
Business tax	16,439,003.68	16,439,003.68
Land value added tax	24,299,586.91	24,954,512.23
Land holding tax	21,748,595.22	14,219,807.07
Property tax	13,231,893.38	13,038,471.64
Urban maintenance and construction tax	20,970,579.38	17,883,033.09
Educational surcharge	15,331,912.49	13,175,702.04

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

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Item	As at 31/12/2020	As at 31/12/2019
Individual income tax	4,036,304.40	38,752.77
Stamp duty	898,508.03	258,901.40
Other	178,371.00	133,019.22
Total	1,377,446,284.77	1,153,337,602.78

27. Other payables

Item	As at 31/12/2020	As at 31/12/2019
Other payables	11,663,667,710.20	12,204,807,131.86
Interest payable	735,892,245.40	644,390,804.39
Dividends payable		
Total	12,399,559,955.60	12,849,197,936.25

(1) Other payables

①The ageing analysis of other payable is as follows:

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,623,996,463.44	39.64	4,586,357,124.22	37.58
1 to 2 years	2,572,558,016.03	22.06	4,636,026,150.31	37.98
2 to 3 years	2,911,207,616.54	24.96	2,008,746,504.98	16.46
Over 3 years	1,555,905,614.19	13.34	973,677,352.35	7.98
Total	11,663,667,710.20	100.00	12,204,807,131.86	100.00

②As at 31 December 2020, the five largest other payables aggregated by creditor were analysed as follows:

Creditor	Relations with the company	As at 31/12/2020	Nature
Yuyao City Finance Bureau	Unrelated party	3,172,064,566.65	Current payment
Yuyao City Financial Land Development Center	Unrelated party	970,449,353.75	Current payment
Yuyao Siming Square Construction Investment Co., Ltd.	Unrelated party	488,876,502.11	Current payment
Ningbo Yinzhou Shangxiang Enterprise Management Consulting Co., Ltd.	Unrelated party	300,000,000.00	Current payment
Yuyao Land Transaction Reserve Center	Unrelated party	145,368,600.00	Current payment

For the year ended 31 December 2020

Creditor	Relations with the company	As at 31/12/2020	Nature
Total		5,076,759,022.51	

(2) Interest payable

Item	As at 31/12/2020	As at 31/12/2019
Interest payable for long-term loans with interest paid in installments and principal paid on maturity	74,657,823.43	14,130,292.75
Interest payable on debentures	634,275,819.91	550,992,859.46
Other	26,958,602.04	79,267,652.18
Total	735,892,245.40	644,390,804.39

28. Non-current liabilities due within one year

Item	As at 31/12/2020	As at 31/12/2019
Long-term loans due within one year	9,774,699,048.45	10,453,386,488.57
Debentures payable within one year	8,612,049,441.16	1,097,125,229.24
Long-term payables due within one year	1,338,029,374.27	940,417,233.06
Total	19,724,777,863.88	12,490,928,950.87

29. Other current liabilities

(1) Other current liabilities category

Item	As at 31/12/2020	As at 31/12/2019
Short-term bond	200,000,000.00	
Tax amount to be resold	60,759,490.81	
Guarantee compensation reserve	20,113,406.17	6,199,136.17
Guarantee liability reserve	569,416.96	1,461,602.22
Total	281,442,313.94	7,660,738.39

30. Long-term loans

Item	As at 31/12/2020	As at 31/12/2019
Pledged loans	3,616,000,000.00	4,182,800,000.00
Loans secured by mortgages	2,994,000,000.00	4,076,000,000.00
Guaranteed loans	19,613,435,758.32	18,293,470,578.52
Unsecured loans	877,500,000.00	624,946,851.83
Other loans	931,746,658.08	780,248,591.66
Total	28,032,686,416.40	27,957,466,022.01

31. Debentures payable

(1) Increases and decreases of debentures payable

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

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Bond name	Face value	Issuance date	Term	Issuing amount
14Yutou 01	600,000,000.00	5/19/2014	7years	1,489,500,000.00
16Yutou 01	1,000,000,000.00	3/23/2016	5years	994,000,000.00
16Yutou 02	1,000,000,000.00	7/21/2016	5years	994,000,000.00
16Yutou 03	1,000,000,000.00	11/7/2016	5years	994,000,000.00
17 shots 01	500,000,000.00	3/23/2017	5years	497,000,000.00
17 shots 02	500,000,000.00	7/17/2017	5years	497,000,000.00
17 shots 03	500,000,000.00	11/6/2017	5years	491,000,000.00
19 Yutou 01	300,000,000.00	3/20/2019	5years	298,200,000.00
19 Yutou 02	200,000,000.00	3/20/2019	5years	198,800,000.00
19 Yutou 03	500,000,000.00	4/26/2019	5years	497,000,000.00
19 Yutou 05	500,000,000.00	8/22/2019	5years	497,000,000.00
Yu Ranqi 4	243,000,000.00	11/27/2015	4years	241,150,528.54
Yu Ranqi 5	299,000,000.00	11/27/2015	5years	296,724,312.90
Yu Ranqi 6	331,000,000.00	11/27/2015	6years	328,480,761.10
Yu Ranqi Secondary	143,000,000.00	11/27/2015	6years	141,911,627.91
17 Yuyao City Investment MTN001	500,000,000.00	8/7/2017	5years	499,000,000.00
18 Yuyao City Investment MTN002	400,000,000.00	9/19/2018	5years	396,000,000.00
19 Yuyao Chengtong MTN001	600,000,000.00	2/25/2019	5years	594,000,000.00
19 Yuyao Chengtong MTN002	500,000,000.00	4/25/2019	5years	495,000,000.00
LNG emergency gas source station (local government bond)	40,000,000.00	5/2/2020	10years	40,000,000.00
12 Yuyao Water Investment	1,400,000,000.00	10/18/2012	7years	1,400,000,000.00
More than 16 crosses 01	1,000,000,000.00	8/25/2016	5years	1,000,000,000.00
17 Yujiao 02	550,000,000.00	3/15/2017	5years	550,000,000.00
17 Yujiao 03	550,000,000.00	5/26/2017	5years	550,000,000.00
17 Yujiao 04	600,000,000.00	6/20/2017	5years	600,000,000.00
17 Yujiao 05	300,000,000.00	7/3/2017	5years	300,000,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

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18 Shuntong MTN001	1,000,000,000.00	4/26/2018	3 years	1,000,000,000.00
18 Shuntong MTN002	500,000,000.00	8/31/2018	3 years	500,000,000.00
19 Shuntong MTN001	500,000,000.00	8/28/2019	5 years	500,000,000.00
19 Shuntong 01	800,000,000.00	4/24/2019	5 years	800,000,000.00
20 Shuntong 01	1,000,000,000.00	1/17/2020	5 years	1,000,000,000.00
20 Shuntong 02	1,000,000,000.00	7/17/2020	5 years	1,000,000,000.00
17 Yuyao High Speed Rail PPN001	500,000,000.00	4/13/2017	5 years	500,000,000.00
17 Yuyao High Speed Rail PPN002	300,000,000.00	8/29/2017	5 years	300,000,000.00
17 Yuyao High Speed Rail PPN003	100,000,000.00	11/16/2017	5 years	100,000,000.00
18 Yuyao High Speed Rail PPN001	70,000,000.00	1/9/2018	5 years	70,000,000.00
18 Yuyao High Speed Rail PPN002	400,000,000.00	1/15/2018	3 years	400,000,000.00
18 Yuyao High Speed Rail PPN003	130,000,000.00	12/27/2018	3 years	130,000,000.00
19 Yuyao high-speed rail short-term financing	300,000,000.00	8/29/2019	1 year	300,000,000.00
Financial management	500,000,000.00	4/26/2019	3 years	500,000,000.00
20 Yuyao high-speed rail ZR001	100,000,000.00	3/30/2020	3 years	100,000,000.00
20 Yuyao high-speed rail ZR002	200,000,000.00	11/20/2020	3 years	200,000,000.00
More than 13 open bonds	1,000,000,000.00	3/6/2013	7 years	1,000,000,000.00
18 US dollar debt	\$ 100 million	12/21/2018	3 years	\$ 100 million
19 US dollar debt	\$ 100 million	4/23/2019	3 years	\$ 100 million
19 Yuyao Jingkai	500,000,000.00	6/24/2019	5 years	500,000,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

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MTN01				
19 Yao Jing 01 Corporate Bond	500,000,000.00	11/14/2019	5years	500,000,000.00
16 Yuyao 01	500,000,000.00	7/19/2016	5years	500,000,000.00
16 Yuyao 03	1,000,000,000.00	11/14/2016	5years	1,000,000,000.00
More than 19 workers 01	600,000,000.00	8/23/2019	5years	600,000,000.00
More than 19 workers 02	400,000,000.00	9/18/2019	5years	400,000,000.00
20 Yuyao Industrial Investment MTN001	400,000,000.00	4/29/2020	5years	400,000,000.00
20 Yuyao Industrial Investment MTN002	500,000,000.00	9/14/2020	5years	500,000,000.00
Total				

(Continued)

Bond name	Balance As at 31/12/2019	Issuance during the year	Additions during the year	Reductions during the year	Balance As at 31/12/2020
14Yutou 01	599,921,147.97		45,030.92	300,000,000.00	299,966,178.89
16Yutou 01	998,295,406.79		1,101,987.02		999,397,393.81
16Yutou 02	997,942,580.10		1,109,748.79		999,052,328.89
16Yutou 03	997,627,976.87		1,122,383.77		998,750,260.64
17 shots 01	498,597,177.33		548,458.32		499,145,635.65
17 shots 02	498,413,804.19		548,238.44		498,962,042.63
17 shots 03	494,684,914.82		1,626,547.63		496,311,462.45
19 Yutou 01	298,453,939.90		323,839.74		298,777,779.64
19 Yutou 02	198,973,276.40		220,972.70		199,194,249.10
19 Yutou 03	497,368,596.13		539,624.73		497,908,220.86

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

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19 Yutou 05	497,227,318.82		547,359.80		497,774,678.62
Yu Ranqi 4		497,000,000.00	384,050.34		497,384,050.34
Yu Ranqi 5	298,536,323.84		463,676.16	299,000,000.00	
Yu Ranqi 6	330,095,972.03		904,027.97	331,000,000.00	
Yu Ranqi Secondary	142,653,214.35				142,653,214.36
17 Yuyao City Investmen t MTN001	499,461,011.30		183,343.80		499,644,355.10
18 Yuyao City Investmen t MTN002	396,931,193.60		726,688.40		397,657,882.00
19 Yuyao Chengtou MTN001	594,931,416.96		1,106,813.67		596,038,230.63
19 Yuyao Chengtou MTN002	495,626,966.46		914,222.01		496,541,188.47
LNG emergency gas source station (local governme nt bond)		40,000,000.00			40,000,000.00
12 Yuyao Water Investmen t	989,771,511.20		6,059,877.28		995,831,388.48
More than 16 crosses	545,810,545.02		1,835,912.07		547,646,457.09

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

01					
17 Yujiao 02	546,117,110.74		1,537,430.30		547,654,541.04
17 Yujiao 03	596,279,042.57		1,420,654.77		597,699,697.34
17 Yujiao 04	297,814,853.94		834,009.66		298,648,863.60
17 Yujiao 05	998,880,615.91		835,017.17		999,715,633.08
18 Shuntong MTN001	499,653,333.70		204,311.61		499,857,645.31
18 Shuntong MTN002	499,059,431.42		181,709.89		499,241,141.31
19 Shuntong MTN001	795,761,530.93		879,046.10		796,640,577.03
19 Shuntong 01		1,000,000,000.00	-5,023,193.45		994,976,806.55
20 Shuntong 01		1,000,000,000.00	-5,553,318.90		994,446,681.10
20 Shuntong 02	499,260,607.59		311,550.37		499,572,157.96
17Yuyao High Speed Rail PPN001	299,656,958.55		122,152.65		299,779,111.20
17Yuyao High Speed Rail PPN002	99,877,574.57		40,165.40		99,917,739.97
17Yuyao High	69,910,662.22		27,884.33		69,938,546.55

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Speed Rail PPN003					
18Yuyao High Speed Rail PPN001	399,704,322.13		283,820.24		399,988,142.37
18Yuyao High Speed Rail PPN002	130,000,000.00				130,000,000.00
18Yuyao High Speed Rail PPN003	299,200,000.00			299,200,000.00	
19 Yuyao high-speed rail short- term financing	500,000,000.00				500,000,000.00
Financial manageme nt		100,000,000.00	-574,043.26		99,425,956.74
20 Yuyao high-speed rail ZR001		200,000,000.00	-1,752,527.06		198,247,472.94
20 Yuyao high-speed rail ZR002	200,000,000.00			200,000,000.00	
More than 13 open bonds	685,976,874.49			39,139,619.16	646,837,255.33
18 US dollar debt	691,044,810.60			42,103,253.04	648,941,557.56
19 US dollar debt	498,187,449.04			-377,033.93	498,564,482.97
19Yuyao Jingkai	496,090,529.07			-729,570.66	496,820,099.73

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

MTN01					
19 Yao Jing 01 Corporate Bond		865,000,000.00		6,042,971.02	858,957,028.98
16 Yuyao 01	497,421,575.37			-2,578,424.63	500,000,000.00
16 Yuyao 03	991,617,888.97			-8,382,111.03	1,000,000,000.00
More than 19 workers 01	600,228,334.95			2,931,537.17	597,296,797.78
More than 19 workers 02	400,121,274.89			1,957,399.27	398,163,875.62
20 Yuyao Industrial Investment MTN001		396,400,000.00		-453,352.59	396,853,352.59
20 Yuyao Industrial Investment MTN002		495,500,000.00		-241,935.55	495,741,935.55
Debenture s payable within one year	1,097,125,229.24				8,612,049,441.16
Total	21,366,063,846.50	4,593,900,000.00	14,087,383.39	1,508,612,351.27	16,950,514,666.69

32. Long-term payables

Item	As at 31/12/2020	As at 31/12/2019
Guangzhou Yuexiu Financial Leasing Co., Ltd.	187,500,000.00	262,500,000.00
Ping An International Financial Leasing (Tianjin) Co., Ltd.	285,000,000.00	
CMB Financial Leasing Co., Ltd.	80,000,000.00	
Operating margin and remaining balance of the car price	9,006,926.01	9,068,052.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Far East International Leasing Co., Ltd.	53,768,005.33	115,666,137.46
Housing fund	255,058.68	255,058.68
China Development Fund Corporation	119,000,000.00	119,000,000.00
Yuyao Shanty Town Reconstruction Investment and Construction Co., Ltd.	460,900,000.00	488,000,000.00
Huorong Financial Leasing Co., Ltd.	64,000,000.00	84,000,000.00
Changjiang United Financial Leasing Co., Ltd.	120,000,000.00	160,000,000.00
Huaheng Financial Leasing Co., Ltd.	13,095,000.00	
Zhejiang Yinyuan Investment Management Co., Ltd.	200,000,000.00	200,000,000.00
Jiushi Financial Leasing (Shanghai) Co., Ltd.	136,060,880.88	178,168,113.94
Great Wall-Haitong Mushan Lake Resettlement House Trust Beneficial Asset Plan	158,224,197.26	
Yongying Financial Leasing Co., Ltd.	294,000,000.00	
Xiongjia Village, Langxia Street, Yuyao City	2,243,925.00	2,243,925.00
Tianzhong Village, Langxia Street, Yuyao City	11,627,940.45	11,627,940.45
Zhaojia Village, Langxia Street, Yuyao City	600,000.00	600,000.00
Zhejiang Puncor Asset Management Co., Ltd.		8,310,000.00
AVIC International Leasing Co., Ltd.	217,500,000.00	298,500,000.00
Yunnan International Trust Co., Ltd.		350,000,000.00
Bohai International Trust Co., Ltd.	80,000,000.00	100,000,000.00
Kunlun Trust Co., Ltd.	200,000,000.00	200,000,000.00
Western Trust Co., Ltd.	200,000,000.00	200,000,000.00
Central Land Collaborative Financial	200,000,000.00	200,000,000.00

For the year ended 31 December 2020

Asset Trading Center Co., Ltd.		
Changan International Trust Co., Ltd.	100,000,000.00	100,000,000.00
Lujiazui International Trust Co., Ltd.	300,000,000.00	300,000,000.00
Zhongrong International Trust Co., Ltd.	240,000,000.00	224,000,000.00
other	27,440,000.00	20,000,000.00
Less: long-term payables due within one year	1,338,029,374.27	940,417,233.06
Special payables	769,815,067.34	313,552,392.60
Total	3,194,007,626.68	3,005,074,387.07

Among them, the special payables details are as follows:

Item	As at 31/12/2020	As at 31/12/2019
G228 Guzha Line (Huangjianshan to Yaodong Bridge) Reconstruction Project	80,640,000.00	
S309 Heliang Line Reconstruction Project Phase I (Yuyao Xiaoyin Village to Jinling Lower Section)	28,931,823.50	
Compensation for construction cost of transportation infrastructure	44,542,088.81	
Supporting funds for petrochemical building	8,293,420.96	
Government grants	165,000,000.00	100,000,000.00
Cao Ejiang drinking water project subsidy	117,885,000.00	117,885,000.00
Mushan Lake Project Subsidy		7,960,000.00
Subsidy for seawall reclamation works	33,000,000.00	33,000,000.00
Subsidy for Shuangxi Kou Reservoir Project	20,000,000.00	20,000,000.00
Award Jialongjiang Project Subsidy	5,000,000.00	5,000,000.00
A subsidy for the prevention and reinforcement of Yaojiangcheng section	20,000,000.00	20,000,000.00
Pavilion parking lot construction project funding	4,000,000.00	4,000,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Plastic City West parking lot construction project funding	3,000,000.00	3,000,000.00
The transfer of the land transfer fee of Xinyuan Zhongsu Real Estate	236,815,341.47	
Other	2,707,392.60	2,707,392.60
Total	769,815,067.34	313,552,392.60

33. Deferred income

Item	As at 31/12/2020	Additions during the year	Reductions during the year	As at 31/12/2019
Subsidy for buried fees	226,309,312.09	43,036,286.09	8,747,026.85	260,598,571.33
Bus operation subsidies	11,819,488.77	15,489,618.02	12,129,429.76	15,179,677.03
Other	800,000.00		800,000.00	
Total	238,928,800.86	58,525,904.11	21,676,456.61	275,778,248.36

34. Paid-in capital

Investor	As at 31/12/2019		Additions during the year	Reductions during the year	As at 31/12/2020	
	Investment amount	Shareholding ratio (%)			Investment amount	Shareholding ratio (%)
Yuyao State-owned Assets Management Office	1,500,000,000.00	100.00			1,500,000,000.00	100.00

35. Other equity instruments

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Perpetual bonds: 17 Yuyao Chengtou MTN002	495,000,000.00			495,000,000.00
Perpetual bonds: 18 Yuyao City Investment MTN001	495,000,000.00			495,000,000.00
Perpetual bonds: 18 Yuyao City Investment MTN003	397,600,000.00			397,600,000.00
Perpetual bonds: 18 Yuyao Chengtou MTN004	596,400,000.00			596,400,000.00
Perpetual bonds: 20 Yuyao Shuncai MTN001		994,000,000.00		994,000,000.00
Total	1,984,000,000.00	994,000,000.00		2,978,000,000.00

Note: Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd. 2017 second-term medium-term notes (abbreviation:

17 Yuyao) from September 1, 2017 to September 4, 2017 City Investment MTN002, code: 101756032). The actual issuance amount is 500 million yuan, the bond value date is September 5, 2017, the term is 5 + N years, and the redemption date expires when the issuer redeems according to the terms of the issuance, 1.5277%), the issue price is 100.00 yuan.

From April 30, 2018 to April 23, 2018 Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd.'s 2018 first-term medium-term notes (referred to as 18 Yuyao City Investment MTN001, code: 101800478). The actual issuance amount is 500 million yuan, the bond value date is April 24, 2017, the term is 5 + N years, the redemption date expires when the issuer redeems according to the terms of the issuance, and the issuance interest rate is 7.00% (1-year SHIBOR + 2.58%), the issue price is 100.00 yuan.

Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd. 2018 third-term medium-term notes (referred to as 18 Yuyao City Investment) from October 17, 2018 to October 18, 2018. MTN003, code: 101801103). The actual issuance amount is 400 million yuan. The bond value date is October 19, 2018, with a term of 3 + N years. The redemption date expires when the issuer redeems according to the terms of the issuance. The issuance interest rate is 6.45% (1-year SHIBOR + 2.94%), the issue price is 100.00 yuan.

Yuyao City Construction Investment Development Co. Ltd. issued Yuyao City Construction Investment Development Co. Ltd. 2018 fourth-term medium-term notes (referred to as 18 Yuyao City Investment MTN004, code: 101801536). The actual issuance amount is 600 million yuan, the bond value date is December 21, 2018, the term is 3 + N years, and the redemption date expires when the issuer redeems according to the terms of the issuance. The issuance interest rate is 6.00% (1-year SHIBOR + 2.48%), the issue price is 100.00 yuan. According to the notice on the issuance of the "Division of Financial Liabilities and Equity Instruments and Related Accounting Treatment Regulations" (Caihui <2014> No. 13), the perpetual bond 17 Yuyao City Investment MTN002 is classified as an equity instrument and is issued at a face value of 500,000,000.00 yuan, 5,000,000.00 yuan is deducted from equity; 18 Yuyao City Investment MTN001 is divided into equity instruments, with a par value of 500,000,000.00 yuan, and the underwriting fee of 5,000,000.00 yuan is deducted from equity; 18 Yuyao City Investment MTN003 is divided into equity instruments, with a par value of 400,000,000.00 yuan, underwriting fee RMB 2,400,000.00 is deducted from equity; 18 Yuyao Chengtou MTN004 is divided into equity instruments, with a par value of RMB 600,000,000.00, and an underwriting fee of RMB 3,600,000.00 is deducted from equity.

Yuyao Shuncai Investment Holding Co., Ltd. issued the first phase of 2020 medium-term notes of Yuyao Shuncai Investment Holding Co., Ltd. (abbreviation: 20 Yuyao Shuncai MTN001) on May 15, 2020, and the underwriting fee of RMB 6,000,000.00 is deducted from equity.

36. Capital reserve

For the year ended 31 December 2020

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Other capital reserves	41,886,035,776.48	413,668,816.40	1,023,140,869.52	41,276,563,723.36
Total	41,886,035,776.48	413,668,816.40	1,023,140,869.52	41,276,563,723.36

Note: The increase in capital surplus in the current period is due to the transfer of equity and assets from state-owned assets, and the decrease in capital surplus in the current period is due to the land payment and the transfer of assets.

37. Surplus reserve

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Statutory surplus	7,390,370.79	4,153,334.58		11,543,705.37
Total	7,390,370.79	4,153,334.58		11,543,705.37

38. Retained earnings

Item	Year ended 31/12/2020	Year ended 31/12/2019
Retained earnings As at 31/12/2019 (before adjustment)	3,317,227,392.83	3,376,659,708.28
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)		
Retained earnings As at 31/12/2019(after adjustment)	3,317,227,392.83	3,376,659,708.28
Add: Net profits for the year attributable to shareholders of the Company	345,202,645.22	273,836,908.82
Less: reductions during the year	247,150,105.53	333,269,224.27
Appropriation for statutory surplus reserve	4,153,334.58	913,870.89
Appropriation for Special reserves		
Cash dividends	306,160,248.95	250,510,690.04
Dividends converted to share capital		
Others	-63,163,478.00	81,844,603.34
Retained earnings As at 31/12/2020	3,415,279,932.52	3,317,227,392.83

39. Operating income and operating cost

(1) Operating income and Operating cost:

Item	Operating income		Operating cost	
	Year ended 31/12/2020	Year ended 31/12/2019	Year ended 31/12/2020	Year ended 31/12/2019
Principal activities	9,971,615,576.78	9,023,797,014.44	5,873,710,437.91	5,263,461,669.48
Other operating	331,582,640.81	222,472,508.50	462,795,587.76	335,465,952.93

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

activities				
Total	10,303,198,217.59	9,246,269,522.94	6,336,506,025.67	5,598,927,622.41

(2) Operating income and operating costs from principal activities by product:

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Project construction repo	827,735,634.04	626,480,314.85	1,119,836,428.69	919,424,603.10
Enclosure development revenue	342,757,281.55	246,997,570.26	246,813,697.09	177,864,263.86
Sales income of resettlement houses	708,737,445.40	601,964,053.50	972,297,282.74	857,387,705.67
Land consolidation income	1,244,596,319.59	980,512,538.74	958,897,526.29	742,739,292.17
Bus operation			182,868,111.36	205,309,318.24
Water supply income	258,795,283.30	234,781,917.94	258,595,413.78	229,271,429.61
Natural gas revenue	500,462,393.77	480,041,335.29	249,051,955.87	229,689,324.51
Raw water fee income	112,096,004.90	53,184,031.94	108,463,176.44	53,184,031.94
Highway toll	30,000,000.00	38,650,479.72	30,000,000.00	38,650,479.72
Passenger transport	307,841,447.22	308,188,631.06	32,105,676.96	119,531,286.96
Wastewater treatment income	95,498,007.06	138,669,184.83	97,587,220.50	149,396,606.78
Street lamp repair and maintenance	22,918,017.25	16,560,995.21	25,151,289.80	19,080,304.32
Sales of goods	3,643,329,787.75	3,621,508,617.67	1,429,859,655.42	1,434,700,093.15
Other business	58,519,688.31	48,904,673.70	2,785,660.22	
Service income	12,245,267.50	5,725,429.28	17,093,889.71	3,220,365.51
Project revenue	946,359,810.31	845,238,929.10		
Inspection fees	19,469,586.96	4,232,841.40	14,737,407.51	2,125,254.99
Construction management fee	31,331,152.38		23,230,695.41	
Demolition management fee	2,015,040.81		2,855,718.07	
Taxi management	2,911,417.60	1,641,388.17	3,180,077.65	1,452,033.98

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

fee				
Waste recycling	13,208,778.79	3,615,490.73	7,926,045.21	2,016,066.21
Pension service income	14,106,027.84	14,484,361.09	8,036,403.23	8,985,729.90
Cement sales	606,789,315.65	603,135,095.70	4,457,460.08	4,438,303.76
Security service income	30,420,569.72	17,178,937.98	8,503,204.65	2,805,393.13
Repair fee	20,258,226.60	13,859,047.52	6,310,145.70	4,659,321.99
Revenue from the sale of drugs and medical devices	96,725,209.95	88,009,725.15	49,152,585.76	44,559,469.24
Property management income	6,351,689.82	11,194,631.06	5,566,429.66	7,680,821.71
Broadcasting	16,136,172.71	19,037,692.55	8,342,280.11	5,290,164.03
Total	9,971,615,576.78	9,023,797,014.44	5,873,710,437.91	5,263,461,669.48

(3) Operating income and operating costs from other operating activities by product:

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Fund borrowing interest income	94,129,567.14	80,432,495.89	138,721,554.87	81,604,444.11
Revenue from installing water pipes	68,647,829.96	65,022,357.68	56,043,096.49	53,605,370.49
Pipeline embedding fee	11,047,897.57	3,002,279.43	10,279,122.08	2,399,589.62
Providing services	93,074.18	185,210.76	2,023,127.12	99,121.88
Leasing business	111,196,401.62	57,842,818.20	113,116,272.84	60,537,391.83
Land transfer income			134,966,845.24	133,299,515.50
Other income	46,467,870.34	15,987,346.49	7,645,569.12	3,920,519.50
Total	331,582,640.81	222,472,508.50	462,795,587.76	335,465,952.93

40. Taxes and surcharges

Item	Year ended 31/12/2020	Year ended 31/12/2019
Business tax	13,497,838.72	4,659,082.38
Urban maintenance and construction tax	8,889,865.87	9,030,207.63
Educational surcharge	6,523,683.18	6,481,561.59
Stamp duty	2,321,830.26	1,288,387.12
Land value added tax	2,549,155.30	3,584,393.07
land holding tax	19,296,368.97	14,002,097.28
property tax	8,501,075.91	13,391,476.89

For the year ended 31 December 2020

Item	Year ended 31/12/2020	Year ended 31/12/2019
Other	508,333.96	402,229.45
Total	62,088,152.17	52,839,435.41

41. Financial expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Interest expenses	781,257,785.40	780,190,521.52
Less: Interest income	188,965,285.91	91,495,112.14
Add: Bank charges	5,439,974.89	3,065,152.66
Others	24,827,811.17	14,000,000.00
Total	622,560,285.55	705,760,562.04

42. Other income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Government grants related to daily business activities	432,040,375.20	588,462,540.39
Total	432,040,375.20	588,462,540.39

(1)Details of government grants as follows:

Item	Year ended 31/12/2020	Year ended 31/12/2019
Financial discount	76,000,000.00	272,500,000.00
Subsidies for making up losses	50,000,000.00	175,155,135.63
Sewage treatment working capital subsidies	25,000,000.00	27,000,000.00
Operating subsidy		70,000,000.00
Infrastructure construction subsidies	220,095,259.54	
Local storage of grain and oil purchases other subsidies	35,803,077.05	11,162,080.00
Other	25,142,038.61	32,645,324.76
Total	432,040,375.20	588,462,540.39

43. Investment income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Income from long-term equity investments accounted for using the equity method	20,935,233.91	4,034,723.39
Income from dispose of long-term equity investments	27,617,193.65	
Investment income from holding held-to-maturity investments	14,497,711.92	6,009,203.04
Other	12,456,229.02	211,070.46
Total	75,506,368.50	10,254,996.89

For the year ended 31 December 2020

44. Impairment losses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Receivables impairment	7,127,058.85	-891,124.10
Total	7,127,058.85	-891,124.10

45. Non-operating income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Government grants not related to the daily activities of the enterprise	193,167,813.04	276,458,458.39
Net fine income	70,354.00	47,876.70
other	21,570,568.29	5,444,540.36
Total	214,808,735.33	281,950,875.45

46. Non-operating expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Donations provided	1,652,328.00	51,953,000.00
Fines and late fees	2,122,667.39	106,171.89
Other	477,963.63	5,500,305.39
Total	4,252,959.02	57,559,477.28

47. Income tax expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Current tax expense for the year based on tax law and regulations	236,225,058.96	164,804,258.35
Changes in deferred tax assets/liabilities	-3,662,591.67	3,348,528.25
Total	232,562,467.29	168,152,786.60

48. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

Item	Year ended 31/12/2020	Year ended 31/12/2019
I.Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	428,395,355.57	283,332,865.39
Add: Provisions for impairment of assets	-7,127,058.85	891,124.10
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	497,162,755.31	381,776,654.72
Amortization of intangible assets	114,770,575.17	157,187,726.02
Amortization of long-term deferred expenses	7,023,090.83	4,301,761.40

For the year ended 31 December 2020

Item	Year ended 31/12/2020	Year ended 31/12/2019
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)	-87,085,786.47	3,096,728.79
Loss from scrapping of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	781,257,785.40	794,190,521.52
Losses arising from investment ("-" for gains)	-75,506,368.50	-10,254,996.89
Decrease in deferred tax assets ("-" for increase)	-2,601,690.33	3,348,528.25
Increase in deferred tax liabilities ("-" for decrease)	48,417,461.69	
Decrease in gross inventories ("-" for increase)	-3,956,566,044.15	-3,063,654,645.31
Decrease in operating receivables ("-" for increase)	122,841,597.38	-2,664,922,485.08
Increase in operating payables ("-" for decrease)	4,614,641,703.00	3,515,689,733.68
Others		
Net cash flows from operating activities	2,485,623,376.05	-595,016,483.41
2. Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash As at 31/12/2020	13,001,389,000.90	12,192,121,073.17
Less: cash As at 31/12/2019	12,192,121,073.17	10,124,208,770.52
Add: cash equivalents As at 31/12/2020		
Less: cash equivalents As at 31/12/2019		
Net increase/decrease in cash and cash equivalents	809,267,927.73	2,067,912,302.65

49. Assets with restrictive ownership title or right of use

Item	As at 31/12/2020	Reason for restriction
Cash at bank and on hand	4,444,370,600.08	Certificate of Deposit Pledge and Margin
Total	4,444,370,600.08	

VI. Interests in other entities**I. Interests in subsidiaries**

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Ningbo Shuntong Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Ningbo Baoshun Infrastructure Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Deshun Traffic Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Yishun Road Engineering Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Yashun Road & Bridge Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Gangshun Transportation Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Longshun Highway Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao South-North Expressway Connection Line Investment and Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Public Transport Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Shuntong Passenger Transport Station Operation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao Road Transportation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Yaozhou Expressway Co., Ltd.	Yuyao	Yuyao		68.05	Appropriation
Yuyao Dashun Automobile Comprehensive Performance Testing Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Jianbang Construction Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao New Century Transportation Real Estate Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Shuntong Asset Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Tongyuan Fuel Supply Co., Ltd.	Yuyao	Yuyao		68.75	Appropriation
Ningbo Intercity Railway Development Co., Ltd.	Ningbo	Ningbo		50.00	Establishment
Yuyao Changqing Elderly Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao Tongtu Building Material Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Zhejiang Shuntong Travel Technology Co., Ltd.	Yuyao	Yuyao		80.00	Establishment
Yuyao Fengshan Petrochemical Co., Ltd.	Yuyao	Yuyao		55.00	Appropriation
Yuyao Security Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Zhongtai Motor Vehicle Inspection Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Traffic Vehicle Maintenance Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Jiajiafu Supermarket Distribution Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Ningbo Shunjian Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Urban Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao City Water Supply Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao No. 2 Tap Water Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao City Drainage Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Mingyi Construction Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Jingsheng City Comprehensive Property Service Co., Ltd.	Yuyao	Yuyao		45.00	Establishment
Yuyao City Natural Gas Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Shenran Energy Co., Ltd.	Yuyao	Yuyao		45.00	Establishment
Yuyao Yaodong Water Supply Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Urban Construction State-owned Assets Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Yaozhou Construction Engineering Inspection Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Chengguang Street Light Installation Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Yangming Auction Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Radio and	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Television Communication Co., Ltd.					
Yuyao Radio and Television Advertising Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Grain Purchasing and Storage Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Town Construction Development Co., Ltd.	Yuyao	Yuyao		94.99	Appropriation
Yuyao Jingyi Parking Industry Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Ningbo Zhibang Municipal Engineering Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Guanglian Information Engineering Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Xinglin Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Qingyuantang Kejian Pharmaceutical Co., Ltd.	Yuyao	Yuyao		100.00	Acquisition
Yuyao Baoqing	Yuyao	Yuyao		100.00	Acquisition

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Pharmacy Co., Ltd.					
Yuyao Hanzhang Pharmaceutical Trading Co., Ltd.	Yuyao	Yuyao		100.00	Acquisition
Yuyao Xingguo Commercial Asset Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Xinyu Import and Export Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Metal Recycling Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Sunnong Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Haitu Development Co., Ltd.	Yuyao	Yuyao		74.21	Appropriation
Yuyao Affordable Housing Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Nongtong Agricultural Machinery Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Modern Agriculture Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao Waterfall Xianming Greening Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Rural Credit Guarantee Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Modern Agricultural Park Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Seed Industry Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Mushan Lake Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Jinmu Trading Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao China Plastics City Logistics Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Zhejiang Yongyi Electronic Payment Co., Ltd.	Ningbo	Ningbo		56.50	Appropriation
Ningbo Yongyi World Financial Services Co., Ltd.	Ningbo	Ningbo		79.30	Appropriation
Yuyao China Plastics City Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Zhongsu Real Estate Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Oriental International	Yuyao	Yuyao		100.00	Appropriation

Notes to the Financial Statements of Yuyao Shuncat Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Logistics Co., Ltd.					
Yuyao China Plastic International Convention and Exhibition Center Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao China Plastic City Property Management Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Shunyuuan Energy Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Zhejiang Jinshun Junhe Supply Chain Management Co., Ltd.	Yuyao	Yuyao		48.00	Establishment
Yuyao Jinshun Development and Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Jiayun Development and Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Yaobei New City Development and	Yuyao	Yuyao	100.00		Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Construction Co., Ltd.					
Yuyao Accounts Receivable Creditor's Rights Management Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Mihu Ecological Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Industrial (SME) Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao SME Financing Guarantee Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Fushun Integrated Circuit Equity Investment Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Ningbo Sun Industry Group Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Shuangxi Kou Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Yuyao Smart Photoelectric Town Development and Construction Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Sunrui Industry Holding Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Shunhuan Muck Operation Co., Ltd.	Yuyao	Yuyao	100.00		Establishment
Yuyao Economic Development Zone Construction Investment Development Co., Ltd.	Yuyao	Yuyao	100.00		Appropriation
Yuyao Binhai Construction Investment Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Yuyao Mingbang Technology Entrepreneurship Development Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Ningbo Jinxing Mould Technology Service Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation
Zhejiang Yuyao Industrial Park Development and Construction	Yuyao	Yuyao	100.00		Appropriation

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Subsidiaries	Principal place of business	Registration place	Shareholding%		Acquisition method
			Direct	Indirect	
Investment Co., Ltd.					
Yuyao Yaobei Products Co., Ltd.	Yuyao	Yuyao		100.00	Establishment
Yuyao Yaobeizhe Petroleum Integrated Energy Sales Co., Ltd.	Yuyao	Yuyao		69.00	Establishment
Yuyao Moke Town Development and Construction Investment Co., Ltd.	Yuyao	Yuyao		100.00	Appropriation

2. Interests in joint ventures or associates

Name	Joint ventures or associates	Type	Registration place	Business nature	Registered capital (Ten thousand yuan)	Shareholding (%)
Ningbo Yuci Expressway Co., Ltd.	Joint ventures	Co. Ltd.	Yuyao	Highway and ancillary facilities construction, operation, maintenance management	2,000.00	50.00
Yuyao Sanqi Gas Station Co., Ltd.	Associates	Co. Ltd.	Yuyao	Retail of gasoline and diesel	100.00	40.00
Zhejiang Yuyao Shinkansen Express Passenger Transport Co., Ltd.	Associates	Co. Ltd.	Yuyao	Passenger Transport Operation	250.00	35.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Yuyao Yongshi Petroleum and Gas Co., Ltd.	Associates	Co. Ltd.	Yuyao	Car gas refueling	500.00	40.00
Yuyao Taxi Association	Associates	Other	Yuyao	Taxi industry management	3.00	20.00
Yuyao Zhejiang Petroleum Comprehensi ve Energy Sales Co., Ltd.	Associates	Co. Ltd.	Yuyao	Sales of lubricants, greases, chemical raw materials and products;	5,000.00	49.00
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd.	Associates	Co. Ltd.	Yuyao	Civil Engineering Construction Industry	10,000.00	20.00
Ningbo Shuntong New Material Technology Co., Ltd.	Associates	Co. Ltd.	Yuyao	Scientific research and technical service industry	12,000.00	35.00
Ningbo Hangzhou- Ningbo Double Line Phase II Expressway Co., Ltd.	Associates	Co. Ltd.	Ningbo	Road transport industry	2,000.00	50.00
Anhui Jiayi New Material Technology Co., Ltd.	Associates	Co. Ltd.	Huainan	Research and experimental development	30,000.00	
Huainan	Associates	Co. Ltd.	Huainan	Wholesale	1,000.00	

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Jiazhong Trading Co., Ltd.				industry		
Ningbo Yichengjin Environmental Technology Co., Ltd.	Joint ventures	Co. Ltd.	Yuyao	Research and experimental development	4,000.00	35.00
Yuyao Eaton Real Estate Development Co., Ltd.	Associates	Co. Ltd.	Yuyao	Real estate	10,000.00	60.00
Yuyao Public Information Service Operation Co., Ltd.	Associates	Co. Ltd.	Yuyao	Road transport industry	200.00	40.00
Ningbo Yangming Co., Ltd.	Associates	Co. Ltd.	Ningbo	Real estate industry	5,153.63	39.59
Yuyao Shimao Mushan Lake Leisure Resort Development Co., Ltd.	Associates	Co. Ltd.	Yuyao	Real estate	20,000.00	30.00
Yuyao Shimao Real Estate Co., Ltd.	Associates	Co. Ltd.	Yuyao	Real estate	10,000.00	30.00
Zhejiang Wangsu Electronic Commerce Co., Ltd.	Associates	Co. Ltd.	Yuyao	Information Service Business	14,041.43	28.20

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Yuyao Renhe Wok Factory Co., Ltd.	Associates	Co. Ltd.	Yuyao	Manufacturing and processing of iron pots, castings, and farm tools	280.00	46.43
Yuyao Haiji Construction Development Co., Ltd.	Associates	Co. Ltd.	Yuyao	Infrastructure	100,000.00	45.00

3. Related parties

Name	Relationship with the company	Type of enterprise
Zhejiang Bada Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Shilian Construction Drawing Design Review Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Jiajiafu Supermarket Distribution Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Transportation Station Construction Housing Development Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Shouchuang Water Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Shouchuang Sewage Treatment Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Shunbei Gas Station	Joint stock company	Other
Yuyao Liaoyuan Lighting Co., Ltd.	Joint stock company	Co. Ltd.
Zhejiang Guohua Yuyao Gas Power Generation Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Youth Social Practice Service Center	Joint stock company	Other
Yuyao Guangjin Penthouse Reform Hengfu Equity Investment Fund Partnership (Limited Partnership)	Joint stock company	Other
Yuyao Mingshun Infrastructure Investment Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Xiwei Clean Energy Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Kai Shooting City Investment Development Co., Ltd.	Joint stock company	Co. Ltd.

For the year ended 31 December 2020

Ningbo Mingzhou Xianming Tea Cooperative	Joint stock company	Other
Yuyao Caifu Junrun Venture Capital Partnership (Limited Partnership)	Joint stock company	Other
Zhejiang Jibeike Information Technology Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Yang Mingzhixing Investment Center (Limited Partnership)	Joint stock company	Other
Ningbo Yanyuan Yaoshang Industry Financial Equity Investment Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)	Joint stock company	Other
Pratt & Whitney Intellectual Property Consulting (Yuyao) Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Yanyuan Dingxin Investment Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Yanyuan Shouke Jiaheng Investment Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Fuyong Integrated Circuit Investment Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Bicheng Construction Development Co., Ltd.	Joint stock company	Co. Ltd.
Yuyao Zhiyu Zhongcheng Enterprise Management Partnership (Limited Partnership)	Joint stock company	Other
Ningbo Henglian Civil Blasting Equipment Co., Ltd.	Joint stock company	Co. Ltd.
Shunfa Guoxin (Ningbo) Cultural Technology Co., Ltd.	Joint stock company	Co. Ltd.
Ningbo Financial Guarantee Co., Ltd.	Joint stock company	Co. Ltd.

VII. Related parties and related party transactions

1. Information about the parent of the Company

For the year ended 31 December 2020

The actual controller of the company is Yuyao State-owned Assets Management Office.

2. Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VI.1.

3. Information about joint ventures and associates of the Company

For information about the joint ventures and associates of the Company, refer to Note VI.2.

4. Transactions with related parties

Sales of goods/provided services

Related party	Nature of transaction	Year ended 31/12/2020	Year ended 31/12/2019
Yuyao Kaitou Lanchong Investment Development Co., Ltd.	Finance guarantee fee income	1,006,910.05	
Yuyao Siming Square Construction Investment Co., Ltd.	Sales resettlement housing	700,483.68	2,953,122.30

Related transactions in the purchase and sale of goods, provision and acceptance of labor services

Related party	Nature of transaction	Pricing methods and decision-making procedures for related party transactions	Year ended 31/12/2020	Year ended 31/12/2019
Yuyao Shouchuang Water Co., Ltd.	Buy tap water	Market pricing	108,160,352.69	73,215,262.14

5. Receivables from related parties

Accounting subjects	Related parties	As at 31/12/2020	As at 31/12/2019
Other receivables	Yuyao Youth Social Practice Service Center	9,500,000.00	9,500,000.00
Other receivables	Yuyao Mingshun Infrastructure Investment Co., Ltd.	2,400,000.00	2,400,000.00
Prepayments	Yuyao Shouchuang Water Co., Ltd.		22,556,448.10
Other receivables	Yuyao Transportation Station Construction Housing Development Co., Ltd.	1,139,140,000.00	
Other receivables	Yuyao State-owned Assets Management Office	1,581,742,000.00	520,000,000.00

6. Payables to related parties

Accounting subjects	Related parties	As at 31/12/2020	As at 31/12/2019

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Accounting subjects	Related parties	As at 31/12/2020	As at 31/12/2019
Other payables	Yuyao Eaton Real Estate Development Co., Ltd.	63,048,473.90	53,048,473.90
Other payables	Yuyao Capital Water Co., Ltd.	10,105,727.75	39,856,730.45
Other payables	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	200,000,000.00	130,050,000.00

VIII.Contingencies

As of December 31, 2020, the company's external guarantees are as follows:

Guarantor	Guarantee holder	Amount of guarantee
		Ten thousand yuan
The company	Yuyao Second Light Industry Corporation	20,000.00
The company	Sino-Italian Ningbo Ecological Park Holding Group Co., Ltd.	10,000.00
The company	Yuyao Ditang Urban Construction Investment Co., Ltd.	4,900.00
The company	Sino-Italian Ningbo Ecological Park Holding Group Co., Ltd.	30,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00
The company	Yuyao Langxia New Countryside Construction and Development Co., Ltd.	15,000.00
The company	Yuyao Simen Town Enterprise Assets Management Company	4,500.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	6,500.00
The company	Yuyao Second Light Industry Corporation	15,000.00
The company	Yuyao Simen Town New Countryside Construction Development Co., Ltd.	10,000.00
The company	Yuyao Langxia Market Development and Operation Co., Ltd.	6,500.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	8,000.00
The company	Yuyao Yaojiang Technology	50,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

	Investment Development Co., Ltd.	
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	4,200.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	7,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao Second Light Industry Corporation	20,000.00
The company	Sino-Italian Ningbo Ecological Park Holding Group Co., Ltd.	20,000.00
The company	Yuyao Ditang New Countryside Construction Co., Ltd.	9,000.00
The company	Yuyao Langxia New Countryside Construction and Development Co., Ltd.	3,500.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	6,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	10,000.00
The company	Simen Town Water Supply Plant, Yuyao City	6,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	8,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	5,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	5,800.00
The company	Yuyao Huangjiabu Sewage Treatment Co., Ltd.	1,500.00
The company	Yuyao Zhongtai Wastewater Discharge Management Co., Ltd.	1,000.00
The company	Ningbo Yaodong Environmental Protection Technology Co., Ltd.	2,500.00
The company	Waterworks in Liangnong Town, Yuyao City	5,000.00
The company	Yuyao Huangjiabu Sewage Treatment Co., Ltd.	2,500.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

The company	Yuyao Beihong Sewage Treatment Co., Ltd.	3,990.00
The company	Ningbo Shengsi Group Co., Ltd. (including Sincen Water Supply Company)	4,750.00
The company	Ningbo Qianwan New Energy Technology Co., Ltd.	40,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	5,800.00
The company	Ningbo Yaodong Environmental Protection Technology Co., Ltd.	3,500.00
The company	Yuyao Second Light Industry Corporation	7,750.00
The company	Yuyao Zhangting Water Supply Plant	2,000.00
The company	Yuyao Linshan Stone Material Supply Co., Ltd.	1,000.00
The company	Yuyao Tongxia Industry and Trade Co., Ltd.	15,000.00
The company	Yuyao Beicheng Land Development Co., Ltd.	2,000.00
The company	Yuyao Beihong Sewage Treatment Co., Ltd.	1,000.00
The company	Yuyao Lubu Town Chemical Construction Development Co., Ltd.	4,000.00
The company	Ningbo Shengsi Group Co., Ltd.	3,750.00
The company	Yuyao Sanqi Market Management Service Co., Ltd.	1,500.00
The company	Yuyao Zhangting Drainage Co., Ltd.	2,500.00
The company	Yuyao Simen Tap Water Co., Ltd.	9,000.00
The company	Sino-Italian Ningbo Ecological Park Holding Group Co., Ltd.	123,000.00
The company	Yuyao Zhongtai Wastewater Discharge Management Co., Ltd.	3,000.00
The company	Yuyao Lubu Urbanization Construction Development Co., Ltd.	5,500.00
The company	Waterworks in Lubu Town, Yuyao City	2,000.00
The company	Yuyao Yaojiang Technology	20,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

	Investment Development Co., Ltd.	
The company	Waterworks in Lubu Town, Yuyao City	700.00
The company	Yuyao Simen New Countryside Construction and Development Co., Ltd.	9,900.00
The company	Yuyao Yaojiang Tourism Development Co., Ltd.	3,000.00
The company	Yuyao Jinrui Construction Investment Co., Ltd.	40,200.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	15,000.00
The company	Yuyao Simen Town New Countryside Construction Development Co., Ltd.; Yuyao Simen Public Transport Co., Ltd.;	14,250.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	21,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	2,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	8,000.00
The company	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	6,000.00
The company	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	9,000.00
The company	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	5,250.00
The company	Yuyao Kaitou Lancheng Investment Development Co., Ltd.	5,250.00
The company	Yuyao Ditang Economic Development Co., Ltd.	3,000.00
The company	Yuyao Ditang Urban Construction Investment Co., Ltd.	3,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	4,700.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	6,500.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	6,213.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

The company	Yuyao Tengxia Industry and Trade Co., Ltd.	16,000.00
The company	Yuyao Tengxia Industry and Trade Co., Ltd.	3,000.00
The company	Yuyao Langxia Market Development and Operation Co., Ltd.	1,747.00
The company	Yuyao Langxia Market Development and Operation Co., Ltd.	53.00
The company	Yuyao Langxia Market Development and Operation Co., Ltd.	10,000.00
The company	Yuyao Langxia Market Development and Operation Co., Ltd.	3,000.00
The company	Yuyao Dieelai Zixi Original Hotel Co., Ltd.	1,000.00
The company	Yuyao Yangming Cultural Tourism Scenic Area Management Co., Ltd.	1,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00
The company	Ningbo Shengsi Group Co., Ltd.	10,000.00
The company	Yuyao Langxia New Countryside Construction and Development Co., Ltd.	26,000.00
The company	Yuyao Haiji Construction Development Co., Ltd.	15,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	50,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	6,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	18,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	20,000.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	13,200.00
The company	Yuyao Yaojiang Technology Investment Development Co., Ltd.	10,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

The company	Yuyao Second Light Industry Corporation	10,000.00
The company	Yuyao Second Light Industry Corporation	3,000.00
The company	Yuyao Yangming Cultural Tourism Group Co., Ltd.	3,200.00
The company	External guarantee amount	141,714.70
Total		1,143,317.70

IX. Post balance sheet date events

As the report approved date by Board of Directors, there is no events after the balance sheet date to be disclosed.

X. Other significant items

As at December 31, 2020, there is no other significant items to be disclosed.

XI. Notes to the Company's financial statements

1. Cash at bank and in hand

Item	As at 31/12/2020	As at 31/12/2019
Cash in hand	4,723.94	2,131.94
Deposits with banks	1,405,498,740.15	1,259,355,046.45
Other monetary funds		
Total	1,405,503,464.09	1,259,357,178.39

2. Other receivables

Item	As at 31/12/2020	As at 31/12/2019
Interest receivable	3,585,912,195.58	3,315,686,270.02
Dividends receivable	10,114,678.41	60,173,356.64
Other receivables		
Total	3,596,026,873.99	3,375,859,626.66

(1) Other receivables

① Other receivables by category

Category	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and					

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Category	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group					
Other group	3,585,912,195.58	100.00			3,585,912,195.58
Subtotal	3,585,912,195.58	100.00			3,585,912,195.58
Individually insignificant but assessed for impairment individually					
Total	3,585,912,195.58	100.00			3,585,912,195.58

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	50,000,000.00	1.51	250,000.00	0.50	49,750,000.00
Other group	3,265,936,270.02	98.49			3,265,936,270.02
Subtotal	3,315,936,270.02	100.00	250,000.00	0.01	3,315,686,270.02
Individually insignificant but assessed for impairment individually					
Total	3,315,936,270.02	100.00	250,000.00		3,315,686,270.02

② As at 31 December 2020, the five largest other receivables aggregated by debtors were analysed as follows:

For the year ended 31 December 2020

Debtors	Relationship with the company	As at 31/12/2020	Ageing	The proportion of other total receivables (%)
Yuyao High-speed Railway New City Construction Headquarters	Unrelated party	1,395,000,000.00	1 to 2 years / 2 to 3 years / Over 3 years	38.90
Yuyao State-owned Assets Management Office	Related party	572,742,000.00	Within 1 year / 2 to 3 years	15.97
Yuyao Mihu Ecological Construction Co., Ltd.	Related party	434,030,000.00	Within 1 year / 2 to 3 years	12.10
Ningbo Shunjian Group Co., Ltd.	Related party	323,250,000.00	Within 1 year	9.01
Ningbo Sun Industry Investment Co., Ltd.	Related party	300,000,000.00	Within 1 year	8.37
Total		3,024,992,000.00		84.35

(2) Interest receivable

Item	As at 31/12/2020	As at 31/12/2019
Time deposit	4,829,636.74	3,389,565.08
Money lending	5,285,041.67	56,783,791.56
Total	10,114,678.41	60,173,356.64

3. Other payables

Item	As at 31/12/2020	As at 31/12/2019
Other payables	3,162,600,000.00	3,814,100,000.00
Interest payable	21,750,000.00	26,067,777.78
Dividends payable		
Total	3,184,350,000.00	3,840,167,777.78

(1) Other payables

① The ageing analysis of other payable is as follows:

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	54,500,000.00	1.72	1,843,000,000.00	48.32
1 to 2 years	1,237,000,000.00	39.11	1,025,000,000.00	26.88
2 to 3 years	735,000,000.00	23.24	600,000,000.00	15.73

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Over 3 years	1,136,100,000.00	35.93	346,100,000.00	9.07
Total	3,162,600,000.00	100.00	3,814,100,000.00	100.00

② The top five of detail statement of other payables at the end of the period are listed below:

Creditor	As at 31/12/2020	Ageing
Yuyao Jinshun Development & Construction Co., Ltd.	1,495,000,000.00	1-2years/2 to 3 years/ More than 3 years
Yuyao Siming Square Construction Investment Co., Ltd.	523,916,666.67	Within 1 year /2-3years
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	407,000,000.00	More than 3 years
Yuyao Sunrui Industry Holding Co., Ltd.	360,000,000.00	1-2years/2 to 3 years
Yuyao Accounts Receivable Creditor's Rights Management Co., Ltd.	110,000,000.00	2 to 3 years
Total	2,895,916,666.67	

(2) Interest payable

Item	As at 31/12/2020	As at 31/12/2019
Interest payable on Money lending	21,750,000.00	26,067,777.78
Total	21,750,000.00	26,067,777.78

4. Operating income and Operating cost

(1) Operating income and Operating cost:

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Fund borrowing				
Interest income	36,208,853.26	61,008,888.89	106,662,029.37	81,604,444.11
Other income	4,208,962.19			
Total	40,417,815.45	61,008,888.89	106,662,029.37	81,604,444.11

5. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

Item	Year ended 31/12/2020	Year ended 31/12/2019
I. Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	41,533,345.83	9,138,708.94
Add: Provisions for impairment of assets	-250,000.00	115,000.00

Notes to the Financial Statements of Yuyao Shuncai Investment Holding Co., Ltd.

For the year ended 31 December 2020

Item	Year ended 31/12/2020	Year ended 31/12/2019
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	6,159,337.75	6,716,065.84
Amortization of intangible assets	1,432,222.22	1,562,424.24
Amortization of long-term deferred expenses		
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)		
Loss from scrapping of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)		
Losses arising from investment ("-" for gains)		
Decrease in deferred tax assets ("-" for increase)	62,500.00	-28,750.00
Increase in deferred tax liabilities ("-" for decrease)		
Decrease in gross inventories ("-" for increase)		
Decrease in operating receivables ("-" for increase)	-220,167,247.33	-524,887,258.08
Increase in operating payables ("-" for decrease)	-525,315,351.61	1,442,500,446.83
Others		
Net cash flows from operating activities	-696,545,193.14	935,116,637.77
2. Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash As at 31/12/2020	1,405,503,464.09	1,259,357,178.39
Less: cash As at 31/12/2019	1,259,357,178.39	329,408,840.62
Add: cash equivalents As at 31/12/2020		
Less: cash equivalents As at 31/12/2019		
Net increase/decrease in cash and cash equivalents	146,146,285.70	929,948,337.77

Yuyao Shuncai Investment Holding Co., Ltd.

April 24, 2021



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Location: 20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China
Tel: 010-51423818 Fax: 010-51423816

Review Report

Zhongxinghua Review (2022) No.020003

All shareholders of Yuyao City Shunca Investment Holding Co., Ltd.

We have reviewed the attached financial statements of Yuyao Shunca Investment Holding Co., Ltd (hereinafter referred to as "Yuyao Shunca Company"), including the Consolidated & Parent Company Balance Sheet as of September 30, 2021, Consolidated & Parent Company Income Statement, Cash Flow Statement, Owner's Equity Change Statement and Financial Statement Notes in January-September 2021. The preparation of these financial statements is the responsibility of the management of Yuyao Shunca Company. Our responsibility is to produce a review report on these financial statements upon our review.

We have executed reviewing works in accordance with provisions of the Chinese CPA Standards on Review Engagements No. 2101 - Engagements to Review Financial Statements. It is required by the Standards that we should plan and execute reviewing works so as to obtain reasonable assurance to financial statements free from material misstatement. The review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures on financial data, and a review is substantially less in scope than an audit conducted. We did not conduct audit, and thus audit opinions are not provided.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises, there is no fairly reflecting the financial performance as well as financial position and cash flows.

ZHONGXINGHUA CERTIFIED PUBLIC



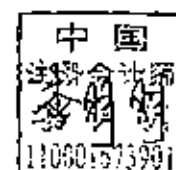
ACCOUNTANTS LLP

Beijing, China

Chinese CPA:



Chinese CPA:



7 March 2022



Consolidated Balance Sheet

30 September 2021

Prepared by: Yunnan City Shengtai Investment Holding Co., Ltd.

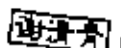
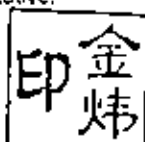
Unit: RMB Yuan

Items	Note V	Closing balance	Opening balance
Current assets:			
Monetary fund	1	20,279,670,576.88	17,445,759,600.98
Financial assets measured at fair value with changes charged to current profits and losses	2	50,000,000.00	130,000,000.00
Derivative financial assets			
Bills receivable	3	130,082,487.05	5,262,514.00
Accounts receivable	4	6,642,124,828.15	7,072,598,234.66
Advance payment	5	5,044,200,943.72	5,225,278,716.33
Other receivables	6	19,655,498,837.17	21,317,197,449.50
Contract assets	7	222,347,724.17	328,716,225.29
Inventory	8	46,414,736,793.32	45,885,792,371.64
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	9	1,019,924,354.24	180,244,666.87
Total current assets		99,358,586,544.70	97,590,849,779.27
Non-current assets			
Available-for-sale financial assets	10	897,984,125.35	971,080,856.00
Held-to-maturity investments	11		143,000,000.00
Long-term accounts receivable			
Long-term equity investment	12	1,564,451,635.74	1,602,890,744.64
Investment real estate	13	2,090,023,841.08	2,103,241,056.12
Fixed assets	14	9,487,941,970.04	9,296,704,916.63
Construction in process	15	8,979,232,629.84	8,115,710,364.71
Productive biological assets		433,436.29	433,436.29
Oil and gas assets			
Intangible assets	16	4,198,773,060.97	4,019,717,925.53
Development expenditure			
Goodwill	17	442,141,756.25	442,141,756.25
Long-term prepaid expense		26,765,005.80	31,106,670.97
Deferred income tax assets	18	6,165,967.26	5,672,794.31
Other non-current assets	19	22,527,004,502.42	21,274,797,972.59
Total non-current assets		50,220,918,131.10	48,006,498,494.04
Total assets		149,579,504,675.80	145,597,348,273.31

Legal representative:

Accounting director:

Accounting firm director:





Consolidated Balance Sheet (Continued)

30 September 2021

Prepared by Yuhong City Shanghai Investment Holding Co., Ltd.

Unit: RMB Yuan

	Note V	Closing balance	Opening balance
Current liabilities:			
Short-term borrowing	20	4,783,127,600.00	5,728,337,600.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable	21	855,000,000.00	1,231,000,000.00
Accounts payable	22	724,881,502.29	686,636,766.15
Advance receipt	23	3,625,368,569.31	3,016,960,509.50
Payroll payable	24	44,327,649.05	86,627,616.28
Taxes payable	25	1,431,549,208.95	1,377,446,284.77
Other payables	26	10,920,824,971.98	12,389,559,955.60
Held-for-sale liabilities			
Non-current liabilities due within one year	27	16,356,894,148.58	19,724,777,863.88
Other current liabilities	28	1,190,942,362.38	281,442,313.94
Total current liabilities		39,932,916,012.54	44,514,783,970.12
Non-current liabilities:			
Long-term borrowing	29	30,694,412,737.10	28,032,686,410.40
Bonds payable	30	20,295,422,417.64	16,950,514,686.69
Of which: Preferred Stock			
Perpetual debt			
Long-term accounts payable	31	4,003,229,671.96	3,194,007,626.68
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes	32	317,371,268.43	275,778,248.36
Deferred income tax liabilities		45,609,246.21	48,417,461.69
Other non-current liabilities			
Total non-current liabilities		55,356,045,341.39	48,501,404,418.82
Total liabilities		95,288,961,353.93	93,016,193,389.94
Owner's equity:			
Paid-in capital	33	1,500,000,000.00	1,500,000,000.00
Other equity instruments	34	3,029,000,000.00	2,978,000,000.00
Of which: Preferred Stock			
Perpetual debt		3,029,000,000.00	2,978,000,000.00
Capital reserve	35	42,643,368,856.36	41,276,563,723.36
Less: treasury stock			
Other comprehensive incomes			
Special reserve		5,803,214.09	5,395,522.49
Surplus reserve	36	11,543,705.37	11,543,705.37
Undistributed profits	37	3,247,612,869.83	3,415,279,932.52
Total owner's equity attributable to the parent company		50,437,328,646.55	49,166,782,883.74
Minority shareholder's equity		3,853,214,675.32	3,394,371,989.63
Total owner's equity		54,290,543,321.87	52,561,154,883.37
Total liabilities and owner's equity		149,579,504,675.80	145,577,348,273.31

Legal representative:

Accounting director:

Accounting firm director:





Consolidated Income Statement

January-September 2021

Prepared by: Yuyao City Shuangyuan Investment Holding Co., Ltd.

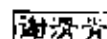
Unit: RMB Yuan

	Note V	Current amount	Previous amount
I. Total operating incomes		8,441,105,012.53	5,505,735,220.79
Of which: operating incomes	38	8,441,105,012.53	5,505,735,220.79
II. Total operating costs		8,542,456,398.33	5,828,093,270.80
Of which: operating costs	39	7,886,237,814.69	5,124,287,779.21
Taxes and surcharges	39	24,634,688.66	35,677,353.98
Sales expenses		41,728,284.58	30,178,110.50
Management expenses		275,044,816.22	213,512,546.49
R&D expenses		15,638,221.76	9,519,335.78
Financial expenses	40	359,172,583.02	415,118,144.84
Of which: interest expenses		531,312,527.26	602,451,236.13
Interest incomes		132,187,743.47	113,426,648.56
Plus: other incomes	41	300,361,657.94	181,854,242.51
Investment incomes (losses marked with "-")	42	35,878,895.72	17,021,313.82
Of which: incomes from investment in associated enterprises and joint ventures		9,552,988.82	2,622,280.36
Fair value change incomes (losses marked with "-")			
Asset impairment losses (losses marked with "-")	43	-1,826,467.37	10,870,091.15
Asset disposal incomes (losses marked with "-")		910,874.25	31,943,749.11
III. Operating profits (losses marked with "-")		123,973,434.73	17,608,055.91
Plus: non-operating income	44	13,609,329.03	133,489,350.22
Less: non-operating expense	45	6,652,344.84	3,754,301.87
IV. Total profits (total losses marked with "-")		141,529,418.92	57,065,395.44
Less: income tax expenses	46	79,185,317.09	54,287,486.53
V. Net profits (net losses marked with "-")		62,343,101.83	2,778,908.91
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		62,343,101.83	2,778,908.91
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership:			
1. Net profits attributable to parent company shareholders (net losses marked with "-")		3,266,800.20	-33,411,534.73
2. Minority shareholders' profits and losses (net losses marked with "-")		59,076,301.63	36,190,441.64
VI. After-tax net amount of other comprehensive incomes			
(A) Net other comprehensive incomes after tax attributable to owners of parent company			
1. Other comprehensive incomes not to be reclassified into profits and losses			
(1) Changes from re-measuring defined benefit plan			
(2) Other comprehensive incomes unable to transfer to profits and losses under the equity method			
2. Other comprehensive incomes to be reclassified into profits and losses			
(1) Other comprehensive incomes able to transfer to profits and losses under the equity method			
(2) Profits and losses from changes in fair value of available-for-sale financial assets			
(3) Profits and losses from held-to-maturity investments reclassified into available-for-sale financial assets			
(4) Effective part of cash flow hedging profits and losses			
(5) Converted difference in foreign currency statements			
(6) Others			
(B) Net other comprehensive incomes after tax attributable to minority shareholders			
VII. Total comprehensive incomes		62,343,101.83	2,778,908.91
(I) Total comprehensive incomes attributable to owners of parent company		3,266,800.20	-33,411,534.72
(II) Total comprehensive incomes attributable to minority shareholders		59,076,301.63	36,190,441.64

Legal representative:

Accounting director

Accounting firm director





Consolidated Cash Flow Statement

January-September 2021

Prepared by Yangtze City United Investment Holding Co., Ltd.

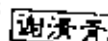
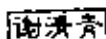
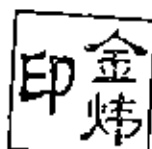
Unit: RMB Yuan

Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		8,627,050,490.81	5,070,530,741.24
Tax refunds received		25,838,581.20	8,328,229.32
Other cash received related to operating activities		17,475,464,471.66	14,286,848,833.99
Subtotal cash inflow from operating activities		26,128,353,523.67	19,365,707,803.55
Cash paid to buy goods and receive labor service		6,301,448,612.59	4,591,943,304.75
Cash paid to and for employees		327,112,433.09	243,470,850.10
Taxes paid		192,707,390.10	172,695,335.68
Other cash paid to operating-related activities		14,378,113,056.99	18,057,003,730.10
Subtotal cash outflow from operating activities		21,199,381,492.77	21,065,113,220.63
Net cash flow from operating activities		4,928,972,030.90	-1,699,405,416.98
II. Cash flow from investing activities			
Cash received from investment withdrawal		101,587,292.05	122,991,095.00
Cash received from investment income		58,062,236.64	17,614,868.35
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		212,086.00	14,096,372.37
Net cash withdrawal from disposing subsidiaries and other business entities			
Other cash received from investing activities		126,703,488.89	810,182,025.97
Subtotal cash inflow from investing activities		286,585,163.38	964,884,359.69
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		1,573,699,635.82	1,928,790,653.64
Cash paid for investment		85,100,000.00	1,244,970,841.04
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities		1,183,152,742.63	19,155,444.76
Subtotal cash outflow from investing activities		2,841,952,378.25	3,163,608,050.72
Net cash flow from investment activities		-2,555,367,214.87	-2,198,723,691.03
III. Cash flow from financing activities:			
Cash received from absorbing investments			2,490,500,000.00
Of which: cash received from absorbing investments from minority shareholders by the subsidiary			
Cash received from loans		20,059,925,113.25	22,989,043,771.00
Other cash received from financing-related activities		1,495,739,912.00	2,050,918,028.98
Subtotal of cash inflow from financing activities		29,555,665,025.25	27,530,461,799.98
Cash paid for repayment of debt		22,911,305,021.63	17,658,412,415.08
Cash paid for distributing dividends, profits or selling interests		3,735,396,353.52	3,225,408,986.53
Of which: dividends and profits paid to minority shareholders by the subsidiary			
Other cash paid to financing-related activities		1,008,888,500.35	1,906,795,137.38
Subtotal cash outflow from financing activities		27,655,589,783.50	22,790,616,538.99
Net cash flow from financing activities		1,900,075,261.75	4,739,845,260.99
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		4,273,680,077.78	841,718,152.98
Plus: opening balance of cash and cash equivalents		13,001,389,000.90	12,192,121,073.17
VI. Closing balance of cash and cash equivalents		17,275,069,078.68	13,033,839,226.15

Legal representative:

Accounting director:

Accounting firm director:





Consolidated Owner's Equity Change Statement
January-December 2021

Item	January 1, 2021		December 31, 2021		Increase (Decrease)		January 1, 2021		December 31, 2021		Increase (Decrease)	
	Yuan	USD	Yuan	USD	Yuan	USD	Yuan	USD	Yuan	USD	Yuan	USD
1. Balance at the beginning of the year	1,000,000,000.00	150,000,000.00	1,219,000,000.00	182,850,000.00	219,000,000.00	32,850,000.00	1,000,000,000.00	150,000,000.00	1,219,000,000.00	182,850,000.00	219,000,000.00	32,850,000.00
2. Comprehensive income												
2.1 Net income												
2.2 Other comprehensive income												
3. Changes in owner's equity												
3.1 Issuance of new shares												
3.2 Repurchase of shares												
3.3 Dividend distribution												
3.4 Other												
4. Balance at the end of the year	1,219,000,000.00	182,850,000.00	1,438,000,000.00	215,700,000.00	219,000,000.00	32,850,000.00	1,219,000,000.00	182,850,000.00	1,438,000,000.00	215,700,000.00	219,000,000.00	32,850,000.00

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Consolidated Owner's Equity Change Statement (Continued)
 Unit: RMB million

2014-12-31

	Beginning balance	Other comprehensive income			Total comprehensive income	Other comprehensive income	Total comprehensive income	Total comprehensive income	Total comprehensive income	Total comprehensive income	Total comprehensive income	Total comprehensive income
		Financial assets	Available for sale	Other								
1. Balance at the end of the year	1,500,000,000.00		1,000,000,000.00		4,432,000,000.00	1,122,172.12	8,947,587.12	7,798,975.76	3,319,227,377.83	874,541,150.80	49,309,271,879.12	
Plus: non-current assets changes												
2. Balance at the beginning of the year	1,500,000,000.00		1,000,000,000.00		4,432,000,000.00	1,122,172.12	8,947,587.12	7,798,975.76	3,319,227,377.83	874,541,150.80	49,309,271,879.12	
3. Increase of comprehensive income for the year												
(1) Total comprehensive income												
(2) Total comprehensive income												
(3) Total comprehensive income												
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Accounting Director

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Accounting Director

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Parent Company Balance Sheet

30 September 2021

Prepared by: Yuyao Shoucai Investment Holding Co., Ltd.

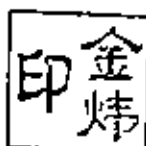
Unit: RMB Yuan

Items	Note VIII	Closing balance	Opening balance
Current assets:			
Monetary fund	1	2,093,811,746.49	1,405,503,464.09
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable			
Accounts receivable			
Advance payment		85,000.00	
Other receivables	2	3,431,675,948.43	3,596,026,873.99
Inventory			
Hold-for-sale assets			
Non-current assets due within one year			
Other current assets			
Total current assets		5,525,582,694.92	5,001,530,338.08
Non-current assets			
Available-for-sale financial assets		136,000,000.00	136,000,000.00
Hold-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment		38,014,559,888.31	38,394,559,888.31
Investment real estate			
Fixed assets		8,499.52	11,105.74
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditure			
Goodwill			
Long-term prepaid expense			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		38,150,568,387.83	38,530,570,984.05
Total assets		43,676,151,082.75	43,532,101,332.13

Legal representative:

Accounting director:

Accounting firm director:





Balance Sheet of Parent Company (Continued)

30 September 2021

Prepared by: Yuyao City Shuangsheng Investment Holding Co., Ltd.

Unit: RMB Yuan

	Note VIII	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Due to payable			
Accounts payable			
Advance receipts			230,000.00
Payroll payable		20,073.58	229,932.90
Taxes payable		6,324,530.29	12,443,157.17
Other payables	3	3,676,650,000.00	3,104,350,000.00
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		3,603,002,403.87	3,197,253,090.07
Non-current liabilities:			
Long-term borrowing			
Bonds payable			
Of which: Preferred Stock			
Perpetual debt			
Long-term accounts payable			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		3,603,002,403.87	3,197,253,090.07
Owner's Equity			
Paid-in capital		1,500,000,000.00	1,500,000,000.00
Other equity instruments		994,000,000.00	994,000,000.00
Of which: Preferred Stock			
Perpetual debt		994,000,000.00	994,000,000.00
Capital reserve		37,354,951,888.31	37,354,951,888.31
Less: Treasury stock			
Other comprehensive incomes			
Spec. reserve			
Surplus reserve		11,543,705.37	11,543,705.37
Undistributed profits		132,653,656.20	94,352,648.30
Total owner's equity		39,993,146,676.88	40,334,648,242.05
Total liabilities and owner's equity		43,676,151,082.75	43,532,101,332.13

Legal representative:

Accounting director:

Accounting firm director:

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Parent Company Income Statement

January-September 2021

Prepared by: Yuyao Gao Sheng Investment Holding Co., Ltd.

Unit: RMB Yuan

Item	Note VIII	Current amount	Previous amount
I. Operating Income	4	38,874,406.28	10,911,609.00
Less: operating costs	4	22,992,361.11	59,576,656.67
Taxes and surcharges		491,283.63	112,910.47
Sales expenses			
Management expenses		3,018,220.73	8,403,875.67
R&D expenses			
Financial expenses		-27,573,440.91	-10,733,125.22
Of which: interest expenses		43,200,000.00	
Interest incomes		70,775,903.01	7,721,852.56
Plus: other incomes			
Investment incomes (losses marked with "-")			
Of which: incomes from investment in associated enterprises and joint ventures			
Fair value change incomes (losses marked with "-")			
Asset impairment losses (losses marked with "-")			250,000.00
Asset disposal incomes (losses marked with "-")			
II. Operating profits (losses marked with "-")		40,945,981.72	-31,158,710.59
Plus: non-operating income			9,825.87
Less: non-operating expense		86,457.29	100,000.00
III. Total profits (total losses marked with "-")		40,859,524.52	-31,258,884.72
Less: income tax expenses		2,559,087.70	748,251.37
IV. Net profits (net losses marked with "-")		38,300,436.82	-32,037,144.09
(I) Net profit from sustainable operation (total net loss is marked with "-")		38,300,436.82	-32,037,144.09
(II) Net profit from discontinuing operations (total net loss marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(I) Other comprehensive incomes unable to be reclassified into profits and losses			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(II) Other comprehensive incomes to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted difference in foreign currency statements			
6. Others			
VI. Total comprehensive incomes		38,300,436.82	-32,037,144.09

Legal representative:

Accounting director:

Accounting firm director:



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Cash Flow Statement of Parent Company

January-September 2021

Prepared by: Yuyao City Shengcai Investment Holding Co., Ltd.

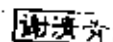
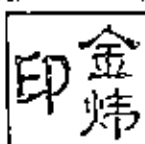
Unit: RMB Yuan

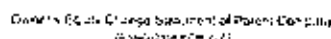
Items	Note	Current amount	Previous amount
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		42,206,870.66	16,325,055.55
Tax refunds received			
Other cash received related to operating activities		1,290,047,714.60	632,214,516.19
Subtotal cash inflow from operating activities		1,332,314,585.26	648,539,571.74
Cash paid to buy goods and receive labor service			
Cash paid to and for employees		1,061,103.20	918,171.51
Taxes paid		15,973,185.34	12,529,225.61
Other cash paid to operating-related activities		626,971,924.32	1,654,272,018.61
Subtotal cash outflow from operating activities		644,038,302.86	1,667,719,415.73
Net cash flow from operating activities		688,308,282.40	-101,179,843.99
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Net cash withdrawal from disposing subsidiaries and other business entities			
Other cash received from investing activities			
Subtotal cash inflow from investing activities			
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets			
Cash paid for investment			136,000,000.00
Net cash paid by subsidiaries and other business units			
Other cash paid to investing-related activities			
Subtotal cash outflow from investing activities			136,000,000.00
Net cash flow from investing activities			-136,000,000.00
III. Cash flow from financing activities:			
Cash received from absorbing investments			994,000,000.00
Cash received from loans			
Other cash received from financing-related activities			
Subtotal of cash inflow from financing activities			994,000,000.00
Cash paid for settlement of debts			
Cash paid for distributing dividends, profits or settling interests			
Other cash paid to financing-related activities			
Subtotal cash outflow from financing activities			
Net cash flow from financing activities			994,000,000.00
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		688,308,282.40	-101,179,843.99
Plus: opening balance of cash and cash equivalents		1,406,503,464.09	1,269,357,178.39
VI. Closing balance of cash and cash equivalents		2,093,811,746.49	1,098,177,334.40

Legal representative:

Accounting director:

Accounting firm director:







Parent Company Ownership Equity Change Statement (Continued)
 母公司所有者权益变动表(续)

	2017.12.31	Ownership Equity			Attribution to			Other Comprehensive Income	Reserves	Total
		Share Capital	Reserves	Other	Share Capital	Reserves	Other			
Balance at the end of last year	1,000,000.00				21,423,427.15				1,325,110.76	22,748,557.91
1. Issuing equity										
2. Issuing equity										
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100. Issuing equity										
Balance at the end of current year	1,000,000.00	224,000,000.00	22,724,221,553.21						11,543,723.21	24,551,845,742.69

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Accounting Director

Accounting Director

Accounting Director

Yuyao City Shuncai Investment Holding Co., Ltd

Financial Statement Notes in January-September 2021

Note I. Company profile

I. Company profile

Yuyao Shuncai Investment Holding Co., Ltd (hereinafter referred to as company or the company), formerly known as Yuyao State-owned Asset Management Co., Ltd, was funded by the Yuyao State-owned Asset Management Office, and established on February 17, 2015, with registered capital of RMB 1.5 billion and paid-in capital of RMB 1.5 billion. Business License with Unified Social Credit Code 913302813169022117 was issued by the Yuyao Market Supervision Administration.

Company address: 118 South Binjiang Road, Yuyao City; company type: limited liability company (state-owned holding); legal representative: Jin Wei; business period: February 17, 2015 to long term.

Corporate business scope: entrusted by shareholder Yuyao State-owned Asset Management Office, capital operation, investment operation, management and supervision of its state-owned assets; general economic information consultation. (The projects subject to approval according to laws shall gain approval by relevant departments before carrying out business activities)

II. Scope of consolidated financial statements

Scope for consolidated financial statement of the company is determined on the basis of control, and all controlled subsidiaries are included in scope of the consolidated financial statement.

Consolidated financial statement scope changes are as follows:

(I) No first-level subsidiary newly included in consolidation scope in the current period

Note II. Preparation basis of the financial statements

I. Preparation basis

The company conducts recognition and measurement and prepares financial statement, pursuant to the Accounting Standards for Business Enterprises—Basic Standards, specific accounting standards and other relevant regulations, based on sustainable operation, actual transaction and event.

II. Sustainable operations

The company has the ability of sustainable operation within at least 12 months from the end of reporting period, without significant event affecting its ability of sustainable operation.

Note III. Significant accounting policies and accounting estimate

I. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the company conform to the requirements of Accounting Standards for Business Enterprises and truthfully and completely reflect the financial status, operating results, changes in owners' (shareholders') equity and cash flow of the company during the reporting period.

II. Accounting period

Fiscal year of the company lasts from January 1 to December 31 of the Gregorian calendar.

III. Operating cycle

Corporate business cycle is 12 months.

IV. Functional currency

RMB serves as the functional currency of the company.

V. Accounting treatment method for business combination under the same and different control

(I) Accounting method for consolidation of enterprises under the same control

The company implements accounting for consolidation of enterprises under the same control through equity combination method.

On the consolidation date, the company measures the assets and liabilities acquired from consolidation of enterprises under the same control, as per book value of consolidated party's assets and liabilities in the ultimate controller's consolidated financial statement; the book value share of consolidated party's owner equity in the ultimate controller's consolidated financial statement is deemed as the initial cost of mid and long-term equity investment in individual financial statements. Adjust the capital reserve by the difference between the initial investment cost of long-term equity investment and the payment of the combined consideration (including the cash paid, the non-cash assets transferred, the book value of the debt incurred or assumed, or the total face value of the issued shares); Where the capital reserve balance is insufficient to offset, the surplus reserve and undistributed profit shall be offset in turn.

(II) Accounting method for consolidation of enterprises under different control

The company implements accounting for consolidation of enterprises under different control through purchase method.

1. The company measures identifiable assets, liabilities and contingent liabilities acquired from consolidation of enterprises under different control at fair value. Fair value of the assets paid by the company as consolidation consideration on purchase date, the liabilities incurred or borne and the equity securities issued are deemed as the basis of measurement, and the difference between the fair value and book value is charged to current profits and losses.

2. Consolidation cost is recognized as follows:

(1) In case the business consolidation is achieved via a single transaction, the consolidation cost is recognized as per the sum of fair value of the assets paid by the company for obtaining the purchased party's controlling right on purchase date, the liabilities incurred or borne and the equity securities issued, as well as the contingent considerations in line with recognition criteria. Consolidation cost is initial investment cost of such long-term equity investment.

(2) In case the business consolidation is achieved via multiple exchanges and transactions by steps, the consolidation cost is the sum of the equity investment held prior to purchase date measured again as per fair value on purchase date and the increased investment cost on purchase date. Long-term equity investment of individual financial statements is the sum of book value for equity investment held prior to purchase date and the increased investment cost on purchase date, except for package deal.

3. The company distributes consolidation cost between the obtained identifiable assets and liabilities on purchase date.

(1) For the purchased party's assets other than intangible assets obtained by the company from business consolidation (unlimited to the purchased party's previously recognized assets), if the future economic benefits are expected to flow into the company, and the fair value can be reliably measured, they shall be recognized separately and measured at fair value.

(2) For the purchased party's intangible assets obtained by the company from business consolidation, if the fair value can be reliably measured, they shall be recognized separately and measured at fair value.

(3) For the purchased party's liabilities other than contingent liabilities obtained by the company from business consolidation, if performance of relevant obligations will lead to economic benefits flowing out of the company and the fair value can be reliably measured, they shall be recognized separately and measured at fair value.

(4) For the purchased party's contingent liabilities obtained by the company from business consolidation, if the fair value can be reliably measured, they shall be recognized separately as liabilities and measured at fair value.

(5) When the company obtains identifiable assets and liabilities during distribution of business consolidation cost and recognition of consolidation, the purchased party's goodwill and deferred income tax item that have been recognized prior to business consolidation shall not be considered.

4. Accounting for the difference between business consolidation cost and fair value share of the purchased party's identifiable net assets obtained during consolidation

(1) The company recognizes the difference between consolidation cost larger than fair value share of the purchased party's identifiable net assets obtained during consolidation as goodwill. The company does not amortize the goodwill after initial recognition, and conducts impairment test at the end of year; the goodwill is measured at the amount after its cost deducting cumulative impairment provisions.

(2) The difference between consolidation cost smaller than fair value share of the purchased party's identifiable net assets obtained during consolidation is treated as follows:

① Review the measurement of fair value for the purchased party's identifiable assets, liabilities and contingent liabilities, as well as the consolidation cost;

② After review, if the consolidation cost is still smaller than fair value share of the purchased party's identifiable net assets obtained during consolidation, the difference is charged to current profits and losses.

(III) Accounting for relevant expenses incurred by business consolidation

1. All direct relevant expenses of the company incurred by business consolidation (including auditing, legal service and assessment consulting agency fee, as well as other relevant administrative expenses incurred by business consolidation) are charged to current profits and losses.

2. The company's transaction expenses such as commission and handling fee paid for issuing debt securities incurred by business consolidation are included in initial measurement amount of debt securities.

(1) If the bonds are issued at discount or face value, the amount of discount is added to such part of expense;

(2) If the bond is issued at a premium, this part of expense reduces the amount of premium.

3. The company's transaction expenses such as commission and handling fee for equity securities issued by the company as consolidation consideration during the consolidation are included in initial measurement amount of equity securities.

(1) In case of issuing equity securities at a premium, this part of expense is deducted from the capital reserve (share capital premium);

(2) In case of issuing equity securities at face value or discount, this part of expense offsets retained earnings.

VI. Consolidated financial statement preparation method

(I) Unified accounting policy and accounting period

Accounting policy and accounting period of all subsidiaries included in the scope of consolidated financial statement shall be consistent with the company; if the accounting policy and accounting period of subsidiaries are inconsistent with the company, necessary adjustments shall be made according to the company's accounting policy and accounting period, when preparing the consolidated financial statement.

(II) Consolidated financial statement preparation method

Consolidated financial statement is based on the financial statement of the company and its subsidiaries, and prepared by the parent company, after adjusting long-term equity investment in subsidiaries by equity method, according to other relevant information, and offsetting the impact of internal transaction between the company and subsidiary or among subsidiaries on the consolidated financial statement.

(III) Subsidiary's excess loss reflected in the consolidated financial statements

In the consolidated financial statements, when the parent company's share of losses for the current period exceeds its share of the owners' equity at the beginning of the period of the subsidiary, the balance is offset against the owners' equity (undistributed profits) attributable to the parent company; When the minority shareholder's loss for the current period exceeds the share of the minority shareholders in the initial owners' equity of the subsidiary, the balance should continue to offset the minority shareholders' equity.

(IV) Accounting for increased or decreased subsidiary during the reporting period

1. Accounting for increased subsidiary during the reporting period

(1) Accounting for increased subsidiary during the reporting period due to consolidation of enterprises under the same control

During the reporting period, in case of increased subsidiary due to consolidation of enterprises under the same control, the company shall adjust the opening balance of consolidated balance sheet, include incomes, expenses and profits of such subsidiary from the beginning of current consolidation period to the end of reporting period into consolidated profit statement, and include cash flow of such subsidiary from the beginning of current consolidation period to the end of reporting period into consolidated cash flow statement.

(2) Accounting for increased subsidiary during the reporting period due to consolidation of enterprises under different control

During the reporting period, in case of increased subsidiary due to consolidation of enterprises under

different control, the company shall not adjust the opening balance of consolidated balance sheet, include incomes, expenses and profits of such subsidiary from the purchase date to the end of reporting period into consolidated profit statement, and include cash flow of such subsidiary from the purchase date to the end of reporting period into consolidated cash flow statement.

2. Accounting for handling subsidiary during the reporting period

If the company handles subsidiary during the reporting period, it shall not adjust the opening balance of consolidated balance sheet, include incomes, expenses and profits of such subsidiary from the beginning of period to the handling date into consolidated profit statement, and include cash flow of such subsidiary from the beginning of period to the handling date into consolidated cash flow statement.

VII. Classification of joint arrangement and accounting of joint operation

(I) Classification of joint arrangement

Joint arrangement is divided into joint operation and joint venture. Joint operation refers to the joint arrangement in which the joint venture party is entitled to relevant assets of such arrangement and bears relevant liabilities of such arrangement; joint venture refers to the joint arrangement in which the joint venture party is only entitled to net assets of such arrangement.

The joint arrangement that has not been reached through separate entity is classified as joint operation. Separate entity refers to the entity with separately identifiable financial structure, including the separate legal entity and the entity without legal entity qualification but legally recognized.

The joint arrangement that has been reached through separate entity is classified as joint venture. Nevertheless, conclusive evidence shows that the joint arrangement in line with any following circumstance, relevant rules and regulations shall be classified as joint operation:

1. Legal form of joint arrangement shows that the joint venture party shall hold rights and assume obligations for relevant assets and liabilities in such arrangement.

2. The joint agreement contract stipulates that the joint venture party shall hold rights and assume obligations for relevant assets and liabilities in such arrangement.

3. Other relevant facts and circumstances show that the joint venture party holds rights and assume obligations for relevant assets and liabilities in such arrangement; for example, the joint venture party enjoys almost all outputs related to the joint venture arrangement, and liquidation of liabilities in such arrangement continuously relies on support of joint venture party.

(II) Joint operation accounting

The joint venture party shall recognize relevant following items according to share of interests in joint operation, and execute accounting pursuant to relevant provisions of the Accounting Standards for Business Enterprises:

1. Recognize the assets held separately and held jointly as per its share;
2. Recognize the liabilities assumed separately and assumed jointly as per its share;
3. Recognize the incomes from selling its share of joint operation output;
4. Recognize the incomes from selling output of joint operation as per its share;
5. Recognize the costs incurred separately, and recognize the costs of joint operation as per its share.

VIII. Determination standards of cash and cash equivalents

Cash includes company stock cash, bank deposits for payment at any time and other monetary funds.

The company recognizes the investments held in a short term (due within three months from the purchase date), easily convertible to known amount of cash, with high liquidity and small risk of value change, as cash equivalents.

IX. Foreign currency transactions and conversion of foreign currency statements

(I) Accounting method for foreign currency business

1. Initial confirmation of foreign currency transactions

For foreign currency transactions, the company converts the amount of foreign currency into the amount of recording currency according to the spot exchange rate (middle rate) published by the People's Bank of China on the date of transaction. For the foreign currency exchange or transactions involving foreign currency exchange take place, the company converts them according to the actual exchange rate on the transaction date.

2. Adjustment or settlement on the balance sheet date or settlement date

The company handles monetary items of foreign currency and non-monetary items of foreign currency respectively according to the following methods on the balance sheet date or settlement date:

(1) Accounting treatment principles for monetary items of foreign currency

For monetary items of foreign currency, on the balance sheet date or settlement date, the company uses the spot exchange rate (middle rate) on the balance sheet date or settlement date to convert and adjust the amount of recording currency of monetary items of foreign currency for the difference arising from the fluctuation of exchange rate, and treat as the difference of exchange. Among them, the exchange differences generated by foreign currency loans related to the purchase or production of assets meeting the capitalization conditions shall be included in the cost of assets meeting the capitalization conditions; Other exchange differences shall be included in current financial expenses.

(2) Accounting treatment principles for non-monetary items of foreign currency

① For non-monetary items of foreign currency measured at historical cost, the company still converts them according to the spot exchange rate (middle rate) on the transaction date, without changing the amount of their amount of recording currency, and without any exchange difference.

② For inventory measured at the lower of cost and net realizable value, if the net realizable value is determined in foreign currency, the company will convert the net realizable value to the amount of recording currency according to the exchange rate at the end of the period when determining the ending value of inventory, and then compare it with the inventory cost reflected by recording currency.

③ For the non-monetary items of foreign currency measured at fair value, if the fair value at the end of the period is reflected by foreign currency, the company will convert the foreign currency to the amount of recording currency according to the spot exchange rate on the date when the fair value is determined, and then compare it with the original amount of recording currency. The difference will be included in the current profits and losses as gains and losses of change in fair value (including change in exchange rate).

(II) Accounting treatment method for translation of foreign currency statements

1. Financial statements for foreign operations were translated by the Company in the following ways:

(1) Asset and liability items in the balance sheet were translated according to spot rate on the balance

sheet date. For owner's equity items, apart from "undistributed profit", other items were translated at spot rate upon occurrence.

(2) Revenue and expense items in the profit statement were translated at spot rate on the transaction date or translated at exchange rate which was determined in a systematic and reasonable way and approximate to spot rate on the transaction date.

The converted difference of foreign currency financial statement arising from conversion by the aforesaid method is presented in "other comprehensive income" of owner's equity item in the consolidated balance sheet.

2. Financial statements of foreign operations in the hyperinflation economy were translated in the following ways:

(1) Balance sheet items were restated by using general price index and profit statement items were restated by using general price index change and then translated at spot rate on the balance sheet date.

(2) If foreign operations weren't in the hyperinflation economy, the Company stopped restatement of financial statements and translated the restated financial statements at the price of the cessation date.

3. During disposal of foreign operations, translation balance of foreign currency financial statements listed in other comprehensive income of the balance sheet and related to the foreign operations is transferred to disposal of current profit and loss from other comprehensive income; if foreign operations are disposed partially, translation balance of foreign currency financial statements of the disposal part shall be calculated according to the disposal proportion and transferred to the current profit and loss of the disposal.

X. Financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

(I) Classification of financial instruments

1. Classification of financial assets

According to business characteristic, investment strategy and risk management criteria, the company classifies the obtained financial assets into the following four categories: (1) financial assets measured at fair value with changes charged to current profits and losses; (2) held-to-maturity investments; (3) loans and receivables; (4) available-for-sale financial assets.

Financial assets measured at fair value with changes charged to current profits and losses include: (1) transactional financial assets; (2) financial assets designated to be measured at fair value with changes charged to current profits and losses; (3) equity investment in the subsidiaries excluded in the consolidated financial statement by the investment entity; (4) equity investment held by venture capital institutions, mutual funds and similar entities, etc.

The equity investment that does not have control, joint control or significant impact on the invested entity can be classified as financial assets measured at fair value and whose changes are recorded into current profits and losses or financial assets available for sale according to business characteristics, investment strategies and requirements of risk management. In some special cases, cost method can be used for accounting treatment of equity investments classified as financial assets available for sale.

2. Classification of financial liabilities

According to business characteristic and risk management criteria, the company classifies the assumed financial liabilities into the following two categories: (1) financial liabilities measured at fair value with changes charged to current profits and losses (including transactional financial liabilities and financial liabilities designated to be measured at fair value with changes charged to current profits and losses); (2) other financial liabilities.

(II) Recognition basis and measurement method of financial instruments

1. Evidence for recognizing financial instruments

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability.

2. Measurement method for financial instruments

(1) Financial assets or financial liabilities that are measured at fair value and whose changes are recorded into current profits and losses: the fair value at the time of acquisition shall be treated as the amount of initial measurement, and relevant transaction costs shall be recorded into current profits and losses. Cash dividend declared but not paid or bond interest due but not received in the actual payment shall be separately recognized as dividend or interest receivable. Cash dividends or bond interests obtained during the holding period are recognized as investment incomes. It shall be measured at fair value on the balance sheet date and recorded into current profits and losses. When selling trading financial assets, the difference between the actual payment received (dividends receivable and interest receivable should be deducted) and the book value of the trading financial assets on the date of disposal shall be confirmed as investment income, and all the accumulated amount that has been recorded into profits and losses from changes in fair value shall be transferred into the investment income.

(2) Held-to-maturity investments: the amount of initial measurement shall be the sum of the fair value at the time of acquisition and relevant transaction expenses. Bond interest due but not received in the actual payment shall be separately recognized as interest receivable. The interest income shall be calculated and recognized according to the amortized cost and the effective interest rate during the holding period and included in the investment income. The effective interest rate shall be determined at the time of acquisition and remains constant for the expected duration or shorter period applicable. It shall be measured at amortized cost on the balance sheet date. At the time of disposal, the difference between the payment obtained (any interest receivable shall be deducted) and the book value of the held-to-maturity investment shall be recognized as the investment income.

(3) Loans and receivables: loans and receivables mainly refer to the loans issued by financial enterprises and the receivables of general enterprises obtained by selling commodities or providing labor services. They shall be measured at amortized cost using effective interest method. For loans granted by financial enterprises according to current market conditions, the sum of the principal of the loan and relevant transaction fees shall be recognized as the amount of initial confirmation. For the credit receivable generated by general enterprises in selling commodities or providing labor services, the payment receivable agreed in contract or agreement signed with the buyer shall be recognized as the amount of initial confirmation. Interest income recognized during the loan holding period is calculated on the basis of the effective interest rate. When the enterprise recovers or disposes the loan and receivable,

the difference between the payment obtained and the book value of the loan and receivable shall be recorded into the current profits and losses.

(4) Available-for-sale financial assets: the sum of fair value during acquisition and related transaction costs is deemed as initially recognized amount. Cash dividend declared but not paid or bond interest due but not received in the actual payment shall be separately recognized as dividend or interest receivable. Cash dividends or bond interests obtained during the holding period are recorded in investment incomes. On the balance sheet date, financial assets available for sale are measured at fair value and changes in their fair value are recorded in other comprehensive income. At the time of disposal, the difference between the payment obtained (dividends receivable and interest receivable should be deducted) and the book value of the financial asset available for sale shall be recorded into the investment income; At the same time, the amount of change in accumulated fair value which was directly included in other comprehensive income corresponding to the disposal shall be transferred out and recorded into the investment profit.

(5) Other financial liabilities: measured at amortized cost on the balance sheet date, with the interest cost recognized by actual interest rate method, and the sum of fair value during acquisition and related transaction costs as initially entry amount.

(III) Recognition basis and measurement method of financial assets transfer

1. Conditions for derecognition of financial assets

When the company transfers financial assets, it shall derecognize the financial assets if it has transferred almost all the risks and rewards in the ownership of the financial assets to the transferee. If almost all risks and rewards in the ownership of the financial assets are retained, the financial assets shall not be derecognized.

The company adopts the principle of substance over form in judging whether the transfer of financial assets meets the above conditions for derecognition of the financial assets.

2. The disposal of financial assets transfer which meets the conditions for derecognition

The company divides the financial assets transfer into overall transfer of financial assets and partial transfer of financial assets.

(1) If overall transfer of financial assets meets the conditions for derecognition, the difference of consideration received due to the transfer and the book value of the transferred financial assets will be included into the current profits and losses by the company, and the accumulated amount of changes in fair value directly recorded in other comprehensive income (including the case in which financial assets available for sale are transferred) shall be transferred into current profits and losses.

(2) If partial transfer of financial assets meets the conditions of derecognition, the overall book value of the transferred financial assets will be amortized between the derecognition part and the non-derecognition part according to their relative fair value, and the difference between the consideration of the derecognition part and the book value of the derecognition part of the financial assets shall be included into current profits and losses. In the meanwhile, the amount of the accumulated amount of changes in fair value directly recorded into other comprehensive income corresponding to the derecognition part (including the case in which financial assets available for sale are transferred) shall be

transferred into current profits and losses.

3. The disposal of financial assets transfer that does not meet the conditions for derecognition

If the transfer of a financial asset does not meet the conditions for derecognition, it shall continue to be recognized, and the consideration received is recognized as a financial liability.

(IV) Conditions of derecognizing financial liabilities

1. Where all or part of the current obligations of a financial liability have been discharged, the company shall derecognize the financial liability or part thereof; If the company makes an agreement with the creditor to replace the current financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from those of the current financial liability, the company shall derecognize the current financial liability and recognize the new financial liability at the same time.

2. If the company makes substantial changes to the contractual terms of all or part of the existing financial liabilities, the existing financial liability or part thereof should be derecognized, and the financial liability after the modified terms should be recognized as a new financial liability.

3. When the financial liabilities are derecognized in part or in full, the difference between book value of derecognized financial liabilities and payment consideration (including transferred non-cash assets or assumed new financial liabilities) are included in current profits and losses.

4. If the company repurchases part of its financial liabilities, the overall book value of the financial liabilities shall be distributed according to the relative fair value of the recognition part and the derecognition part on the date of repurchase. The difference between the book value distributed to derecognition part and the consideration paid (including non-cash assets transferred out or new financial liabilities) shall be recorded into current profits and losses.

(V) The methods for determining the fair value of financial instruments

1. Fair value of financial assets or financial liabilities in the active market shall be determined according to the non-adjusted quotation in the active market on the measurement date.

2. Where there is no active market, the fair value shall be determined by valuation technique, and the specific principles and methods for determination shall be based on relevant provisions of the Accounting Standards for Business Enterprises no.39--Fair Value Measurement.

(VI) Identification standards, test method of impairment and withdrawing method of impairment provision for financial assets (excluding receivables)

On the balance sheet date, the company shall check the book value of financial assets (including single financial asset or a group of financial assets) other than those measured at fair value and whose changes are recorded into the current profits and losses. Where objective evidence indicates that the impairment of the financial asset has occurred, the impairment loss shall be recognized and impairment provision shall be withdrawn.

Objective evidence of impairment provision of financial asset includes severe financial difficulties of the issuer or the debtor, the possibility of bankruptcy or other financial reorganization of the debtor, incapability of continuing transactions of the financial asset in active market and serious or non-temporary decline of the fair value of equity instrument investment, etc.

1. Impairment test method and withdrawing method of impairment provision for held-to-maturity investment

On the balance sheet date, for held-to-maturity investments and accounts receivable, if objective evidence shows occurrence of impairment, impairment losses shall be recognized and calculated as per the difference between the book value and the present value of estimated future cash flow.

(1) ① For held-to-maturity investments and accounts receivable with single significant amount, impairment test shall be conducted separately; if objective evidence shows occurrence of impairment, recognize impairment losses as per the difference of estimated future cash flow present value lower than the book value, and withdraw impairment provision.

(2) The held-to-maturity investment with non-significant single amount and held-to-maturity investment with significant single amount which proves not to be impaired after separate test shall be divided into several combinations according to the similar credit risk characteristics, and the impairment loss shall be determined and the impairment provision shall be withdrawn according to a certain proportion of the balance of these combinations on the balance sheet date.

2. Method for available-for-sale financial asset impairment test and impairment provision

On the balance sheet date, if there is objective evidence showing that the impairment of financial assets available for sale occurs, impairment provision shall be withdrawn and the impairment loss shall be confirmed. For the equity instrument investment, if the decline of fair value of equity instrument investment available for sale turns out to be serious or non-temporary according to the comprehensive related factors, it indicates that the impairment of equity instrument investment available for sale occurs. Among them, "serious decline" refers to the cumulative decline in fair value over 50% of cost; "non-temporary decline" refers to the continuous decline in fair value over 12 months.

When the impairment provision of financial assets available for sale is withdrawn, the accumulated loss resulted from decline in fair value and originally recorded into other comprehensive income shall be transferred out and recorded into the current profits and losses. The accumulated loss transferred out shall be the balance of the initial acquisition cost of the financial assets available for sale deducting the recovered principal and amortized amount, the current fair value and the impairment loss originally recorded in the profits and losses.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

If the equity instrument investment that has no quotation in active market and whose fair value cannot be reliably measured, or derivative financial assets that are linked with the equity instrument investment and settled by delivering the equity instrument depreciate, the difference between the book value of the financial assets and the present value discounted from similar financial assets to the future cash flow according to the market returns shall be recognized as impairment loss and recorded into current profits

and losses. Once the impairment loss has been confirmed, it shall not be reversed.

(VII) Accounting treatment methods to reclassify the unexpired held-to-maturity investment as financial assets available for sale

If a certain investment is inappropriate to categorize as held-to-maturity investment due to change of holding intention or ability, the company reclassifies it as available-for-sale financial asset; if the amount of partially sold or reclassified held-to-maturity investment is significant, and the sales or reclassification is not caused by independent event uncontrollable by the company, expected not to occur repeatedly and difficult to forecast reasonably, the company also reclassifies the remaining part of such investment as available-for-sale financial asset.

XI. Receivables

(I) Standard for recognizing receivables with single significant amount, method for bad debt provision

1. Standard for recognizing accounts receivable with single significant amount

Receivables with single significant amount refer to the receivables with year-end single amount of more than RMB 5 million (including).

2. Method for bad debt provision of accounts receivable with single significant amount

On the balance sheet date, the company separately executes impairment test on the accounts receivable with single significant amount. If objective evidence indicates impairment has occurred, impairment losses are recognized and bad debt provision is made according to the difference between the present value of expected future cash flow lower than the book value; receivables with single significant amount unimpaired upon test are included into other receivables with single insignificant amount, and bad debt provision is made as per balance percentage method, based on their year-end balance.

Objective evidence of impairment of receivables includes (1) serious financial difficulties of the debtor; (2) the debtor breaches the contract terms (such as the default or overdue payment of interest or principal); (3) make concessions to debtors in financial difficulties due to economic or legal considerations; (4) the debtor is likely to go out of business or undertake other debt restructuring.

(II) Receivables with bad debt provision as per credit risk characteristic combinations

1. Accrual method of bad debt provision as per credit risk characteristic portfolio

The company makes provision for bad debt as per balance percentage method.

2. Basis of determining the portfolio

(1) The portfolio is determined by similar credit risk characteristics of accounts receivable age, for the accounts receivable with single significant amount but no bad debt provision upon separate test plus the accounts receivable with single insignificant amount upon deducting single bad debt provision.

(2) Other portfolios refer to receivables within the consolidation scope of corporate financial statements, current accounts, deposits, security deposits, reserve funds and other funds formed by various government units and their invested companies.

3. Method for withdrawing bad debt reserve according to portfolio

(1) Bad debt provision according to aging portfolio in credit risk characteristic portfolio is made at 0.5% of year-end balance.

(2) No bad debt provision is made for other portfolios.

(III) Receivables with individual insignificant amounts and single provision for bad debts

Accounts receivable with single insignificant amount refers to the accounts receivable with single amount below RMB5 million.

For the accounts receivable with single insignificant amount but the following characteristics (accounts receivable in dispute with the other party or involved in litigation and arbitration; accounts receivable with obvious indication that the debtor is probably unable to perform repayment obligations, etc.), impairment test shall be conducted separately; if objective evidence shows occurrence of impairment, recognize impairment losses as per the difference of estimated future cash flow present value lower than the book value, and withdraw bad debt provision. Meanwhile, the company withdraws bad debt provision, according to similar credit risk characteristics of accounts receivable age, for the accounts receivable with single insignificant amount after deducting single bad debt provision.

XII. Inventory

(I) Classification of inventory

Corporate inventory is divided into raw materials, semi-finished products, inventory goods, development costs, development products, engineering construction, commissioned processing materials, turnover materials (e.g. low-value consumables), etc.

Valuation method of issued inventory

Delivered materials and delivered inventory goods are accounted by the weighted average method.

(II) Basis of determining net realizable value of inventory and withdrawal method of inventory depreciation provision

1. Determination for net realizable value of inventory

(1) The net realizable value of inventory goods (finished products), materials for sale and other goods directly used for sale shall be determined in the normal production and operation process by deducting estimated sales expenses and related taxes from the estimated selling price of the inventory.

(2) The net realizable value of material inventory that needs to be processed shall be determined by deducting the estimated cost, estimated sales expenses and related taxes to be incurred till the time of completion from the estimated selling price of finished products in the normal production and operation process.

(3) The inventory held for executing sales contract or labor service contract, its net realizable value is calculated based on contract price; if the company holds more inventory than the order quantity of sales contract, the net realizable value of the excessive inventory is calculated based on general sales price.

(4) If the net realizable value of finished products produced by material held for production is higher than its cost, the material shall still be measured at cost; if the decrease of material price indicates that the net realizable value of finished products is lower than the cost, the material shall be measured according to the net realizable value.

2. Method for withdrawing inventory depreciation provision

(1) The company withdraws depreciation provision based on the lower of single inventory cost and

net realizable value.

(2) For large quantities of inventory with low unit price, the company shall withdraw the inventory falling price reserves by the inventory category.

(III) Inventory stocktaking system

The company leverages perpetual inventory system for inventory stocktaking, and conducts physical stocktaking on a regular basis.

(IV) Amortization method for revolving material

1. Method for amortizing low-value consumables

The company adopts the one-time writing-off process for amortization of low-value consumables.

2. Amortization method of packaging materials

The company adopts the one-time writing-off process to amortize packaging materials.

XIII. Long-term equity investment

(I) Determination for initial investment cost of long-term equity investment

1. The recognition of initial investment cost of long-term equity investment arising from business merger is detailed in the accounting treatment method of business merger under the same control and not under the same control in this note III.5.

2. Except for the long-term equity investment formed by business consolidation, initial investment cost of the long-term equity investment obtained by other methods shall be determined as per the following provisions:

(1) The initial investment cost of the long-term equity investment obtained by paying cash shall be recognized according to the purchase price actually paid. Initial investment costs include expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments.

(2) The initial investment cost of long-term equity investment obtained through the issuance of equity securities (equity instruments) and other means shall be recognized according to the fair value of the issued equity securities (equity instruments). If there is conclusive evidence that the fair value of long-term equity investment obtained is more reliable than the fair value of equity securities (equity instruments) issued, the initial investment cost shall be determined on the basis of the fair value of long-term equity investment invested by investors. Fees directly related to the issuance of equity securities (equity instruments), including handling fees and commissions shall write down the issuance premium. If the premium is insufficient to be written down, the surplus reserve and undistributed profits shall be written down in turn. Long-term equity investments obtained through the issuance of debt securities (debt instruments) shall be treated according to those obtained through issuing equity securities (equity instruments).

(3) For long-term equity investment obtained by debt restructuring, the company regards the fair value of debt-to-equity shares as initial investment cost.

(4) For long-term equity investment obtained by non-monetary asset exchange, under the premise that the non-monetary asset exchange has commercial substance and fair value of assets exchanged in or out can be reliably measured, the company recognizes the initial investment cost as per fair value of assets exchanged out, unless conclusive evidences have indicated the fair value of assets exchanged in

is more reliable; where the above condition is not satisfied, the company regards the book value of assets exchanged out and relevant payable taxes and fees as the initial investment cost of long-term equity investment exchanged in.

The expenses, taxes, and other necessary expenses directly related to the long-term equity investment incurred by the company are included in the initial investment cost of the long-term equity investment.

Regardless of how the company obtains long-term equity investment, the cash dividends or profits that have been declared but unpaid in the actually payment price or consideration shall be accounted separately as receivable dividends, and not constitute the cost of long-term equity investment.

(II) Subsequent measurement of long-term equity investment and recognition of profits and losses

1. Long-term equity investments accounted by cost method

(1) The long-term equity investment through which the company can control the invested entity, namely the investment to subsidiaries, shall be calculated by cost method.

(2) For the long-term equity investment accounted by cost method, except for the cash dividends or profits that have been declared but unpaid in the actually payment price or consideration when obtaining investment, regardless of whether net profits of the investee are realized before or after investment, investment revenues are recognized as per the cash dividends or profits that have been declared and paid by the investee.

2. The long-term equity investment calculated by the equity method

(1) Joint ventures jointly controlled by the company or associated enterprises significantly influenced by the company shall be calculated by equity method.

(2) If the initial investment cost of the long-term equity investment calculated by the equity method is greater than the fair value share of the identifiable net assets of the invested entity that shall be enjoyed at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; If it's the other way around, the difference shall be included in the current profits and losses, and the initial investment cost of long-term equity investment shall be adjusted at the same time.

(3) After obtaining the long-term equity investment, the company shall respectively recognize investment profits and losses and other comprehensive income in accordance with the share of net profit and loss and other comprehensive income realized by the invested entity that it should enjoy or share, and adjust the book value of the long-term equity investment at the same time. The net profit and loss of the invested entity which should be enjoyed or shared shall be determined through calculation after adjustment of book net profit of the invested entity on the basis of the fair value of the identifiable net assets of the invested entity at the time of obtaining the investment. Nevertheless, the company recognizes investment profits and losses directly based on net book profits and losses of the investee, if it is unable to obtain fair value of the investee's identifiable assets when obtaining investment, the difference between fair value of the investee's identifiable assets during investment and the book value is small, or relevant information of the investee is unavailable caused by other reasons. The company reduces book value of long-term equity investment by calculating the due share of cash dividends or profits declared to issue by the investee. The company shall adjust the book value of long-term equity

investment and include it in the owner's equity for other changes in the owner's equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity.

When the company recognizes investment revenue from associated enterprise and joint venture investment, it calculates the part attributable to the company as per shareholding ratio of unrealized internal transaction profits and losses between associated enterprise and joint venture, offset it, and recognize investment gains and losses on this basis. If losses of internal transaction between the company and the investee are asset impairment losses, they shall be recognized in full. The company also offsets the unrealized internal transaction profits and losses among subsidiary within the consolidation scope, associated enterprise and joint venture in the above principle, and recognize investment gains and losses on this basis.

The recognition of the net loss incurred by the invested unit that should be shared shall be conducted in the following order: first, the book value of long-term equity investment shall be written down; If the book value of long-term equity investment is insufficient to be written down, the book value of long-term receivables shall be written down and the investment loss is continuously recognized within the limit of the book value of other long-term equity substantially constituting the net investment of the invested entity; After the above treatment, if the company still bears the obligation of additional losses in accordance with the investment contract or agreement, the estimated liabilities shall be recognized according to the obligations it is expected to assume and recorded into the current investment loss. If the invested entity makes profits in subsequent periods, the company shall treat it in the reverse order after deducting unrecognized loss-sharing, that is to write-down the book value of estimated liabilities that have been recognized, recover the book value of other long-term equity and long-term equity investment substantially constituting the net investment of the invested entity and recognize investment income.

(III) Evidence for determining joint control and significant impact of the investee

1. Evidence for determining joint control of the investee

Joint control means that the company has common control over an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be agreed upon by the parties that share the right of control. The related activities of an arrangement usually include the sale and purchase of goods or services, the management of financial assets, the purchase and disposal of assets, research and development activities and financing activities. A joint venture is an arrangement whereby the company has rights to only the net assets of it. A joint venture arrangement in which the party enjoys its assets and assumes its liabilities is a joint operation, not a joint venture.

2. Evidence for determining significant impact of the investee

Significant influence means that the company has the power to participate in decision-making on the financial and operating policies of the invested company, but it cannot control or control jointly the formulation of these policies together with other parties. Where the company can exert significant impact on the investee, the investee is associated enterprise.

XIV. Investment real estate

(1) Scope of investment real estate

Investment real estate refers to the real estate that can be separately measured and sold, to earn rental fee or capital appreciation, or both of them. The company's investment real estate includes rent buildings, rent land use rights, as well as the land use rights held and prepared for transfer after appreciation.

(2) Determination for investment real estate

Investment real estate may be recognized when concurrently meeting the following conditions:

① The economic benefits associated with the investment real estate are likely to flow into the company;

② The cost of the investment real estate can be measured reliably.

(3) The investment real estate that uses cost model for subsequent measurement

The company adopts the cost model for the subsequent measurement of investment real estate on the balance sheet date.

(4) Investment real estate depreciation or amortization method

① The subsequent measurement of buildings measured by the cost model shall be carried out according to the subsequent measurement of fixed assets in which the depreciation shall be withdrawn on a monthly basis.

② The subsequent measurement of land use right measured by the cost model shall be carried out according to the subsequent measurement of intangible assets, and it shall be amortized on a monthly basis.

(5) Accrual basis for investment real estate impairment reserve

The company checks investment real estate item by item on the balance sheet date. If the recoverable amount is lower than book value due to reasons such as continuous decline of market price or long-term non-use, impairment reserve of investment real estate is accrued as per the part of recoverable amount of investment real estate lower than the book value.

Impairment reserve of investment real estate is recognized as per the difference of single investment real estate book value higher than its recoverable amount.

XV. Fixed assets

(I) Confirmation condition of fixed assets

Fixed assets refer to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets shall be recognized when they simultaneously meet the following conditions:

1. The economic benefits related to the fixed assets are likely to flow into the company;

2. The cost of the fixed asset can be measured reliably.

(II) Depreciation of fixed assets

1. Except for the fixed assets which have withdrawn depreciation provision and continue to use, the company withdraws depreciation provision for all fixed assets.

2. Fixed assets of the Company shall be withdrawn with depreciation by straight-line service life method from next month of that serviceable condition is achieved. Depreciation rate and depreciation amount shall be determined according to fixed asset class, estimated service life and estimated net

salvage rate, and it shall be respectively included in the cost or current profit and loss of relevant assets according to its purpose.

3. Fixed asset category, estimated service life, estimated net residual value rate and annual depreciation rate are presented as follows:

Fixed asset category	Depreciation year limit (years)	Net residual value rate (%)	Yearly depreciation rate (%)
Houses and buildings	20-50	5	4.75-1.95
Machinery equipment	5-20	5	19.00-4.75
Transportation equipment	4-10	5	23.75-9.50
Electronic equipments	3-5	5	31.67-19.00
Other devices	3-5	5	31.67-19.00

When withdrawing depreciation provision for the fixed assets with impairment provision, the company recalculates and determines the depreciation rate and depreciation amount based on book value, estimated net residual value and future useful life of such fixed assets.

On the balance sheet date, the company reviews the estimated service life, estimated net residual value rate and depreciation method of fixed assets, and in case of any change, it is handled as accounting estimate change.

4. Decoration expenses of fixed assets that meet the capitalization conditions shall be separately depreciated by straight-line method in the shorter period between the two decoration periods and the remaining service life of the fixed assets.

(III) The identification basis, valuation and depreciation method of fixed assets rented from financing

1. Recognition basis of financing rent fixed assets

On the lease start date, the company recognizes rent fixed assets that meet the financing lease criteria as financing rent fixed assets.

2. Valuation method of financing leased fixed assets

On the lease start date, the company takes the lower of rent asset fair value on the lease start date and minimum lease payment present value and the initial direct cost incurred as the entry value of financing rent assets, the minimum lease payment amount as entry value of long-term payables, and the difference between the lower of rent asset fair value on the lease start date and minimum lease payment present value and the minimum lease payment amount as the unrecognized financing expenses. Unrecognized financing expenses are amortized over the lease term by the actual interest rate method.

3. Depreciation method of fixed assets rented from financing

Depreciation of leased assets shall be withdrawn in accordance with the depreciation method of the owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

XVI. Construction in process

(I) Category of projects under construction

The construction in progress is classified to be accounted by approved projects.

(II) Standard and time point for the carry-over of projects under construction into fixed assets

All expenditures incurred before the project under construction reaches the predetermined usable state shall be recorded as the entry value of the fix asset. Self-operated projects are measured as per direct materials, direct labors, direct mechanical construction fees, etc; outsourcing projects are measured in accordance with the project price payable. The borrowing costs incurred before the borrowing-based project has reached the intended usable status, and in accordance with capitalization conditions may be capitalized, and included in the construction in progress.

For the constructed fix asset that has reached the expected conditions for use without final account for completed project, the company shall recognize its cost based on the estimated value according to construction budget, cost or actual cost of the project from the date when it reaches the expected conditions for use, and transfer it in fixed assets. Its depreciation shall be withdrawn in accordance with the depreciation policy of the company's fixed assets; After the completion of the final accounts, the original estimated value shall be adjusted according to the actual cost, but the depreciation amount originally withdrawn shall not be adjusted.

XVII. Intangible assets

(I) Initial measurement of intangible assets

1. Initial measurement of purchased intangible assets

The cost of outsourced intangible assets, including the purchase price, related taxes and other expenses directly attributable to bringing the assets to their intended use. If the purchase price of an intangible asset is delayed in payment beyond the normal credit conditions and is of a financing nature, the cost of intangible assets is determined on the basis of present value of purchase price. The difference between the price actually paid and the present value of the purchase price will, in addition to its capitalized portion, be included in the current profit and loss in the credit period.

2. Initial measurement of self-developed intangible assets

The costs of self-developed intangible assets shall be determined by the total amount of expenditures incurred before reaching the intended use after eligible for capitalization, and the expenditures that have been expensed in previous periods may not be adjusted.

For the intangible assets generated through the research and development of the company, their expenditures in the research phase is included in the current profit and loss when incurred and their expenditures in the development stage which fail to conform to capitalization conditions is included in the current profit and loss when incurred while those which conform to capitalization conditions is determined as intangible assets. If it is really impossible to distinguish between the expenditures in the research phase and those in the development phase, all the expenditures incurred in the research and development will be included in the current profit and loss.

(II) Subsequent measurement of intangible assets

The company should analyze and judge the service life of the intangible assets when incurred. The intangible assets acquired by the company are divided into the intangible assets with limited service life and the intangible assets with uncertain service life.

1. Subsequent measurement of the intangible assets with limited service life

The company should amortize the intangible assets with limited service life by using the straight-line method in their service life from the time they are used in their intended use, without reserving their residual value. Amortization amount of intangible assets is generally recorded in current profits and losses; if economic benefits of a certain intangible asset are realized through the manufactured products or other assets, the amortization amount is included in the relevant asset costs.

Intangible asset class, estimated service life, estimated net salvage rate and annual amortization rate are listed as follows:

Category of intangible assets	Estimated service life (year)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	50	0	2.00
Patent right	7-10	0	14.29-10.00
Software	5-10	0	20.00-10.00

On the date of the balance sheet, the service life and amortization method of the intangible assets with a limited service life should be reviewed.

2. Subsequent measurement of intangible assets with uncertain service life

The company may not execute amortization for the intangible assets with uncertain service life during the holding period, but make impairment test at the end of each year.

(III) Estimate for service life of intangible assets

1. For the intangible assets derived from contractual rights or other legal rights, their service life shall be determined within the time limit for contractual rights or other legal rights; when the contractual rights or other legal rights are expired, if due to renewal of contract and there is evidence to show the company's renewal of contract does not require a large amount of costs, the renewal term is included in the service life.

2. Where the contract or law does not stipulate the service life, the company shall comprehensively determine the term for intangible assets to bring economic benefits to the company by employing relevant experts for argumentation or comparing with conditions of the same industry, and referring to historical experience of the company.

3. According to the above methods, if it is still unable to reasonably determine the time period for intangible assets to bring economic benefits to the company, such intangible asset is an intangible asset with uncertain service life.

(IV) Specific standard for classifying research phase and development phase of internal research and development project

Research and development projects are classified into research phase and development phase according to actual research and development conditions.

1. Research phase

Research phase refers to the phase for conducting ingenious planned survey and research activities for obtaining and understanding new science or technology knowledge etc.

2. Development phase

Development phase refers to the phase that research results or other knowledge is used for certain plan or design to produce new or substantially improved materials, equipment and products and others

before conduction of commercial production or usage.

Expenditure in the research phase of internal study and research project shall be included in the current profit and loss upon occurrence.

(V) Specific standard for that capitalization is satisfied by expenditure in the development phase

Expenditure in the development phase of internal study and development project shall be confirmed as intangible assets when following conditions are satisfied:

1. It is feasible technically to finish intangible assets for use or sale;
2. It is intended to finish and use or sell the intangible assets;
3. The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
4. Sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
5. Expenditure attributable to the development stage of the intangible asset can be reliably measured.

(VI) Treatment of land use rights

1. The land use rights obtained by the company are generally recognized as intangible assets, whereas if the land use rights are changed to earn rental fee or capital appreciation, they are converted into investment real estate.

2. The company disposes of the self-developed and constructed factories and other builds, related land use rights and buildings separately.

3. The price paid for purchased land and buildings is allocated between buildings and land use rights; if it is difficult to allocate them rationally, all of them are regarded as fixed assets.

XVII. Long-term asset impairment

For the long-term equity investments, investment real estates measured using the cost model, fixed assets, construction in progress, intangible assets with limited service life and other long-term assets, if they have any signs of impairment on the balance sheet date, they should be tested for impairment. If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the intangible assets with uncertain business reputation and service life, whether or not they have any signs of impairment, the company will test them for impairment at least at the end of each year.

When conducting the impairment test of the assets, the company will apportion the book value of business reputation formed by business merger to relevant asset groups according to a reasonable method from the date of purchase; and if it is difficult to apportion the book value to relevant asset groups, the company will apportion it to relevant combination of asset groups. The book value of business

reputation shall be apportioned to relevant asset group or asset group portfolio pursuant to the proportion of fair value of each asset group or asset group portfolio to the total fair value of relevant asset group or asset group portfolio. If the fair value is difficult to be reliably measured, the book value of business reputation shall be apportioned pursuant to the proportion of book value of each asset group or asset group portfolio to the total book value of relevant asset group or asset group portfolio. In the case of impairment tests for related asset groups or combination of asset groups containing business reputation, if the asset groups or combination of asset groups related to business reputation have any sign of impairment, you should conduct the impairment first to the asset groups or combination of asset groups which do not contain the business reputation, calculate the recoverable amount, and compare it with relevant book value to confirm the corresponding impairment loss; then you conduct the impairment test to the asset groups or combination of asset groups containing the business reputation, and compare the book value of the relevant asset groups or combination of asset groups (including the book value portion of the business reputation apportioned) and its recoverable amount, and if the recoverable amount of relevant asset groups or combination of asset groups is lower than its book value, the impairment loss of the business reputation will be determined.

Once the above asset impairment loss is confirmed, it will not be transferred back in the subsequent accounting period.

XIX. Long-term prepaid expense

(I) Range of long-term unamortized expenses

Long-term deferred expenses refer to the expenses which the company has already incurred, but with apportionment period of more than one year (excluding one year) in the current period and subsequent periods, including improvement expenses incurred for rent fixed assets by operating lease, etc.

(II) Initial measurement of long-term deferred expenses

Long-term deferred expenses are initially measured as per the actual expenditures incurred.

(III) Amortization of long-term expenses

Long-term deferred expenses are amortized on a straight-line basis over the period of benefit.

XX. Employee remuneration

Staff remuneration includes short-term remuneration, post-employment welfare, dismissal welfare and other long-term staff welfares.

(I) Short-term remuneration

Short-term remuneration refers to the staff remuneration which the company is expected to pay in full within twelve months after end of annual report period when the staff provides related services, except for the compensation given to rescind the labor relations with employee.

Short-term remuneration include: employee wages, bonus, allowance and subsidies, employee services and benefits, social insurance premiums such as medical insurance premium, work-related injury insurance premium and birth insurance premium, housing funds, trade union funds and staff education funds, short-term paid absences, short-term profit-sharing plan, non-monetary benefits and other short-term remuneration.

During the accounting period when the employee provides service, the company recognizes the actually incurred short-term remuneration as liabilities, and includes in the current profits and losses or related asset costs.

(II) Post-employment welfare - defined benefit plan

The defined benefit plan of the company is the basic pension insurance, unemployment insurance and corporate annuity, etc paid to the employees according to relevant regulations. The company recognizes the amounts paid to exchange for employee's provision of service in the accounting period on the balance sheet date as liabilities, and includes in the current profits and losses or related asset costs.

(III) Dismissal benefits

Termination benefits are compensation provided when the company decides to terminate the employment relationship with employees before the end of the employment contracts, or compensation provided as an offer. The staff payroll liabilities arising from dismissal welfare are recognized on the earlier date between the following two items, and included in the current profits and losses:

1. When the company cannot unilaterally withdraw the dismissal welfare provided for rescinding the labor relationship plan or cutoff proposal;

2. When the company recognizes the costs or expenses related to reorganization of dismissal welfare payment.

(IV) Other long-term employee welfares

Other long-term employee welfares refer to all employee welfares other than short-term remuneration, post-employment welfare and dismissal welfare. At the end of reporting period, the company recognizes the employee remuneration costs arising from other long-term employee welfares as the following parts:

1. Service cost.

2. Net interests on net liabilities or net assets of other long-term employee welfares.

3. Changes arising from remeasuring net liabilities or net assets of other long-term employee welfares.

In order to simplify relevant accounting, the total net amount of above items is included in current profits and losses or relevant asset costs.

XXI. Borrowing costs

(I) Scope of borrowing costs

The company's borrowing costs include the borrowing interests arising from borrowing, discounts or premium amortizations, ancillary expenses and exchange difference arising from foreign currency borrowings, etc.

(II) Principle of recognizing borrowing costs

If the borrowing costs incurred by the company are directly attributable to purchasing, constructing or producing the assets eligible for capitalization, they may be capitalized and included in the cost of relevant assets; other borrowing costs, when incurred, are recognized as expenses as per the amount incurred, and included in current profits and losses.

Assets eligible for capitalization refer to the assets such as fixed assets, investment real estate and inventories that require a relatively long period of purchasing, construction or production activities so as to achieve the intended usable or salable status.

(III) Determination for capitalization period of borrowing costs

1. Determination for time to start capitalization of borrowing costs

When the asset expenditures have occurred, the borrowing costs have occurred, and necessary purchase, construction or production activities have started so that the assets reach intended usable or selling status, the borrowing costs begin capitalization. Among them, the asset expenditures include the expenditures incurred by means of paid cash, transferred non-cash assets or assumed interest-bearing debts in order to purchase, construct or produce the assets eligible for capitalization.

2. Determination for time to suspend capitalization of borrowing costs

If the assets eligible for capitalization are abnormally interrupted during the purchase, construction or production process and the interruption period lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended. The company recognizes the borrowing costs incurred during the interruption period as current profits and losses, and the borrowing costs shall continue to be capitalized after the asset purchase, construction or production activities restart. If the interruption is a necessary procedure for the purchased, constructed or produced assets eligible for capitalization to reach the intended usable or selling status, the capitalization of borrowing costs shall continue.

3. Determination for time to cease capitalization of borrowing costs

When the purchased, constructed or produced assets eligible for capitalization have reached the intended usable or selling status, capitalization of borrowing costs shall cease. The borrowing costs incurred after the assets eligible for capitalization have reached the intended usable or selling status, are recognized as current profits and losses based on the amount incurred.

If each part of the purchased, constructed or produced assets eligible for capitalization has been completed respectively, and each part is available for use or sell externally when other parts continue construction, and if necessary purchase, construction or production activities for such part of assets to reach the intended usable or selling status have been substantially completed, the capitalization of borrowing costs related to this part of assets shall cease; if each part of the purchased, constructed or produced assets has been completed respectively, but it may be available for use or sell externally after the whole construction is completed, capitalization of borrowing costs shall cease when such assets are wholly completed.

(IV) Determination for capitalization amount of borrowing costs

1. Determination for capitalization amount of borrowing interests

During the capitalization period, the capitalization amount of interests (including discount or premium amortization) in each accounting period shall be determined in accordance with the following provisions:

(1) In case of obtaining special loan for purchasing, constructing or producing assets eligible for capitalization, the company recognizes as per the interest expenses actually incurred in the current period of special loan, minus the interest income earned by the unused borrowing fund deposited in the bank or

the amount of investment income after temporary investment.

(2) In case of using general loan for purchasing, constructing or producing assets eligible for capitalization, the company calculates and determines the interest amount to be capitalized for general loan, as per the weighted average of cumulative asset expenditure exceeding asset expenditure of special loan, multiplied by the capitalization rate of general loan. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings.

(3) Where there is discount or premium on the loan, the company shall determine the amount of discount or premium to be amortized during each accounting period according to the actual interest rate method, and adjust the amount of interest for each period.

(4) During the capitalization period, the amount of interest capitalization in each accounting period shall not exceed the amount of interest actually incurred for relevant borrowings in the current period.

2. Determination for capitalization amount of ancillary borrowing costs

(1) If the ancillary costs arising from special borrowings occur before the purchased, constructed or produced assets eligible for capitalization have reached the intended usable or selling status, they shall be capitalized when incurred, as per the incurred amount, and charged to the cost of assets eligible for capitalization; if they occur after the purchased, constructed or produced assets eligible for capitalization have reached the intended usable or selling status, they shall be recognized as costs when incurred, as per the incurred amount, and charged to current profits and losses.

(2) The ancillary costs arising from general loan shall be recognized as costs when incurred, as per the incurred amount, and charged to current profits and losses.

3. Determination for capitalization amount of exchange difference

During the capitalization period, the exchange difference of foreign currency's special loan principals and interests shall be capitalized, and included in the costs of assets eligible for capitalization.

XXII. Estimated liabilities

(I) Recognition principle of estimated liabilities

When the obligations relating to contingent events such as external guarantee, pending litigation or arbitration, product quality assurance, loss-making contracts, reorganization, etc concurrently meet the following conditions, they shall be recognized as estimated liabilities:

1. This obligation is the current obligation assumed by the company;
2. The performance of this obligation is likely to cause economic benefits to flow out of the company;
3. The amount of the obligation can be measured reliably.

(II) Method for measurement of estimated liabilities

The amount of estimated liabilities is measured in accordance with the best estimate to be paid for contingent event.

1. If there is a continuous range for the required expenditures and the likelihood for occurrence of various outcomes within the range is identical, the best estimate will be determined by the median within the range.

2. In other cases, the best estimates are processed as follows:

- (1) If a contingency involves a single item, it is determined according to the most likely amount.

(2) If a contingency involves multiple items, it is determined based on various possible outcomes and associated probabilities.

XXIII. Incomes

Operating income of the company mainly includes commodity sales income, labor provision income, asset use right transfer income, which shall be determined as follows:

(I) Principle of recognizing commodity sales income

The company has transferred major risks and rewards of commodity ownership to the purchaser, neither retained the continuous management right usually associated with the ownership nor executed effective control on the sold commodity; when the amount of income can be reliably measured, relevant economic benefits are likely to flow in, and relevant costs that have incurred or will incur can be reliably measured, commodity sales income is recognized as achieved.

The company recognizes commodity sales income according to the signed sales contract or agreement as specific conditions, based on receiving cargo payment or obtaining the right to claim cargo payment, and recognizes income after customers inspect and accept commodities.

According to marketing policy and finished wine sales of dealers, the company gives a certain percentage of discount to dealers, settles with dealers on a regular or irregular basis, includes it in the issued sales invoice as discount during settlement, and recognizes sales income as per the invoice amount (net amount) after deducting discount. According to accrual basis, the discount occurred in the current period but not yet settled at the end of period is accrued from sales income and included in other payables for accounting.

(II) Principle of recognizing labor provision income

1. Principle of recognizing labor provision income when the result of labor provision transaction can be reliably measured

If the company can reliably estimate the result of labor provision transaction on the balance sheet date, it shall leverage the completion percentage method to recognize labor provision income.

When the amount of income can be measured reliably, related economic benefits are likely to flow into the company, the degree of transaction completion can be reliably determined, and the costs that have incurred and will incur in the transaction can be reliably measured, the result of labor provision transaction can be reliably estimated.

2. Principle of recognizing labor provision income when the result of labor provision transaction cannot be reliably measured

If the result of labor provision transaction cannot be reliably measured on the balance sheet date, labor provision income shall be recognized in the following three circumstances:

(1) If the incurred labor costs are expected to be fully compensated, the labor provision income is recognized as per the charged or expected recoverable amount, and the labor cost which has incurred is carried over;

(2) If the incurred labor costs are expected to be partially compensated, the labor provision income is recognized as per the amount of labor cost that may be compensated, and the labor cost which has incurred is carried over;

(3) If it is expected that all the labor costs incurred are not to be compensated, the labor costs incurred will be included in the current profit and loss (the main business cost), and the labor income will not be confirmed.

(III) Principle for confirmation of income from transfer of asset use rights

The company recognizes achievement of asset use right transfer income, when economic benefits related to transaction are likely to flow into the company, and the amount of income can be reliably measured.

XXIV. Government grants

(I) Category of government subsidy

Government subsidy refers to corporate free acquisition of monetary assets and non-monetary assets from the government. It is divided into asset-related government subsidy and income-related government subsidy.

Asset-related government subsidy refers to government subsidy obtained by the company, used for purchase and construction or generating long-term assets in other manners. The government subsidy related to income means the government subsidy other than the government subsidy related to assets.

(II) Government subsidy recognition time

Asset-related government subsidy is recognized when the constructed or purchased assets involve in use or acceptance report of relevant department is obtained.

Income-related government subsidy is recognized when subsidy funds are received.

(III) Accounting treatment of government subsidies

Asset-related government subsidy offsets book value of relevant assets or it is recognized as deferred income. If it is recognized as deferred income, it shall be included in current profits and losses in reasonable and systematic method within the service life of relevant asset (if related to corporate daily activities, included in other incomes; if unrelated to corporate daily activities, included in non-operating income).

If income-related government subsidy is used to compensate for relevant costs or losses afterwards, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses (if related to corporate daily activities, included in other incomes; if unrelated to corporate daily activities, included in non-operating income) or offsets relevant costs or expenses; if it is used to compensate for relevant costs or losses incurred by the company, it is directly included in current profits and losses (if related to corporate daily activities, included in other incomes; if unrelated to corporate daily activities, included in non-operating income) or offsets relevant costs or losses.

XXV. Deferred income tax

The company employs balance sheet liability approach to calculate income tax.

(I) The recognition of the deferred income tax assets or deferred income tax liabilities

1. The company determines its tax base when acquiring assets and liabilities. On the balance sheet day, the company analyzes and compares the carrying amount of asset or liability and its tax basis. Where there are any temporary differences and under the case that the relevant temporary differences incur at the present period and comply with the conditions of recognition, the corresponding taxable temporary

difference or deductible temporary difference shall be recognized as a deferred income tax liability or deferred income tax asset.

2. The recognition basis of the deferred income tax assets

(1) The company shall recognize the deferred income tax assets arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference in the future period. In determining the amount of taxable income that is likely to be obtained in the future, it includes the amount of taxable income that is achieved in the future period of normal production and operation, and the amount of taxable income increased during the transfer of temporary differences in taxable tax returns.

(2) For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

(3) The carrying amount of deferred income tax assets shall be reexamined on balance sheet day. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is probable to obtain sufficient taxable income taxes, such write-down amount shall be subsequently reversed.

3. The recognition basis of the deferred income tax liability

The company shall recognize the accrued income tax temporary differences of the current period and prior period as a deferred income tax liability, But not include the temporary differences arising from goodwill, the transaction that is not business combination and the accounting profits not be affected nor the taxable amount be affected at the time of transaction.

(II) The measurement of the deferred income tax assets or deferred income tax liabilities

1. On the balance day, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. In case the applicable tax rate changes, the deferred income tax assets and deferred income tax liabilities which have been recognized shall be re-measured, excluding the deferred income tax liabilities arising from any transaction or event directly recognized as the owners' rights and interests, and the amount affected by them shall be recorded into the income tax expenses of the current period during which the change occurs.

3. At the time of measurement of deferred income tax assets and deferred income tax liabilities, the identical tax rate and tax base shall be adopted with those of expected asset recovery or liability settlement method.

4. The company shall not discount any deferred income tax asset or deferred income tax liability.

XXVI. Operating lease and financial lease

The company classifies a lease as a financing lease or an operating lease on the lease beginning date.

(I) Accounting treatment methods for operating lease

As the lessee, the rental of the operating lease is directly included with the straight-line method in

the relevant asset cost or the current profit and loss in the period of the lease term; the initial direct expense incurred is included in the current profit or loss; and the contingent rental is included in the current profit or loss when it is incurred.

As the lessor, the assets used for operating lease are included in the related items in the balance sheet according to the nature of the assets; the rental for operating lease is confirmed as current profit or loss with the straight-line method in the period of the lease term; the initial direct expense incurred is included in the current profit or loss; the fixed assets in the operating lease assets are depreciated according to the policy of depreciation for similar assets; other operating lease assets are amortized systematically and reasonably; and the contingent rental is included in the current profit or loss when it is incurred.

(H) Accounting treatment methods for financial leasing

As the lessee, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the lease beginning date of the lease term is taken as the entry value of the leased asset, and the minimum lease payment as the entry value of the long-term account payable, and their difference as the unconfirmed financing expense. The initial direct costs such as handling fees, attorney fees, travel expenses, stamp duty, etc. which is attributable to the lease item and incurred during the lease negotiation and the signing of the lease contract are included in the value of the leased assets. The unconfirmed financing expenses are apportioned in each period of the lease term, and the current financing expenses are calculated and confirmed with the current financing method; and the contingent rental is included in the current profit or loss when it is incurred.

As the lessor, the sum of the minimum lease receipts and the initial direct cost on the lease beginning date of the lease term is taken as the entry value of the finance lease receivables and the unguaranteed residual value is recorded; the difference between the sum of the minimum lease receivable, initial direct expense and unguaranteed residual value and the sum of their present value is confirmed as the unrealized financing income, which is allocated in each period of the lease term. The current financing income is calculated and confirmed with the current interest rate method; and the contingent rental is included in the current profit or loss when it is incurred.

XXVII. Important accounting policy and accounting estimate changes

During the reporting period, the company had no important accounting policy and accounting estimate changes.

Note IV. Tax items

(I) Major taxes and tax rates

Tax category	Tax calculation basis	Tax rate
VAT [Note]	VAT is calculated and paid as per the difference between current output tax amount and current deductible input tax amount	3%、5%、6%、10%/9%、11%、16%/13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge (including local)	Turnover tax payable	5%
Water conservancy construction fund	Commodity sales income	0.10%

Tax category	Tax calculation basis	Tax rate
Corporate income tax	Income tax payable	25%

(II) Tax benefit and approval document

Pursuant to the Notice of Ministry of Finance and State Administration of Taxation on Continuous Implementation of Preferential Policies for Rural Drinking Water Safety Engineering Construction Operation Tax (Financial Tax [2016] No.19), VAT was exempted on the water supply sales income received from providing domestic water to rural residents by the company's indirect holding companies Yuyao Water Supply Co., Ltd and Yuyao No.2 Water Supply Co., Ltd.

Pursuant to the Notice of Ministry of Finance and State Administration of Taxation on Relevant VAT Policies of Sewage Treatment Fee (Financial Tax [2001] No.97), VAT was exempted on the sewage treatment fee of the company's indirect holding companies Yuyao Water Supply Co., Ltd and Yuyao No.2 Water Supply Co., Ltd.

Pursuant to Article 3 in the Notice of Ministry of Finance and State Administration of Taxation on Continuous Implementation of Preferential Policies for Rural Drinking Water Safety Engineering Construction Operation Tax (Financial Tax [2016] No.19), property tax and urban land use tax were exempted on real estate and land of rural drinking water engineering operation management entities of the company's indirect holding companies Yuyao Water Supply Co., Ltd and Yuyao No.2 Water Supply Co., Ltd.

Note V. Notes on main items of consolidated financial statements

For the financial statement data disclosed below, unless otherwise specified, "beginning of period" refers to January 1, 2021, "end of period" refers to September 30, 2021, "current period" refers to January 1 to September 30, 2021, and "last period" refers to January 1 to September 30, 2020; unless otherwise specified, the currency units are in RMB.

1. Monetary fund

Items	Closing balance	Opening balance
Cash	441,023.34	435,061.79
Bank savings	19,345,188,244.45	15,966,119,242.10
Other monetary funds	934,041,309.09	1,479,205,297.09
Total	20,279,670,576.88	17,445,759,600.98

[Note] Restricted funds at the end of period amounted to RMB 3,004,601,498.20 in total, including the pledge certificate of deposit of RMB 2,475,360,000.00.

2. Financial assets measured at fair value with changes charged to current profits and losses

Items	Closing Amount	Beginning balance
Financial assets classified as measuring at fair value with change recorded in current profits and losses	50,000,000.00	130,000,000.00
Total	50,000,000.00	130,000,000.00

3. Bills receivable

Items	Closing balance	Opening balance
Bank acceptance bill	30,062,487.05	3,342,514.00

Items	Closing balance	Opening balance
Commercial acceptance bill	100,000,000.00	1,920,000.00
Total	130,082,487.05	5,262,514.00

Note: At the end of period, there is no undue, discounted or endorsed notes receivable.

4. Accounts receivable

① Accounts receivable disclosed by category

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivables with bad debt provision as per credit risk characteristic combinations					
Aging portfolio	276,084,066.09	4.16	1,380,420.33	0.05	274,703,645.76
Other combinations	6,367,421,182.39	95.84			6,367,421,182.39
Portfolio subtotal	6,643,505,248.48	100	1,380,420.33	0.02	6,642,124,828.15
Account receivables with single insignificant amount but single provision for bad debts					
Total	6,643,505,248.48	100	1,380,420.33		6,642,124,828.15

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Account receivables with bad debt provision as per credit risk characteristic combinations					
Aging portfolio	786,584,168.59	11.12	3,932,920.84	0.50	782,651,247.75
Other combinations	6,289,946,986.91	88.88			6,289,946,986.91
Portfolio subtotal	7,076,531,155.50	100.00	3,932,920.84	0.06	7,072,598,234.66
Account receivables with single insignificant amount but single provision for bad debts					
Total	7,076,531,155.50	100.00	3,932,920.84		7,072,598,234.66

② Top 6 companies in accounts receivable

Name	Relationship with the Company	Amount in arrear	Nature of funds
Hangzhou-Ningbo Railway Passenger Line Yuyao Section and Yuci Station Construction Engineering Command Headquarter	Unassociated party	1,666,147,665.49	Construction agent repurchase funds
Yuyao Finance Bureau	Unassociated party	1,288,445,573.36	Income funds

Name	Relationship with the Company	Amount in arrear	Nature of funds
Yuyao Basin Flood Control Engineering Command Headquarter	Unassociated party	938,656,872.34	Construction agent repurchase funds
Yuyao Housing & Urban-Rural Development Bureau	Unassociated party	863,403,996.00	Construction agent repurchase funds
Yuyao High-speed Railway New Town Construction Command Headquarter	Unassociated party	686,732,338.45	Construction agent repurchase funds
Total		5,453,386,435.64	

5. Advance payment

(1) Prepayment listed according to the account age

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	555,632,761.54	11.01	1,268,972,831.94	24.29
1~2 years	927,887,522.02	18.40	511,202,064.46	9.78
2~3 years	269,516,521.58	5.34	158,924,070.17	3.04
Over 3 years	3,291,164,138.58	65.25	3,286,179,749.76	62.89
Total	5,044,200,943.72	100.00	5,225,278,716.33	100.00

(2) Top 5 transaction companies in closing balance of advance payments

Name	Relationship with the Company	Amount
Yuyao People's Government Housing Relocation Management Office	Unassociated party	1,689,749,849.61
Yuyao Sewage Collection Engineering Command Headquarter	Unassociated party	1,148,565,219.36
Preliminary Command Headquarter for Development and Construction of Fengshan Land Plot in South of Northwest Ring Road	Unassociated party	423,570,591.17
Yuyao High-speed Railway New Town Construction Command Headquarter	Unassociated party	374,828,330.19
Yuyao Yangming Sub-district Fengnan Resettlement Housing Project	Unassociated party	178,596,118.92
Total		3,815,310,109.25

6. Other receivables

Items	Closing balance	Opening balance
Other receivables	19,497,699,825.88	21,245,228,069.66
Interests receivable	57,799,011.29	71,969,379.84
Dividends receivable		
Total	19,555,498,837.17	21,317,197,449.50

(1) Other receivables

① Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with bad debt provision as per credit risk characteristic combinations					
Aging portfolio	4,095,265,853.74	20.99	11,953,352.14	0.29	4,083,312,501.60
Other combinations	15,414,387,324.28	79.00			15,414,387,324.28
Portfolio subtotal	19,509,653,178.02	99.99	11,953,352.14	0.06	19,497,699,825.88
Other receivables with bad debt provision of single amount	1,062,823.90	0.01	1,062,823.90		
Total	19,509,653,178.02	100.00	11,953,352.14		19,497,699,825.88

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with bad debt provision as per credit risk characteristic combinations					
Aging portfolio	1,558,597,167.64	7.33	7,792,985.84	0.50	1,550,804,181.80
Other combinations	19,694,423,887.86	92.66			19,694,423,887.86
Portfolio subtotal	21,253,021,055.50	99.99	7,792,985.84	0.04	21,245,228,069.66
Other receivables with bad debt provision of single amount	1,062,823.90	0.01	1,062,823.90		
Total	21,254,083,879.40	100.00	8,855,809.74		21,245,228,069.66

② Top 5 companies in other receivables

Name	Relationship with the Company	Amount in arrear	Term of arrears
Yuyao City Tengxia Industry and Trade Co., Ltd.	Unassociated party	1,550,439,854.25	Within 1 year
Yuyao Langxia Market Development and Operation Co., Ltd.	Unassociated party	1,382,586,835.71	Within 1 year; 1-2 years
Yuyao Traffic Station Construction Housing Development Co., Ltd	Associated party	1,139,140,000.00	Within 1 year
Yuyao Siming Square Construction Investment Co., Ltd	Unassociated party	911,089,809.75	Rolling occurrence
Yuyao State-owned Asset Management Office	Associated party	487,000,000.00	Rolling occurrence
Total		5,470,256,499.71	

(2) Interests receivable

Items	Closing balance	Opening balance
Fixed deposit	52,513,969.62	66,684,338.17
Loan at call	5,285,041.67	5,285,041.67
Total	57,799,011.29	71,969,379.84

7. Contract assets

(1) Details

Items	Closing Amount		
	Book balance	Provision for impairment	Book value
Quality guarantee deposit receivable	15,215,571.91	2,236,270.72	12,979,301.19
Contract assets related to general engineering contracting business	209,368,422.98		209,368,422.98
Total	224,583,994.89	2,236,270.72	222,347,724.17

(Continued)

Items	Beginning balance		
	Book balance	Provision for impairment	Book value
Quality guarantee deposit receivable	233,550.00	11,677.50	221,872.50
Contract assets related to general engineering contracting business	328,494,352.79		328,494,352.79
Total	328,727,902.79	11,677.50	328,716,225.29

8. Inventory

(1) Inventory classification

Inventory type	Closing balance			Opening balance		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Raw materials	31,651,054.23		31,651,054.23	21,787,150.24		21,787,150.24
Commodity stocks	4,191,675,557.46		4,191,675,557.46	3,906,948,474.79		3,906,948,474.79
Low-value consumables	9,754,123.80		9,754,123.80	3,050,328.54		3,050,328.54
Land development	3,377,404,032.09		3,377,404,032.09	3,117,811,738.02		3,117,811,738.02
Land cost	1,584,013,806.31		1,584,013,806.31	1,558,704,982.11		1,558,704,982.11
Developed products	736,677,307.87		736,677,307.87	1,442,499,681.56		1,442,499,681.56
Development cost	34,875,679,166.34		34,875,679,166.34	34,365,101,059.96		34,365,101,059.96
Indirect development expense	1,607,881,745.22		1,607,881,745.22	1,409,888,956.42		1,409,888,956.42
Total	46,414,736,793.32		46,414,736,793.32	45,885,792,371.64		45,885,792,371.64

9. Other current assets

Items	Closing balance	Opening balance
Prepaid expenses	841,563,782.38	9,459,407.24
Short-term loans	6,100,000.00	15,624,000.00
Prepaid taxes	172,260,571.86	155,161,259.63
Total	1,019,924,354.24	180,244,666.87

10. Available-for-sale financial assets

(1) Available-for-sale financial assets are as follows

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale equity tool	899,984,125.35	2,000,000.00	897,984,125.35	973,080,856.00	2,000,000.00	971,080,856.00
Of which: available-for-sale equity instruments measured at fair value						
Available-for-sale equity instruments measured at cost value	899,984,125.35	2,000,000.00	897,984,125.35	973,080,856.00	2,000,000.00	971,080,856.00
Total	899,984,125.35	2,000,000.00	897,984,125.35	973,080,856.00	2,000,000.00	971,080,856.00

(2) Available-for-sale financial assets measured by cost at the end of the period

Investee	Book balance			
	Opening balance	Increase in current period	Decrease in current period	Closing balance
Zhejiang Bada Holding Co., Ltd	233,200.00			233,200.00
Ningbo Shedian Construction Drawing Design Review Co., Ltd	300,000.00			300,000.00
Yuyao Traffic Station Construction Housing Development Co., Ltd	960,000.00			960,000.00
Yuyao Shouchuang Water Co., Ltd	10,000,000.00			10,000,000.00
Yuyao Shouchuang Sewage Treatment Co., Ltd	20,000,000.00			20,000,000.00
Yuyao Shunbei Gas Station	500,000.00			500,000.00
Yuyao Liaoyuan Lighting Co., Ltd	2,000,000.00			2,000,000.00
Zhejiang Guohua Yuyao Gas Power Generation Co., Ltd	95,000,000.00			95,000,000.00
Yuyao Youth Social Practice Service Center	18,000,000.00			18,000,000.00

Investee	Book balance			
	Opening balance	Increase in current period	Decrease in current period	Closing balance
Yuyao Guangjin Penggai Hengfu Equity Investment Fund Partnership Enterprise (Limited Partnership)	240,118,800.00			240,118,800.00
Yuyao Mingshun Infrastructure Investment Co., Ltd	2,000,000.00			2,000,000.00
Ningbo Xiwai Clean Energy Co., Ltd	2,800,000.00			2,800,000.00
Yuyao Kaitou Blue Town Investment Development Co., Ltd	65,250,000.00			65,250,000.00
Yuyao Shengsi Parking Management Co., Ltd		600,000.00		600,000.00
Ningbo Mingzhou Xianming Tea Cooperative	50,000.00			50,000.00
Yuyao Caifu Junrun Venture Capital Partnership Enterprise (Limited Partnership)	2,486,100.00			2,486,100.00
Zhejiang Jibeike Information Technology Co., Ltd	1,000,000.00			1,000,000.00
Yuyao Yangming Zhixing Investment Center (Limited Partnership)	20,000,000.00	20,000,000.00	31,641,730.65	8,358,269.35
Ningbo Yanyuan Yaoshang Industrial Finance Equity Investment Partnership Enterprise (Limited Partnership)	162,000,000.00		104,566,095.00	57,433,905.00
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)	30,000,000.00			30,000,000.00
Puhui IPR Consulting (Yuyao) Partnership Enterprise (Limited Partnership)	50,000,000.00		50,000,000.00	
Ningbo Yanyuan Shunxiang Investment Partnership Enterprise (Limited Partnership)	50,000,000.00	1,705,036.26	1,705,036.26	50,000,000.00
Ningbo Yanyuan Shouke Jiaheng Investment Partnership Enterprise (Limited Partnership)	2,170,756.00			2,170,756.00
Ningbo Yanchuang Yaoshang Yangming Venture Capital Partnership Enterprise (Yangming Fund)		20,000,000.00	-	20,000,000.00
Ningbo Yanchuang Yaoshang Venture Capital Partnership Enterprise (FOF)		104,566,095.00	55,000,000.00	49,566,095.00
Ningbo Yanchuang Ruiying Venture Capital Partnership Enterprise (Limited Partnership)		9,900,000.00	-	9,900,000.00

Investee	Book balance			
	Opening balance	Increase in current period	Decrease in current period	Closing balance
Ningbo Fuyong Integrated Circuit Investment Co., Ltd	30,075,000.00	15,000,000.00		45,075,000.00
Yuyao Bicheng Construction Development Co., Ltd	14,000,000.00			14,000,000.00
Yuyao Zhiyu Zhongcheng Enterprise Management Partnership Enterprise (Limited Partnership)	16,887,000.00		1,955,000.00	14,932,000.00
Ningbo Henglian Civil Blasting Equipment Co., Ltd	250,000.00			250,000.00
Shunfa Guoxin (Ningbo) Cultural Technology Co., Ltd	1,000,000.00			1,000,000.00
Ningbo Financing Guarantee Co., Ltd	136,000,000.00			136,000,000.00
Total	973,080,856.00	171,771,131.26	244,867,861.91	899,984,125.35

(Continued)

Investee	Provision for impairment				Shareholding ratio in the investee (%)
	Opening balance	Increase in current period	Decrease in current period	Closing balance	
Zhejiang Bada Holding Co., Ltd					Micro
Ningbo Shetian Construction Drawing Design Review Co., Ltd					2.36
Yuyao Traffic Station Construction Housing Development Co., Ltd					48.00
Yuyao Shouchuang Water Co., Ltd					4.76
Yuyao Shouchuang Sewage Treatment Co., Ltd					10.00
Yuyao Shunbei Gas Station					100.00
Yuyao Liaoyuan Lighting Co., Ltd	2,000,000.00			2,000,000.00	3.33
Zhejiang Guohua Yuyao Gas Power Generation Co., Ltd					20.00
Yuyao Youth Social Practice Service Center					75.00
Yuyao Guangjin Penggai Hengfu Equity Investment Fund Partnership Enterprise (Limited Partnership)					19.96
Yuyao Mingshun Infrastructure Investment Co., Ltd					10.00
Ningbo Xiwei Clean Energy Co., Ltd					20.00
Yuyao Kailou Lancheng Investment Development Co., Ltd					15.00
Yuyao Shengsi Parking Management Co., Ltd					20.00
Ningbo Mingzhou Xianming Tea Cooperative					3.03

Investee	Provision for impairment				Shareholding ratio in the investee (%)
	Opening balance	Increase in current period	Decrease in current period	Closing balance	
Yuyao Cailu Junrun Venture Capital Partnership Enterprise (Limited Partnership)					18.50
Zhejiang Jibeike Information Technology Co., Ltd					10.00
Yuyao Yangming Zhixing Investment Center (Limited Partnership)					6.25
Ningbo Yanyuan Yaoshang Industrial Finance Equity Investment Partnership Enterprise (Limited Partnership)					22.73
Ningbo Yijin Zitai Investment Management Partnership Enterprise (Limited Partnership)					30.00
Puhui IPR Consulting (Yuyao) Partnership Enterprise (Limited Partnership)					99.75
Ningbo Yanyuan Dingxin Investment Partnership Enterprise (Limited Partnership)					96.15
Ningbo Yanyuan Shouke Jiaheng Investment Partnership Enterprise (Limited Partnership)					19.27
Ningbo Yanchuang Yaoshang Yangming Venture Capital Partnership Enterprise (Yangming Fund)					
Ningbo Yanchuang Yaoshang Venture Capital Partnership Enterprise (FOF)					
Ningbo Yanchuang Ruiying Venture Capital Partnership Enterprise (Limited Partnership)					
Ningbo Fuyong Integrated Circuit Investment Co., Ltd					7.50
Yuyao Bicheng Construction Development Co., Ltd					10.00
Yuyao Zhiyu Zhongcheng Enterprise Management Partnership Enterprise (Limited Partnership)					93.94
Ningbo Henglian Civil Blasting Equipment Co., Ltd					3.57
Shunfa Guoxin (Ningbo) Cultural Technology Co., Ltd					10.00
Ningbo Financing Guarantee Co., Ltd					5.98
Total	2,000,000.00			2,000,000.00	

[Note] The company held 20% or more of the above companies, but without control or significant

impact, and its investment was accounted by the cost method.

11. Held-to-maturity investments

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Yuyao natural gas ABS subscription funds				143,000,000.00		143,000,000.00
Total				143,000,000.00		143,000,000.00

12. Long-term equity investment

Investee	Opening balance	Increases and decreases in current period			Closing balance
		Increase in current period	Investment gains and losses recognized under equity method	Decrease in current period	
Ningbo Yuci Expressway Co., Ltd	200,000,000.00				200,000,000.00
Yuyao Sanqi Gas Station Co., Ltd	32,499,877.82				32,499,877.82
Zhejiang Yuyao Xingaxian Express Passenger Transport Co., Ltd	1,309,959.41				1,309,959.41
Yuyao Yongshi Petroleum Gas Co., Ltd	3,439,585.48				3,439,585.48
Yuyao Taxi Association					
Yuyao Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	24,500,000.00	19,600,000.00			44,100,000.00
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd	20,348,039.40				20,348,039.40
Ningbo Shuntong New Material Technology Co., Ltd	48,865,583.62				48,865,583.62
Ningbo Hangzhou-Ningbo Double Line Phase II	10,000,000.00				10,000,000.00

Investee	Opening balance	Increases and decreases in current period			Closing balance
		Increase in current period	Investment gains and losses recognized under equity method	Decrease in current period	
Expressway Co., Ltd					
Anhui Jiayi New Material Technology Co., Ltd	27,479,553.82			27,479,553.82	
Huainan Jiazhong Trading Co., Ltd	1,436,823.69			1,436,823.69	
Ningbo Yizai Shengjin Environmental Technology Co., Ltd	2,845,412.46		-264,035.18		2,581,377.28
Yuyao Yidun Real Estate Development Co., Ltd	117,013,098.54		-610,883.55		116,402,214.98
Yuyao Public Information Service Operation Co., Ltd	774,916.94		-191,660.23		583,256.71
Ningbo Yangming Holding Co., Ltd	66,525,386.16		-342,522.41	3,672,337.50	62,510,526.25
Yuyao Shimao Moushan Lake Leisure Resort Development Co., Ltd	52,059,013.74				52,059,013.74
Yuyao Shimao Property Co., Ltd	18,738,932.92				18,738,932.92
Zhejiang Wangsu E-commerce Holding Co., Ltd	35,003,182.71			35,003,182.71	
Yuyao Haiji Construction Development Co., Ltd	940,051,377.93		10,962,090.20		951,013,468.13
Total	1,002,890,744.64	19,600,000.00	9,552,988.82	67,591,897.72	1,564,451,835.74

Continued

Name of the invested entity	Measurement method	Shareholding ratio in the investee (%)	Provision for impairment
Ningbo Yuci Expressway Co., Ltd	Equity method	50.00	
Yuyao Sanqi Gas Station Co., Ltd	Equity method	40.00	

Name of the invested entity	Measurement method	Shareholding ratio in the investee (%)	Provision for impairment
Zhejiang Yuyao Xinganxian Express Passenger Transport Co., Ltd	Equity method	35.00	
Yuyao Yongshi Petroleum Gas Co., Ltd	Equity method	40.00	
Yuyao Taxi Association	Equity method	20.00	
Yuyao Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	Equity method	49.00	
Ningbo Zhongjian Shenglu Highway Construction Co., Ltd	Equity method	20.00	
Ningbo Shuntong New Material Technology Co., Ltd	Equity method	35.00	
Ningbo Hangzhou-Ningbo Double Line Phase II Expressway Co., Ltd	Equity method	50.00	
Anhui Jiayi New Material Technology Co., Ltd	Equity method		
Huainan Jiazhong Trading Co., Ltd	Equity method		
Ningbo Yizai Shengjin Environmental Technology Co., Ltd	Equity method	35.00	
Yuyao Yidun Real Estate Development Co., Ltd	Equity method	60.00	
Yuyao Public Information Service Operation Co., Ltd	Equity method	40.00	
Ningbo Yangming Holding Co., Ltd	Equity method	39.59	
Yuyao Shimao Moushan Lake Leisure Resort Development Co., Ltd	Equity method	30.00	
Yuyao Shimao Property Co., Ltd	Equity method	30.00	
Zhejiang Wangsu E-commerce Holding Co., Ltd	Equity method	28.20	
Yuyao Haiji Construction Development Co., Ltd.	Equity method	45.00	

13. Investment real estate

(1) Investment real estate measured at cost

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Total original book value	2,501,624,858.99			2,501,624,858.99
Houses, buildings	1,802,522,581.74			1,802,522,581.74
Land use right	699,102,277.25			699,102,277.25
Accumulated depreciation (amortization) total	398,383,802.87	13,217,215.04		411,601,017.91
Houses, buildings	241,316,266.10	8,544,623.93		249,860,890.03
Land use right	157,067,536.77	4,672,591.11		161,740,127.88
Total net book value	2,103,241,056.12			2,090,023,841.08
Houses, buildings	1,561,206,315.64			1,552,661,891.71
Land use right	542,034,740.48			537,362,149.37
Total provisions for impairment				
Houses, buildings				
Land use right				

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Total book values	2,103,241,056.12			2,090,023,841.08
Houses, buildings	1,561,206,315.64			1,552,661,691.71
Land use right	542,034,740.48			537,362,149.37

14. Fixed assets

Items	Closing balance	Opening balance
Fixed assets	9,487,941,970.04	9,298,704,916.63
Fixed asset liquidation		
Total	9,487,941,970.04	9,296,704,916.63

(1) Changes in original price and cumulative depreciation of fixed assets:

Items	Houses and buildings	Machinery equipment	Transportation equipment	Electronic office equipment and others	Total
I. Original book value:					
1. Opening balance	9,456,762,623.79	2,048,631,697.39	635,837,830.74	259,688,956.38	12,400,821,110.30
2. Increased amount in current period	253,279,131.01	2,292,937.99	115,230,730.39	43,156,596.53	413,959,395.92
(1) Outsourcing	253,279,131.01	2,292,937.99	115,230,730.39	43,156,596.53	413,959,395.92
(2) Transfer of engineering under construction					
(3) Increase in business combination					
3. Decreased amount in current period	761,252.37	41,575,071.42	63,207,589.45	931,931.00	106,475,844.24
(1) Disposal or scraping	761,252.37	41,575,071.42	63,207,589.45	931,931.00	106,475,844.24
(2) Other transfer-out					
4. Closing balance	9,709,280,502.43	2,009,249,563.96	687,860,971.68	301,913,623.91	12,708,304,661.98
II. Cumulative depreciation					
1. Opening balance	1,497,027,948.76	1,155,774,365.34	329,515,070.89	121,798,808.88	3,104,116,193.67
2. Increased amount in current period	39,298,305.69	80,832,299.80	53,716,948.35	5,959,593.04	179,807,146.88
(1) Provision	39,298,305.69	80,832,299.80	53,716,948.35	5,959,593.04	179,807,146.88
(2) Increase in business combination					
3. Decreased	711,323.96	9,900.99	62,385,661.89	453,761.77	63,560,648.61

Items	Houses and buildings	Machinery equipment	Transportation equipment	Electronic office equipment and others	Total
amount in current period					
4. Closing balance	1,535,614,930.49	1,236,596,764.15	320,846,357.35	127,304,639.95	3,220,362,691.94
III. Provision for impairment					
IV. Book value					
1. Period-end book value	8,173,665,571.94	772,652,799.81	367,014,614.33	174,608,983.96	9,487,941,970.04
2. Opening book value	7,959,734,675.03	892,757,332.05	306,322,759.85	137,890,149.70	9,296,704,916.63

15. Construction in process

Items	Closing balance	Opening balance
Construction in process	8,976,506,399.98	8,112,928,770.35
Engineering materials	2,726,229.86	2,781,594.36
Total	8,979,232,629.84	8,115,710,364.71

(1) Construction in process

① Construction in process

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book amount	Book balance	Provision for impairment	Net book amount
Yaodong Water Plant engineering	60,309,586.00		60,309,586.00	36,452,757.54		36,452,757.54
Yaoxi North Sea smear sewage treatment engineering	302,723,658.41		302,723,658.41	208,837,344.64		208,837,344.64
Natural gas pipeline installation engineering	585,864,549.38		585,864,549.38	487,487,112.02		487,487,112.02
Tap water pipeline engineering	193,884,322.62		193,884,322.62	214,182,184.98		214,182,184.98
One household one meter engineering	109,865,778.21		109,865,778.21	57,480,621.59		57,480,621.59
Reservoir	175,717,900.00		175,717,900.00	175,717,900.00		175,717,900.00
Liangnong Town Water Plant				31,582,826.00		31,582,826.00
Rural drinking water standard upgrade engineering	67,043,868.21		67,043,868.21	39,081,101.77		39,081,101.77
Yuyao No.2 People's Hospital	815,232,382.17		815,232,382.17	769,733,544.92		769,733,544.92

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Net book amount	Book balance	Provision for impairment	Net book amount
(Lanjiang Hospital) relocation engineering						
Yuyao Traditional Chinese Medicine Hospital relocation engineering	410,315,982.63		410,315,982.63	399,165,810.38		399,165,810.38
Yuyao Lishou Hospital decoration engineering	2,680,000.00		2,680,000.00	2,680,000.00		2,680,000.00
Reservoir engineering	184,156,361.32		184,156,361.32	184,156,361.32		184,156,361.32
Ring Lake engineering	430,007,101.00		430,007,101.00	427,007,101.00		427,007,101.00
Oriental Logistics north land plot	4,866,420.62		4,866,420.62	4,733,619.95		4,733,619.95
Jingqiao Village east land plot	21,369,159.37		21,369,159.37	20,937,983.26		20,937,983.26
Exhibition hall parking lot	3,449,550.52		3,449,550.52	3,449,550.52		3,449,550.52
Primary and secondary school west land plot	10,103,657.75		10,103,657.75	9,849,238.49		9,849,238.49
Long lane land plot	3,480,116.53		3,480,116.53	3,372,594.53		3,372,594.53
Beijiao Village parking lot	5,751,610.00		5,751,610.00	5,751,610.00		5,751,610.00
Taojia Road River pumping station	689,395,143.55		689,395,143.55	689,395,143.55		689,395,143.55
Taojia Road River Phase II engineering	841,850,000.00		841,850,000.00	841,850,000.00		841,850,000.00
Urban district embankment reinforcement engineering (Phase I)	245,610,000.00		245,610,000.00	245,610,000.00		245,610,000.00
Houqing River gate pump	280,000,000.00		280,000,000.00	280,000,000.00		280,000,000.00
Urban district embankment reinforcement engineering (Phase II)	217,430,000.00		217,430,000.00	202,430,000.00		202,430,000.00
Ningbo-Yuyao Intercity Railway Phase I engineering	55,639,355.27		55,639,355.27	52,774,711.77		52,774,711.77
Other projects	3,279,759,896.42		3,279,759,896.42	2,719,229,652.12		2,719,229,652.12
Total	8,976,506,399.96		8,976,506,399.96	8,112,928,770.35		8,112,928,770.35

At the end of the period, there was no circumstance where book value of construction in progress was higher than its recoverable amount, and the impairment reserve of construction in progress was not required.

(2) Engineering materials

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Engineering special material	2,726,229.86		2,726,229.86	2,781,594.36		2,781,594.36
Total	2,726,229.86		2,726,229.86	2,781,594.36		2,781,594.36

16. Intangible assets

(1) Intangible assets

Items	Land use right	Patent right	Software	Other	Total
I. Original book value					
1. Opening balance	4,089,491,488.52	2,844,188.69	27,183,220.88	970,000,000.00	5,089,518,898.09
2. Increased amount in current period	231,521,502.57		2,015,336.66		233,536,839.23
(1) Purchase	231,521,502.57		2,015,336.66		233,536,839.23
(2) Increase in business combination					
3. Decreased amount in current period					
4. Closing balance	4,321,012,991.09	2,844,188.69	29,198,557.54	970,000,000.00	5,323,055,737.32
II. Accumulated amortization					
1. Opening balance	269,404,575.60	2,844,188.69	18,032,207.45	779,520,000.82	1,069,800,972.56
2. Increased amount in current period	24,346,082.33		1,740,814.87	28,500,000.03	54,586,897.23
(1) Provision	24,346,082.33		1,740,814.87	28,500,000.03	54,586,897.23
(2) Increase in business combination					
3. Decreased amount in current period	105,193.44				105,193.44
4. Closing balance	293,645,464.49	2,844,188.69	19,773,022.32	808,020,000.85	1,124,282,676.35
III. Provision for impairment					
IV. Book value					

Items	Land use right	Patent right	Software	Other	Total
1. Period-end book value	4,027,367,526.60		9,425,535.22	161,979,999.15	4,198,773,060.97
2. Opening book value	3,820,086,912.92		9,151,013.43	190,479,999.18	4,019,717,925.53

(2) At the end of period, there was no circumstance where book value of intangible assets was higher than its recoverable amount, and the impairment reserve of intangible assets was not required.

17. Goodwill

Invested company name or arising matters	Opening balance	Increase in current period	Decrease in current period	Closing balance	Period-end provision for impairment
Arising from consolidation and offset of Yuyao Urban Natural Gas Co., Ltd	18,000,000.00			18,000,000.00	
Acquired 60% equity of Ningbo Deshun Transportation Management Co., Ltd	25,789,198.01			25,789,198.01	
Acquired 80% equity of Ningbo Gangshun Transportation Development Co., Ltd	18,725,834.95			18,725,834.95	
Acquired 60% equity of Ningbo Baoshun Infrastructure Development Co., Ltd	6,009,619.88			6,009,619.88	
Acquired 60% equity of Ningbo Longshun Highway Development Co., Ltd	20,840,792.16			20,840,792.16	
Acquired 60% equity of Ningbo Yashun Road Bridge Co., Ltd	7,136,785.43			7,136,785.43	
Acquired 60% equity of Ningbo Yishun Road Engineering Co., Ltd	31,886,996.64			31,886,996.64	
Acquired 49% equity of Yuyao Public Transportation Co., Ltd	5,138,468.45			5,138,468.45	
Acquired 100% equity of Yuyao Dazhong Transportation Co., Ltd	468,439.62			468,439.62	
Acquired 55% equity of Yuyao Fengshan Petrochemical Co., Ltd	3,577,562.86			3,577,562.86	
Acquired equity of Yuyao Jiajiafu Supermarket Distribution Co., Ltd	8,472,022.67			8,472,022.67	
Acquired equity of Zhenhai Petrochemical Engineering Holding Co., Ltd	296,096,035.58			296,096,035.58	
Total	442,141,756.25			442,141,756.25	

18. Deferred income tax assets

(1) Deferred income tax assets

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment reserve	13,333,772.47	2,996,819.73	12,788,730.58	3,197,182.65
Deferred government subsidy	7,671,414.37	1,150,712.16	8,293,420.96	1,244,013.14
Payroll and bonus payable	13,105,864.63	1,965,879.69	7,232,568.36	1,084,885.25
Restricted equity incentive expense	350,371.20	52,555.68	978,088.49	146,713.27
Total	34,461,422.67	6,165,967.26	29,292,808.39	5,672,794.31

19. Other non-current assets

Items	Closing balance	Opening balance
Construction consignment project	14,565,699,178.73	14,011,144,442.25
Old car operation license	3,392,490.00	3,392,490.00
329 Station westward relocation engineering	5,199,449.71	5,199,449.71
Municipal infrastructure	3,302,740,371.69	3,217,880,965.04
Deferred tax:	2,805,865.03	2,963,923.33
BT Project funds	2,981,998,739.56	3,016,298,274.56
Clear stock and real debt investment funds	647,050,000.00	
Other	1,017,918,407.70	1,017,918,407.70
Total	22,527,004,502.42	21,274,797,972.59

20. Short-term borrowings

Borrowings category	Closing balance	Opening balance
Pledge borrowings	1,102,850,000.00	1,635,600,000.00
Mortgage borrowings	152,000,000.00	252,000,000.00
Security borrowings	3,375,780,000.00	3,616,800,000.00
Credit borrowings	152,497,600.00	223,937,600.00
Total	4,783,127,600.00	5,728,337,600.00

21. Bills payable

Items	Closing balance	Opening balance
Bank acceptance bill	340,000,000.00	589,000,000.00
Commercial acceptance bill	515,000,000.00	642,000,000.00
Total	855,000,000.00	1,231,000,000.00

22. Accounts payable

① Accounts Payable by Age

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	640,770,140.99	88.40	484,548,272.31	70.36
1~2 年	6,528,402.94	0.90	104,987,068.04	15.25
2~3 年	10,905,355.39	1.50	26,520,157.24	3.85
Over 3 years	66,677,602.97	9.20	72,581,268.56	10.54
Total	724,881,502.29	100.00	688,636,766.15	100.00

② Major payables aged over 1 year

Name	Amount	Reasons for unsettlement
Yuyao Simen Water Supply Co., Ltd	5,556,819.20	Undue
Estimated cost of Siming Apartment	26,688,070.89	Undue
Liangnong Town Government	26,095,393.10	Undue
Yuyao Shouchuang Water Co., Ltd	8,049,986.51	Undue
Ningbo Pharmaceutical Co., Ltd	8,624,626.32	Undue
Total	75,014,895.82	

23. Advance receipt

(1) Advance receipts presented by accounts

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,453,159,759.44	40.08	1,008,366,193.02	33.42
1~2 年	952,377,938.86	26.27	842,186,497.99	27.92
2~3 年	417,455,249.57	11.52	375,239,039.88	12.44
Over 3 years	802,375,621.44	22.13	791,168,838.61	26.22
Total	3,625,368,569.31	100.00	3,016,960,569.50	100.00

(2) Important advance receipts at the end of period

Name	Amount	Reason for Not Carrying Forward
Yuyao Land Transaction Reserve Center	1,422,534,939.30	Not settled
Yuyao Housing Expropriation & Compensation Office	270,987,587.83	Not settled
Yuyao Finance Bureau	227,274,171.09	Not settled
Yuyao Construction Bureau	182,893,957.81	Not settled
Yuyao People's Government Lizhou Sub-district Office	154,741,385.00	Not settled
Total	2,258,432,041.03	

24. Payroll payable

(1) Presentation of employee remuneration payable

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term remuneration	66,006,636.76	251,587,291.96	273,887,259.19	43,706,668.53
II. Post-employment welfare - defined	620,980.52	7,452,477.73	7,452,477.73	620,980.52

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
contribution plan				
III. Dismissal benefits				
Total	66,627,616.28	259,039,769.69	281,339,736.92	44,327,649.05

(2) Short-term remuneration

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Wages, bonuses, allowances and subsidies	63,852,591.13	212,303,047.92	234,810,207.68	41,345,431.37
II. Employee services and benefits	1,518,553.54	9,488,547.46	9,339,573.71	1,667,527.29
III. Social insurance premiums	441,376.63	14,910,828.25	14,888,611.07	463,593.81
Of which:				
1. Medical insurance premium	392,629.93	13,421,104.23	13,399,319.55	414,414.61
2. Work-related injury insurance premium	24,121.80	1,138,375.12	1,138,375.12	24,121.80
3. Birth insurance premium	24,624.90	2,118.74	2,118.74	24,624.90
4. Other		349,230.16	348,797.66	432.50
IV. Housing fund	18,249.00	11,575,222.00	11,575,222.00	18,249.00
V. Trade union funds and staff education funds	175,865.46	2,328,398.33	2,292,398.73	211,867.06
VI. Short-term paid absences				
VII. Other short-term compensation		981,248.00	981,248.00	
Total	66,006,635.76	251,587,291.96	273,887,259.19	43,706,668.53

(3) Presentation of defined contribution plan

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
1. Basic endowment insurance premium	574,474.08	7,200,442.83	7,200,442.83	574,474.08
2. Unemployment insurance premium	46,506.44	252,034.90	252,034.90	46,506.44
3. Payment of enterprise annuity				
4. Other				
Total	620,980.52	7,452,477.73	7,452,477.73	620,980.52

25. Taxes payable

Items	Closing balance	Opening balance
Corporate income tax	1,022,306,298.71	991,577,031.04
VAT	310,893,062.84	268,734,499.24
Business tax	16,363,388.23	16,439,003.68
Increment tax on land value	24,209,643.36	24,299,586.91

Items	Closing balance	Opening balance
Land use tax	13,435,898.73	21,748,595.22
Housing tax	4,473,456.39	13,231,893.38
Urban maintenance and construction tax	22,719,515.12	20,970,579.38
Education surcharge	16,995,757.63	15,331,912.49
Withholding personal income tax	263,036.53	4,036,304.40
Stamp duty	121,915.31	898,506.03
Other	-232,763.90	178,371.00
Total	1,431,549,208.95	1,377,446,284.77

26. Other payables

Items	Closing balance	Opening balance
Other payables	10,238,386,402.03	11,663,667,710.20
Interest payable	682,438,569.95	735,892,245.40
Dividends payable		
Total	10,920,824,971.98	12,399,559,955.60

(1) Other payables**① Other Payables by Age**

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	4,568,719,580.42	44.62	4,623,996,463.44	39.64
1~2 years	3,572,548,344.39	34.89	2,572,558,016.03	22.08
2~3 years	720,418,057.64	7.04	2,911,207,616.54	24.96
Over 3 years	1,376,700,419.58	13.45	1,555,905,614.19	13.34
Total	10,238,386,402.03	100.00	11,663,667,710.20	100.00

② Details of transactions with large amounts in the closing balance of other payables are presented as follows:

Name of projects	Relationship with the Company	Amount	Nature or content
Yuyao Finance Bureau	Unassociated party	3,593,603,604.72	Transaction accounts
Yuyao Financial Land Development Center	Unassociated party	970,449,353.75	Transaction accounts
Yuyao Shantytown Renovation Investment Construction Co., Ltd	Unassociated party	316,318,800.00	Transaction accounts
Yuyao Siming Square Construction Investment Co., Ltd	Unassociated party	272,876,502.11	Transaction accounts
Ningbo Fuchen Property Co., Ltd	Unassociated party	55,977,440.75	Transaction accounts
Total		5,210,225,701.33	

(2) Interest payable

Items	Closing balance	Opening balance
Interests on long/short term loan with installment interests and principal repayment at maturity	139,186,879.29	74,657,823.45
Corporate bond interests	540,420,239.32	634,275,819.91
Other	2,831,451.34	26,958,602.04
Total	682,438,569.95	735,892,245.40

27. Non-current liabilities due within one year**(1) Non-current liabilities due within one year**

Items	Closing balance	Opening balance
Long-term borrowings due within one year	8,078,507,992.59	9,774,699,048.45
Bonds payable due within one year	7,775,841,348.22	8,612,049,441.16
Long-term payables due within one year	502,544,807.77	1,338,029,374.27
Total	16,356,894,148.58	19,724,777,863.88

28. Other current liabilities

Name of projects	Closing balance	Opening balance
Short-term financing bonds		200,000,000.00
Substituted money on VAT to be transferred	11,229,031.31	60,759,490.81
Guarantee compensation reserve	30,071,933.00	20,113,406.17
Guarantee liability reserve fund	2,591,398.07	569,416.96
Clear stock and real debt investment funds	647,050,000.00	
Other	500,000,000.00	
Total	1,190,942,362.38	281,442,313.94

29. Long-term borrowing

Borrowings category	Closing balance	Opening balance
Pledge borrowings	1,600,750,000.00	3,616,000,000.00
Mortgage borrowings	2,743,250,000.00	2,994,000,000.00
Security borrowings	24,500,190,011.39	19,613,439,758.32
Credit borrowings	978,500,000.00	877,500,000.00
Other borrowings	871,722,725.71	931,746,658.08
Total	30,694,412,737.10	28,032,686,416.40

30. Bonds payable**Increase and decrease of bond payable**

Bond name	Face value	Issue date	Bond maturity	Issue amount
14 Yu Investment 01	600,000,000.00	19 May 2014	7 years	1,489,500,000.00
16 Yu Investment 01	1,000,000,000.00	23 March 2016	5 years	994,000,000.00
16 Yu Investment 02	1,000,000,000.00	21 July 2016	5 years	994,000,000.00
16 Yu Investment 03	1,000,000,000.00	7 November 2016	5 years	994,000,000.00

Bond name	Face value	Issue date	Bond maturity	Issue amount
17 Yu Investment 01	500,000,000.00	23 March 2017	5 years	497,000,000.00
17 Yu Investment 02	500,000,000.00	17 July 2017	5 years	497,000,000.00
17 Yu Investment 03	500,000,000.00	6 November 2017	5 years	491,000,000.00
19 Yu Investment 01	300,000,000.00	20 March 2019	5 years	298,200,000.00
19 Yu Investment 02	200,000,000.00	20 March 2019	5 years	198,800,000.00
19 Yu Investment 03	500,000,000.00	26 April 2019	5 years	497,000,000.00
19 Yu Investment 05	500,000,000.00	22 August 2019	5 years	497,000,000.00
20 Yu Investment 01	500,000,000.00	27 April 2020	5 years	497,000,000.00
21 Yu Investment 01	1,000,000,000.00	12 March 2021	5 years	1,000,000,000.00
21 Yuyao 01	500,000,000.00	27 April 2021	5 years	500,000,000.00
21 Yu Investment 02	600,000,000.00	12 July 2021	5 years	600,000,000.00
21 Yu Investment 03	400,000,000.00	12 July 2021	5 years	400,000,000.00
21 Yuyao Urban Investment MTN001	500,000,000.00	19 August 2021	5 years	500,000,000.00
Yu Natural Gas Secondary	143,000,000.00	27 November 2015	6 years	141,911,627.91
17 Yuyao Urban Investment MTN001	500,000,000.00	7 August 2017	5 years	499,000,000.00
18 Yuyao Urban Investment MTN002	400,000,000.00	19 September 2018	5 years	398,000,000.00
19 Yuyao Urban Investment MTN001	600,000,000.00	25 February 2019	5 years	594,000,000.00
19 Yuyao Urban Investment MTN002	500,000,000.00	25 April 2019	5 years	495,000,000.00
LNG Emergency Gas Source Station (Local Government Bond)	40,000,000.00	2 May 2020	10 years	40,000,000.00
16 Yu Transportation 01	1,000,000,000.00	25 August 2016	5 years	1,000,000,000.00
17 Yu Transportation 02	550,000,000.00	15 March 2017	5 years	550,000,000.00
17 Yu Transportation 03	550,000,000.00	26 May 2017	5 years	550,000,000.00
17 Yu Transportation 04	600,000,000.00	20 June 2017	5 years	600,000,000.00
17 Yu Transportation 05	300,000,000.00	3 July 2017	5 years	300,000,000.00
18 Shuntong MTN001	1,000,000,000.00	26 April 2018	3 years	1,000,000,000.00
18 Shuntong MTN002	500,000,000.00	31 August 2018	3 years	500,000,000.00
19 Shuntong MTN001	500,000,000.00	28 August 2019	5 years	500,000,000.00
19 Shuntong 01	800,000,000.00	24 April 2019	5 years	800,000,000.00
20 Shuntong 01	1,000,000,000.00	17 January 2020	5 years	1,000,000,000.00
20 Shuntong 02	1,000,000,000.00	17 July 2020	5 years	1,000,000,000.00
21 Shuntong Medium-term Note	1,000,000,000.00	25 March 2021	5 years	1,000,000,000.00
21 Shuntong Medium-term Note	500,000,000.00	22 June 2021	5 years	500,000,000.00
21 Shuntong 01	1,000,000,000.00	6 August 2021	5 years	1,000,000,000.00
21 Shuntong MTN003	500,000,000.00	27 August 2021	5 years	500,000,000.00
ABS Green Bond	200,000,000.00	29 July 2021	9 years	200,000,000.00

Bond name	Face value	Issue date	Bond maturity	Issue amount
17 Yuyao High-speed Railway PPN001	500,000,000.00	13 April 2017	5 years	500,000,000.00
17 Yuyao High-speed Railway PPN002	300,000,000.00	29 August 2017	5 years	300,000,000.00
17 Yuyao High-speed Railway PPN003	100,000,000.00	16 November 2017	5 years	100,000,000.00
18 Yuyao High-speed Railway PPN001	70,000,000.00	9 January 2018	5 years	70,000,000.00
18 Yuyao High-speed Railway PPN002	400,000,000.00	15 January 2018	3 years	400,000,000.00
18 Yuyao High-speed Railway PPN003	130,000,000.00	27 December 2018	3 years	130,000,000.00
19 Yuyao High-speed Railway Short-term Financing	300,000,000.00	29 August 2019	1 year	300,000,000.00
Direct financing wealth management	500,000,000.00	26 April 2019	3 years	500,000,000.00
20 Zhe Yuyao High-speed Railway ZR001	100,000,000.00	30 March 2020	3 years	100,000,000.00
20 Zhe Yuyao High-speed Railway ZR002	200,000,000.00	20 November 2020	3 years	200,000,000.00
Medium-term Note	400,000,000.00	14 January 2021	3 years	400,000,000.00
Direct financing wealth management	65,000,000.00	21 May 2021	2 years	65,000,000.00
Short-term financing	200,000,000.00	30 July 2021	1 year	200,000,000.00
18 USD debt	100 million dollars	21 December 2018	3 years	100 million dollars
19 USD debt	100 million dollars	23 April 2019	3 years	100 million dollars
19Yao Economic Development MTN01	500,000,000.00	24 June 2019	5 years	500,000,000.00
19 Yao Economic 01 Corporate Bond	500,000,000.00	14 November 2019	5 years	500,000,000.00
20 Yao Economic 02 Corporate Bond	865,000,000.00	20 April 2020	5 years	865,000,000.00
16 Yuyao 01	500,000,000.00	19 July 2016	5 years	500,000,000.00
16 Yuyao 03	1,000,000,000.00	14 November 2016	5 years	1,000,000,000.00
19 Yu Engineering 01	600,000,000.00	August 23 2019	5 years	600,000,000.00
19 Yu Engineering 02	400,000,000.00	8 September 12019	5 years	400,000,000.00
20 Yuyao Engineering Investment MTN001	400,000,000.00	29 April 2020	5 years	400,000,000.00
20 Yuyao Engineering Investment MTN002	500,000,000.00	14 September 2020	5 years	500,000,000.00
21 Yu Engineering 01	500,000,000.00	22 July 2021	5 years	500,000,000.00
20 Shunnong Medium-term Note	1,000,000,000.00	25 June 2021	3 years	1,000,000,000.00
Total				

Continued:

Bond name	Opening balance	Issue in current period	Increase in current period	Decrease in current period	Closing balance
14 Yu Investment 01	299,966,178.89		33,821.11	300,000,000.00	
16 Yu Investment 01	999,397,393.81		602,606.19	1,000,000,000.00	
16 Yu Investment 02	999,052,328.89		947,671.11	1,000,000,000.00	
16 Yu Investment 03	998,750,260.84		1,137,113.31		999,887,373.95
17 Yu Investment 01	499,145,635.65		409,095.96		499,554,731.61
17 Yu Investment 02	498,962,042.63		408,931.95		499,370,974.58
17 Yu Investment 03	496,311,462.45		1,213,244.54		497,524,706.99
19 Yu Investment 01	298,777,779.64		241,552.59		299,019,332.23
19 Yu Investment 02	199,194,249.10		164,823.90		199,359,073.00
19 Yu Investment 03	497,908,220.86		402,506.97		498,310,727.83
19 Yu Investment 05	497,774,678.82		408,276.57		498,182,955.19
20 Yu Investment 01	497,384,060.34		422,776.08		497,806,836.42
21 Yu Investment 01		994,000,000.00	615,516.40		994,615,516.40
21 Yuyao 01		497,000,000.00	238,497.73		497,238,497.73
21 Yu Investment 02		596,400,000.00	148,696.11		596,548,696.11
21 Yu Investment 03		397,600,000.00	100,089.87		397,700,089.87
21 Yuyao Urban Investment MTN001		495,790,000.00	84,172.91		495,874,172.91
Yu Natural Gas Secondary	142,653,214.36			142,653,214.36	
17 Yuyao Urban Investment MTN001	499,844,355.10		136,756.43		499,981,111.53
18 Yuyao Urban Investment MTN002	397,657,882.00		542,038.07		398,199,920.07
19 Yuyao Urban Investment MTN001	596,038,230.63		825,574.12		596,863,804.75
19 Yuyao Urban Investment MTN002	496,541,188.47		681,919.69		497,223,108.16
LNG Emergency Gas Source Station (Local)	40,000,000.00				40,000,000.00

Bond name	Opening balance	Issue in current period	Increase in current period	Decrease in current period	Closing balance
Government Bond)					
16 Yu Transportation 01	995,831,388.48			995,831,388.48	
17 Yu Transportation 02	547,646,457.09				547,646,457.09
17 Yu Transportation 03	547,654,541.04				547,654,541.04
17 Yu Transportation 04	597,699,697.34				597,699,697.34
17 Yu Transportation 05	298,648,863.60				298,648,863.60
18 Shuntong MTN001	999,715,633.08			999,715,633.08	
18 Shuntong MTN002	499,857,645.31			499,857,645.31	
19 Shuntong MTN001	499,241,141.31				499,241,141.31
19 Shuntong 01	796,640,577.03				796,640,577.03
20 Shuntong 01	994,976,806.55				994,976,806.55
20 Shuntong 02	994,446,681.10				994,446,681.10
21 Shuntong Medium-term Note		1,000,000,000.00			1,000,000,000.00
21 Shuntong Medium-term Note		500,000,000.00			500,000,000.00
21 Shuntong 01		1,000,000,000.00			1,000,000,000.00
21 Shuntong MTN003		500,000,000.00			500,000,000.00
ABS Green Bond		200,000,000.00			200,000,000.00
17 Yuyao High-speed Railway PPN001	499,572,157.96				499,572,157.96
17 Yuyao High-speed Railway PPN002	299,779,111.20				299,779,111.20
17 Yuyao High-speed Railway PPN003	99,917,739.97				99,917,739.97
18 Yuyao High-speed Railway PPN001	69,938,546.55				69,938,546.55
18 Yuyao High-speed Railway PPN002	399,988,142.37			399,988,142.37	

Bond name	Opening balance	Issue in current period	Increase in current period	Decrease in current period	Closing balance
18 Yuyao High-speed Railway PPN003	130,000,000.00				130,000,000.00
19 Yuyao High-speed Railway Short-term Financing					
Direct financing wealth management	500,000,000.00				500,000,000.00
20 Zhe Yuyao High-speed Railway ZR001	99,425,956.74				99,425,956.74
20 Zhe Yuyao High-speed Railway ZR002	198,247,472.94				198,247,472.94
Medium-term Note		400,000,000.00			400,000,000.00
Direct financing wealth management		65,000,000.00			65,000,000.00
Short-term financing		200,000,000.00			200,000,000.00
18 USD debt	646,837,255.33		-3,950,000.00		642,887,255.33
19 USD debt	648,941,557.56		-2,460,000.00		646,481,557.56
19Yao Economic Development MTN01	498,564,482.97				498,564,482.97
19 Yao Economic 01 Corporate Bond	496,820,099.73				496,820,099.73
20 Yao Economic 02 Corporate Bond	858,957,028.98				858,957,028.98
16 Yuyao 01	500,000,000.00			500,000,000.00	
16 Yuyao 03	1,000,000,000.00				1,000,000,000.00
19 Yu Engineering 01	597,296,797.78				597,296,797.78
19 Yu Engineering 02	398,163,875.62				398,163,875.62
20 Yuyao Engineering Investment MTN001	396,853,352.59				396,853,352.59
20 Yuyao Engineering Investment MTN002	495,741,935.55				495,741,935.55
20 Shunnong Medium-term Note		1,000,000,000.00			1,000,000,000.00

Bond name	Opening balance	Issue in current period	Increase in current period	Decrease in current period	Closing balance
21 Yu Engineering 01		497,600,000.00			497,600,000.00
Less: amount due within 1 year	8,812,049,441.16				7,775,841,348.22
Total	16,950,514,666.69	8,343,390,000.00	3,355,581.61	5,838,046,023.60	20,295,422,417.64

31. Long-term accounts payable

Items	Closing balance	Opening balance
Guangzhou Yuexiu Financial Leasing Co., Ltd	150,000,000.00	187,500,000.00
Ping An International Financial Leasing (Tianjin) Co., Ltd.	200,000,000.00	285,000,000.00
Huaxia Financial Leasing Co., Ltd.	510,000,000.00	
SPDB Financial Leasing Co., Ltd.	278,571,428.57	
CMB Financial Leasing Co., Ltd.	154,000,000.00	80,000,000.00
Operating margin and attached car price balance	5,813,400.87	9,006,926.01
International Far Eastern Leasing Co., Ltd.	21,878,769.92	53,768,005.33
Housing fund	255,058.68	255,058.68
China Development Fund Co., Ltd.	119,000,000.00	119,000,000.00
Yuyao Shantytown Renovation Investment Construction Co., Ltd	438,900,000.00	460,900,000.00
China Huarong Financial Leasing Co., Ltd.	40,000,000.00	64,000,000.00
Yangtze United Financial Leasing Co., Ltd.	90,000,000.00	120,000,000.00
Huaheng Financial Leasing Co., Ltd	94,040,078.04	15,095,000.00
Zhejiang Nuoyuan Investment Management Co., Ltd	15,910,000.00	200,000,000.00
Jiushi Financial Leasing (Shanghai) Co., Ltd	82,000,000.00	136,060,880.88
Greal Wall-Haltong Moushanhu Resettlement Housing Trust Benefit Asset Plan	65,000,000.00	158,224,197.26
Yongying Financial Leasing Co., Ltd	502,310,625.83	294,000,000.00
Xiongjia Langxia Sub-district Xiongjia Village	2,243,925.00	2,243,925.00
Xiongjia Langxia Sub-district Tianzhong Village	11,627,940.45	11,627,940.45
Xiongjia Langxia Sub-district Zhaojia Village	600,000.00	600,000.00
AVIC International Leasing Co., Ltd.	130,500,000.00	217,500,000.00
Yunnan International Trust Co., Ltd		
Bohai International Trust Co., Ltd	80,000,000.00	80,000,000.00
Kunlun Trust Co., Ltd		200,000,000.00
Western Trust LLC		200,000,000.00
Yangdi Synergy Financial Asset Trading Center Co., Ltd		200,000,000.00
Chang'an International Trust Co., Ltd		100,000,000.00
Lujiazui International Trust Co., Ltd		300,000,000.00

Items	Closing balance	Opening balance
Shaanxi International Trust Co., Ltd	240,000,000.00	240,000,000.00
Beijing Financial Asset Exchange	200,000,000.00	
Other	7,440,000.00	27,440,000.00
Less: long-term payables due within one year	502,544,807.77	1,338,029,374.27
Special accounts payable	1,065,683,252.37	769,815,057.34
Total	4,003,229,671.96	3,194,007,626.68

Among them, conditions of special account payable are as follows:

Items	Closing balance	Opening balance
G228 Guzha Line (Huangjianshan to Yaodong Bridge) Reconstruction Project	80,640,000.00	80,640,000.00
S309 Heliang Line Reconstruction Engineering Phase I (Yuyao Xiaoyun Village—Lower Section of Jinling)	28,931,823.50	28,931,823.50
Transportation infrastructure construction cost compensation	111,032,280.43	44,542,088.81
Petrochemical building supporting funds	7,671,414.37	8,293,420.96
Government subsidy engineering funds	395,000,000.00	165,000,000.00
Cao'e River drinking water engineering subsidy	117,885,000.00	117,885,000.00
Seawall enclosure engineering subsidy	33,000,000.00	33,000,000.00
Shuangzikou reservoir engineering subsidy	20,000,000.00	20,000,000.00
Jiangjia Longjiang engineering subsidy	5,000,000.00	5,000,000.00
Yaojiang urban section embankment reinforcement engineering subsidy	20,000,000.00	20,000,000.00
Exhibition hall parking lot construction project expense	4,000,000.00	4,000,000.00
Plastic town west parking lot construction project expense	3,000,000.00	3,000,000.00
Zhongsu Real Estate Xinyuan land transfer rebate transfer	230,815,341.47	236,815,341.47
Other	2,707,392.60	2,707,392.60
Total	1,065,683,252.37	769,815,057.34

32. Deferred incomes

Items	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Buried pipe expense subsidy	280,598,571.33	37,526,775.18	6,897,943.81	291,227,402.70
Subsidy for bus operation	15,179,677.03	18,078,719.51	7,114,530.76	26,143,865.78
Total	275,778,248.36	55,605,494.69	14,012,474.57	317,371,268.48

33. Paid-in capital

Name of shareholder	Opening balance		Increase this year	Decreased amount in the current year	Closing balance	
	Amount invested	Proportion (%)			Amount invested	Proportion (%)
Yuyao State-owned Asset Management Office	1,350,000,000.00	90.00			1,350,000,000.00	90.00
Zhejiang Financial	150,000,000.00	10.00			150,000,000.00	10.00

Name of shareholder	Opening balance		Increase this year	Decreased amount in the current year	Closing balance	
	Amount invested	Proportion (%)			Amount invested	Proportion (%)
Development Co., Ltd						
Total	1,500,000,000.00	100.00			1,500,000,000.00	100.00

34. Other equity instruments

Items	Opening balance	Increase this year	Decreased amount in the current year	Closing balance
Perpetual Bond: 17 Yuyao Urban Investment MTN002	495,000,000.00			495,000,000.00
Perpetual Bond: 18 Yuyao Urban Investment MTN001	495,000,000.00			495,000,000.00
Perpetual Bond: 18 Yuyao Urban Investment MTN003	397,600,000.00			397,600,000.00
Perpetual Bond: 18 Yuyao Urban Investment MTN004	596,400,000.00			596,400,000.00
Perpetual Bond: 20 Yuyao Shuncai MTN001	994,000,000.00			994,000,000.00
Investment of Huaxin International Trust Co., Ltd		51,000,000.00		51,000,000.00
Total	2,978,000,000.00	51,000,000.00		3,029,000,000.00

Note: From September 1, 2017 to September 4, 2017, Yuyao Urban Construction Investment Development Co., Ltd issued 2017 Phase II Medium-term Notes of Yuyao Urban Construction Investment Development Co., Ltd (abbreviation: 17 Yuyao Urban Investment MTN002, code: 101756032), with actual issuance amount RMB 500 million, bond interest date starting from September 5, 2017, period 5+N years, payment date due during the issuer's redemption according to the issuance clauses, issuance rate 5.93% (1-year SHIBOR + 1.5277%) and issuance price RMB 100.00/RMB Hundred.

From April 30, 2018 to April 23, 2018, Yuyao Urban Construction Investment Development Co., Ltd issued 2018 Phase I Medium-term Notes of Yuyao Urban Construction Investment Development Co., Ltd (abbreviation: 18 Yuyao Urban Investment MTN001, code: 101800478), with actual issuance amount RMB 500 million, bond interest date starting from April 24, 2017, period 5+N years, payment date due during the issuer's redemption according to the issuance clauses, issuance rate 7.00% (1-year SHIBOR + 2.58%) and issuance price RMB 100.00.

From October 17, 2018 to October 18, 2018, Yuyao Urban Construction Investment Development Co., Ltd issued 2018 Phase III Medium-term Notes of Yuyao Urban Construction Investment Development Co., Ltd (abbreviation: 18 Yuyao Urban Investment MTN003, code: 101801103), with actual issuance amount RMB 400 million, bond interest date starting from October 19, 2018, period 3+N years, payment date due during the issuer's redemption according to the issuance clauses, issuance rate 6.45% (1-year SHIBOR + 2.94%) and issuance price RMB 100.00.

From December 19, 2018 to December 20, 2018, Yuyao Urban Construction Investment Development Co., Ltd issued 2018 Phase IV Medium-term Notes of Yuyao Urban Construction Investment Development Co., Ltd (abbreviation: 18 Yuyao Urban Investment MTN004, code: 101801536), with actual issuance amount RMB 600 million, bond interest date starting from December 21, 2018, period

3+N years, payment date due during the issuer's redemption according to the issuance clauses, issuance rate 6.00% (1-year SHIBOR + 2.48%) and issuance price RMB 100.00. Pursuant to the Notice on Printing and Releasing the Regulations for Distinction between Financial Liabilities and Equity Instruments and Relevant Accounting Treatment (Financial Accounting <2014> No.13), Perpetual Bond 17 Yuyao Urban Investment MTN002 was classified as equity instrument, RMB 500,000,000.00 was issued at face value, and underwriting expense of RMB 5,000,000.00 was deducted from equity; 18 Yuyao Urban Investment MTN001 was classified as equity instrument, RMB 500,000,000.00 was issued at face value, and underwriting expense of RMB 5,000,000.00 was deducted from equity; 18 Yuyao Urban Investment MTN003 was classified as equity instrument, RMB 400,000,000.00 was issued at face value, and underwriting expense of RMB 2,400,000.00 was deducted from equity; 18 Yuyao Urban Investment MTN004 was classified as equity instrument, RMB 600,000,000.00 was issued at face value, and underwriting expense of RMB 3,600,000.00 was deducted from equity.

On May 15, 2020, Yuyao Shuncal Investment Holding Co., Ltd issued 2020 Phase I Medium-term Notes of Yuyao Shuncal Investment Holding Co., Ltd (abbreviation: 20 Yuyao Shuncal MTN001), and underwriting expense of RMB 6,000,000.00 was deducted from equity.

35. Capital reserve

Items	Opening balance	Increase this year	Decreased amount in the current year	Closing balance
Other capital reserves	41,276,563,723.36	1,546,568,046.27	179,762,913.27	42,643,368,856.36
Total	41,276,563,723.36	1,546,568,046.27	179,762,913.27	42,643,368,856.36

36. Surplus reserve

Items	Opening balance	Increase this year	Decreased amount in the current year	Closing balance
Statutory surplus reserve	11,543,705.37			11,543,705.37

37. Undistributed profits

Items	Current amount	Previous amount
Opening undistributed profit before adjustment	3,415,279,932.52	3,317,227,392.83
Opening adjustment		
Undistributed profits after adjustment at the beginning of period	3,415,279,932.52	3,317,227,392.83
Plus: increase in the current period	3,266,800.20	345,202,645.22
(1) Net profits attributable to the parent company owner in current period	3,266,800.20	345,202,645.22
Less: decrease in the current period	170,933,862.89	247,150,105.53
(1) Accrued statutory surplus reserve		4,153,334.58
(2) Special reserve withdrawal		
(3) Common stock dividends payable	221,927,326.28	306,160,248.95
(4) Other	-50,993,463.39	-63,163,478.00
Undistributed profits at the end of period	3,247,612,869.83	3,415,279,932.52

38. Operating income and operating cost

(1) Basic information on operating income and operating costs

Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Main business	8,142,133,571.00	7,704,019,727.16	5,344,602,982.10	4,983,669,144.26
Other businesses	298,971,441.52	182,218,086.93	161,132,238.69	140,618,634.95
Total	8,441,105,012.52	7,886,237,814.09	5,505,735,220.79	5,124,287,779.21

(2) Main business (by items)

Items	Current amount		Previous amount	
	Main business incomes	Main business costs	Main business incomes	Main business costs
Project construction repurchase	593,538,028.78	459,885,178.23	595,318,714.24	448,649,901.96
Enclosure development income	296,513,248.61	205,355,448.08		
Resettlement house sales income	456,112,629.82	378,745,931.15	636,725,370.77	443,312,476.61
Land consolidation income	1,206,379,411.70	1,143,649,509.75	310,576,909.31	306,314,091.09
Bus operation	110,597,991.42	131,127,977.89		
Income from water supply	222,334,202.91	189,483,762.42	164,261,504.62	163,923,681.04
Natural gas income	421,866,688.04	406,642,109.71	374,446,658.04	362,446,049.82
Former water fee income			54,804,479.51	
Highway charge	22,500,000.00	28,801,096.19	22,500,000.00	28,987,859.79
Passenger transport	24,766,050.40	94,553,961.00	141,866,354.85	215,950,976.85
Sewage treatment income	81,878,635.88	108,714,278.20	68,027,386.63	92,910,274.35
Road light repair and repair	10,395,906.89	4,553,152.57	16,496,993.59	12,636,502.85
Cargo sales	3,504,339,693.97	3,500,466,603.91	1,993,669,858.95	2,000,522,602.91
Other businesses	58,148,633.2	53,620,339.84	30,824,412.99	29,227,388.46
Service income	7,723,833.50	5,075,868.57	8,699,639.21	1,330,701.42
Engineering income	662,402,327.75	601,792,889.90	467,698,013.06	423,658,385.10
Testing expense	19,468,552.85	3,673,195.81	13,296,879.78	2,476,412.83
Construction management expense	25,843,643.10		16,251,748.34	
Demolition management expense	6,741,693.05		1,819,188.36	
Taxi management expense	4,185,277.01	1,789,148.06	2,117,685.52	1,138,863.77
Waste recycling	10,560,895.21	3,995,722.93	9,477,329.12	2,652,325.90
Elderly service income	5,571,940.51	6,283,433.48	161,350,730.00	136,337,090.86
Cement sales	226,340,518.49	224,065,826.79	215,164,363.27	212,546,943.18

Items	Current amount		Previous amount	
	Main business incomes	Main business costs	Main business incomes	Main business costs
Security service income	20,159,607.25	13,802,719.12	24,439,188.67	13,872,707.30
Repair fee	13,122,299.74	9,907,616.01	13,772,157.71	9,919,465.72
Pharmaceutical and medical device sales income	108,886,255.03	99,798,874.92	66,665,442.90	60,124,055.30
Property management income	12,209,594.21	13,394,239.75	3,120,291.14	6,830,860.47
Radio & TV	9,546,011.68	14,841,043.88	12,211,681.52	7,799,516.68
Total	8,142,133,571.00	7,704,019,727.16	5,344,602,982.10	4,983,669,144.26

(3) Other businesses (by items)

Items	Current amount		Previous amount	
	Other business incomes	Other operating costs	Other business incomes	Other operating costs
Fund lending interest income	39,286,044.99	22,992,361.11	36,342,862.19	59,576,666.67
Tap water pipeline installation income	93,362,825.13	93,765,556.79	53,228,822.80	49,286,304.87
Pipeline pre-burying expense	4,872,160.44	2,283,457.82	5,961,312.73	1,931,316.87
Providing labor services			67,524.83	133,775.61
Leasing business	88,336,795.08	42,062,703.33	52,769,128.05	21,301,161.43
Land transfer income				
Other incomes	73,113,615.88	21,114,007.88	12,762,588.09	8,389,409.50
Total	298,971,441.52	182,218,086.93	161,132,238.69	140,618,634.95

39. Taxes and surcharges

Items	Current amount	Previous amount
Business tax	142,757.85	10,376,871.70
Urban maintenance and construction tax	6,373,573.42	4,857,475.20
Education surcharge	4,613,636.95	3,558,695.11
Stamp duty	1,431,028.73	1,787,080.40
Increment tax on land value		3,448,592.38
Land use tax	5,941,835.14	9,660,062.49
Housing tax	6,036,794.80	1,457,803.98
Other	95,061.77	530,772.72
Total	24,634,688.66	35,677,353.98

40. Financial expenses

Detailed item	Current amount	Previous amount
Interest expenses	501,012,527.26	502,451,236.13
Less: interest income	132,187,743.47	113,426,048.58
Plus: Handling fee expense	4,707,926.84	1,722,352.21

Detailed item	Current amount	Previous amount
Other	25,639,882.39	24,371,205.06
Total	399,172,593.02	415,118,144.84

41. Other revenues

Items	Current amount	Previous amount
Government subsidy related to daily business activities	300,361,657.94	181,854,242.91
Total	300,361,657.94	181,854,242.91

42. Investment income**(1) Investment incomes presented by investment income sources**

Detailed item	Current amount	Previous amount
The equity method is used to calculate the income from long-term equity investment.	9,552,988.82	2,622,280.36
Investment income gained during holding the available-for-sale financial assets	4,473,399.68	10,993,150.30
Other investment income	21,852,307.22	3,405,883.26
Total	35,878,695.72	17,021,313.92

43. Asset impairment losses

Detailed item	Current amount	Previous amount
Bad debt losses	-1,826,407.37	18,870,091.16
Total	-1,826,407.37	18,870,091.16

44. Non-operating income**(1) Details**

Detailed item	Current amount	Previous amount
Government grants irrelevant to daily activities of the enterprise		126,219,165.80
Net income from fines	45,500.02	8,584.00
Other incomes	13,562,829.01	7,261,620.42
Total	13,608,329.03	133,489,350.22

45. Non-operating expenses

Detailed item	Current amount	Previous amount
External donation and sponsorship expense	4,286,457.20	1,100,000.00
Late fee and fine expenditure	57,699.64	2,122,667.39
Other expenses	1,708,188.00	531,634.48
Total	6,052,344.84	3,754,301.87

46. Income tax expenses

Items	Current amount	Previous amount
Current income tax calculated according to tax law and related regulations	79,679,490.04	57,761,288.13
Deferred tax adjustment	-493,172.95	-3,473,799.60

Detailed item	Current amount	Previous amount
Net income from fines	45,500.02	8,564.00
Other incomes	13,562,829.01	7,261,620.42
Total	13,608,329.03	133,489,350.22

45. Non-operating expenses

Detailed item	Current amount	Previous amount
External donation and sponsorship expense	4,286,457.20	1,100,000.00
Late fee and fine expenditure	57,699.64	2,122,667.39
Other expenses	1,708,188.00	531,634.48
Total	6,052,344.84	3,754,301.87

46. Income tax expenses

Items	Current amount	Previous amount
Current income tax calculated according to tax law and related regulations	79,679,490.04	57,761,288.13
Deferred tax adjustment	-493,172.95	-3,473,799.60
Total	79,186,317.09	54,287,488.53

Note VI. Subsidiaries of the company

Name of subsidiaries	Principal Place of Business	Registered place	Shareholding ratio		Acquisition mode
			Direct(%)	Indirect(%)	
Ningbo Shuntong Group Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Ningbo Baoshun Infrastructure Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Deshun Traffic Management Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Yishun Road Engineering Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Yashun Road and Bridge Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Gangshun Traffic Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Longshun Highway Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao North-South High-Speed Connecting Line Investment Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Public Transport Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Shuntong Passenger Terminal Operation Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Highway Transportation Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Yaozhou Expressway Co., Ltd.	Yuyao City	Yuyao City		68.05	Transfer
Yuyao Dashun Automobile Comprehensive Performance Testing Service Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer

Name of subsidiaries	Principal Place of Business	Registered place	Shareholding ratio		Acquisition mode
			Direct(%)	Indirect(%)	
Yuyao Jianbang Construction Investment Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao New Century Traffic Real Estate Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Shuntong Asset Management Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Tongyuan Fuel Supply Co., Ltd	Yuyao City	Yuyao City		68.75	Transfer
Ningbo Intercity Railway Development Co., Ltd	Ningbo	Ningbo		50.00	Establishment
Yuyao Changqing Elderly Service Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Tongtu Building Material Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Zhejiang Shuntong Travel Technology Co., Ltd	Yuyao City	Yuyao City		80.00	Establishment
Yuyao Fengshan Petrochemical Co., Ltd	Yuyao City	Yuyao City		55.00	Transfer
Yuyao Security Service Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Zhongtai Motor Vehicle Testing Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Traffic Vehicle Maintenance Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Jiajiafu Supermarket Distribution Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Ningbo Shunjian Construction Group Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Urban Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Tap Water Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao No.2 Water Supply Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Urban Drainage Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Mingyi Construction Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Jingsheng Urban Comprehensive Property Service Co., Ltd	Yuyao City	Yuyao City		45.00	Establishment
Yuyao Urban Natural Gas Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Shenran Energy Co., Ltd	Yuyao City	Yuyao City		45.00	Establishment
Yuyao Yaodong Tap Water Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Urban Construction State-owned Asset Management Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Yaozhou Construction Engineering Detection Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Chengguang Street Lamp Installation Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Yangming Auction Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Radio & TV Communication Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer

Name of subsidiaries	Principal Place of Business	Registered place	Shareholding ratio		Acquisition mode
			Direct(%)	Indirect(%)	
Yuyao Radio& TV Advertising Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Grain Storage Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Town Construction and Development Co., Ltd.	Yuyao City	Yuyao City		94.99	Transfer
Yuyao Jingyi Parking Industry Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Ningbo Zhibang Municipal Engineering Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Yuyao Guanglian Information Engineering Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Xinglin Investment Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Qingyuanlang Kejian Pharmaceutical Co., Ltd	Yuyao City	Yuyao City		100.00	Acquisition
Yuyao Baoqing Pharmacy Co., Ltd	Yuyao City	Yuyao City		100.00	Acquisition
Yuyao Hanzhang Pharmaceutical Business Co., Ltd	Yuyao City	Yuyao City		100.00	Acquisition
Yuyao Xingguo Commercial Asset Management Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Xinyu Import & Export Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Metal Recovery Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Shunhong Group Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Haitu Development Co., Ltd.	Yuyao City	Yuyao City		74.21	Transfer
Yuyao Municipal Affordable Housing Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Nongtong Agricultural Machinery Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Modern Agricultural Construction Investment Development Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Puhu Xianming Greening Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Rural Credit Finance Guarantee Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Modern Agricultural Park Development Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Seed Industry Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Yuyao Moushan Lake Development Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Jinmou Trading Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Yuyao China Plastic City Logistics Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Zhejiang Yongyi Electronic Payment Co., Ltd.	Ningbo	Ningbo		56.50	Transfer
Ningbo Yongyi World Financial Services Co., Ltd.	Ningbo	Ningbo		79.30	Transfer
Yuyao China Plastics Town Group	Yuyao City	Yuyao City	100.00		Transfer

Name of subsidiaries	Principal Place of Business	Registered place	Shareholding ratio		Acquisition mode
			Direct(%)	Indirect(%)	
Co., Ltd					
Yuyao Zhongsu Real Estate Development Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Oriental International Logistics Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Zhongsu International Convention and Exhibition Center Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao China Plastics Town Property Management Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Shunyuanyuan Energy Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Yuyao Jiayun Development Construction Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Yaobei New Town Development and Construction Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Account Receivables Creditor's Right Management Co., Ltd.	Yuyao City	Yuyao City	100.00		Establishment
Yuyao Mouhu Ecological Construction Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Industrial (Small and Medium-sized Enterprises) Investment Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Small and Medium Enterprise Financing Guarantee Co., Ltd	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Fushun Integrated Circuit Equity Investment Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Ningbo Shungong Group Co., Ltd	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Shuangxikou Development Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Chengxi Industrial Development and Construction Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Smart Photoelectric Town Development Construction Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Yuyao Shunrui Industrial Holdings Co., Ltd.	Yuyao City	Yuyao City	100.00		Establishment
Yuyao Shunhuan Muck Operation Co., Ltd	Yuyao City	Yuyao City	100.00		Establishment
Yuyao Economic Development Zone Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Binhai Construction Investment Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Yuyao Mingbang Technology Venture Development Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer
Ningbo Jinxing Mould Technology Service Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer

Name of subsidiaries	Principal Place of Business	Registered place	Shareholding ratio		Acquisition mode
			Direct(%)	Indirect(%)	
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	Yuyao City	Yuyao City	100.00		Transfer
Yuyao Yaobei Product Co., Ltd	Yuyao City	Yuyao City		100.00	Establishment
Yuyao Yaobei Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	Yuyao City	Yuyao City		49.00	Establishment
Yuyao Moke Town Development and Construction Investment Co., Ltd.	Yuyao City	Yuyao City		100.00	Transfer

Note VII. Contingencies

Corporate external guarantees as of September 30, 2021 were as follows:

Guarantor units	Secured units	Amount guaranteed
		(RMB ten thousand)
The Company	Yuyao Second Light Industry Corporation	20,000.00
The Company	Yuyao Dilang Urban Construction Investment Co., Ltd	4,900.00
The Company	Zhongyi Ningbo Ecological Park Holding Co., Ltd	30,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	10,000.00
The Company	Yuyao Langxia New Rural Construction and Development Co., Ltd.	15,000.00
The Company	Yuyao Simen Town Enterprise Asset Management Corporation	4,500.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	6,500.00
The Company	Yuyao Second Light Industry Corporation	15,000.00
The Company	Yuyao Simen Town New Rural Construction Development Co., Ltd	10,000.00
The Company	Yuyao Langxia Market Development and Operation Co., Ltd.	6,500.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	8,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	50,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	4,200.00
The Company	Zhongyi Ningbo Ecological Park Holding Co., Ltd	20,000.00
The Company	Yuyao Langxia New Rural Construction and Development Co., Ltd.	3,500.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	6,000.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	10,000.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	5,000.00
The Company	Yuyao Liangnong Town Water Supply Factory	5,000.00
The Company	Yuyao Huangjiabu Sewage Treatment Co., Ltd	2,500.00
The Company	Ningbo Qianwan New Energy Technology Co., Ltd	40,000.00

Guarantor units	Secured units	Amount guaranteed (RMB ten thousand)
The Company	Ningbo Yaodong Environmental Protection Technology Co., Ltd	3,500.00
The Company	Yuyao Zhangling Water Supply Factory	2,000.00
The Company	Yuyao Linshan Stone Material Supply Co., Ltd	1,000.00
The Company	Yuyao City Tengxia Industry and Trade Co., Ltd.	15,000.00
The Company	Yuyao Beicheng Land Plot Development Co., Ltd	2,000.00
The Company	Yuyao Beihong Sewage Treatment Co., Ltd	1,000.00
The Company	Yuyao Lubu Town Construction Development Co., Ltd	4,000.00
The Company	Ningbo Shengsi Group Co., Ltd	3,750.00
The Company	Yuyao Sanqi Market Management Service Co., Ltd	1,500.00
The Company	Yuyao Zhangling Drainage Co., Ltd	2,500.00
The Company	Yuyao Simen Water Supply Co., Ltd	9,000.00
The Company	Zhongyi Ningbo Ecological Park Holding Co., Ltd	123,000.00
The Company	3 entities including Yuyao Lubu Urbanization Construction Development Co., Ltd	5,500.00
The Company	Yuyao Langxia New Rural Construction and Development Co., Ltd.	4,750.00
The Company	Yuyao Ditang New Rural Construction Co., Ltd	4,750.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	13,200.00
The Company	Yuyao Simen New Rural Construction Development Co., Ltd	4,750.00
The Company	Yuyao Simen Public Transportation Co., Ltd	9,500.00
The Company	Yuyao Yaobei Product Co., Ltd	8,000.00
The Company	Yuyao Simen New Rural Construction Development Co., Ltd	6,000.00
The Company	Yuyao Jinshun Development Construction Co., Ltd.	5,650.00
The Company	Yuyao Zhongtai Waste Water Discharge Management Co., Ltd	3,000.00
The Company	Yuyao Yaojiang Tourism Development Co., Ltd	3,000.00
The Company	Yuyao Ditang Market Development Co., Ltd	3,000.00
The Company	Zhongyi Ningbo Ecological Park Holding Group Co., Ltd	60,000.00
The Company	Yuyao Simen New Rural Construction Development Co., Ltd	9,850.00
The Company	Yuyao Yaojiang Tourism Development Co., Ltd	3,000.00
The Company	Yuyao Jinrui Construction Investment Co., Ltd	40,200.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	15,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	21,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	1,400.00
The Company	Yuyao Kailou Lancheng Investment Development Co., Ltd	6,000.00

Guarantor units	Secured units	Amount guaranteed (RMB ten thousand)
The Company	Yuyao Kaitou Lancheng Investment Development Co., Ltd	9,000.00
The Company	Yuyao Kaitou Lancheng Investment Development Co., Ltd	5,250.00
The Company	Yuyao Kaitou Lancheng Investment Development Co., Ltd	5,250.00
The Company	Yuyao Yangming Cultural Tourism Group Co., Ltd	7,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00
The Company	Yuyao Lubu Town Water Supply Factory	700.00
The Company	Yuyao Dilang Economic Development Co., Ltd	3,000.00
The Company	Yuyao Dilang Urban Construction Investment Co., Ltd	3,000.00
The Company	Yuyao Beicheng Plot Development and Construction Co., Ltd.	19,900.00
The Company	Zhejiang Jinshun Junhe Supply Chain Management Co., Ltd	5,184.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	4,700.00
The Company	Yuyao Langxia New Rural Construction and Development Co., Ltd.	26,000.00
The Company	Yuyao Jinshun Development Construction Co., Ltd.	13,000.00
The Company	Yuyao Haiji Construction Development Co., Ltd.	15,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	6,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	18,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	20,000.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	13,200.00
The Company	Yuyao Yaojiang Science and Technology Investment and Development Co., Ltd.	10,000.00
The Company	Yuyao Second Light Industry Corporation	10,000.00
The Company	Yuyao Second Light Industry Corporation	3,000.00
The Company	Yuyao Tengxia Industrial Trade Co., Ltd (Yuyao Huaxia)	6,500.00
The Company	Yuyao Tengxia Industrial Trade Co., Ltd (Yuyao CITIC)	6,213.00
The Company	Yuyao Tengxia Industrial Trade Co., Ltd (Yuyao CITIC)	16,000.00
The Company	Yuyao Tengxia Industrial Trade Co., Ltd (Yuyao Commerce)	3,000.00
The Company	Yuyao Langxia Market Development Business Co., Ltd (Yuyao SPDB Huaneng Guicheng)	10,000.00
The Company	Yuyao Langxia Market Development Business	3,000.00

Guarantor units	Secured units	Amount guaranteed (RMB ten thousand)
	Co., Ltd (Yuyao Commerce)	
The Company	Yuyao Jinshun Development Construction Co., Ltd (Ningbo Donghai)	6,000.00
The Company	Yuyao Jinshun Development Construction Co., Ltd (Ningbo Donghai)	3,500.00
The Company	Yuyao Jinshun Development Construction Co., Ltd (Ningbo Donghai)	500.00
The Company	Yuyao Yaojiang Technology Investment Development Co., Ltd (Ningbo Donghai Bank)	3,500.00
The Company	Yuyao Yaojiang Technology Investment Development Co., Ltd (Ningbo Donghai Bank)	3,500.00
The Company	Yuyao Yaojiang Technology Investment Development Co., Ltd (Ningbo Donghai Bank)	1,400.00
The Company	Ningbo Shengsi Group Co., Ltd (Guangzhou Yuexiu Leasing Co., Ltd)	10,000.00
The Company	External guarantee amount	64,563.50
Total		1,047,260.50

Note VIII. Notes on Major Items of Parent Company Financial Statement (The currency unit is RMB unless otherwise specified)

1. Monetary fund

Items	Closing balance	Opening balance
Cash	10,754.24	4,723.94
Bank savings	2,093,800,992.25	1,405,498,740.15
Other monetary funds		
Total	2,093,811,746.49	1,405,503,464.09

2. Other receivables

Items	Closing balance	Opening balance
Other receivables	3,421,561,270.02	3,585,912,195.58
Interests receivable	10,114,678.41	10,114,678.41
Dividends receivable		
Total	3,431,675,948.43	3,596,026,873.99

(1) Other receivables

① Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with bad debt provision as per credit risk characteristic combinations					
Aging portfolio					
Other combinations	3,421,561,270.02	100.00			3,421,561,270.02

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Portfolio subtotal	3,421,561,270.02	100.00			3,421,561,270.02
Other receivables with insignificant amount of single item but separate provision for bad debts					
Total	3,421,561,270.02	100.00			3,421,561,270.02

(Continued)

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Accrual ratio (%)	
Other receivables with bad debt provision as per credit risk characteristic combinations					
Aging portfolio					
Other combinations	3,585,912,195.58	100.00			3,585,912,195.58
Portfolio subtotal	3,585,912,195.58	100.00			3,585,912,195.58
Other receivables with insignificant amount of single item but separate provision for bad debts					
Total	3,585,912,195.58	100.00			3,585,912,195.58

② Top 5 companies in other receivables

Name	Relationship with the Company	Amount in arrear	Term of arrears
Yuyao High-speed Railway New Town Construction Command Headquarter	Unassociated party	1,395,000,000.00	1-2 years, 2-3 years, over 3 years
Ningbo Shunrong Group Co., Ltd.	Associated party	458,450,000.00	Within 1 year
Ningbo Shungong Industrial Investment Co., Ltd	Associated party	440,000,000.00	Within 1 year, 1-2 years
Yuyao State-owned Asset Management Office	Associated party	380,000,000.00	Within 1 year, 2-3 years
Ningbo Shunjian Construction Group Co., Ltd.	Associated party	323,250,000.00	Within 1 year
Total		2,996,700,000.00	

(2) Interests receivable

Items	Closing balance	Opening balance
Fixed deposit	4,829,836.74	4,829,638.74
Loan at call	5,285,041.67	5,285,041.67
Total	10,114,678.41	10,114,678.41

3. Other payables

Items	Closing balance	Opening balance

Items	Closing balance	Opening balance
Other payables	3,676,650,000.00	3,162,600,000.00
Interest payable		21,750,000.00
Dividends payable		
Total	3,676,650,000.00	3,184,350,000.00

(1) Other payables

① Other Payables by Age

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	558,550,000.00	15.47	54,500,000.00	1.72
1-2 years	1,237,000,000.00	33.64	1,237,000,000.00	39.11
2-3 years	735,000,000.00	19.99	735,000,000.00	23.24
Over 3 years	1,136,100,000.00	30.90	1,136,100,000.00	35.93
Total	3,676,650,000.00	100.00	3,162,600,000.00	100.00

② Details of transactions with large amounts in the year-end balance of other payables are presented as follows:

Name of projects	Amount	Aging
Yuyao Jinshun Development Construction Co., Ltd.	1,495,000,000.00	1-2 years, 2-3 years, over 3 years
Yuyao Siming Square Construction Investment Co., Ltd.	500,000,000.00	Within 1 year, 2-3 years
Zhejiang Yuyao Industrial Park Development and Construction Investment Co., Ltd.	414,400,000.00	Over 3 years
Yuyao Shunru Industrial Holdings Co., Ltd.	350,000,000.00	1-2 years, 2-3 years
Yuyao High-speed Railway Station Construction Investment Co., Ltd.	276,500,000.00	Within 1 year
Total	3,045,900,000.00	

(1) Interest payable

Items	Closing balance	Opening balance
Loan at call		21,750,000.00
Total		21,750,000.00

4. Operating income and operating cost

Items	Current amount		Previous amount	
	Incomes	Cost	Incomes	Cost
Fund lending interest income	39,874,406.28	22,992,361.11	18,912,080.71	59,576,666.67
Other incomes			999,528.29	
Total	39,874,406.28	22,992,361.11	19,911,609.00	59,576,666.67

Yuyao City Shuncal Investment Holding Co., Ltd



7 March 2022





营业执照

(副本)

(5-2)

统一社会信用代码

91110102082881146K



北京兴华会计师事务所(普通合伙)

名称 中兴华会计师事务所(普通合伙)
 类型 特殊普通合伙
 经营范围 审计企业会计报表、出具审计报告、办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。(市场主体依法自主选择经营范围，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。)



报告审花章(1)

成立日期 2013年11月04日

合伙期限 2013年11月04日至长期

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼201A



登记机关

2021 12 08

国家企业信用信息公示系统网址：

<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号: 0014686



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、出借、转让。

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发证机关:



中华人民共和国财政部制

会计师事务所 执业证书

名称: 中兴华会计师事务所(特殊普通合伙)

首席合伙人: 李尊农

主任会计师:

经营场所: 北京市丰台区丽泽路20号院1号楼南楼20层

组织形式: 特殊普通合伙

执业证书编号: 11000167

批准执业文号: 京财会许可(2013) 0066号

批准执业日期: 2013年10月25日



1:4 1:4

外县市场 调查员

第 1 页

政務

65公斤
6525

统计知识

臺灣省
 人口統計

服务

办明后
再行接洽

監製 監製
監製 監製

陈鹤琴

互动 企业

冠生	同前
密流	抵坂

登 學 校
 貝 學 校

三

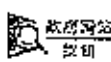
☆ 混合料量: 原土 / 生土 100 / 可计与设备机的通

从事证券服务业务会计师事务所名单 (截至2021.9.30)

从可评价因素来看, 综合质量指标得分 (柱状图) 为 1.00。



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中国地质大学(北京)地质研究所

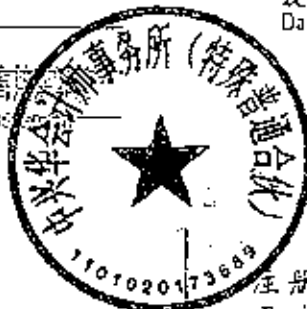
$$\frac{1}{\Gamma} \int_0^T \frac{1}{\Gamma} \frac{d\Gamma}{dt} dt = 1$$

从事证券服务业务会计师事务所名录

序号	会计师事务所名称	通讯地址	联系电话
55	亚太(集团)会计师事务所(特殊普通合伙)	北京市丰台区丽泽路16号院3号楼20层2001	0371-65336588
56	永拓会计师事务所(特殊普通合伙)	北京市朝阳区关东店北街一号(国贸大厦13层)	010-65950411
57	尤尼康联合会计师事务所(特殊普通合伙)	山东省青岛市市北区上海路20号	0532-85921357
58	浙江美平会计师事务所(特殊普通合伙)	杭州市拱墅区湖州街567号北城天地商务中心9楼十一层	0571-56932576
59	浙江三诚会计师事务所(特殊普通合伙)	杭州市上城区西湖大道18号B座801室	0579-83803838-8626
60	联顺会计师事务所(特殊普通合伙)	北京市站前区建国门外大街72号嘉荷广场5层	010-95565216
61	中汇会计师事务所(特殊普通合伙)	杭州市拱墅区8号丝线街时代大厦A座001室	0571-88879093
62	中凯万信会计师事务所(特殊普通合伙)	北京市西城区西便门大街112号10层	010-68360123
63	中瑞联合会计师事务所(特殊普通合伙)	北京市西城区阜成门外大街31号5层512A	010-62267686
64	中瑞华会计师事务所(特殊普通合伙)	天津市和平区红桥北路188号信达广场32层	022-88238288-8259
65	中泰正大会计师事务所(特殊普通合伙)	北京市丰台区红莲路47号天行建商务大厦20层2206	010-51715757
66	中瑞众环会计师事务所(特殊普通合伙)	武汉市武昌区紫阳湖路169号2-9层	027-86781230
67	中天信会计师事务所(特殊普通合伙)	北京市西城区平安里大街9号院五楼大楼B1层七、八层	010-88395676
68	中惠会计师事务所(特殊普通合伙)	北京市朝阳区东直门大街北侧11号新城文化大厦A座11层	010-67088758
69	中光阳光会计师事务所(特殊普通合伙)	北京市西城区西便门大街2号22层A24	0311-85927137
70	中兴联合会计师事务所(特殊普通合伙)	北京市西城区阜外大街1号东福楼15层	010-51423918
71	中远联合会计师事务所(特殊普通合伙)	北京市海淀区西便门大街43号1号楼13至1316-1326	010-62212995
72	中瑞会计师事务所(特殊普通合伙)	北京市丰台区丽泽路22号国贸大厦C座	010-86356126
73	众华会计师事务所(特殊普通合伙)	嘉定区工业路华峰叶德隆530号5楼1906室	021-63525500



姓名 Full name 孙裕强
性别 Sex 男
出生日期 Date of birth 1976-05-08
工作单位 Working unit 江苏立信会计师事务所
身份证号码 Identity card No. 321084197605080000



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Authorized Institute of CPAs 江苏省注册会计师协会

发证日期:
Date of Issuance

年 月 日
/ /

二〇一二年 三月 三十日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出

Agree the holder to be transferred from

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CPAs

转出协会盖章
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/ /

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CPAs



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Stamp of the transfer-in Institute of CPAs

年 月 日
/ /



姓名 李明明

Full name

性别 男

Sex

出生日期

1989-02-12

Date of birth

工作单位

中兴华会计师事务所(特殊普通
合伙)江苏分所

Working unit

身份证号码

321321198902127431

Identity card No.



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日

Date of Issuance

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李明明(110001673901)

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