YAN GANG LIMITED
（燕港有限公司）

(incorporated in Hong Kong with limited liability)

US$300,000,000 1.90% Guaranteed Bonds due 2026 (the "**Bonds**")
(Stock Code: 40622)

Unconditionally and Irrevocably Guaranteed by

北京市保障性住房建设投资中心
BEIJING PUBLIC HOUSING CENTER

BEIJING PUBLIC HOUSING CENTER
(北京市保障性住房建設投資中心)

PUBLICATION OF OFFERING CIRCULAR

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

Please refer to the Offering Circular dated 16 March 2021 (the "**Offering Circular**") appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) ("**Professional Investors**") only and have been listed on the Hong Kong Stock Exchange on that basis.

Notice to Hong Kong Investors: Each of YAN GANG LIMITED (燕港有限公司) (the "**Issuer**") and Beijing Public Housing Center (北京市保障性住房建設投資中心) (the "**Guarantor**") confirms that the Bonds are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer and the Guarantor, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

Hong Kong, 24 March 2021

As at the date of this announcement, the directors of the Issuer are Ms. Huang Ning (黃寧) and Ms. Wang Shiyu (王詩語).

As at the date of this announcement, the senior management of the Guarantor are Mr. Jin Yan (金焱), Mr. Wang Lei (王磊), Ms. Wei Li (魏莉), Mr. Wang Chunhe (王春河), Mr. Li Chiying (李持纓), Mr. Peng Xianghui (彭湘暉), Mr. Shen Yihong (沈怡宏), Mr. Sun Jie (孫潔) Mr. Wang Yu (王鈺) and Mr. Fu Si (付思).

IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES.

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

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

THE SECURITIES AND THE GUARANTEE DESCRIBED THEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES AND THE GUARANTEE DESCRIBED THEREIN 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 ("REGULATION S").

THE 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 THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: You have accessed the Offering Circular on the basis that you have confirmed to Yan Gang Limited 燕港有限公司 (the "**Issuer**"), Beijing Public Housing Center (北京市保障性住房建设投资中心) (the "**Guarantor**") and Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOSC International Company Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB Wing Lung Bank Limited, CMB International Capital Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, China Securities (International) Corporate Finance Company Limited, Haitong International Securities Company Limited, ICBC International Securities Limited, Industrial and Commercial Bank of China (Macau) Limited, Industrial and Commercial Bank of China (Asia) Limited, Kaisa Financial Group Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Silk Road International Capital Limited and Target Capital Management Limited (together, the "**Joint Lead Managers**") that (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of this document by electronic transmission, and (4) to the extent you purchase the securities described in the Offering Circular (the "**Securities**"), you will be doing so in an offshore transaction pursuant to Regulation S.

The 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 Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents (each as defined in the Offering Circular) nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisors and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

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

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe for or purchase any of the securities described therein in any place where offers or solicitations are not permitted by law, and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

If you have gained access to this electronic transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described herein.

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

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

STRICTLY CONFIDENTIAL

YAN GANG LIMITED
燕港有限公司

(incorporated in Hong Kong with limited liability)

U.S.$300,000,000 1.90 PER CENT. GUARANTEED BONDS DUE 2026

Unconditionally and Irrevocably Guaranteed by

北京市保障性住房建设投资中心
BEIJING PUBLIC HOUSING CENTER

Beijing Public Housing Center

(北京市保障性住房建设投资中心)

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

Issue Price: 100.0 per cent.

The U.S.$300,000,000 1.90 per cent. guaranteed bonds due 2026 (the "**Bonds**") will be issued by YAN GANG LIMITED 燕港有限公司 (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Beijing Public Housing Center (北京市保障性住房建设投资中心) (the "**Guarantor**"). The Issuer is a wholly-owned subsidiary of the Guarantor.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 3(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all the Guarantor's other present and future unsecured and unsubordinated obligations.

The Bonds will bear interest on their outstanding principal amount from and including 23 March 2021 (the "**Issue Date**") at the rate of 1.90 per cent. per annum. Interest will be payable semi-annually in arrear on the Interest Payment Dates (as defined in the Terms and Conditions of the Bonds) falling on 23 March and 23 September in each year, commencing on 23 September 2021. All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, to the extent described in "*Terms and Conditions of the Bonds — Taxation*".

The obligations of the Issuer and the Guarantor under the Bonds and the Guarantee shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. No PRC governmental entity has any payment or other obligations under the Bonds or the Guarantee nor will they provide a guarantee of the Bonds. The Bondholders shall have no recourse to any PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Guarantee solely by virtue of the Issuer and the Guarantor being state-owned enterprises of the PRC. See "*Risk Factors — Risks relating to the Bonds and the Guarantee — The PRC government (including the Beijing SASAC) has no obligation to pay any amount under the Bonds or the Guarantee*".

The Guarantor will enter into a deed of guarantee (the "**Deed of Guarantee**") on or about the Issue Date with China Construction Bank (Asia) Corporation Limited (the "**Trustee**") in relation to the Guarantee. The Guarantor will be required to file or cause to be filed with the Beijing Branch of the State Administration of Foreign Exchange of the PRC ("**SAFE**") the Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor intends to complete the Cross-Border Security Registration with SAFE as soon as practicable and in any event by the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds and the Guarantee. For consequences of non-registration, see "*Risk Factors — Risks relating to the Bonds and the Guarantee — If the Guarantor fails to complete the SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee*".

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 7 September 2020 evidencing such registration. The Guarantor undertakes that it will within the prescribed period of time after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Circular and comply with all applicable PRC laws, rules and regulations in connection with the Bonds.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 March 2026. The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount together with interest accrued to but excluding the date fixed for redemption in the event of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), as described under "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons*". At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions of the Bonds)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions of the Bonds)) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Event*".

The Bonds will be issued in denominations 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 12 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

Application will be made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the HKSE ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

The HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the HKSE is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Guarantor, the Group (as defined herein) or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

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

Application will be made to Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the "**MOX**") for the listing of the Bonds by way of debt issues to professional investors (as defined in Section 11 of the Guideline on Provision and Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM) and in Section 2.1.6 of the Guideline on the Issuance of Bonds (Circular no. 009/B/2019-DSB/AMCM)) (the "**MOX Professional Investors**") only. **Investors should not purchase the Bonds in the primary or secondary markets unless they are MOX Professional Investors and understand the risks involved. The Bonds are only suitable for MOX Professional Investors.**

The MOX has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to MOX Professional Investors only have been reproduced in this document. Listing of the Bonds on MOX is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Guarantor, the Group (as defined herein) or the quality of disclosure in this document. The MOX takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the listing of the Bonds on the MOX shall not be taken as an indication of the merits of the Bonds, the Issuer, the Guarantor, the Group (as defined herein) or the quality of disclosure in this document.

***Singapore SFA Product Classification** – 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).*

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the HKSE for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This document includes particulars given in compliance with the Guideline on Provision and Distribution of Financial Products (Circular 033/B/2010-DSB/AMCM) for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Bonds will be represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date 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 as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Guarantor has been assigned a corporate rating of "A1" with "stable" outlook by Moody's (as defined in the Terms and Conditions of the Bonds) and a corporate rating of "A+" with "stable" outlook by Fitch (as defined in the Terms and Conditions of the Bonds). The Bonds are expected to be assigned a rating of "A1" by Moody's and a rating of "A+" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.

Sole Global Coordinator

Huatai International

Joint Bookrunners and Joint Lead Managers

Huatai International | **ABC International** | **Bank of China** | **Bank of Communications** | **BOSC International**

China Everbright Bank Hong Kong Branch | **China International Capital Corporation** | **CMB** | **China Minsheng Bank Corp., Ltd.** | **CNCB Capital**

China Securities International | **Haitong International** | **ICBC** | **Kaisa Financial**

Shanghai Pudong Development Bank Hong Kong Branch | **Silk Road International** | **Target Capital**

Offering Circular dated 16 March 2021

IMPORTANT NOTICE

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

Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisors.

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 Group, the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds (including all information which, according to the particular nature of the Issuer, the Guarantor, the Group, the Bonds and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Bonds and the Guarantee); (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee are honestly and reasonably 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 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, opinion or intention expressed in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain all facts in relation to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee and to verify the accuracy of all such information and statements in this Offering Circular; (vi) the 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 statement therein, in light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular are based on or derived from or extracted from sources which each of Issuer and the Guarantor believes 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 and giving of the Guarantee 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 the Issuer, the Guarantor and Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOSC International Company Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB Wing Lung Bank Limited, CMB International Capital Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, China Securities (International) Corporate Finance Company Limited, Haitong International Securities Company Limited, ICBC International Securities Limited, Industrial and Commercial Bank of China (Macau) Limited, Industrial and Commercial Bank of China (Asia) Limited, Kaisa Financial Group Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Silk Road International Capital Limited and Target Capital Management Limited (the "**Joint Lead Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds 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 Guarantor giving the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds and the Guarantee and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer and the Guarantor or such other information as is in the public domain and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents (as defined in the Terms and Conditions of the Bonds) or their respective directors, officers, employees, affiliates, representatives, agents or advisors. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors 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 directors, officers, employees, affiliates, representatives, agents or advisors, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors. 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 their respective directors, officers, employees, affiliates, representatives, agents or advisors 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 directors, officers, employees, affiliates, representatives, agents or advisors 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, the Guarantor and the Group, and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

MiFID II product governance / Professional investors and ECPs only target market — Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Singapore SFA Product Classification *— 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).*

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

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

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisors are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Bonds.

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offer. If any investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics used throughout this Offering Circular have been obtained from, among other sources, 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 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, have not been independently verified, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, affiliates, representatives, agents or advisors make any representation as to the correctness, accuracy or completeness of such information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2017, 2018 and 2019 included elsewhere in this Offering Circular has been extracted from the Guarantor's consolidated financial statements for the year ended 31 December 2018 and 2019 (the "**Audited Consolidated Financial Statements**"). The Audited Consolidated Financial Statements have been prepared in accordance with the Accounting Standards for Business Enterprises ("**PRC GAAP**") issued by the Ministry of Finance of the PRC ("**MOF**") and audited by Zhongxi Certified Public Accountants LLP ("**Zhongxi**").

The unaudited but reviewed consolidated financial information of the Guarantor as at and for the nine months ended 30 September 2019 and 2020 included elsewhere in this Offering Circular has been extracted from the Guarantor's consolidated financial statements as at and for the nine months ended 30 September 2020 (the "**Reviewed Interim Consolidated Financial Statements**"). The Reviewed Interim Consolidated Financial Statements have been prepared in accordance with PRC GAAP and reviewed by Zhongxi.

PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Certain Differences between PRC GAAP and IFRS*".

ROUNDING

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

CERTAIN DEFINITIONS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Offering Circular all references to (i) the "**Issuer**" are to Yan Gang Limited 燕港有限公司, (ii) the "**Guarantor**" are to Beijing Public Housing Center (北京市保障性住房建设投资中心) and (iii) the "**Group**", "**we**", "**our**", "**us**" or similar references are to the Guarantor itself, or to the Issuer, the Guarantor and the Guarantor's other subsidiaries taken as a whole, as the case may be, unless otherwise specified or the context otherwise requires.

Unless otherwise specified or the context otherwise requires, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC, to the "**PRC**" or "**China**" are to the People's Republic of China, which, for the purpose of this Offering Circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan, to the "**U.S.**" or "**United States**" are to the United States of America, to "**CNY**", "**Renminbi**" or "**RMB**" are to the lawful currency of the PRC, and to "**U.S.$**", "**USD**" or "**U.S. dollars**" are to the lawful currency of the United States.

Unless otherwise stated in this Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB6.7896 to U.S.$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 September 2020. All such translations in this Offering Circular are provided solely for investors' convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see "*Exchange Rate Information*".

Unless the context otherwise requires, references to "2017", "2018" and "2019" in this Offering Circular are to our financial years ended 31 December 2017, 2018 and 2019, respectively.

References to "MOF" are to the Ministry of Finance of the PRC.

References to "MOFCOM" are to the Ministry of Commerce of the PRC.

References to "NDRC" are to the National Development and Reform Commission of the PRC.

References to "PBOC" are to the People's Bank of China, the central bank of the PRC.

References to "SAFE" are to the State Administration of Foreign Exchange of the PRC or its competent local counterpart.

References to "Beijing SASAC" are to the State-owned Assets Supervision and Administration Commission of Beijing.

References to "sq.m." are to square metres.

A property is considered sold after we have executed the purchase contract with a qualified purchaser and have delivered the property to such purchaser.

All site area and gross floor area ("**GFA**") information presented in this Offering Circular represent the site area and GFA of the entire project, including those attributable to the minority shareholders of our non-wholly owned project companies.

In this Offering Circular, a land grant contract refers to a state-owned land use rights grant contract (國有土地使用權出讓合同) between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus.

In this Offering Circular, a land use rights certificate refers to a state-owned land use rights certificate (國有土地使用權證) issued by a local real estate and land resources bureau with respect to the land use rights; a construction land planning permit refers to a construction land planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction works planning permit refers to a construction works planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China; a certificate of completion refers to a construction project planning inspection and clearance certificate (建設工程規劃驗收合格證) issued by local urban zoning and planning bureaus or equivalent authorities or equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection; and a property ownership certificate refers to a property ownership and land use rights certificate (國有土地使用權證) issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land.

References to our "land bank," "development projects," "property projects" or "projects" refer to our property projects with land for which we have obtained land-use rights and property projects for which we have not obtained land-use rights but have entered into the land grant contracts.

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the construction land planning permit or the land use rights certificate.

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

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 purposes only. In the event of any inconsistency, the Chinese names prevail.

FORWARD-LOOKING STATEMENTS

We have made certain forward-looking statements in this Offering Circular. Some of these statements can be identified by forward-looking terms, such as "**anticipate**", "**target**", "**believe**", "**can**", "**would**", "**could**", "**estimate**", "**expect**", "**aim**", "**intend**", "**may**", "**plan**", "**will**", "**would**" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to us discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by us or by any third party) involve known and unknown risks, including those disclosed in the section titled "*Risk Factors*", uncertainties and other factors that may cause our actual results, performance or achievements 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. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause our actual results, performances and achievements to be materially different include, among others:

- our strategies, plans, objectives and goals and our ability to implement such strategies, plans and achieve our objectives and goals;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business prospects and capital expenditure plans;
- the ability of our customers or other third parties to perform their obligations under the relevant contracts;
- our ability to obtain relevant approvals, permits and certificates necessary to carry on our business;
- the actions and developments of our competitors;
- our financial condition and performance;
- the availability and costs of bank loans and other forms of financing;
- various business opportunities that we may pursue;
- any change 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 our business;
- general political, social and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices, commodity prices or other rates or prices, including those pertaining to the PRC and the industries and markets in which we operate;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- our ability to identify factors other than those discussed under the section titled "*Risk Factors*" and elsewhere in this Offering Circular.

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SUMMARY

OVERVIEW

We are a leading affordable housing construction and investment company in the PRC, entrusted by the Beijing Municipal Government to engage mainly in the constructions, acquisition, provision, sales and operation of affordable housing in Beijing. We occupy more than 70% of Beijing's public rental housing market share, which makes us the highest public rental housing market shares and the largest number of affordable housing units holder in Beijing, topping the national ranking in scales. We principally engage in the following business:

- **Public rental housing:** As part of Beijing's affordable housing plan, we develops and acquires housing for its rental operations.

- **Reserve housing:** We are entrusted by the Beijing Municipal Commission of Housing and Urban-rural Development to engage in the construction, acquisition and sales of affordable housing, including resettlement housing and affordable shared housing.

- **Commercial property management:** We engage in commercial property management in relation to the rental commercial properties which form part of our public rental housing areas.

- **Others:** Our other business operations include (1) a management business, for the provision of consulting services for engineering design, procurement and construction, and (2) an entrusted loan business, to provide financial support to entities engaging in the construction of affordable housing projects.

As a state-owned enterprise wholly owned by the Beijing SASAC playing an irreplaceable leading role in the provision of affordable housing in line with the needs of the Beijing residents, we receive strong financial and policy support from the PRC government through various means since our establishment in 2011. These include the largest initial capital injection of RMB10.0 billion in the form of cash at our establishment and continual annual capital injections into us afterwards from the Beijing Municipal Finance Bureau totalling RMB46.5 billion as at 31 December 2020, which make us the largest affordable housing Company in Beijing, as well as favourable policies to our operations. For example, according to the 13th Five-year Plan （"十三五"計畫）, the PRC government has introduced an initiative in which by 2020, Beijing will construct more than 200,000 affordable housing units of various types, including 50,000 public rental housing units, 50,000 commodity housing units, and 100,000 resettlement housing units. According to the 14th Five-year Plan ("十四五"計畫), the PRC government held onto the position that "housing is not for speculative investments" (房住不炒) and pledged to build and introduce more affordable housing to improve the present housing supply mechanism and strive to finally attain the goal of "home for everyone" (住有所居). According to Beijing Municipal Finance Bureau's "Response Letter Regarding Issues Concerning the Confirmation of Capital Injections and Replacement Mechanism" (《關於確認財政資金注入及補充機制有關問題的復函》（京財經二[2011]1796號）), it shall inject capital into us on an annual basis with reference to our funding needs. For detail over the governmental financial support to us in form of capital injection, see "*Description of the Group — Corporate History*".

Meanwhile, the Beijing Municipal Government established a leaders team as our highest decision-making body and directly appointed members of our senior management. As such, our highest decision-making group is formed with numerous leaders from Beijing's key governmental authorities, with vice mayor of the Beijing Municipal Government as the head and directors and leaders from such authorities as Beijing Municipal Government, Beijing Municipal Housing and Urban-Rural Development Commission, Beijing SASAC, Beijing Municipal Finance Bureau, Beijing Municipal Development and Reform Commission and Beijing Municipal Commission of Planning and Natural Resources as deputy leaders.

Under the PRC government's support, we continued to deliver high-quality projects and received numerous awards in recognition of our quality over the past decade. We and our projects were awarded and recognised with (i) Zhan Tianyou Civil Engineering Golden Award for Excellent Residential Communities (the reserve housing plan) in 2019 (2019中國土木工程詹天佑獎優秀住宅社區金獎(保障房專案)); (ii) the First Prize of the 33rd Beijing Enterprise Management Modernisation Innovation Achievement Award (第三十三屆北京市企業管理現代化創新成果一等獎) in 2018; (iii) Civilised Entity of the Year in the Capital ("首都文明單位") from 2015 to 2017; (iv) China Residential Environment Model Award (2017"中國人居環境範例獎") issued by the Ministry of Housing and Urban-Rural Planning in 2017; (v) Zhan Tianyou Civil Engineering Golden Award for Nationwide Excellent Residential Communities in 2017 ("2017年中國土木工程詹天佑獎全國優秀住宅社區金獎"); (vi) National Excellent Model Residential Community (2017全國優秀示範社區) awarded by the Residential Engineering Supervision Committee of the China Civil Engineering Association in 2017; (vii) Golden Quality Project Structure of the Great Wall Cup in 2015 ("2015年度結構長城杯金質獎工程"); and (viii) the Third Prize in the first China Affordable Housing Design Competition ("2011年中國首屆保障性住房設計競賽"中榮獲三等獎) co-hosted by the Housing Industrialisation Promotion Center of the Ministry of Housing and Urban-Rural Planning and the China Construction Press in 2011.

As at 31 December 2020, we holds 135 affordable housing projects, total 143,400 sets of housing; 129 projects of which are public rental housing projects, total 131,400 sets of housing, with 98 of such projects into operation, total 90,100 sets of housing and occupied by up to 75,200 households. For details of our projects portfolio as at the date of this Offering Circular, see "*Description of the Group — Our Business — Our project portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue was RMB2,685.1 million, RMB1,624.9 million, RMB3,536.8 million, RMB1,399.2 million and RMB2,595.2 million, respectively, and we recorded a net profit of RMB494.6 million, RMB323.6 million, RMB167.8 million, RMB26.3 million and RMB122.1 million, respectively, during the same periods. The table below sets forth a breakdown of the revenue from our primary business lines:

	Year ended 31 December			**Nine months ended 30 September**	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)* *(reviewed)*	*(RMB)* *(reviewed)*
Public rental housing	707,777,952.21	1,066,952,377.64	1,322,139,172.81	952,777,055.44	1,083,591,614.95
Reserve housing	1,916,362,581.55	466,054,647.39	2,100,272,013.63	353,081,756.21	1,438,544,327.60
Commercial Property Management	48,569,338.08	82,001,907.05	83,299,453.71	87,575,915.86	65,965,864.82
Others	12,342,623.97	9,883,577.13	31,126,591.83	5,765,512.39	7,074,712.15
Total	**2,685,052,495.81**	**1,624,892,509.21**	**3,536,837,231.98**	**1,399,200,189.90**	**2,595,176,519.52**

COMPETITIVE STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths:

- A trusted affordable housing develop;
- Well-positioned to benefit from the steady growth of the affordable housing industry and from the PRC government's increasing focus on housing security and favourable industry policies;
- Strong financial and leadership support from shareholder and the PRC Government;
- Multiple funding channels; and
- Sound corporate governance led by seasoned professional management team.

STRATEGIES

We intend to grow and strengthen our operations through the implementation of the following core strategies:

- Aggressively develop public rental housing units to further complete the Beijing housing security system;

- Actively promote the renovation of dilapidated housing and continue to provide security through resettlement;
- Enhance management capabilities in investments and financing; and
- Strengthen organisational capability and develop talent team.

RECENT DEVELOPMENTS

The Recent Coronavirus Epidemic Outbreak

A novel and highly contagious virus causing pneumonia-like illness was detected toward the end of 2019 and was later named by the World Health Organization as COVID-19 in early 2020. Several cities in China were under a lockdown and imposed travel restrictions in an effort to curb the spread of the highly infectious novel coronavirus. The coronavirus outbreak poses potential risks to our business operations and financial condition. See "*Risk Factors — Risks Relating to Our Business — We face certain risks associated with the outbreak of COVID-19*" and "*Risk Factors — Risks Relating to the PRC — The national and regional economies may be adversely affected by a recurrence of SARS, COVID-19 or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects.*" All of our projects under development were delayed due to the lengthened Chinese New Year holiday in response to the COVID-19 pandemic.

Starting from February 2020, our suspended projects under development have resumed work. None of projects' overall schedules are expected to be delayed because of such suspension. In the nine months ended 30 September 2019 and 2020, our revenue was RMB1,399.2 million and RMB2,595.2 million, respectively, and we recorded a net profit of RMB26.3 million and RMB122.1 million, respectively, during the same periods. As such, the COVID-19 pandemic did not have a material impact on our operational and financial conditions, and we believe it will not have a material impact on our operational and financial conditions for the entire financial year ended 31 December 2020.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Our audited consolidated financial information as at and for the years ended 31 December 2017, 2018 and 2019 included elsewhere in this Offering Circular has been extracted from the Audited Consolidated Financial Statements.

The Audited Consolidated Financial Statements have been prepared in accordance with PRC GAAP and audited by Zhongxi.

Our unaudited but reviewed consolidated financial information as at and for the nine months ended 30 September 2019 and 2020 included elsewhere in this Offering Circular has been extracted from the Reviewed Interim Consolidated Financial Statements.

The Reviewed Interim Consolidated Financial Statements have been prepared in accordance with PRC GAAP and reviewed by Zhongxi.

Our certain financial information as at and for the year ended 31 December 2017 was reclassified in our consolidated financial statements as at and for the year ended 31 December 2018, as a result of the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements (Cai Kuai [2018] No. 15) promulgated on 15 June 2018, which amended the standard form of the general enterprise financial statements.

Our certain financial information as at and for the year ended 31 December 2018 was reclassified in our consolidated financial statements as at and for the year ended 31 December 2019, as a result of the Circular on Revising and Issuing the Financial Statement Form of General Enterprise in 2019 (CK [2019] No. 6) issued by the MOF on 30 April 2019, which amended the standard form of the general enterprise financial statements.

PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant audited consolidated financial statements of us and the notes thereto included elsewhere in this Offering Circular. Our historical consolidated financial information should not be taken as an indication of our future financial performance.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December			**Nine months ended 30 September**	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
				(reviewed)	*(reviewed)*
Total operating revenue ...	**2,685,052,495.81**	**1,624,892,509.21**	**3,536,837,231.98**	**1,399,200,189.90**	**2,595,176,519.52**
Including: Operating revenue	2,685,052,495.81	1,624,892,509.21	3,536,837,231.98	1,399,200,189.90	2,595,176,519.52
Total operating cost	**2,358,087,746.03**	**1,282,372,525.03**	**3,312,349,502.24**	**1,313,245,569.56**	**2,438,114,315.16**
Operating cost	1,799,290,025.88	1,047,449,524.85	2,799,780,718.39	981,229,907.94	1,978,211,470.23
Taxes and surcharges	190,482,430.17	92,948,454.36	97,157,316.83	37,832,994.90	74,797,761.25
Sales expenses	9,638,682.34	16,189,562.72	9,629,379.57	7,839,587.05	4,265,790.45
Administrative expenses.....................	147,457,043.44	169,508,248.96	189,956,174.15	134,279,452.30	116,020,489.25
Research and development expenses.....................	—		3,651,580.34	342,254.90	1,552,223.74
Financial expense	211,219,564.20	-45,723,265.86	212,174,332.96	151,721,372.47	263,266,580.24
Interest expense	1,640,293,392.63	1,895,174,319.46	2,011,527,539.84	1,557,593,279.16	1,463,553,133.47
Interest income	1,429,710,012.10	1,881,175,629.11	1,801,765,165.63	1,369,795,326.94	1,200,940,019.69
Others	—	—	—	—	—

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
				(reviewed)	*(reviewed)*
Add: Other income	44,701.70	3,024,451.53	493,968.83	10,794.79	1,182,066.06
Investment income	330,411,753.24	86,181,175.38	4,184,902.14	7,772,676.73	14,975,273.13
Including: Income from investment in associated enterprises and joint ventures	—	—	-7,078,619.26	—	—
Income from changes in fair value	—	—	—	—	—
Asset impairment loss		2,000,000.00	-10,725,169.02	—	3,071,686.70
Asset disposal income	—	—	—	—	—
Operating profit	**657,421,204.72**	**431,725,611.09**	**218,441,431.69**	**93,738,091.86**	**176,291,230.25**
Add: Non-operating income	19,638,860.57	18,439,735.41	7,167,412.99	762,857.15	403,950.19
Including: Government grants	12,147,232.39	17,677,900.00	663,809.00	—	—
Less: Non-operating expenses	1,290,678.85	932,241.86	2,690,328.36	2,239,638.74	529,846.00
Gross profit	**675,769,386.44**	**449,233,104.64**	**222,918,516.32**	**92,261,310.27**	**176,165,334.44**
Less: Income tax expense	181,192,481.96	125,658,284.28	55,141,293.45	65,963,541.81	54,083,085.49
Net profit	**494,576,904.48**	**323,574,820.36**	**167,777,222.87**	**26,297,768.46**	**122,082,248.95**
(I) Classified by ownership	—	—	—	—	—
Net profit attributable to the owner of the parent company	419,493,302.67	294,717,938.80	125,620,481.82	21,080,904.39	123,543,293.70
Minority interest	75,083,601.81	28,856,881.56	42,156,741.05	5,216,864.07	-1,461,044.75
(II) Classified by business continuity	—	—	—	—	—
Net profit from continuing operations	494,576,904.48	323,574,820.36	167,777,222.87	26,297,768.46	122,082,248.95
Net profit from discontinued operations	—	—	—	—	—
Amount of other comprehensive net income after tax	**—**	**—**	**—**	**—**	**—**
Amount of other comprehensive net income after tax attributable to equity holders of the parent company	—	—	—	—	—
(I) Other comprehensive income that cannot be reclassified into profits and losses	—	—	—	—	—
(II) Other comprehensive income that will be reclassified into profits and losses	—	—	—	—	—
Amount of other comprehensive net income after tax attributable to the minority shareholders	—	—	—	—	—
Total comprehensive income	**494,576,904.48**	**323,574,820.36**	**167,777,222.87**	**26,297,768.46**	**122,082,248.95**

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)* *(reviewed)*	*(RMB)* *(reviewed)*
Total comprehensive income attributable to the owner of the parent company	419,493,302.67	294,717,938.80	125,620,481.82	21,080,904.39	123,543,293.70
Total comprehensive income attributable to the minority shareholders	75,083,601.81	28,856,881.56	42,156,741.05	5,216,864.07	-1,461,044.75

CONSOLIDATED BALANCE SHEET

	As at 31 December			As at 30 September
	2017	2018	2019	2020
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)* *(reviewed)*
Current assets:				
Cash at bank and on hand	2,248,535,506.29	13,022,494,232.32	9,071,693,067.09	9,104,529,443.08
Financial assets that are measured at fair value and whose changes are included in the current profits and losses	—	—	—	—
Derivative financial assets	—	—	—	—
Notes receivable	—	—	—	—
Trade Receivables	54,040,330.01	46,566,742.08	1,575,899,179.67	2,717,294,349.70
Advances to Suppliers	11,477,474,586.18	8,251,210,955.90	6,795,768,878.81	7,280,915,786.51
Other receivables	364,885,066.02	328,160,147.09	334,581,788.27	356,974,413.00
Inventories	18,622,968,793.87	25,185,890,316.39	17,563,750,483.51	16,909,754,031.55
Assets held for sale	—	—	11,163,998.40	—
Non-current assets due within a year	—	—	—	—
Other current assets	9,161,614,673.81	421,350,343.52	673,945,274.66	553,929,614.47
Total current assets	**41,929,518,956.18**	**47,255,672,737.30**	**36,026,802,670.41**	**36,923,397,638.31**
Non-current assets:				
Financial assets available for sale	65,518,362.50	477,778,362.50	450,160,000.00	450,160,000.00
Held-to-maturity investments	—	—	—	—
Long-term receivables	32,312,240,034.50	35,344,240,034.50	31,414,090,034.50	29,395,110,034.50
long-term equity investments	—	—	8,511,380.74	8,511,380.74
Investment properties	22,268,676,452.29	29,908,014,640.35	30,340,323,555.21	37,321,836,622.54
Fixed assets	253,514,596.36	228,925,195.69	264,343,159.40	248,925,068.47
Construction in progress	—	—	17,943,899,034.33	15,501,203,211.18
Productive biological assets	—	—	—	—
Oil and gas assets	—	—	—	—
Intangible assets	14,392,719.05	32,238,249.82	32,425,178.12	29,845,626.37
Development expenditure	—	—	—	—
Goodwill	155,669.79	155,669.79	155,669.79	155,669.79
Long-term prepaid expenses	—	796,759.30	9,726,038.56	7,931,926.24
Deferred tax assets	—	500,000.00	86,749,473.12	115,769,707.11
Other non-current assets	—	—	—	—
Total non-current assets	**54,914,497,835.09**	**65,992,648,911.95**	**80,550,383,523.77**	**83,079,449,246.94**

	As at 31 December			As at 30 September
	2017	**2018**	**2019**	**2020**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)* *(reviewed)*
Total assets	**96,844,016,791.27**	**113,248,321,649.25**	**116,577,186,194.18**	**120,002,846,885.25**
Current liabilities:				
Short-term borrowings	—	2,296,572,647.80	—	200,000,000.00
Financial liabilities that are measured at fair value and whose changes are included in the current profits and losses	—	—	—	—
Derivative financial liabilities	—	—	—	—
Notes payable	—	—	—	—
Trade payables	4,555,952,873.06	4,872,378,451.25	3,597,656,243.80	4,802,559,526.34
Advances from customers	7,854,226,604.98	10,600,728,756.46	13,244,364,914.13	13,086,160,159.24
Employee benefits payable	4,225,314.40	2,011,541.53	1,964,872.54	906,700.06
Taxes and surcharges payable	334,606,548.71	148,157,932.65	268,594,470.83	44,802,170.04
Other payables	443,507,370.23	471,832,906.48	1,132,885,872.27	1,102,562,089.94
liabilities held for sale	—	—	—	—
Non-current liabilities due within a year	—	—	—	2,006,572,647.80
Other current liabilities	—	124,784.83	320,196.20	2,918,828.94
Total current liabilities	**13,192,518,711.38**	**18,391,807,021.00**	**18,245,786,569.77**	**21,246,482,122.36**
Non-current liabilities:				
Long-term borrowings	35,957,419,459.00	41,681,150,984.80	45,132,579,799.20	40,695,634,851.40
Bonds payable	2,479,316,700.50	2,480,604,520.39	2,474,878,938.23	5,473,534,436.12
Long-term payables	1,216,849,688.83	1,575,749,577.12	641,352,483.26	538,437,352.61
Long-term employee compensation payable	—	—	—	—
Estimated liabilities	—	—	—	—
Deferred income	—	—	—	—
Deferred tax liabilities	—	21,072.79	50,953.17	50,953.17
Other non-current liabilities	—	—	—	—
Total non-current liabilities	**39,653,585,848.33**	**45,737,526,155.10**	**48,248,862,173.86**	**46,707,657,593.30**
Total liabilities	**52,846,104,559,71**	**64,129,333,176.10**	**66,494,648,743.63**	**67,954,139,715.66**
Owners' equity:				
Paid-in capital	40,166,289,666.33	44,523,209,666.33	44,717,681,838.34	46,486,169,838.34
Other equity instruments	—	—	—	—
Capital reserve	—	—	—	—
Less: treasury stock	—	—	—	—
Other comprehensive income	—	—	—	—
Special reserve	—	—	—	—
Surplus reserve	147,143,849.60	176,554,122.86	199,247,553.86	199,247,553.86
Undistributed profit	1,350,638,327.92	1,547,260,450.89	1,474,667,166.69	1,530,778,760.39
Total owners' equity attributable to the parent company	**41,664,071,843.85**	**46,247,024,240.08**	**46,391,596,558.89**	**48,216,196,152.59**
Minority shareholders' equity	**2,333,840,387.71**	**2,871,964,233.07**	**3,690,940,891.66**	**3,832,511,017.00**
Total owners' equity	**43,997,912,231.56**	**49,118,988,473.15**	**50,082,537,450.55**	**52,048,707,169.59**
Total liabilities and owners' equity	**96,844,016,791.27**	**113,248,321,649.25**	**116,577,186,194.18**	**120,002,846,885.25**

THE OFFERING

The following summary contains some basic information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Yan Gang Limited 燕港有限公司.
Guarantor	Beijing Public Housing Center (北京市保障性住房建设投资中心).
The Bonds	U.S.$300,000,000 1.90 per cent. guaranteed bonds due 2026.
The Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed are contained in the Deed of Guarantee.
Issue Price	100.0 per cent. of the principal amount of the Bonds.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and in integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.90 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$ 9.5 per Calculation Amount (as defined in the Terms and Conditions of the Bonds) on 23 March and 23 September in each year, commencing on 23 September 2021.
Issue Date	23 March 2021.
Maturity Date	23 March 2026.
Use of Proceeds	The net proceeds from the issue of the Bonds will be used for the construction of projects and other general corporate purposes of the Group. See "*Use of Proceeds*".
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 3(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3(a) of the Terms and Conditions of the Bonds, 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 3(a) of the Terms and Conditions of the Bonds.
Events of Default	Upon the occurrence of certain events as described in Condition 8 of the Terms and Conditions of the Bonds, the Trustee at its discretion may, and if so requested in writing by holders of at least one quarter 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 been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest.
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 free and clear of, without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 16 March 2021 (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 amount which would otherwise have been receivable by them had no such withholding or deduction been required. If (i) the Issuer is required to make any deduction or withholding by or within Hong Kong, or (ii) the Issuer, or as the case may be, the Guarantor is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer (or the Guarantor, as the case may be) 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 the Guarantee, as the case may be) in the circumstances as set out in "*Terms and Conditions of the Bonds — Taxation*".

Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 March 2026.
Redemption for Tax Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 15 of the Terms and Conditions of the Bonds (which notice shall be irrevocable) 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, in the event of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), as further described in "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons*".
Redemption for Relevant Event	At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with any accrued interest up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Event*".
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them, the timing for complying with the Registration Conditions (as defined in the Terms and Conditions of the Bonds)) and the completion of the Cross-Border Security Registration (as defined in the Terms and Conditions of the Bonds)) and so that such further issue shall be consolidated and form a single series with the Bonds. References in the Terms and Conditions of the Bonds to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to Condition 14 of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行（亞洲）股份有限公司).
Principal Paying Agent, Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行（亞洲）股份有限公司).
Clearing Systems	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a

	nominee of, and deposited on or about the Issue Date with, a common depositary 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 described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.
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 will be governed by, and shall be construed in accordance with, English law.
Listing...	Application will be made to the HKSE for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. Application will be made to the MOX for the listing of the Bonds by way of debt issues to MOX Professional Investors only.
Ratings...	The Guarantor has been assigned a corporate rating of "A1" with "stable" outlook by Moody's (as defined in the Terms and Conditions of the Bonds) and a corporate rating of "A+" with "stable" outlook by Fitch (as defined in the Terms and Conditions of the Bonds). The Bonds are expected to be assigned a rating of "A1" by Moody's and a rating of "A+" by Fitch. A security rating is not recommendations to buy, sell or hold the Bonds. The rating is subject to suspension, revision or withdrawal at any time by the assigning rating agency. Prospective investors should evaluate each rating independently of any other rating of the Bonds or other securities of the Issuer or the Guarantor.
Selling Restrictions	The Bonds and the Guarantee will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
ISIN	XS2278178012.
Common Code....................................	227817801.
LEI..	8755009APYE01B5RUJ48.

An investment in the Bonds involves a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to us, our business, the market in which we operate and the value of Bonds. Some risks may be unknown to us and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect our business, financial condition, results of operations or prospects or the value of the Bonds. We believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but our ability to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by us on information currently available to us or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in this Offering Circular.

The statements below regarding the risk factors of holding any Bonds are not exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Risks Relating to Our Business

We are and will continue to be dependent on the performance of the PRC property market, particularly in Beijing where we operate, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in Beijing, could have a material adverse effect on our results of operations, financial condition and business prospects

Our business and prospects depend on the performance of the PRC property market. As at the date of this Offering Circular, we had a diverse portfolio of public rental housing properties, reserve housing properties, as well as commercial properties, for the details of which see "*Description of the Group — Our Business — Our Project Portfolio*". All of the aforesaid projects are located in Beijing. Any adverse development in the demand for properties and any measures that the PRC government may take in restricting the growth of the property market in China, particularly with respect to affordable housing, which account for most of our development portfolio, and in Beijing where we have or plan to have projects, may adversely affect our results of operations, financial condition and business prospects.

The overall demand for affordable housing in China has grown rapidly in recent years. However, the market also experienced fluctuations in property prices during this period in response to PRC government policies and trends in the PRC and world economy. We cannot assure you that such measures and trends will not have a negative impact on our business or that the demand for new properties, particularly in Beijing, where we have or will have operations (either directly through our subsidiaries or indirectly through associated companies) will continue to grow in the future or that there will not be over-development or a market downturn in the PRC property sector. Recently, the property market in the PRC has witnessed signs of a slowdown, with some commercial developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand, which may adversely affect the pricing and supply advantage of our affordable housing. As at 31 December 2017, 2018, 2019 and 30 September 2020, our inventory has a value of RMB18,623.0 million, RMB25,185.9 million, RMB17,563.8 million and RMB16,909.8 million, respectively, which accounted for approximately 19.2%, 22.2%, 15.1% and 14.1% of our total assets, respectively; as such, any continuing adverse development and the ensuing decline in property sales or decrease in property prices in China, particularly in Beijing, may adversely affect our business and financial condition.

Change in public policies and regulations over land supply to us and the way in which we can obtain land may affect our ability to obtain suitable land or acquire land use rights for future development by the local government's administrative allocation, or at all

We may not be able to obtain suitable land or acquire land use rights for future development by the local government's administrative allocation, or at all, in which event our business, results of operations and financial condition as well as prospects may be materially and adversely affected. Our business is dependent upon our ability to obtain suitable land by the local government's administrative allocation and our ability to generate profit from the sale of properties developed on such land. For land use rights which are supplied to us by administrative allocation, we are not required to pay for the land premium and are exempt from various administrative charges. We need to periodically replenish our land reserves in order to grow our business. The PRC government controls land supply to us and regulates the ways in which we may obtain land for property development. We may incur significant costs in acquiring suitable new land for development if there are changes in the PRC government's public policies and regulations over land supply and allocation to us; as such, our future growth prospects and results of operations may be materially and adversely affected.

We conduct a large part of our operations in, and derived substantially all of our revenue in 2017, 2018, 2019 and the nine months ended 30 September 2020 from Beijing and we are exposed to a greater geographical concentration risk than some of other developers in the PRC whose operations are more geographically diversified

As at the date of this Offering Circular, we had a diverse portfolio of public rental housing properties, reserve housing properties, as well as commercial properties, for the details of which see "*Description of the Group — Our Business — Our Project Portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2020, we derived most of our revenue from property development projects in Beijing. Our business and prospects, therefore, are highly dependent upon the performance of the property market in Beijing. As a result, we are exposed to a greater geographical concentration risk than some of our competitors in the PRC whose operations are more geographically diversified. For as long as our operations remain substantially concentrated in Beijing, any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets, natural disasters, epidemic, hostilities or any other reason, or if more restrictive government policies on the property market are imposed in those cities or other cities or provinces relevant to us, or if the conditions of such locations property market otherwise declines, our business, results of operations and financial condition may be materially and adversely affected.

In order to achieve sustainable growth, we may need to continue to seek development opportunities in selected regions in the PRC with potential for growth where we have no existing operations. However, our expansion plan is subject to the regulations and public policies related to affordable housing passed by the PRC government. In addition, business expansion or land acquisition requires a significant amount of capital investment and human resources, and may divert our existing resources including the attention of our management. Furthermore, we may not be able to hire, train or retain sufficient talent to manage our operations in the new markets. As a result, our inability to develop, manage and integrate new projects and businesses may adversely affect our operating efficiency and the success of our expansion plans, which consequently may adversely affect our business, financial condition and future prospects.

We rely on support from the PRC government (including the Beijing SASAC), however the repayment obligations under the Bonds remain our sole obligation, and our financial condition is independent from the PRC government, accordingly, if the PRC government reduces its support to us, our business, financial position and results of operations may be materially and adversely affected

We rely on support from the local government and its relevant departments. These supports include, among others, capital injections, land parcel allocation and guidance on our major business decisions and strategies and communications with local governmental authorities. For example, we received the largest initial capital injection in the form of cash at the time of our establishment, and have received annual capital injections afterwards from the Beijing Municipal Finance Bureau totalling RMB46.5 billion as at

31 December 2020. According to Beijing Municipal Finance Bureau's "Response Letter Regarding Issues Concerning the Confirmation of Capital Injections and Replacement Mechanism" (《關於確認財政資金注入及補充機制有關問題的復函》（京財經二[2011]1796號）), it shall inject capital into us on an annual basis with reference to our funding needs. The PRC government shall also provide financial support of up to 30% in relation to our public rental housing projects in the form of capital injections. In addition, as a response to the Beijing Municipal Government's public policy, we also run an entrusted loan business to provide financial support to entities also engaging in the construction of affordable housing projects. See "*Business — Our Business — others*". Under this entrusted loan business, we borrowed from the local banks and loaned to these entities; as such, our ability to repay the banks would significantly depend on these entities' repayment and financial supports from the government. Subject to the economic and market conditions, the PRC government may adjust its business strategies accordingly and may reduce its support to us, such as investing more on other businesses that it holds or reducing its shares in us. The PRC government may terminate its financial and/or other supports to us. If any of the aforesaid were to materialise, our business, financial position and results of operations may be materially and adversely affected.

While we continue to receive financial support from the PRC government, the repayment obligations under the Bonds remain our sole obligation, and the Beijing SASAC's ownership and control of us does not provide assurance on our financial condition.

We also received strong policy support from the PRC government on the reserve housing projects, and we cannot rule out the possibility of the potential adjustments to PRC policies or Beijing's relevant policies. If there are future policy changes, it may affect the development of our public affordable housing projects and will further affect our operation activities and income.

We face certain risks associated with the outbreak of COVID-19

Since early 2020, the PRC and a growing number of countries and regions around the world have encountered an outbreak of COVID-19, a highly contagious disease known to cause respiratory illness. On 30 January 2020, WHO declared that the outbreak of COVID-19 constitutes a Public Health Emergency of International Concern, and on 12 March 2020, WHO declared COVID-19 outbreak a pandemic. The outbreak of COVID-19 has endangered the health of many people in and outside of China, resulting in numerous confirmed cases and deaths and significantly disrupted travels and local economies in and outside of China. To prevent further transmission of COVID-19, the PRC Government had adopted a series of measures nationwide, including among others, restrictions on enterprises from resuming work, traffic control, travel bans, management and control over commencement schedules of construction in new and existing construction sites. Such adverse epidemics may severely affect and restrict the level of economic activity in China as the local government in the regions we operate may impose regulatory or administrative measures quarantining affected areas or other measures to control the outbreak of the infectious disease, which together with the disruption of business in major industries may adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth in China. Any contraction or slowdown in the economic growth of China could adversely affect our business, financial condition, results of operations and prospects.

In addition, COVID-19, or any other adverse public health developments, are likely to have an adverse impact on the livelihood of the people in and the economy of the PRC and may, in turn, adversely impact the property market in the PRC. The outlook of the real estate market, economy slowdown and/or negative business sentiment could potentially have an indirect impact on the property management market and our business operations and financial condition may be adversely affected. For instance, such events may disrupt our businesses and cause temporary suspension and shortage of labour and sub-contracting services for our business operations, as well as delays in construction, sales and delivery of property development projects. In addition, if any of our employees or staff of our sub-contracting services were suspected of contracting or contracted an epidemic disease, it could adversely affect or disrupt our operations, as we may be required to quarantine some or all of our employees and sub-contracting staff, disinfect the buildings or sites or even scale-down or close some of our business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect the financial condition, or as the case may be, business operations of our customers, suppliers and other business partners, which could in turn adversely affect our business, financial condition, results of operations and prospects.

We are uncertain as to when the outbreak of COVID-19 will be fully contained, and we also cannot predict if the impact will be short-lived, recurring or long-lasting. If the outbreak of COVID-19, or any similar adverse public health developments, is not effectively controlled, our business operations and financial condition may be materially and adversely affected.

Regulatory restrictions on our profitability from a substantial portion of our property developments could impact our overall returns and our ability to repay debt

A substantial portion of our property development projects are classified as public rental housing or reserve housing. The land use rights for these projects are supplied by administrative allocation, with no land premium required to be paid, and are exempt from various administrative charges. As required by local regulations related to affordable housing projects, all of these units have various governmental restrictions placed on them. These apartments are typically priced lower than ordinary commodity apartments. In addition, only low income families as selected by the local government according to local regulations are eligible to rent or buy our economically affordable housing. Affordable housing units are designed for urban, low-income families with housing difficulties. Only families subsisting on social welfare are qualified to apply for leasing or buying affordable housing from the local government, with their qualifications being reviewed by the government. As such, our profitability and capacity to repay indebtedness may be materially and adversely affected by to local regulatory restriction on pricing and tenants/buyers candidacy for a substantial portion of our projects.

Our results of operations in 2017, 2018, 2019 and the nine months ended 30 September 2020 may not be representative of our future performance

We experienced general revenue growth trend in 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020. In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue was RMB2,685.1 million, RMB1,624.9 million, RMB3,536.8 million, RMB1,399.2 million and RMB2,595.2 million, respectively. We cannot assure you that we will continue to grow at a high rate, or at all, or that we will not experience a decrease in revenue. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. As a result, our past results of operations may not be representative of our future performance.

We cannot assure you that we will be able to lease and sell the public housing at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find qualified buyers or tenants for the public housing. The local demand for public housing, changes in market conditions, or changes in the PRC property market are beyond our control, and any one of these may adversely affect the return we generate from lease or sale of public housing. See "— *We generated substantially all of our revenue in 2017, 2018, 2019 and the nine months ended 30 September 2020 from the sale or rental of properties, and our results of operations may fluctuate from period to period due to factors such as the schedule of our property development, the timing of property sales or rental and a number of other variables associated with our property development business*" below.

We generated substantially all of our revenue in 2017, 2018, 2019 and the nine months ended 30 September 2020 from the sale or rental of properties, and our results of operations may fluctuate from period to period due to factors such as the schedule of our property development, the timing of property sales or rental and a number of other variables associated with our property development business

In 2017, 2018, 2019 and the nine months ended 30 September 2020, we derived substantially all of our revenue from the sale or rental of properties, which accounted for approximately 97.7%, 94.3%, 96.8% and 97.2%, respectively, of our total revenue during the same periods. Our results of operations may fluctuate from period to period due to factors such as the schedule of our property development, the timing of property sales and a number of other variables associated with our property development business.

Due to capital requirements for land and projects acquisition and construction, limited land supply and the time required for completing a project, we can undertake only a limited number of projects at a time. In addition, since the timing of delivery of our properties varies according to our timetable, our revenue and results of operations may vary significantly from period to period depending on the number of properties delivered during a specific period. In addition, our internal property development schedule may cause fluctuations in, among others, our revenue, profits, cash flows and indebtedness from quarter to quarter. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be as meaningful measures of our financial performance of a specific period as they would be for a company with a greater proportion of steady recurring revenues.

Furthermore, our property development may be delayed or adversely affected by a combination of factors, including market or economic conditions, natural disasters, adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities as well as other factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

We may not be able to complete our projects according to schedule which may adversely affect our business and financial condition

The progress of a property development project can be adversely affected by many factors, including:

- changes in market conditions including the credit market;
- delays in obtaining necessary licences, permits or approvals from government agencies or authorities;
- changes in government rules and regulations and the related practices and policies, including reclamation of land for public works or facilities;
- increases in the prices of raw materials;
- shortages of materials, equipment, contractors and skilled labour;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labour disputes and strikes;
- construction accidents;
- natural disasters or adverse weather conditions; and
- other unforeseen problems or circumstances.

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 our business and financial condition and may also cause reputational damage. We cannot assure you that we will not experience such delays in delivery of our property projects in the future or that we will not be subject to any liabilities for any such delays.

We had significant fluctuation in our net cash flow from operations in 2017, 2018, 2019 and the nine months ended September 2020 and we may not be able to timely obtain sufficient financing to fund our land acquisitions or property developments

Property development usually requires substantial capital investment during the land acquisition and construction period. It is not unusual for a property developer to generate negative operating cash flow over a particular period when the cash outlay for land acquisition and construction expenditures during that period, after offsetting changes in other working capital items, exceeds the cash inflow from property sales over the same period. We experienced significant fluctuation in our net cash flow from operating activities in 2017, 2018, 2019 and the nine months ended September 2020 as we rapidly expanded our development activities. In 2017, 2018 and 2019 and the nine months ended September 2020, we had net cash generated in operating activities of RMB1,194.3 million, net cash used in operating activities of RMB905.3 million, net cash generated in operating activities of RMB1,553.6 million and net cash generated in operating activities of RMB877.8 million, respectively. We therefore may require external funding to expand our business and to acquire land and develop new projects. In the past we had utilised equity and debt financing to fund our business operations. We typically use internal funds and bank and other loans, corporate bonds, medium-term notes and other borrowings to finance the construction costs for our property developments. We expect to continue to fund our projects through these sources. However, we cannot assure you that such funds will be sufficient or that any additional external financing can be obtained on satisfactory or commercially reasonable terms, or at all.

A number of factors, such as general economic conditions, our financial performance, credit availability from financial institutions and monetary policies in the PRC, may affect our ability to obtain adequate financing for our projects on favourable terms, if at all. Many of these factors are beyond our control. For example, PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the cost of financing from them. On 2 January 2020, the PBOC reduced the reserve requirement ratio from 13.0% to 12.5%. On 26 May 2020, the PBOC further reduced the reserve requirement ratio by 1.5% to support the economy hurt by the COVID-19 pandemic. On 5 July 2020, the PBOC increased the reserve requirement ratio back to 12.5%. The reserve requirement ratio for commercial banks currently ranges from 12.5% to 13.5%. We cannot assure you that the PRC government will not introduce other measures which may limit our access to capital resources. The foregoing and other governmental actions and policy initiatives may limit our ability to use bank borrowings or trust and other borrowings to finance our property developments and, therefore, may require us to maintain a relatively high level of internally sourced cash or obtain funding at a higher cost. As a result, our business, results of operations, and financial condition may be materially and adversely affected.

We may be unable to adjust the fixed costs for development renovation and maintenance of our public rental housing and reserve housing in a timely manner in responsive to the market fluctuation

The fixed costs associated with constructing affordable housing, including operating and maintenance expenses of property for sale and for rent, taxes, other fees and payments, may be significant. There may not be sufficient and consistent market demand for affordable housing in our target markets. We may be unable to reduce the fixed costs in a timely manner in response to a decline in demand for our affordable housing for sale or rental, and any failure to adjust our fixed costs may adversely affect our business, financial condition and results of operations. Moreover, our affordable housing may be subject to increases in operating and other expenses due to adverse changes in contractual terms and increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses, which could materially adversely affect our business, financial condition and results of operations.

We are subject to risks of long payback period

We are committed to the construction and development of affordable housing and we adopt two business models including public rental housing projects and reserve housing projects. The development and construction of our affordable housing has the nature of a significant investment and long output cycle, which has a slow recovery of capital. The expenditure on construction may not match our operating cash inflow in a short period of time. In the case of reserve housing projects, we will recover proceeds after the sale of the reserve housing; in the case of public rental housing, we will receive rent every year and the payment recovery cycle will cover the entire operating period of the public rental housing. Based on our historical experience, it is estimated that the public rental housing and reserve housing require a period of 15 to 25 years and two to three years to achieve payback and breakeven point, respectively; it is a long period of time during which situations may change and any incident beyond our control may arise and as a result, we may not be able to commence operation or record any profit as we expect, or at all. In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, we experienced significant net profit fluctuation; in 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our net profit was RMB494.6 million, RMB323.6 million, RMB167.8 million, RMB26.3 million and RMB122.1 million, respectively. Our expected payback period and breakeven period may be prolonged due to various factors that are out of our control. In that case, we may not be able to realise expected investment return in time any may even suffer losses. As such, our existing business models have a relatively long payback period, which may materially and adversely affect the use and recovery of our funds and pose certain serious liquidity risks to us.

We are subject to certain restrictive covenants in and non compliance risks associated with bank borrowings

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks, trust companies and other financial institutions. Some of our loan agreements, for example, obligate us to maintain certain financial ratios. In addition, certain loan agreements contain covenants pursuant to which we or our borrowing subsidiaries may not enter into merger, joint venture or restructuring transactions, decrease registered share capital, transfer material assets, liquidate, change shareholdings or distribute dividends without the lenders' prior written consent. In addition, many of our borrowings are secured by either a pledge or a transfer, or both, of our equity interests in the relevant project company subsidiary to the lender. We may not be able to ensure the full compliance with such restrictive covenants due to factors out of our control such as governmental regulatory restrictions and our financial condition fluctuation, which may limit our financing capacities or otherwise materially and adversely affect our business, results of operations and financial condition.

If we fail to comply with any of those covenants resulting in the lenders' requests for acceleration or other default remedies, we may lose part or all of our equity interests in the relevant project company subsidiaries and/ or our share in the asset value of the relevant property projects. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and results of operations.

Our business may be adversely affected if we fail to comply with relevant PRC rules and regulations or fail to obtain, or if there is any delay in obtaining, the relevant PRC governmental approvals for our property development projects

We are required to comply with various PRC rules and regulations during our acquisition, construction and operation of our public affordable housing projects and obtain various permits, licences, certificates and other approvals from the relevant PRC government authorities at various stages of project development including, but not limited to, state-owned land use rights certificates, real estate development qualification, approvals of environmental impact reports, planning permit for construction land, planning permits for construction works, permits for commencement of construction works, and certificates or confirmations of completion and acceptance. In particular, we are required to obtain state-owned land use rights certificates before commencing any property development and such certificates would generally only be issued after certain conditions have been satisfied. Such conditions include the relevant project company having been provided with the state-owned land use rights by the local government's administrative allocation whereby the land use rights are granted to the relevant project company. Under PRC laws and regulations, if a developer fails to develop land according to the local authorities' requirement including those relating to designated use of land, time for commencement and completion of development of the land, or commences land development without the required permits, licenses, certificates or other approvals obtained, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights.

In 2017, 2018, 2019 and the nine months ended 30 September 2020, we did not experience difficulty in complying with the relevant PRC rules and regulations and obtaining relevant land use rights certificates within the expected time frame due to delay in making the administrative allocation as scheduled by the local government for our property development projects. However, we cannot assure you that we will not encounter similar problems with respect to regulatory compliance and continuing scheduled lands under administrative allocation, including the outstanding ones described above, going forward, for similar or other reasons. We cannot assure you that we will continue to comply with the relevant rules and regulations and receive the various land use rights certificates within the expected time frame, because the timing of issuance of such certificates may be subject to factors out of our control, including the relevant government resettlement schedules. If we fail to comply with the relevant rules and regulations or fail to receive such certificates, our development schedule may be disrupted, which, in turn, may have a material adverse effect on our business, results of operations and financial condition.

We cannot assure you that we will not encounter problems in complying with the relevant rules and regulations, obtaining other government approvals or in fulfilling the conditions required for obtaining other government approvals and certificates. If we fail to continuingly comply with the relevant rules and regulations, obtain the relevant approvals or to fulfil the conditions of the approvals and certificates for our property development, those developments may not proceed on schedule. As a result, our business, results of operations and financial condition may be materially and adversely affected.

The illiquidity of property investments or fluctuations in property value could limit our ability to respond to adverse changes in the performance of our investment properties

We hold public rental housing and affiliated commercial properties we have developed and acquired as investment properties. As of 31 December 2017, 2018, 2019, and the nine months ended 30 September 2020, our property investments had a value of RMB22,268.7 million, RMB29,908.0 million, RMB30,340.3 million and RMB37,321.8 million, respectively, which accounted for approximately 23.0%, 26.4%, 31.1% and 26.0%, respectively, of our total assets. Because property investments in general are relatively illiquid, our ability to promptly sell one or more of investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and general supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any investment properties on satisfactory terms, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. In addition, if we sell an investment property during the term of that property's management agreement or tenancy agreement, we may have to pay termination fees. Furthermore, we cannot assure you that we will achieve fair value gains on our or their investment properties.

The fair value of our financial assets available for sale is likely to fluctuate from time to time

As at 2017, 2018, 2019 and the nine months ended 30 September 2020, our financial assets available for sale had a value of RMB65.5 million, RMB477.8 million, RMB450.2 million and RMB450.2 million, respectively, respectively, of our total assets. Our financial assets available for sale include equity instruments of several state-owned enterprises located in Beijing we own, whose value may fluctuate due to various factors out of our control such as general economic conditions, these state-owned enterprises' financial and business performance, public policies related to these enterprises' industries and their major shareholders' financial and policy supports. Any changes in the market conditions or public policies related to these state-owned enterprises in which we have equity interests could materially and adversely impact the fair value of these financial assets, particularly, and any decreases in the fair value of financial assets may significantly reduce our total asset value.

The real estate industry is dependent on the levels of business, demand for and supply of housing and other factors

A number of factors, many of which are common to the real estate industry and are beyond our control, could affect our business, including the following:

- adverse development in general economic conditions;
- dependence on business and commercial;

- the impact of acts of war or increased tensions between certain countries, increased terrorism threats, terrorist events, impediments to means of transportation (including airline strikes, road closures and border closures), extreme weather conditions, natural disasters, outbreaks of diseases and health concerns, rising fuel costs or other factors that may affect real estate property;

- adverse effects of international market conditions, which may diminish the demand for or the need for affordable housing, as well as national, regional and local political, economic and market conditions where our affordable housing operate and where our customers or tenants live;

- increased competition and periodic local oversupply of affordable housing, which may adversely affect occupancy rates and rental rates;

- increases in operating costs due to inflation, labour costs (including the impact of unionisation), workers' compensation and health-care related costs, utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs such as acts of nature and their consequences and other factors that may not be offset by increased rental rates;

- changes in interest rates and in the availability, cost and terms of debt financing; and

- changes in governmental laws and regulations (including trade restrictions), fiscal policies and zoning ordinances and the related costs of compliance.

These factors could have a material adverse effect on our affordable housing rental and sale operations, which in turn will affect our financial condition and results of operations.

We may not be able to continue to attract and retain tenants for our properties and our profitability and results of operations may be affected by the development and profitability of our properties and our ability to continue to attract and maintain tenants

Historically, we derived a significant portion of revenue from our rental income from leasing of properties including our affordable housing and affiliated commercial facilities rental business. As we seek to selectively increase our portfolio of investment properties, rental income may become an increasingly important contributor to our revenue going forward. We may not, however, be able to identify new tenants or retain existing tenants for our properties for lease. In addition, an increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants and force us to reduce rent or incur additional costs in order to make our properties more attractive. If there is a significant downturn in the property leasing markets generally or in the cities where we have investment properties, we may not be able to maintain our current levels of rental income. Our inability to expand our portfolio of properties for lease and operations, to secure suitable tenants or otherwise to enhance the profitability of our investment properties or to maintain our current levels of rental income may have an adverse effect on our profitability and results of operations.

We may not be able to generate adequate returns on our public rental housing and commercial property management projects

The investment returns on our investment properties depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties, changes in market rates for comparable rentals, the inability to collect rent from tenants, the costs resulting from periodic maintenance, repair and re-letting, as well as the general operating expenses incurred.

Maximising yields from investment properties also depends to a large extent on active ongoing management and maintenance of the properties. Our ability to eventually dispose of investment properties will be affected by market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. As many of these factors are beyond our control, we cannot assure you that we will generate adequate returns on our investment properties.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. Since 2012, the PRC government reduced base interest rates many times to stimulate the economy. The one-year benchmark lending rate was decreased to 6.31% on 8 June 2012, to 6.00% on 6 July 2012, to 5.60% on 22 November 2014, to 5.35% on 1 March 2015, to 5.10% on 11 May 2015, to 4.85% on 28 June 2015, to 4.6% on 26 August 2015 and further to 4.35% on 24 October 2015. On 17 August 2019, the PBOC designated the Loan Prime Rate (LPR) the new lending benchmark for new bank loans, replacing the one-year benchmark lending rate. As of 30 June 2020, the one-year LPR was 3.85%. As commercial banks in China and other financial institutions based in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the mortgage rates of our customers and our financing costs.

Any breach of contractual obligations by third-party contractors for the construction of our property development projects may adversely affect our results of operations and financial condition

We engage third-party contractors to provide various services, including the construction of buildings for our public rental projects and reserve housing projects. We generally select third-party contractors through competitive bids and also through internal assessment of general factors including their demonstrated competence, market reputation and our prior relationship with them. Completion of our projects is subject to the satisfactory performance by these third-party contractors of their contractual obligations, including their adherence to the pre-agreed schedule for completion. We cannot assure you that the services rendered by any of these third-party contractors will be satisfactory or be completed on time. If the performance of any third-party contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations, we may need to replace such contractor or take other actions to remedy the situation, which could materially and adversely affect our cost and construction progress of our projects. Furthermore, a contractor's financial or other difficulties may cause the delay in the completion of our property developments and result in our incurring additional costs, which may have a material adverse effect on our results of operations and financial condition.

Fluctuations in the price of construction materials and our construction contractors' labour costs could affect our business and financial performance

We normally engage third-party contractors for construction of our public rental projects and reserve housing projects. Such third-party contractors are responsible for procuring construction materials, including, but not limited, to steel and cement, the prices of which can be volatile. According to our contracts with our construction contractors, in the event that the prices of the equipment and construction materials procured by our construction contractors fluctuate beyond a pre-determined band from the pre-agreed price, we will adjust our payments to our contractors accordingly. Therefore, any material increase in the cost of construction materials or contractors' labour costs may lead to future increases in construction contract costs. Furthermore, we typically sell our affordable housing properties at fixed prices to qualified purchasers pre-selected by the local government and we will not be able to pass the increased costs on to our customers if construction costs increase subsequent to the price fixing. Our inability to pass cost increases to our construction contractors or our customers may result in decrease in our profit margins and adversely affect our results of operations and financial condition. In addition, with the overall improvement of living standards in China as well as the PRC government's recent policies aimed at increasing wages of migrant workers, we expect labour costs of our third-party contractors to continue to increase in the near future, which could also have an adverse effect on our results of operations and financial condition.

The full-fledged levy of value added tax on revenues from a comprehensive list of service sectors may subject our revenues to an average higher tax rate

Pursuant to the Notice on Adjustment of Transfer Business Tax to Appreciation Tax (關於全面推開營業稅改徵增值稅試點的通知) issued on 23 March 2016 and implemented on 1 May 2016 ("**Circular 36**") by the

Ministry of Finance ("**MOF**") and the SAT, effective from 1 May 2016 and revised on 11 July 2017 and 20 March 2019, PRC tax authorities have started imposing value added tax ("**VAT**") on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, MOF and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. The VAT rates applicable to us may be generally higher than the business tax rate we were subject to prior to the implementation of Circular.

For example, the VAT rate for the sale of self-developed real estate projects will be increased from 5% (the current business tax rate) to 11%. Unlike business tax, the VAT will only be imposed on added value, which means the input tax incurred from the deductible land prices can be offset from our output tax. However, details of concrete measures are still being formulated in accordance with Circular 36.

We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner

Property developers in the PRC typically assist purchasers of properties to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement. Property developers, including ourselves, generally elect to specify the deadline for the delivery of properties in the property sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and apply for the property ownership initial registration in respect of these properties. We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. We cannot assure you that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates.

The total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval which may cause delays in our properties delivery and revenue recognition

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for our development and, as a consequence, we would not be able to deliver individual units to purchasers or to recognise the related sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval. If issues related to excess GFA cause delays in the delivery of our products, we may also be subject to liability to purchasers under our sales and purchase agreements. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient time to take any remedial action that may be required, which may cause delays in our properties delivery any revenue recognition in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, results of operations and financial condition.

Our non-PRC entities may be deemed to be PRC resident enterprises under the EIT Law

Under the Enterprise Income Tax Law (the "**EIT Law**"), which came into effect on 29 December 2018, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax purposes. Under the Implementation Rules for the EIT Law, "de facto management bodies" are bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders that are onshore enterprises or enterprise groups in China. However, it remains unclear how the PRC tax authorities will treat an overseas enterprise invested or controlled by an onshore enterprise and ultimately controlled by PRC individual residents, as in our case. All of our management is currently based in China and will remain in China. Whether our non-PRC entities will be considered PRC resident enterprises is currently unclear as this determination will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation Rules. There is no assurance that the non-PRC entities will not be considered to be PRC resident enterprises and therefore subject to the PRC enterprise income tax at the rate of 25% on their worldwide income. In addition, the dividends received by the non-PRC entities from the direct equity investment in PRC resident enterprises shall be subject to enterprise income tax (withholding tax) at the rate of 10% unless a preferential rate is provided by tax treaties or arrangements entered into between the country or region where such non-PRC entity is established and the PRC.

The property development business is subject to claims under statutory quality warranties

Under Regulations on the Administration of Quality of Construction Works (《建設工程質量管理條例》), which became effective on 30 January 2000 and was amended on 7 October 2017 and 23 April 2019, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from our third-party contractors with respect to our property projects. If a significant number of claims are brought against us under our warranties, and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or if the money retained by us or the indemnity provided to cover our payment obligations under the quality warranties is not sufficient, we may incur significant expenses to resolve such claims or face delays in remedying the related defects, which may in turn harm our reputation, and materially and adversely affect our business, financial condition and results of operations.

Compliance with PRC laws and regulations regarding environmental protection or preservation of antiquities and monuments could result in substantial delays in construction schedule and incurrence of additional costs

We are subject to extensive PRC laws and regulations concerning environmental protection and preservation of antiquities and monuments which impose fines for violation and authorise government authorities to shut down any construction sites that fail to comply with governmental orders requiring the cessation of certain activities causing environmental damage. The application of such laws and regulations vary greatly according to a site's location, its environmental condition, present and former use, as well as the circumstances of its adjoining properties. Such variation in application may result in delays in our project completion and may cause us to incur substantial compliance and other costs and severely restrict our project development activities in certain regions or areas.

Under PRC laws and regulations, each project we develop is required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of project construction. If we fail to meet such requirements, the local authorities may issue orders to suspend our construction activities and impose a penalty in the range of 1% to 5% of total investment in the project. We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. In the event of a suspension of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

There is a growing awareness of environmental issues in the PRC and we may sometimes be expected to meet more stringent standards than those under applicable environmental laws and regulations. We have not adopted any special environmental protection measures other than the measures generally taken in the ordinary course of business by comparable companies in our industry. There is no assurance that more stringent requirements on environmental protection will not be imposed by the relevant PRC governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, results of operations and financial condition.

We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, purchasers, project development partners or other business partners. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management's attention. As some of our projects comprise multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to our property developments. From time to time, our officers and management may be parties to litigation or other legal proceedings. Even though our company may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

We may face negative publicity or unfavourable media coverage

From time to time, we may face negative publicity or unfavourable media coverage relating to our business, financial performance or conflict with consumers. We may take the initiative to clarify the situations through our public relationship efforts or defend ourselves against such allegations through legal and administrative proceedings as appropriate. However, we cannot assure you that such efforts will eliminate or reduce the negative publicity effect imposed by those allegations.

Any such negative publicity or unfavourable media coverage relating to our business, financial performance or customer relationship, even if prepared on an unfounded or misunderstood factual basis, could have a material adverse effect on the trading price of the Bonds or have a materially adverse effect on our image or reputation.

We may not have adequate insurance coverage to cover our potential liability or losses and, as a result, our business, results of operations and financial condition may be materially and adversely affected

We maintain insurance as required by applicable PRC laws and regulations and as we consider appropriate for the majority of our property projects under construction and commercial properties, for example, we maintain insurance for our projects under development against all substantial risks, including natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods and maintain insurance for our self-owned completed project against certain risks. However, we do not maintain insurance against all risks associated with our operations at all stages. We may incur losses, damages or liabilities during any stage of our property development and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, results of operations and financial condition. We may not adequately insure against losses related to various natural and accidental damages incurred to our projects in all development stages.

Our business depends substantially on the continuing efforts of the members of our senior management and qualified personnel and our ability to attract and retain them, and, if we lose the services of any of these key management and personnel and cannot replace them in a timely manner, or at all, our business may be materially and adversely affected

Our business depends, to a significant extent, on the capability and expertise of our senior management team members, including members of our management who have operational experience in the real estate business. If one or more of our senior management team members are unable or unwilling to continue in their present positions, we may not be able to identify and recruit suitable replacements in a timely manner, or at all, and the implementation of our business strategies may be affected, which could materially and adversely affect our operations. In addition, we rely on our employees, which include qualified design, construction management, quality control, marketing, on-site supervisory and construction management personnel for our daily operations and business expansion. We cannot assure you that we will be able to continue to attract and retain sufficient skilled and experienced employees in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be adversely affected.

We may be subject to additional payments of statutory employee benefits

As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance and housing funds, to designated government agencies. According to the relevant PRC laws and regulations, certain failure in making requisite social insurance or housing provident fund contributions may result in a fine imposed on us or us being required to rectify the non-compliance by any relevant governmental authorities. As of the date of this Offering Circular, we have not been requested to pay any fine in relation to social insurance or housing provident fund. We cannot assure you that we will not be subject to any order to rectify non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the social insurance or housing provident funds against us, or that we will not receive any claims in respect of social insurance contributions under national laws and regulation. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC government or relevant local authorities.

Our controlling shareholder may take actions that are not in, or may conflict with, our or our creditors' (including the holders of the Bonds) best interests

Our controlling shareholder, Beijing SASAC, directly holds 100% of our outstanding shares as of the date of this Offering Circular. The interests of our controlling shareholder may differ from our interests or the interests of our creditors, including the holders of the Bonds. Our controlling shareholder could have and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions that are not in, or may conflict with our best interest and the best interest of our creditors, including the holders of the Bonds, with respect to matters relating to our management and policies and the election of our senior management. Our controlling shareholder will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses and amending our articles of association.

We may fail to effectively implement our risk management and internal control policies and procedures

The complexity of our operations and products exposes us to various risks, including market risk, liquidity risk, credit risk, operational risk and legal and compliance risk. We have established corporate governance and risk management control systems and procedures. Certain areas within our risk management systems may require constant monitoring, maintenance and continual improvements by our senior management and staff. We cannot assure you that our risk management systems are adequate. Our businesses and prospects may be materially and adversely affected if our efforts to maintain these systems are proved to be inadequate.

Deficiencies in our risk management systems and procedures may adversely affect our ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact our ability to identify any reporting errors and non-compliance with rules and regulations. Future risk exposure can be significantly greater than the exposure estimated under the historical methods. Moreover, the information and empirical data that we rely on may become obsolete quickly as a result of market and regulatory developments, and our historical data may not be able to adequately reflect risks that may emerge from time to time in the future.

The internal control systems may contain inherent limitations caused by misjudgment. Any failure to address any risk related matters and other deficiencies in a timely and effective manner may result in investigations, disciplinary actions or even prosecution being initiated against us or our employees, or disruption to our risk management systems, any of which may impose a material and adverse effect on our business, financial condition and results of operations.

Damage to the common areas of our property projects for rental could adversely affect our business, results of operations and financial position

The common areas of the properties we lease out, such as the lobby, hallway, outdoor open space, stairway, car park, elevator shaft and equipment room, may be damaged in a variety of ways that are beyond our control, including but not limited to natural disasters, lessees' intended or unintended actions, and epidemics. For example, in the event of natural disasters, such as earthquakes, typhoons and floods, the common areas may be materially damaged. However, we cannot assure you that any public fund will be available and sufficient to cover all of the repair and maintenance costs. We may need to pay the shortfall out of our own pocket to cover all of the repair and maintenance costs and then attempt to collect the shortfall from the responsible parties. If we face any difficulties in the collection process, our business, results of operations and financial position could be materially and adversely affected. In addition, we may also need to divert management attention and resources to assist the police and other governmental authorities in their investigations in connection with any damage to the common areas of our property projects. As we intend to continue to grow our affordable rental housing business, we cannot assure you that the likelihood of such incidents occurring will not increase as our business scale increases.

We are required to adhere to national health and safety standards, and in the event that we are unsuccessful at meeting these standards, our business, financial condition, results of operations and brand image would be negatively affected.

We cannot guarantee that our procedures, safeguards and training will be completely effective in meeting all relevant health and safety requirements. A failure to meet relevant government requirements could occur in our operations or those of our sub-contractors or suppliers. There can be no assurance that we will not be subject to any administrative penalties due to non-compliance with laws and regulations in relation to labour, safety and environment protection matters in the future. Any material non-compliance could result in fines, suspension of operations, loss of permits, and in more extreme cases, criminal proceedings against our Company and/or our management. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims. Any of these failures or occurrences could negatively affect our business, financial condition, results of operations and brand image.

We are exposed to risks in relation to work safety and occurrence of accidents, which could materially and adversely affect our reputation, business, financial condition and results of operations.

Work injuries and accidents may occur in the course of our business. For example, we provide certain of our services through our own employees and third party sub-contractors, which may involve the handling of tools and machinery that carry the inherent occupational risk of accidents. Any incident or accident could result in damage to, or destruction of, properties of the communities, personal injury or death and legal liability and we may be held liable for the losses. In addition, we are exposed to claims of negligent or reckless behaviour on the part of our employees or employees of our sub-contractors. We may also experience interruptions to our business operations and may be required by government authorities to change the manner in which we operate following any incidents or accidents. Any of the foregoing could materially and adversely affect our reputation, business, financial condition and results of operations.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct committed by our employees, third-party subcontractors or other third parties.

We are exposed to fraud, negligence or other misconduct, intended or unintended, committed by our employees, subcontractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. We cannot assure you that our risk management and internal control systems will always enable us to detect, prevent and take remedial measures in relation to fraud, negligence or other misconduct committed by our employees, third-party subcontractors or other third parties in a timely and effective manner. In addition, such fraud, negligence or other misconduct could also attract negative publicity on us, damaging our reputation and brand value.

Risks Relating to the PRC

Our business, financial condition, results of operations and prospects could be adversely affected by slowdowns in the Chinese economy.

We primarily conduct our business in Beijing and all of our revenue is derived from the PRC. We rely solely on domestic demand in the infrastructure construction, compensatory housing construction and land development to achieve revenue growth. Such domestic demand is materially affected by industrial development, growth of private consumption and overall economic growth in the PRC. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy with a corresponding impact on the Chinese economy. Since 2015, the PRC government has adopted intensive reforms with the primary aim of restructuring and rebalancing the PRC economy towards a more sustainable model by focusing more on domestic consumption and away from investment and export fuelled growth. As a consequence of these reforms and the overall instability in the recovery of the global economy, the year-on-year rate of gross domestic product ("**GDP**") growth in the PRC has generally been slower in the past several years after three decades of rapid growth. According to the National Statistics Bureau of China, the annual growth rate of China's GDP in 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. for 2016, which was the slowest annual GDP growth rate recorded in 26 years. For the years ended 31 December 2017, 2018 and 2019, China's GDP growth rate was 6.9 per cent., 6.6 per cent. and 6.6 per cent.

In March 2016, Moody's changed the PRC government's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC.

The continuing effects of reform in the PRC and the sovereign debt crisis in Europe may have an adverse effect on the global and PRC economies resulting in ongoing uncertainty for their overall prospects in the coming years. Any slowdown of the PRC economy may create a credit-tightening environment, increase our financing costs, negatively affect the PRC government's fiscal income and investment in fixed assets or reduce government subsidies to us, resulting in a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in the economic, political and social conditions in the PRC and government policies adopted by the PRC government could affect our business and prospects.

Our financial condition, results of operations and prospects are, to a significant extent, subject to economic, political and social conditions and government policy developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, economic and political structure, control of foreign exchange, regulation of capital investment and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, we cannot assure you that the PRC government will continue to pursue economic reforms or that any such reforms will not have a material adverse effect on our business.

In addition, a large portion of productive assets in China remain owned by the PRC government. The PRC government retains the power to implement macroeconomic policies affecting the PRC economy and continues to play a significant role in regulating industrial development, allocating resources, setting monetary policy, implementing measures on production, pricing, management and taxation and providing preferential treatment to particular industries or companies. For example, the PRC government may decide to change its current policies with respect to infrastructure construction, compensatory house construction and sales and land development, and as such, this could have an adverse impact on our business and results of operations.

Our operations may be affected by rising inflation rates within the PRC.

Inflation rates within the PRC have been on a sharp upward trend in recent years. Increasing inflationary rates are due to many factors beyond our control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. As a result, further inflationary pressures within the PRC may have a material adverse effect on our business and results of operations, as well as our liquidity and profitability.

The PRC legal system has inherent uncertainties that may affect our business and results of operations as well as the interest of investors in the Bonds.

All of our business is conducted, and assets located, in the PRC, and our operations are generally affected by, and subject to, the PRC legal system and PRC laws and regulations.

Since 1979, the PRC government has promulgated laws and regulations in relation to general economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. In particular, legislation has significantly enhanced the protections afforded to various forms of foreign investment in the PRC. The legal system in the PRC is continuing to evolve. Even where adequate laws exist in the PRC, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, where prior court decisions may be cited as reference but have limited weight as precedents. Furthermore, a large number of these written statutes and other regulations promulgated may be relatively new with a limited volume of published decisions and a lack of established practice available for reference. Accordingly, there exist uncertainties about their interpretation, implementation and enforcement, and such uncertainties may have a negative impact on our business. The administration of PRC laws and regulations may also be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions.

The PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. The relative inexperience of the PRC's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. We cannot predict the effect of future legal development in the PRC, including the promulgation of new laws and regulations, changes to existing laws or regulations or the interpretation or enforcement thereof, or the inconsistencies between local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to us and investors in the Bonds. In addition, the

PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation has occurred. This may also limit the remedies available to investors and to us in the event of any claims or disputes with third parties.

Any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention. Each of these factors may have a material adverse effect on our business, results of operations and financial condition and the interest of holders in the Bonds.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We and substantially all of our subsidiaries are incorporated in the PRC and substantially all of our assets are located in the PRC. In addition, all of the Guarantor's senior management reside within the PRC and the assets of the Guarantor's officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon such senior management, including for matters arising under applicable securities law. The Issuer and the Guarantor have irrevocably submitted to the exclusive jurisdiction of the Hong Kong courts in the transaction documents relating to the Bonds. Hong Kong and the PRC have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the "**Reciprocal Arrangements**") which allow for a final court judgment (relating to the payment of money or other civil or commercial proceeding) rendered by a Hong Kong court or PRC court (as the case may be) to be recognised and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognised and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. As a general matter, a judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. The PRC signed the Hague Convention on Choice of Court Agreements (the "**Hague Convention**") in September 2017 which is intended to promote the use of exclusive choice of court agreements in international contracts and facilitate the creation of a recognition and enforcement regime for court judgments between contracting States. However, the signing of the Hague Convention does not have currently have any legal effect until it is ratified by the PRC government. The PRC has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments of courts with numerous countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for Bondholders to enforce any judgments obtained from such foreign courts against us or our senior management in the PRC.

Government control of currency conversion may adversely affect the value of investors' investments.

Our functional currency is Renminbi, and all of our revenue is denominated in Renminbi. In addition, a portion of our Renminbi reserves may be required to be converted into other currencies in order to meet our foreign currency needs, including cash payments on declared dividends, and interest on the Bonds.

However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, we might not be able to pay interest to the holders of the Bonds in foreign currencies. Moreover, capital account transactions must be approved by, or registered with, SAFE or its local branch. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy its currency demands, our capital expenditure plans, business operations and consequently our results of operations and financial condition, as well as our ability to satisfy our obligations under the Bonds, could be materially and adversely affected.

Future fluctuations in the value of the Renminbi could have an adverse effect on our financial condition and results of operations.

We are subject to risks associated with foreign currency exchange rate fluctuations on our foreign currency-denominated business.

The exchange rate of the Renminbi against the Hong Kong dollar, U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in PRC and international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the Hong Kong dollar and U.S. dollar, has been based on rates set daily by the People's Bank of China (the "**PBOC**"), based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government 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. On 19 June 2010, the PBOC announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. On 16 April 2012, the PBOC enlarged the previous floating band of the trading prices of Renminbi against the U.S. dollar in the inter-bank spot foreign exchange market from 0.5 per cent. to 1 per cent. in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand with reference to a basket of currencies. In March 2014, the PBOC further enlarged the floating band for the trading price of Renminbi against the U.S. dollar on the inter-bank spot exchange market to 2.0 per cent. around the central parity rate. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System ("**CFETS**"), an organisation under the PBOC, published the CFETS Renminbi exchange rate index for the first time, which weighs Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. The PBOC has further authorised the CFETS to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. In January and February 2016, the Renminbi experienced further fluctuations in value against the U.S. dollar. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS will add 11 currencies newly listed on CFETS in 2016, and the number of basket currencies will increase from 13 to 24. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. With the development of the foreign exchange market and progress towards interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further changes to the exchange rate system. Fluctuations in the value of the Renminbi could adversely affect the value of our foreign currency-denominated transactions along with the value of the cash flow generated from our foreign currency-denominated operations, thereby adversely affecting our profitability and results of operations.

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

Substantially all of our members are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations, and in particular, the provisions for protection of shareholders' rights and access to information, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed jurisdictions. In addition, any control which we have over our PRC entities and the exercise of its corresponding shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in the PRC. Such laws and the application thereof may be different from the laws of other developed jurisdictions.

Any force majeure events or natural disasters, including the outbreak, or threatened outbreak, of any severe communicable diseases in the PRC, could materially and adversely affect our business and results of operations.

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome, avian influenza or the COVID-19) in the PRC could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. This, in turn, could materially and adversely affect domestic consumption, labour supply and, possibly, the overall GDP growth of the PRC. Our revenue is currently derived solely from our PRC operations, and any labour shortages on a contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our employees are affected by a severe communicable disease, it could adversely affect or disrupt production levels and operations at the relevant facilities (including the closure of our facilities to prevent the spread of the disease) and materially and adversely affect our business, financial condition and results of operations. The spread of any severe communicable disease in the PRC may also affect the operations of our customers and suppliers, which could materially and adversely affect us. See "— *Risks Relating to the PRC — The national and regional economies may be adversely affected by a recurrence of SARS, COVID-19 or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects*."

Similarly, acts of terrorism, wars, threats of war, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, could affect economic development and the stability of the PRC economy, which in turn, could have a material adverse effect on our business, financial condition and results of operations. In addition, we may not be adequately prepared in terms of contingency planning or have recovery capabilities in place to deal with a major incident or crisis. As a result, our operational continuity may be materially and adversely affected and our reputation may be negatively impacted.

Our labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.

The PRC Labour Contract Law《中華人民共和國勞動合同法》 became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payments to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into open-ended employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms or have been working for the employer for more than 10 years.

In addition, under the Regulations on Paid Annual Leave for Employees 《職工帶薪年休假條例》, which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated with an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 《國民旅遊休閒綱要 2013-2020》 which became effective on 2 February 2013, workers shall receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees 《職工帶薪年休假條例》and the National Leisure and Tourism Outline 2013-2020 《國民旅遊休閒綱要 2013-2020》, our labour costs (inclusive of those incurred by contractors) may increase. Furthermore, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them with such amount which is determined based on their length of service with the employer, and the employer may not be able to terminate efficiently open-ended employment contracts under the PRC Labour Contract Law without cause. In the event that we decide to change or decrease our workforce significantly, the PRC Labour Contract Law could adversely affect our ability to effect these changes in a cost-effective manner or in the manner that we desire, which could result in an adverse impact on our businesses, financial condition and results of operations.

To further strengthen the protection on labour remuneration, rest and vacations, social insurance and other basic rights and interests of labourers, the Opinion of the Central Committee of the Communist Party of China and the State Council on Building Harmonious Labour Relationships 《中共中央國務院關於構建和諧勞動關係的意見》 was issued on 21 March 2015, which acts as a guideline on PRC labour legislation.

Furthermore, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of our products are likely to increase. This may in turn affect the selling prices of the products and services, which may then affect the demand for such products and services and thereby adversely affect our sales and financial condition. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials we must purchase for production. Rising labour costs may increase our operating costs and partially erode the cost advantage of our PRC-based operations and therefore negatively impact our profitability.

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to the PRC, its economy or the relevant industry.

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which we operate have been directly or indirectly derived from official government publications and certain other public industry sources and although we believe such facts and statistics are accurate and reliable, we cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by us, the Joint Lead Managers, the Trustee or the Agents or any of our or their respective affiliates, directors, employees, agents, representatives, officers or advisors or any person who controls us or any of them, and, therefore, we, the Joint Lead Managers, the Trustee and the Agents and each of our and their respective affiliates, directors, employees, agents, representatives, officers and advisors and any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

The national and regional economies may be adversely affected by a recurrence of SARS, COVID-19 or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of floods, earthquakes, fires, droughts, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1, H7N9 avian flu, the swine flu, also known as Influenza A (H1N1) or COVID-19. In March 2020, the WHO declared COVID-19 as a global pandemic. Many countries have implemented drastic measures, including but not limited to travel bans, closing of boarders and military interventions, to help contain the spread of the virus. There is no assurance that the current containment measures will be effective in halting the pandemic. The current containment measures and any future containment measure may, however, adversely and materially affect the manufacturing, exports and imports and consumption of goods and services globally. The reduction in demand and supply may adversely and materially affect economic growth globally. The accelerated spread of the virus globally has also caused extreme volatility in the global financial market, including the repeated triggering of stock market "circuit breakers" in the U.S. and many other countries. Any contraction or slowdown in the economic growth of China and the world could adversely affect our business, financial condition, results of operations and growth prospects. A recurrence of SARS, COVID-19 or an outbreak of any other epidemics or other natural disasters in China, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may adversely affect our results of operations and financial condition.

For instance, the ongoing COVID-19 epidemic has temporarily suspended our construction and sales activities. Given the high uncertainties associated with the COVID-19 epidemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may be affected. Should the disruption to our operations continue, we may experience delays in completion and delivery of our projects, which may materially and adversely affect our results of operations and financial condition and may also cause reputation damage. In addition, any further disruption to our sales activities may negatively affect our liquidity and access to capital. The outbreak of COVID-19 epidemic also caused the delay in resumption of local business in the PRC after the Chinese New Year holiday and, as the outbreak extended, several countries have arranged to introduced new restrictions on travel to and from China. The COVID-19 epidemic may further create negative economic impact and increase volatility in the PRC and global market and continue to cause increasing concerns over the prospects of the PRC residential property market, which may materially and adversely affect the demand for properties and property prices in China. A recurrence of SARS or an outbreak of a health epidemic or contagious disease, including, for example, the ongoing COVID-19 epidemic, could result in a widespread health crisis and restrict the level of business activities in affected areas, which may in turn adversely affect our business, results of operations and financial condition.

Risks Relating to the Bonds and the Guarantee

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

Each potential investor in any 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;

- 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, or where the currency for principal or interest payments is different from the potential investor's currency;

- 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 advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

The Bonds are expected to be assigned a rating of "A1" by Moody's and a rating of "A+" 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. We 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 suspension, reduction or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds and our ability to access the debt capital markets.

The PRC Government (including the Beijing SASAC) has no obligation to pay any amount under the Bonds or the Guarantee

We are wholly-owned and controlled by the Beijing SASAC. Neither the Beijing Municipal Government nor any other PRC governmental entity is an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee in lieu of us. This position has been reinforced by Circular 23 and Circular 706. The liability of the Beijing SASAC as our shareholder shall be limited to its agreed obligation to contribute to our registered capital. As such, the PRC government does not have any payment obligations under the Bonds or the Guarantee. 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.

The Bonds and the Guarantee are unsecured obligations.

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected 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 future 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 may not be sufficient to pay amounts due on the Bonds.

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

Pursuant to the Terms and Conditions of the Bonds, the Issuer has the right to redeem the Bonds at any time in the event the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay any Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds) as a result any change in, or amendment to, the laws or regulations of Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), as further described in "*Terms and Conditions of the Bonds – Redemption for Tax Reasons*". An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

We may issue additional securities or raise additional capital in the future.

The Issuer may, from time to time, and without the consent of the Bondholders create and issue further securities (see "*Terms and Conditions of the Bonds – Further Issues*"). We may raise additional capital through such means and in such manner as we may consider necessary. We cannot assure you that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

We may not be able to redeem the Bonds upon the due date for redemption thereof.

At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of that Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest. If such an event were to occur or at maturity of the Bonds, 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 we would have sufficient liquidity at such time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Our failure to repay, repurchase or redeem the relevant Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of our other indebtedness.

Income or gains from the Bonds may be subject to income tax or value added tax ("VAT") under PRC tax laws.

The Issuer is incorporated under the laws of Hong Kong. Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") and its implementation regulations, enterprises that are established under the laws of foreign countries and regions but whose "de facto management bodies" are within the PRC are treated as PRC tax resident enterprises for the purposes of the EIT Law. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purposes of the EIT Law and income or gains paid with respect to the Bonds may considered to be derived from sources within the PRC.

Under the EIT Law and its implementation rules, any income or gains realised by non-resident enterprises may be subject to PRC enterprise income tax if such income or gains are regarded as 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. In the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future or the Guarantor is required to discharge its obligations under the Guarantee, interest paid on the Bonds or Guarantee may be considered to be PRC source, in which case the Issuer or Guarantor, as the case may be, would be required to withhold income tax at a rate of 10 per cent. from payments of interest in respect of the Bonds to any non-resident enterprise holders, unless a lower rate is applicable. Any capital gain realised by a non-resident enterprise from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly may be subject to a PRC tax of up to 10 per cent. if the Issuer is treated as a PRC tax resident. Pursuant to the Individual Income Tax Law of the PRC and its implementation regulations, if the Issuer is considered to be a PRC tax resident enterprise or in the event that the Guarantor is required to perform its obligations under the Guarantee, the Issuer or Guarantor, as the case may be, may be obliged to withhold such individual income tax on payments of interests to non-resident individual holders of the Bonds. Any capital gain realised by a non-resident individual holder from transfer of the Bonds may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent. if the Issuer is a PRC tax resident enterprise.

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) (the “**Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the MOF and the SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (關於全面推開營業税改徵增值税試點的通知) (Caishui [2016] No. 36, “**Circular 36**”), which introduced a new VAT from 1 May 2016. According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to the value-added tax.

It is not clear from the interpretation of Circular 36 if the provision of loans to the Issuer could be considered services provided within the PRC, which could be regarded as the provision of financial services that could be subject to VAT. Furthermore, we cannot assure you that the Issuer will not be treated as “resident enterprises” under the EIT Law. PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC because the Issuer is treated as a PRC tax resident. In such case, the issuance of the Bonds could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that the holders of the Bonds are providing loans within the PRC, or if the interest component of the amount payable by the Guarantor to the holders of the Bonds under the Guarantee is viewed as interest income arising within the territory of the PRC, the holders of the Bonds shall be subject to the value-added tax at the rate of 6 per cent. when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12 per cent. of the value-added tax payment and consequently, the combined rate of value-added tax and local levies would be around 6.72 per cent..

VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to apply to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to apply to gains realised upon such transfers, 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 and laws and regulations pertaining to VAT are relatively new, and 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 or VAT on gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected.

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 of the Bonds and the transaction documents 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, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**2006 Arrangement**”), which was signed on 14 July 2006, 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 meets other circumstances specified by 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. The new 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 (最高人民法院、香港特別行政區政府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**") was signed on 18 January 2019. Following the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant procedures in Hong Kong, both sides shall announce a date on which the 2019 Arrangement shall commence. Upon commencement of the 2019 Arrangement, the 2006 Arrangement shall be terminated. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, we cannot assure you 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 Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

The Issuer is a special purpose vehicle and will rely on remittances from the Guarantor or any of our members to make payments under the Bonds.

The Issuer is a special purpose vehicle and will not carry on any business activity whatsoever other than in connection with the Bonds or other existing or future debt securities and any other activities reasonably incidental there to. Our ability to make payments under the Bonds will depend on our receipt of timely remittances from the Guarantor or any of our members. In the event that the Guarantor or any of our members do not make such remittances in a timely manner or at all, the Issuer's ability to make payments under the Bonds may be adversely affected.

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

The Terms and Conditions of the Bonds provide that the Trustee may (but is not obliged to), without the consent of the Bondholders , agree to any modification (except as mentioned in the Trust Deed) of the Trust Deed, the Deed of Guarantee, the Terms and Conditions of the Bonds and/or the Agency Agreement which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Trust Deed, the Deed of Guarantee, the Terms and Conditions of the Bonds and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law.

The Terms and Conditions of the Bonds also contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting or participate in the written resolutions or electronic consents 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.

In addition, the Trustee may (but is not obliged to), without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Trust Deed, the Deed of Guarantee, the Terms and Conditions of the Bonds and/or the Agency Agreement if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

If the Guarantor fails to complete the SAFE registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

Pursuant to the Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds. The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration in accordance with, and within the time period prescribed by the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014. Although non-registration with SAFE does not render the Guarantee ineffective or invalid under the PRC laws, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. In addition, if the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Guarantee in order to effect such remittance. As a result, we cannot assure you that the Guarantor can remit money outside of the PRC to comply with its obligations under the Deed of Guarantee.

The Bonds will be represented 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 represented by a Global Certificate which will be deposited with a common depositary for Euroclear and Clearstream (a "**Clearing System**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates representing 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, or failing which, the Guarantor will discharge its payment obligations under the Bonds by making payments to the Clearing System(s) for distribution to their accountholders.

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. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer or the Guarantor in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

If we are unable to comply with the restrictions and covenants in their respective 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 our debt to be accelerated.

If we are 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 us, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, those debt agreements may contain cross-acceleration or cross-default provisions. As a result, the default by us under one debt agreement may cause the acceleration of repayment of debt or result in a default under our other debt agreements, including the Bonds. If any of these events occur, we cannot assure you that there would be sufficient assets and cash flows to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if the Issuer or the

Guarantor could obtain alternative financing, we cannot assure you that it would be on terms that are favourable or acceptable to us.

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

As the Guarantor was incorporated under the laws of the PRC, respectively, any insolvency proceeding relating to the Guarantor would likely involve the PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

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

In certain circumstances, including, without limitation, giving notice to the Issuer and the Guarantor pursuant to Condition 8 of the Terms and Conditions of the Bonds and taking steps and/or actions and/or initiating proceedings pursuant to Condition 12 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or initiates proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to initiate any such proceedings if not first indemnified and/or secured and/or pre funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or proceedings can be initiated. The Trustee may not be able to take steps and/or actions and/or to initiate proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws or regulations, it will be for the holders of the Bonds to take such steps and/or actions and/or to initiate such proceedings directly.

An active trading market for the Bonds may not develop.

We cannot assure you as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, our operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time. Although application will be made for the listing of the Bonds on the HKSE and MOX, no assurance can be given as to the liquidity of, or trading market for, the Bonds.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. We cannot assure you that these developments will not occur in the future.

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

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

Investment in the Bonds is subject to exchange rate risk.

Investment in the Bonds is subject to exchange rate risks. The value of the U.S. dollar against the RMB and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. All payments of interest, principal and premium (if any) with respect to the Bonds will be made in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the RMB or other foreign currencies, the value of a Bondholder's investment in RMB or other applicable foreign currency terms will decline.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds.

The issue of U.S.$300,000,000 1.90 per cent. guaranteed bonds due 2026 (the "**Bonds**", which term shall include, unless the context requires otherwise, any additional bonds issued in accordance with Condition 14 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by the board of directors of YAN GANG LIMITED 燕港有限公司 (the "**Issuer**") on 4 January 2021.

The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated on or about 23 March 2021 (the "**Issue Date**") among the Issuer, Beijing Public Housing Center (北京市保障性住房建设投资中心) (the "**Guarantor**") and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**" which expression shall, where the context so permits, include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the certificates evidencing the Bonds.

The Bonds have the benefit of a deed of guarantee dated on or about the Issue Date (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") entered into between the Guarantor and the Trustee relating to the Bonds. The giving of the Guarantee (as defined in Condition 1(c) (*Guarantee of the Bonds*)) was authorised by a resolution of the general office committee of the Guarantor on 25 December 2020.

The Bonds are the subject of an agency agreement (as amended and/or supplemented from time to time, the "**Agency Agreement**") dated on or about 23 March 2021 relating to the Bonds among the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with Bonds), as transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent appointed from time to time in connection with the Bonds) and as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds) and any other agents named in it.

For so long as any Bond is outstanding, copies of the Trust Deed, the Deed of Guarantee and of the Agency Agreement, are available for inspection by the Bondholders (as defined below) at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the Principal Paying Agent (being as at the Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent. "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

1. **FORM, DENOMINATION, STATUS AND GUARANTEE**

(a) *Form and denomination*: The Bonds are issued in registered form in the denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Bonds*: The Bonds constitute direct, general, unsubordinated and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari* *passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) *Guarantee of the Bonds*: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds and the Transaction Documents. This guarantee (the "**Guarantee**") constitutes direct, general, unsubordinated and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Bonds will be evidenced by a global bond certificate (the "**Global Bond Certificate**") substantially in the form scheduled to the Trust Deed. The Global Bond Certificate will be 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**"), and will be exchangeable for individual Bond Certificates (as defined below) only in the circumstances set out therein.*

2. **REGISTER, TITLE AND TRANSFERS**

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Bonds in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Bond means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Bondholder**" shall be construed accordingly. A certificate (each, a "**Bond Certificate**") will be issued to each Bondholder in respect of its registered holding. Each Bond Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Bond shall (except as otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Bond Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Bond Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Bonds, the Deed of Guarantee or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Bond may be transferred upon surrender of the relevant Bond Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Holder are being transferred) the principal amount of the balance of Bonds not transferred are Authorised Denominations. Where not all the Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of title to a Bond will be valid unless and until registered on the Register.

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

(d) *Registration and delivery of Bond Certificates*: Within seven business days of the surrender of a Bond Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and make available for collection a new Bond Certificate of a like principal amount to the Bonds transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the relevant Transfer Agent or (at the request and risk of any such relevant Holder) be mailed by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Bond will be effected without charge by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*: Bondholders may not require transfers to be registered during the period of (i) 15 days ending on the due date for any payment of principal or interest in respect of the Bonds or (ii) after any such Bond has been deposited for redemption pursuant to Condition 5(c) (*Redemption for Relevant Event*).

(g) *Regulations concerning transfers and registration*: All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge to the Holder and at the Issuer's (failing which, the Guarantor's) expense) by the Registrar to any Bondholder who requests in writing a copy of such regulations and provides satisfactory proof of holding to the Registrar.

3. COVENANTS

(a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee of Relevant Indebtedness without at the same time or prior thereto (a) securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

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

(i) complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the SAFE Registration Deadline; and

(ii) before the SAFE Registration Deadline and within 10 PRC Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with a certificate in substantially the form set out in the Trust Deed signed by any authorised signatory of the Guarantor confirming the completion of the Cross-Border Security Registration, together with a certified true copy of the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) relating to the Cross-Border Security Registration. In addition, the Issuer shall, within five PRC Business Days after the certificate confirming the Cross-Border Security Registration is delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 15 (*Notices*)) confirming the completion of the Cross-Border Security Registration.

(iii) The Trustee may rely conclusively on the certificate confirming the Cross-Border Security Registration and shall have no obligation to monitor or ensure the registration of the Guarantee with SAFE on or before the SAFE Registration Deadline and shall not be liable to Holders or any other person for not doing so. The Trustee shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Cross-Border Security Registration or to procure that any document be translated into English or to give notice to the Bondholders confirming the completion of the Cross-Border Security Registration or otherwise and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

(c) *Notification* to *NDRC*:

(i) The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date (as defined in Condition 4 (*Interest*)) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**").

(ii) The Guarantor shall complete the NDRC Post-issue Filing and provide such document(s) evidencing due filing with the NDRC within the prescribed timeframe and, shall comply with all applicable PRC laws and regulations in connection with the Bonds. The Guarantor shall within 10 PRC Business Days after submission of such NDRC Post-issue Filing provide the Trustee with a certificate signed by any director or duly authorised officer of the Guarantor confirming the submission of the NDRC Post-issue Filing (together with the document(s), if any, evidencing due filing with the NDRC). In addition, the Guarantor shall procure that within five PRC Business Days after the certificate confirming the NDRC Post-issue Filing is delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 15(*Notices*)) confirming the completion of the NDRC Post-Issue Filing.

(iii) The Trustee shall have no obligation to monitor or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing or to procure that any document be translated into English or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing or otherwise and shall not be liable to Bondholders or any other person for not doing so.

(d) *Rating Maintenance*: So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, each of the Issuer and the Guarantor shall use its best endeavours to maintain a rating on each of the Guarantor and the Bonds by at least one Rating Agency.

(e) *Financial Statements etc.*: So long as any Bond remains outstanding, each of the Issuer and the Guarantor shall provide (i) a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Guarantor Audited Financial Reports; (ii) a copy of the Guarantor Audited Financial Reports prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants of good repute) within 150 days of the end of each Relevant Period and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants of good repute, together with a certificate signed by any authorised signatory of the Guarantor certifying that such translation is complete and accurate; and (iii) a copy of the Guarantor Interim Financial Reports prepared on a basis consistent with the Guarantor Audited Financial Reports within 90 days of the end of each Relevant Period.

The Trustee shall not be required to review the Guarantor Audited Financial Reports or the Guarantor Interim Financial Reports delivered to it as contemplated in this Condition 3(e) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English translation of the same, and the Trustee shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for not doing so.

In these Conditions:

"**Compliance Certificate**" means a certificate of each of the Issuer and the Guarantor in English signed by any authorised signatory certifying that, having made all due 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:

(a) no Relevant Event (as defined in Condition 5(c) (*Redemption for Relevant Event*)), Event of Default (as defined in the Trust Deed) or an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 8 (*Events of Default*), become an Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(b) each of the Issuer and the Guarantor has complied with all its respective covenants and obligations under the Deed of Guarantee, the Trust Deed, the Agency Agreement and the Bonds;

"**Guarantor Audited Financial Reports**" means the annual audited consolidated balance sheet, income statement, cashflow statement and statement of changes in shareholders' equity of the Guarantor and its Subsidiaries and balance sheet, income statement and cashflow statement of financial position of 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;

"**Guarantor Interim Financial Reports**" means the interim unaudited and unreviewed interim condensed balance sheet, income statement, cashflow statement and statement of changes in shareholders' equity of the Guarantor and its Subsidiaries and balance sheet, income statement and cashflow statement of financial position of the Guarantor, together with any statements, reports and notes attached to or intended to be read with any of them, if any;

"**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 counterparts;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" means the People's Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

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

"**PRC GAAP**" means the Accounting Standards for Business Enterprises in the PRC;

"**Rating Agency**" means (a) Standard & Poor's Global Ratings and its successors ("**S&P**"), (b) Moody's Investors Service, Inc. a subsidiary of Moody's Corporation, and its successors ("**Moody's**") or (c) Fitch Ratings and its successors ("**Fitch**"); and (e) if one or more of S&P,

Moody's or Fitch shall not make a rating of the Bonds or the Guarantor publicly available, any internationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer or the Guarantor, which shall be substituted for S&P, Moody's, Fitch or any combination thereof, as the case may be;

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument with a maturity of more than one year which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) but excluding any indebtedness issued in the PRC;

"**Relevant Period**" means (a) in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of its financial year (being 31 December of that financial year) and (b) in relation to the Guarantor Interim Financial Reports, each period of six months ending on the last day of its first half financial year (being 30 June of that financial year);

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

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Subsidiary**" means, in relation to any Person (the "first Person") at any particular time, any other Person:

(a) of which 50 per cent. or more of the share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such Person is controlled by the first Person; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.90 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear on 23 March and 23 September in each year (each, an "**Interest Payment Date**"), commencing on 23 September 2021, subject as provided in Condition 6 (*Payments*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein an "**Interest Period**".

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal or premium (if any) is improperly withheld or refused, in which case it will 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 Bondholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.$9.5 in respect of each U.S.$1,000 principal amount of the Bonds. If interest is required to be calculated for a period of less than a complete Interest Period, the relevant amount 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.

5. REDEMPTION AND PURCHASE

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 23 March 2026, subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) (A) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Condition 7 (*Taxation*)) as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 March 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee) would become obliged to pay Additional Tax Amounts (as defined in Condition 7 (*Taxation*)) as provided or referred to in Condition 7 (*Taxation*) or the Guarantee, as the case may be, 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 a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 March 2021; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate signed by any authorised signatory of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by any authorised signatory of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out details of such circumstances; and

(B) an opinion in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Bondholders.

Upon the expiry of any such notice as is referred to in this Condition 5(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 5(b) (*Redemption for tax reasons*).

(c) *Redemption for Relevant Event*: At any time following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a Change of Control) and 100 per cent. (in the case of a No Registration Event) of their principal amount, together with accrued interest up to, but not excluding such Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Bond Certificates 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 15 (*Notices*). The "**Put Settlement Date**" shall be the 14th day (in the case of a Change of Control) and the fifth day (in the case of 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 subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Bondholders and the Trustee in accordance with Condition 15 (*Notices*) by not later than 14 days following the first day on which either of them becomes aware of the occurrence of a Change of Control or five days from the occurrence of a No Registration Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Bonds pursuant to this Condition 5(c) (*Redemption for Relevant Event*).

So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

In these Conditions:

a "**Change of Control**" occurs when:

(a) the Guarantor ceases to, directly or indirectly, have Control of the Issuer; or

(b) the Controlling Person(s) cease to, directly or indirectly, have Control of the Guarantor;

"**Control**" of any Person means (i) the ownership, acquisition or control of 100 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 members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

"**Controlling Person(s)**" mean (i) State-owned Assets Supervision and Administration Commission of Beijing Municipality (北京市人民政府國有資產監督管理委員會) or its successor, (ii) the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and its local counterparts, or (iii) the government of the PRC;

a "**Relevant Event**" will be deemed to occur if:

(a) there is a Change of Control; or

(b) there is a No Registration Event; and

"**Registration Conditions**" means the receipt by the Trustee of: (i) a certificate signed by any authorised signatory of the Guarantor confirming the completion of the Cross-Border Security Registration and (ii) a certified true copy of the relevant SAFE registration certificate (or any other document evidencing the completion of registration issued by SAFE) relating to such registration in (i) above of this definition;

a "**No Registration Event**" occurs when the Registration Conditions are not complied with on or before the SAFE Registration Deadline;

(d) *No other redemption*: The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (c) (*Redemption for Relevant Event*) above.

(e) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price.

(f) *Cancellation*: All Bonds so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold. The obligations of the Issuer in respect of such Bonds duly cancelled shall be discharged.

(g) *No duty to monitor*: The Trustee shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default (as defined in the Trust Deed) or Event of Default has occurred or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

(h) *Calculations*: Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Bondholders or any other person for not doing so.

6. PAYMENTS

(a) *Principal*: Payments of principal shall be made by transfer to a U.S. dollar account maintained by the payee and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Bond Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by transfer to a U.S. dollar account maintained by the payee and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Bond Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) 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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment (or, if that date is not a business day, on the following business day) and the day on which the relevant Bond Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment (or, if that date is not a business day, on the following business day). A Holder of a Bond shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so). In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in Hong Kong and New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Bond Certificate, in the place in which the Bond Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Bond Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Bond Certificate.

(f) *Record date*: Each payment in respect of a Bond will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

(g) *Appointment of Agents*: The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and the Guarantor (and to the extent provided in the Trust Deed and/or the Agency Agreement) the Trustee and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, 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, (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, in each case as approved in writing by the Trustee. Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer (failing whom, the Guarantor) to the Bondholders in accordance with Condition 15 (Notices).

*Whilst the Bonds are evidenced by the Global Bond Certificate and so long as the Global Bond Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Bond 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 payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

7. TAXATION

All payments of principal, premium (if any) and interest in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges 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 the rate applicable on 16 March 2021 (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received 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 (i) by or within the PRC, in excess of the Applicable Rate or (ii) by or within Hong Kong, the Issuer or the Guarantor, as the case may be, shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Bond:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Bond Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Tax Amounts if it had surrendered the relevant Bond Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong or the PRC respectively, references in these Conditions to Hong Kong or the PRC shall be construed as references to Hong Kong or (as the case may be) the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessments, government charges, withholding or other payment referred to in this Condition 7 or in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, The Guarantor, the Bondholders or any other person to pay such tax, duty, assessments, government charges, withholding or other payment in any jurisdiction or responsible to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in relation to the Bonds without deduction or withholding for or on account of any such tax, duty, assessments, government charges, withholding or other payment imposed by or in any jurisdiction.

8. **EVENTS OF DEFAULT**

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon the Bonds shall become immediately due and payable at their principal amount together with accrued interest (if any) without further action or formality:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Bonds within seven days of the due date for payment thereof; or

(b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds, the Deed of Guarantee or the Trust Deed (other than those the breach of which would give rise to a redemption pursuant to Condition 5(c) (*Redemption for Relevant Event*)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer and the Guarantor; or

(c) *Cross-default of Issuer, Guarantor or Subsidiary*:

(i) any indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such indebtedness; or

(iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$60,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, in each case undischarged or unstayed for a period of 30 days after the date(s) thereof; or

(f) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries, (iii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries takes any action for a restructuring of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or any material part of its indebtedness or any guarantee of all or any material part of indebtedness given by it or (iv) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all its business (otherwise than, in the case of a Principal Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(h) *Analogous event*: any event occurs which under the laws of Hong Kong or the PRC has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

(i) *Failure to take action, etc.*: any action, condition or thing 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 and in respect of the Bonds, the Deed of Guarantee, the Agency Agreement or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bond Certificates, the Deed of Guarantee, the Agency Agreement and the Trust Deed admissible in evidence in the courts of Hong Kong and the PRC is not taken, fulfilled or done; or

(j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Bonds, the Deed of Guarantee or the Trust Deed, as the case may be; or

(k) *Guarantee not in force*: the Guarantee or the Cross-Border Security Registration is not (or is claimed by the Guarantor not to be) in full force and effect or (in the case of the Cross-Border Security Registration) is revoked; or

(l) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any of the Guarantor's Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues.

In these Conditions, "**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose total operating revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement, are at least five per cent. of the consolidated total operating revenue of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of revenue of subsidiaries not consolidated and of associated entities and after adjustments for minority interests;

(b) whose net profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited income statement, are at least five per cent. of the consolidated net profits of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries' share of profits of subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or

(c) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited balance sheet, are at least five per cent. of the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries, including the investment of the Guarantor and its consolidated Subsidiaries in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associate companies and after adjustment for minority interests;

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

(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 accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor and its Subsidiaries adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total operating revenue, net profits or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Bondholders; and

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor for the purposes of preparing a certificate thereon to the Bondholders; and

(iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor, or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above.

A certificate prepared by an authorised signatory of the Guarantor certifying that, in his opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate would, if requested by the Trustee, be accompanied by a report by a nationally recognised firm of independent accountants of good repute addressed to the directors of the Guarantor as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

9. PRESCRIPTION

Claims for principal and interest on redemption shall become void unless the relevant Bond Certificates are surrendered for payment within ten years (in the case of principal or premium (if any)) or five years (in the case of interest) of the appropriate Relevant Date.

10. REPLACEMENT OF BOND CERTIFICATES

If any Bond Certificate is or is alleged to be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or Registrar may reasonably require. Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued.

11. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and in respect of the Bonds, or enforce payment or taking other actions, unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to be paid or reimbursed its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of Bondholders. 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 or the Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed under the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions and, unless it has express 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 at the request of the Bondholders. The Trustee and the Agents shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed.

The Trustee shall not be under any obligation to monitor compliance by the Issuer, the Guarantor or any other persons with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions or whether an Event of Default or a Potential Event of Default or a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

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 or certification, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution or clarification of any directions, 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 or certification as a result of seeking such directions or clarification or in the event that no such direction or clarification is given to the Trustee by the Bondholders.

The Trustee may rely conclusively without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or 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 conclusively on any such report, confirmation, certificate, information, advice or opinion and, in such event, such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, certificate, information, advice or opinion.

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 their respective Subsidiaries, 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.

12. MEETINGS OF BONDHOLDERS; MODIFICATION AND WAIVER

(a) *Meetings of Bondholders*: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it 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 consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to cancel or amend the Deed of Guarantee in a manner that is materially prejudicial to the interests of the Bondholders, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed and whether or not they voted in favour of such resolution).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) 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. A resolution passed in writing or by Electronic Consent will be binding on all Bondholders whether or not they participated in such written resolution.

*So long as the Global Certificate is held on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A., or any other clearing system, a resolution may be passed by way of electronic consent through the electronic communication systems of the relevant clearing system in accordance with the Trust Deed on behalf of Holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding ("**Electronic Consent**"). An Electronic Consent shall take effect as an Extraordinary Resolution. An Electronic Consent will be binding on all Bondholders, whether or not they participated in such Electronic Consent and even if the relevant consent instruction proves defective.*

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

(c) *Entitlement of the Trustee:* In connection with the exercise of its functions, rights, powers and 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 on behalf of any Bondholders, 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 any time, at its discretion and without notice, institute such actions, steps and proceedings as it thinks fit to enforce its rights under the Deed of Guarantee or the Trust Deed or in respect of the Bonds, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. **FURTHER ISSUES**

Subject to compliance with Condition 3(b) (*Registration with SAFE*), the Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest and the timing for reporting to the NDRC) so as to form a single series with the Bonds. The Issuer may from time to time, create and issue other series of bonds having the benefit of the Trust Deed *provided that* (a) the Rating Agency which has provided credit ratings in respect of the Bonds has been informed of such issue and such issue will not result in any adverse change in the credit rating(s) of the Bonds and (b) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

15. **NOTICES**

Notice to Bondholders will be valid if (a) made in writing in English and mailed to them by uninsured mail at the Issuer's expense at their addresses which appear in the Register; or (b) published at the expense of the Issuer, failing whom the Guarantor, in a leading English language daily newspaper having general circulation in Asia (which is expected to be The Wall Street Journal Asia). Any such notice shall be deemed to have been given on the fourth day after the date of mailing or on the date of such publication or, if published more than once, on the first date on which publication is made.

Until such time as any definitive certificates are issued and so long as the Global Bond Certificate is held in its entirely on behalf of Euroclear and Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16. **CURRENCY INDEMNITY**

If any sum due from the Issuer or the Guarantor in respect of the Bonds or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer or the Guarantor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Bonds, the Issuer and the Guarantor shall indemnify the Trustee and each Bondholder, on the written demand of the Trustee or such Bondholder addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Bondholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of each of the Issuer and the Guarantor and shall give rise to a separate and independent cause of action.

17. **GOVERNING LAW AND JURISDICTION**

(a) *Governing law*: The Bonds, the Deed of Guarantee, Agency Agreement and the Trust Deed and any non-contractual obligations arising out of or in connection with the Bonds, the Deed of Guarantee, the Agency Agreement and the Trust Deed are governed by 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 Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds ("**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 any Proceedings in any such courts whether on the grounds of venue or on the ground that the Proceedings have been brought in an inconvenient forum;

(c) *Service of Process:* Each of the Issuer and the Guarantor has agreed to receive service of process at the Issuer's principal place of business at Rm 3402-4, 34/F West Tower, Shun Tuk Ctr, 200 Connaught Rd, Central, Hong Kong based on any of the Bonds or the Guarantee. If the Issuer ceases to have a place of business in Hong Kong, each of the Issuer and the Guarantor shall promptly appoint a person in Hong Kong to accept service of process on its behalf and deliver to the Trustee a copy of such person's acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law;

(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) of 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 in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds set out in this Offering Circular have the meaning in the paragraphs below. The following is a summary of certain of those provisions.

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

Under the Global Certificate, the Issuer, for value received, will 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 of the Bonds, save that the calculation of interest is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Bonds and in accordance therewith.

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 selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar through which the Bonds are held (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.

Payment

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Calculation of Interest

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, 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 Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

Notices

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

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 Bonds.

Bondholder's Redemption

The Bondholder's redemption option in Condition 5(c) of the Terms and Conditions of the Bonds may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds within the time limits set out in the Conditions.

Issuer's Redemption

The option of the Issuer provided for in Condition 5(b) of the Terms and Conditions of the Bonds shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by those Conditions.

Transfers

Transfers of interests in the Bonds 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 by the Issuer following its redemption or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries (as defined in the Terms and Conditions of the Bonds) will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of 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.

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

The Global Certificate and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

USE OF PROCEEDS

The proceeds from the offering of the Bonds, after deducting the offering discount and before deducting selling commissions to be charged by the Joint Lead Managers and other estimated expenses to be payable by the Issuer or the Guarantor relating to the offering of the Bonds, is expected to be approximately U.S.$300,000,000. The Issuer intends to use the proceeds from the offering of the Bonds for the construction of projects and other general corporate purposes of the Group.

CAPITALISATION AND INDEBTEDNESS

As at 31 December 2020, the paid-in capital of us was RMB46,486.2 million.

The following table sets forth on an actual basis our consolidated capitalisation and indebtedness as at 30 September 2020 which has been extracted from the unaudited but reviewed consolidated financial statements of us as at and for the nine months ended 30 September 2020 and as adjusted to give effect to the issue of the Bonds before deduction of any fees, commissions and expenses.

This table should be read in conjunction with our unaudited but reviewed consolidated financial statements as at and for the nine months ended 30 September 2020 and related notes thereto included elsewhere in this Offering Circular.

Except as otherwise disclosed herein, there has been no material change in our total capitalisation (as set out below) since 30 September 2020.

	As at 30 September 2020			
	Actual		As adjusted	
	(RMB) *(reviewed)*	*(U.S.$)* *(unaudited)*	*(RMB)* *(unaudited)*	*(U.S.$)*
Current borrowing[(1)]				
– Short-term borrowings	200,000,000.00	29,456,816.31	200,000,000.00	29,456,816.31
– Current portion of long-term borrowings	2,006,572,647.80	295,536,209.47	2,006,572,647.80	295,536,209.47
– Short-term bonds payable	—	—	—	—
– Current position of long-term bonds payable	—	—	—	—
Total current borrowings	2,206,572,647.80	324,993,025.77	2,206,572,647.80	324,993,025.77
Non-current borrowings				
– Long-term borrowings	40,695,634,851.40	5,993,819,201.63	40,695,634,851.40	5,993,819,201.63
– Bonds payable	5,473,534,436.12	806,164,507.94	5,473,534,436.12	806,164,507.94
– Bonds to be issued[(2)]	—	—	2,036,880,000.00	300,000,000.00
Total non-current borrowings	46,707,657,593.30	6,879,294,449.35	48,744,537,593.30	7,179,294,449.35
Total equity[(3)]	52,048,707,169.59	7,665,946,030.63	52,048,707,169.59	7,665,946,030.63
Total capitalisation[(4)]	98,056,364,762.89	14,442,141,622.91	100,793,244,762.89	14,845,240,479.98

(1) Current borrowings include the current portion of long-term borrowings and bonds payable and short-term borrowings and bonds payable.

(2) Bonds to be issued is the gross proceeds before taking into account of the related transaction costs.

(3) Total equity comprises paid-in capital, other equity instruments, capital surplus, other comprehensive income, surplus reserve, general risk reserve, undistributed profits and non-controlling interests.

(4) Total capitalisation equals total non-current borrowings and total equity.

OVERVIEW

We are a limited liability company incorporated under the laws of Hong Kong on 19 November 2020 (Hong Kong company registration number 2995222). Our registered office is at Room 3402-4, 34/F., West Tower, Shun Tak Centre, 2020 Connaught Road Central, Hong Kong. The Issuer is a wholly-owned subsidiary of the Guarantor.

BUSINESS ACTIVITIES

We were established only for the purpose of issuing bonds and securities including but not limited to the Bonds. So long as any Bond remains outstanding, we will not engage in any material activities other than entering into arrangement for the issue of any bonds or securities including but not limited to the Bonds and on-lending of the proceeds thereof or as directed. As at the date of this Offering Circular, we have not engaged, since our incorporation, in any material activities, and has no outstanding borrowings or contingent liabilities nor subsidiaries or employees.

SHARE CAPITAL

As at the date of this Offering Circular, we have an issued share capital of HKD500,000 comprising of 500,000 shares in issue and is wholly-owned by the Guarantor.

DIRECTORS

As at the date of this Offering Circular, the directors of the Issuer are Huang Ning (黃寧) and Wang Shiyu (王詩語). The directors do not hold any shares or option to acquire shares of the Issuer.

FINANCIAL INFORMATION

As at the date of this Offering Circular, we have no material business or assets and has not prepared any financial statements since our incorporation.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, we are not aware of any litigation or other proceedings the outcome of which might, individually or taken as a whole, have a material and adverse effect on our business, financial condition or results of operations.

OVERVIEW

We are a leading affordable housing construction and investment company in the PRC, entrusted by the Beijing Municipal Government to engage mainly in the constructions, acquisition, provision, sales and operation of affordable housing in Beijing. We occupy more than 70% of Beijing's public rental housing market share, which makes us the highest public rental housing market shares and the largest number of affordable housing units holder in Beijing, topping the national ranking in scales. We principally engage in the following business:

- **Public rental housing:** As part of Beijing's affordable housing plan, we develops and acquires housing for its rental operations.

- **Reserve housing:** We are entrusted by the Beijing Municipal Commission of Housing and Urban-rural Development to engage in the construction, acquisition and sales of affordable housing, including resettlement housing and affordable shared housing.

- **Commercial property management:** We engage in commercial property management in relation to the rental commercial properties which form part of our public rental housing areas.

- **Others:** Our other business operations include (1) a management business, for the provision of consulting services for engineering design, procurement and construction, and (2) an entrusted loan business, to provide financial support to entities engaging in the construction of affordable housing projects.

As a state-owned enterprise wholly owned by the Beijing SASAC playing an irreplaceable leading role in the provision of affordable housing in line with the needs of the Beijing residents, we receive strong financial and policy support from the PRC government through various means since our establishment in 2011. These include the largest initial capital injection of RMB10.0 billion in the form of cash at our establishment and continual annual capital injections into us afterwards from the Beijing Municipal Finance Bureau totalling RMB46.5 billion as at 31 December 2020, which make us the largest affordable housing Company in Beijing, as well as favourable policies to our operations. For example, according to the 13th Five-year Plan （"十三五"計畫）, the PRC government has introduced an initiative in which by 2020, Beijing will construct more than 200,000 affordable housing units of various types, including 50,000 public rental housing units, 50,000 commodity housing units, and 100,000 resettlement housing units. According to the 14th Five-year Plan ("十四五"計畫), the PRC government held onto the position that "housing is not for speculative investments" (房住不炒) and pledged to build and introduce more affordable housing to improve the present housing supply mechanism and strive to finally attain the goal of "home for everyone" (住有所居). According to Beijing Municipal Finance Bureau's "Response Letter Regarding Issues Concerning the Confirmation of Capital Injections and Replacement Mechanism" (《關於確認財政資金注入及補充機制有關問題的復函》(京財經二[2011]1796號)), it shall inject capital into us on an annual basis with reference to our funding needs. For detail over the governmental financial support to us in form of capital injection, see "— *Corporate History*".

Meanwhile, the Beijing Municipal Government established a leaders team as our highest decision-making body and directly appointed members of our senior management. As such, our highest decision-making group is formed with numerous leaders from Beijing's key governmental authorities, with vice mayor of the Beijing Municipal Government as the head and directors and leaders from such authorities as Beijing Municipal Government, Beijing Municipal Housing and Urban-Rural Development Commission, Beijing SASAC, Beijing Municipal Finance Bureau, Beijing Municipal Development and Reform Commission and Beijing Municipal Commission of Planning and Natural Resources as deputy leaders.

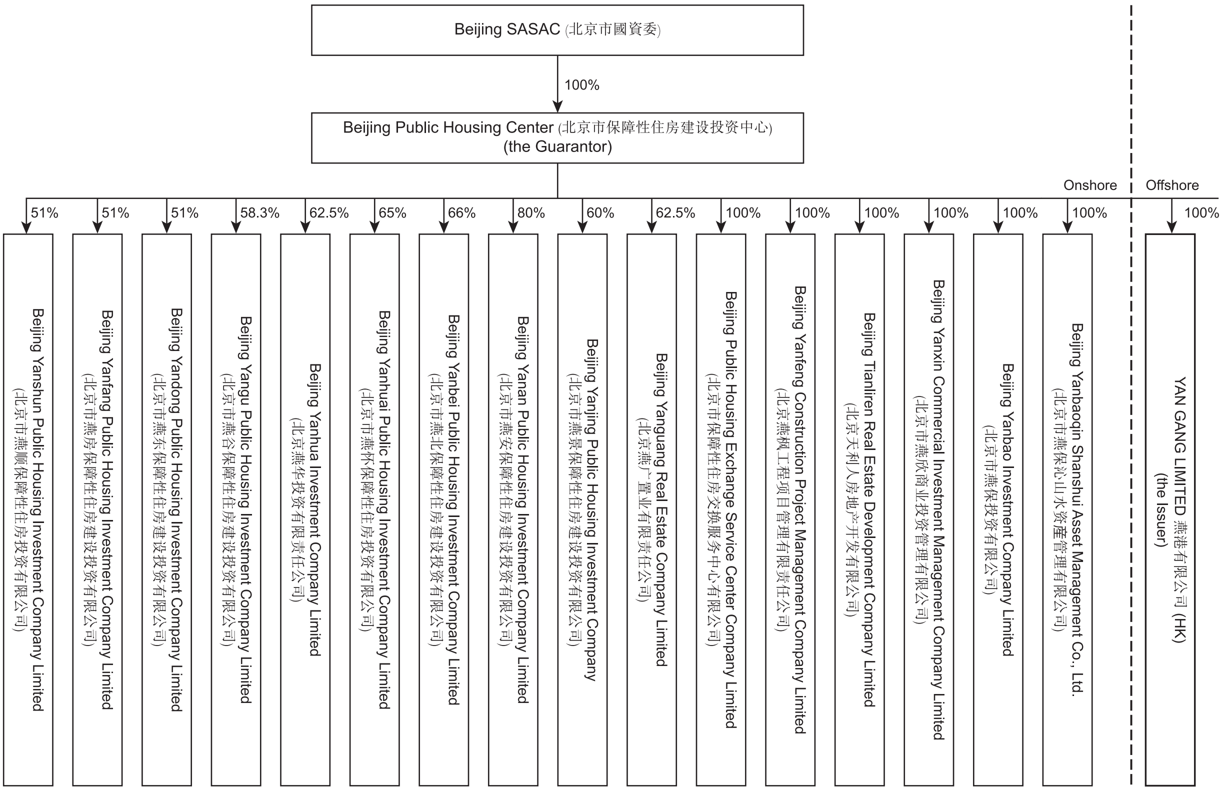
Under the PRC government's support, we continued to deliver high-quality projects and received numerous awards in recognition of our quality over the past decade. We and our projects were awarded and recognised with (i) Zhan Tianyou Civil Engineering Golden Award for Excellent Residential Communities (the reserve housing plan) in 2019 (2019中國土木工程詹天佑獎優秀住宅社區金獎(保障房專案)); (ii) the First Prize of the 33rd Beijing Enterprise Management Modernisation Innovation Achievement Award (第三十三屆北京市企業管理現代化創新成果一等獎) in 2018; (iii) Civilised Entity of the Year in the Capital ("首都文明單位") from 2015 to 2017; (iv) China Residential Environment Model Award (2017"中國人居環境範例獎") issued by the Ministry of Housing and Urban-Rural Planning in 2017; (v) Zhan Tianyou Civil Engineering Golden Award for Nationwide Excellent Residential Communities in 2017 ("2017年中國土木工程詹天佑獎全國優秀住宅社區金獎"); (vi) National Excellent Model Residential Community (2017全國優秀示範社區) awarded by the Residential Engineering Supervision Committee of the China Civil Engineering Association in 2017; (vii) Golden Quality Project Structure of the Great Wall Cup in 2015 ("2015年度結構長城杯金質獎工程"); and (viii) the Third Prize in the first China Affordable Housing Design Competition ("2011年中國首屆保障性住房設計競賽"中榮獲三等獎) co-hosted by the Housing Industrialisation Promotion Center of the Ministry of Housing and Urban-Rural Planning and the China Construction Press in 2011.

As at 31 December 2020, we holds 135 affordable housing projects, total 143,400 sets of housing; 129 projects of which are public rental housing projects, total 131,400 sets of housing, with 98 of such projects into operation, total 90,100 sets of housing and occupied by up to 75,200 households. For details of our projects portfolio as at the date of this Offering Circular, see "— *Our Business — Our project portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue was RMB2,685.1 million, RMB1,624.9 million, RMB3,536.8 million, RMB1,399.2 million and RMB2,595.2 million, respectively, and we recorded a net profit of RMB494.6 million, RMB323.6 million, RMB167.8 million, RMB26.3 million and RMB122.1 million, respectively, during the same periods. The table below sets forth a breakdown of the revenue from our primary business lines:

	Year ended 31 December			**Nine months ended 30 September**	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)* *(reviewed)*	*(RMB)* *(reviewed)*
Public rental housing	707,777,952.21	1,066,952,377.64	1,322,139,172.81	952,777,055.44	1,083,591,614.95
Reserve housing	1,916,362,581.55	466,054,647.39	2,100,272,013.63	353,081,756.21	1,438,544,327.60
Commercial Property Management	48,569,338.08	82,001,907.05	83,299,453.71	87,575,915.86	65,965,864.82
Others	12,342,623.97	9,883,577.13	31,126,591.83	5,765,512.39	7,074,712.15
Total	**2,685,052,495.81**	**1,624,892,509.21**	**3,536,837,231.98**	**1,399,200,189.90**	**2,595,176,519.52**

CORPORATE STRUCTURE

The following chart sets forth our corporate structure as at the date of this Offering Circular:



CORPORATE HISTORY

We were incorporated on 27 June 2011, with a registered capital of RMB10.0 billion upon incorporation, entirely injected by the Beijing Municipal Finance Bureau. In the same year, the Beijing Municipal Finance Bureau injected approximately RMB260.1 million of state-owned capital; besides, we signed a strategic cooperation agreement on the construction and acquisition of public rental housing with Haidian District Government. In 2012, the Beijing Municipal Bureau of Finance injected a total of approximately RMB2.8 billion of state-owned capital into us. At the same year, we signed a strategic cooperation agreement for the first public rental housing project with the Xicheng District Government. In 2013, the Beijing Municipal Finance Bureau injected a total of approximately RMB4.3 billion of state-owned capital into us. In 2014, the Beijing Municipal Finance Bureau injected a total of RMB5.0 billion of state-owned capital into us. In the same year, we increased our registered capital to RMB15.3 billion. In 2015, the Beijing Municipal Bureau of Finance injected a total of approximately RMB9.6 billion of state-owned capital into us. In the same year, we cooperated strategically with Shunyi District Government; In 2016, the Beijing Municipal Finance Bureau injected a total of approximately RMB4.2 billion of state capital into us. In 2017, the Beijing Municipal Finance Bureau injected a total of approximately RMB4.1 billion of state-owned capital into us. In the same year, we increased our registered capital to RMB36.1 billion; besides, we signed strategic cooperation agreements on the construction and operation of affordable housing with the governments of Tongzhou, Huairou, Pinggu, and Miyun District Governments. In 2018, the Beijing Municipal Finance Bureau injected a total of approximately RMB4.4 billion of state-owned capital into us, and our total consolidated assets reached approximately RMB96.8 billion. In the same year, we signed a strategic cooperation agreement on the construction of affordable housing with Yanqing District Government. In 2019, our total paid-in capital was RMB44.7 billion and our total registered capital was approximately RMB36.1 billion. As at 31 December 2020, our total paid-in capital was further increased to approximately RMB46.5 billion.

RECENT DEVELOPMENTS

The Recent Coronavirus Epidemic Outbreak

A novel and highly contagious virus causing pneumonia-like illness was detected toward the end of 2019 and was later named by the World Health Organization as COVID-19 in early 2020. Several cities in China were under a lockdown and imposed travel restrictions in an effort to curb the spread of the highly infectious novel coronavirus. The coronavirus outbreak poses potential risks to our business operations and financial condition. See "*Risk Factors — Risks Relating to Our Business — We face certain risks associated with the outbreak of COVID-19*" and "*Risk Factors — Risks Relating to the PRC — The national and regional economies may be adversely affected by a recurrence of SARS, COVID-19 or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects.*" All of our projects under development were delayed due to the lengthened Chinese New Year holiday in response to the COVID-19 pandemic.

Starting from February 2020, our suspended projects under development have resumed work. None of projects' overall schedules are expected to be delayed because of such suspension. In the nine months ended 30 September 2019 and 2020, our revenue was RMB1,399.2 million and RMB2,595.2 million, respectively, and we recorded a net profit of RMB26.3 million and RMB122.1 million, respectively, during the same periods. As such, the COVID-19 pandemic did not have a material impact on our operational and financial conditions, and we believe it will not have a material impact on our operational and financial conditions for the entire financial year ended 31 December 2020.

COMPETITIVE STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths:

A trusted affordable housing developer

We are a leading affordable housing developer in Beijing, and is entrusted by the PRC government to execute property projects to facilitate policy goals. As at the date of this Offering Circular, we had a diverse portfolio of public rental housing properties, reserve housing properties, as well as commercial properties, for the details of which see "*— Our Business — Our Project Portfolio*".

Leveraging on our decade-long experience and strong track record in the Beijing affordable housing industry, we enjoy strong brand recognition from the PRC government and public as well as solid market position, which are evidenced by numerous accolades. We and our projects were awarded and recognised with (i) Zhan Tianyou Civil Engineering Golden Award for Excellent Residential Communities (the reserve housing plan) in 2019 (2019中國土木工程詹天佑獎優秀住宅社區金獎(保障房專案)); (ii) the First Prize of the 33rd Beijing Enterprise Management Modernisation Innovation Achievement Award (第三十三屆北京市企業管理現代化創新成果一等獎) in 2018; (iii) Civilised Entity of the Year in the Capital ("首都文明單位") from 2015 to 2017; (iv) China Residential Environment Model Award (2017"中國人居環境範例獎") issued by the Ministry of Housing and Urban-Rural Planning in 2017; (v) Zhan Tianyou Civil Engineering Golden Award for Nationwide Excellent Residential Communities in 2017 ("2017年中國土木工程詹天佑獎全國優秀住宅社區金獎"); (vi) National Excellent Model Residential Community (2017全國優秀示範社區) awarded by the Residential Engineering Supervision Committee of the China Civil Engineering Association in 2017; (vii) Golden Quality Project Structure of the Great Wall Cup in 2015 ("2015年度結構長城杯金質獎工程"); and (viii) the Third Prize in the first China Affordable Housing Design Competition ("2011年中國首屆保障性住房設計競賽"中榮獲三等獎) co-hosted by the Housing Industrialisation Promotion Center of the Ministry of Housing and Urban-Rural Planning and the China Construction Press in 2011.

We believe that our strong reputation and focus on delivering quality affordable housing have enabled our success in the past and will continue to drive growth of the Beijing affordable housing market in the future.

Well-positioned to benefit from the steady growth of the affordable housing industry and from the PRC government's increasing focus on housing security and favourable industry policies

We are in an industry that has experienced steady growth over the recent years. The number of applications for resettlement housing units increased from approximately 19,000 in 2015 to 51,000 in 2017 and 33,000 in 2019. According to statistics published by the Beijing Bureau of Statistics, the per capita living area of in Beijing is below the national average, whereas the per capita living expenditure of residents in Beijing is higher than the national average, which we believe to suggest potential for growth of the affordable housing industry. With our industry and social reputation, technical know-how and management expertise, we are well positioned to benefit from the industry growth and expand our business.

The PRC government in recent years has promulgated a large number of favourable laws and policies to promote the stable and healthy development of the affordable housing industry and to realise people's dream of having a housing. The main direction of the policies during these years is to establish a housing system with both rent and sale, to provide basic guarantees at government level, to meet multi-level needs at market level, to strengthen effective management on the demand side, to optimize the housing supply structure, and to vigorously promote the structural reform of the housing supply side, For example, according to the 13th Five-year Plan （"十三五"計畫）, the PRC government has introduced an initiative in which by 2020, Beijing will construct more than 200,000 affordable housing units of various types, including 50,000 public rental housing units, 50,000 commodity housing units, and 100,000 resettlement housing units. The "Notice of Further Simplifying the Application Procedures for Affordable Housing"（《關於進一步簡化保障性住房申請手續有關工作的通知》）issued by Beijing Municipal Commission of Housing and Urban-rural Development in December 2019 simplified the application procedures for affordable housing by creating a shorter application form and removing the requirement for applicants to provide paper-form supporting documents. The "Notice on Adjusting the Application Conditions and Subsidy Standards for Market Rental Subsidies in this Municipality" (《關於調整本市市場租房補貼申請條件及補貼標準的通知》（京建法〔2020〕6號）) issued by the Beijing Municipal Commission of Housing and Urban-rural Development and the Beijing Municipal Finance Bureau in July 2020 relaxed the application conditions in relation to affordable housing such as that relating to each family's per capita monthly income, improved the subsidy standards, and increased rental subsidy for certain families. The "Announcement No. 61 of 2019 of the State Administration of Taxation" (《財政部税務總局公告2019年第61號》) provided measures which benefitted suppliers and applicants of public housing, by exempting public rental housing land from land use tax and by exempting public rental housing operating units from deed tax and stamp duty, etc. The "Request of Beijing Municipal Administration of State Land, Resources and Housing on the Relevant Issues Concerning the Construction and Acquisition of Public Rental Housing Land by the Beijing Public Housing Center" (《北京市國土資源局關於北京市保障性住房建設投資中心建設收購公共租賃住房用地有關問題的請示》 （京國土用【2012】332號）) promulgated by the Beijing Municipal Government provides that we shall obtain land use rights through land grant, and the projects and relevant construction procedures shall be handled and approved by the Beijing Municipal Commission of Development and Reform. As a key enterprise in charge of affordable housing solutions in Beijing, we have received strong support from all levels of government and greatly benefited from the promulgation of these favourable public policies related to housing security by the PRC government.

Strong financial and leadership support from shareholder and the PRC Government

We are wholly owned by the Beijing SASAC, and have received strong support from the PRC government since our establishment. We received the largest initial capital injection of RMB10.0 billion in the form of cash at the time of our establishment and has continuously received annual capital injections into us afterwards from the Beijing Municipal Finance Bureau totalling RMB46.5 billion as at 31 December 2020. According to Beijing Municipal Finance Bureau's "Response Letter Regarding Issues Concerning the Confirmation of Capital Injections and Replacement Mechanism" (《關於確認財政資金注入及補充機制有關問題的復函》（京財經二[2011]1796號）), it shall inject capital into us on an annual basis with reference to our funding needs. For details of financial support by our major shareholder in form of capital injection, See "— *Corporate History*".

Meanwhile, the Beijing Municipal Government established a leaders team as our highest decision-making body and directly appointed members of our senior management. As such, our highest decision-making group is formed with numerous leaders from Beijing's key governmental authorities, with vice mayor of the Beijing Municipal Government as the head and directors and leaders from such authorities as Beijing Municipal Government, Beijing Municipal Housing and Urban-Rural Development Commission, Beijing SASAC, Beijing Municipal Finance Bureau, Beijing Municipal Development and Reform Commission and Beijing Municipal Commission of Planning and Natural Resources as deputy leaders.

Multiple funding channels

In the PRC, we had established cooperative relationships with, and received loans and financings from, major PRC banks including, but not limited to, China Development Bank, Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China, Bank of China, Postal Savings Bank of China, Bank of Communications, China Merchants Bank, Beijing Rural Commercial Bank and Bank of Beijing, and other financial institutions. As at 31 December 2019 and 30 September 2020, we had an aggregate line of credit of RMB70.5 billion and RMB72.6 billion respectively, and an unused line of credit of RMB15.9 billion and RMB17.2 billion. We also successfully issued two bonds in the PRC, each at a principal amount of RMB1.5 billion, in the year of 2020. Through our offering of the various corporate bonds, we were able to further diversify our financing sources and obtain funding through accessing the capital markets. We believe our multiple financing channels will provide us with flexibility to fund our operations and enhance our liquidity position.

Sound corporate governance led by seasoned professional management team

We are a wholly state-owned enterprise with a sound corporate governance structure and system led by our seasoned professional management team. The quality and experience of its management team have been, and will continue to be, key to our success. We have a highly committed management team with strong credentials and extensive experience in the PRC affordable housing and real estate industries. Our senior management team has solid experience in the PRC real estate industry and has extensive strategic planning and management experience, which allows timely and appropriate decisions on business development, market trends and positioning in accordance with government policies. In addition, our senior management has strong credentials and hold bachelor's degree or above. See "*Management of the Guarantor*". We believe that the management's extensive property development experience, in-depth industry knowledge and understanding of the real estate market and policies will help improve the livelihoods of populations in the PRC while allowing our business growth.

In addition, as a state-owned enterprise, we have adopted policies for our operations and development to maintain effective and prudent governance and to continuously improve our internal monitoring and control systems. Our management team also refers to government policies, market practice and standards to review our governance systems and policies periodically. We believe that our sound and prudent corporate governance led by our seasoned professional management team will continue to enhance our credibility and transparency.

STRATEGIES

We intend to grow and strengthen our operations through the implementation of the following core strategies:

Aggressively develop public rental housing units to further complete the Beijing housing security system

Under our strategic goal to play a major and irreplaceable role in the "rental-first" Beijing housing security system, we aim to proactively develop public rental housing units as a main channel for us to provide housing security in Beijing. With our years of experience in the construction, acquisition and operation of public rental housing, in order to turn "rent-oriented" model into the main channel of Beijing housing security system, we shall continue to increase the scale and attractiveness of public rental housing, strengthen overall planning on a city-level, and promote the standardisation of public housing services across the board. We also strive to further facilitate urban cooperation to showcase our exemplary public rental housing projects and to demonstrate our construction, operation and management capabilities. Through our public rental housing efforts, we seek to turn into the main force and backbone for the promotion of organic renewal in old districts, relief and improvement in urban areas, the integration of industry and city in industrial areas, and job-living balance in new districts in the Beijing housing security system.

Actively promote the renovation of dilapidated housing and continue to provide security through resettlement

We aim to play a key role as a platform for renovation of dilapidated housing through innovative investment and fundraising means, to provide financial support for the renovation works in Beijing. We will concentrate on conservation of heritage while transforming dilapidated areas, and improve the population resettlement and standard of living of the Beijing public. We strive to bring forth substantive progress in the Beijing dilapidated housing works.

Enhance management capabilities in investments and financing

We will actively explore innovative investment models and further utilise the financial instruments of the capital markets with a view to reducing capital costs and maintaining an optimal capital structure. We will at the same time improve our internal fund management, so as to fully exploit our competitive advantage in investments and financing and enhance the overall competitiveness of our businesses.

Strengthen organisational capability and develop talent team

We will continue to improve management efficiency, optimise organisational and management structure and enhance operational mechanism with a view to establish an investment decision-making system that is market-oriented, in line with our expansion requirements and which will effectively improve management and operational efficiency. We will strive to establish a human resources management system that motivates employees, attracts suitable talents and maximises our overall interests. We will actively study and promote the formation and implementation of employee incentive plans and employee training programmes in order to achieve the mutual growth of us and our employees.

OUR BUSINESS

Overview

We are a leading affordable housing construction and investment company in the PRC, with a mission to provide housing security to the general public in the PRC. Our scope of business ranges from financing, investment and construction at an early stage, to sales, leasing and operation at a later stage. Our main revenue streams are through public rental housing, reserve housing, and commercial property management.

As at 31 December 2020, we holds 135 affordable housing projects, total 143,400 sets of housing; 129 projects of which are public rental housing projects, total 131,400 sets of housing, with 98 of such projects into operation, total 90,100 sets of housing and occupied by up to 75,200 households. For details of our projects portfolio as at the date of this Offering Circular, see "— *Our Business — Our project portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue was RMB2,685.1 million, RMB1,624.9 million, RMB3,536.8 million, RMB1,399.2 million and RMB2,595.2 million, respectively, and we recorded a net profit of RMB494.6 million, RMB323.6 million, RMB167.8 million, RMB26.3 million and RMB122.1 million, respectively, during the same periods. The table below sets forth a breakdown of the revenue from our primary business lines:

	Year ended 31 December			Nine months ended 30 September	
	2017	**2018**	**2019**	**2019**	**2020**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
				(reviewed)	*(reviewed)*
Public rental housing	707,777,952.21	1,066,952,377.64	1,322,139,172.81	952,777,055.44	1,083,591,614.95
Reserve housing	1,916,362,581.55	466,054,647.39	2,100,272,013.63	353,081,756.21	1,438,544,327.60
Commercial Property Management	48,569,338.08	82,001,907.05	83,299,453.71	87,575,915.86	65,965,864.82
Others	12,342,623.97	9,883,577.13	31,126,591.83	5,765,512.39	7,074,712.15
Total	**2,685,052,495.81**	**1,624,892,509.21**	**3,536,837,231.98**	**1,399,200,189.90**	**2,595,176,519.52**

Our Project Portfolio

The table below sets forth our classification of property projects:

Type of Properties	Information
Completed properties	comprising (1) reserve housing properties with certificates of completion that are for sale or saleable pending government filing (excluding the reserve housing properties that have been sold), whether developed by us or acquired, (2) public rental housing projects that are in operation or operable pending government filing, whether developed by us or acquired, and (3) commercial property management properties that are in operation or operable pending further renovation, whether developed by us or acquired
Properties under development	comprising properties for which we have commenced construction but not yet obtained the certificates of completion
Properties held for future development	comprising properties for which we have obtained the land use rights certificates and intend to hold for future development and properties for which we have not obtained the land use rights certificates, but have entered into the land grant contracts

The site area information in this Offering Circular is derived on the following basis:

- when we have received the land use rights certificates, as specified in such land use rights certificates; and
- before we have received the land use rights certificates, as specified in the relevant land grant contracts related to the projects excluding, however, areas earmarked for public infrastructure such as roads and community recreation zones.

The GFA information in this Offering Circular is derived on the following basis:

- for completed projects, if we have obtained records of acceptance examination upon project completion, as specified in such records of acceptance examination upon project completion or, where such records are not yet available, based on our internal records and estimates; and
- for projects under development, if we have obtained the construction work commencement permits, as specified in such permits; if we have not yet obtained the construction work commencement permits, but have obtained the construction work planning permits, as specified in such construction work planning permits; and if none of the above permits is otherwise available, as specified in land grant contracts and master investment agreements we entered into with regulatory authorities in the PRC or based on our internal records and estimates.

As some of our projects comprise multiple-phase developments on a rolling basis, these projects may include different phases that are at various stages of completion, under development or held for future development.

Completed properties

The table below sets forth the details of our completed properties as at the date of this Offering Circular:

Project	Project Type	Location	Commencement Date(1)	Rentable GFA(2)/ Saleable GFA(3)	Units(4)	Occupancy Rate(4)
				(sq.m.)		
Changying Jiayuan (常營家園)	Public Rental Housing and Commercial Property Management	Chaoyang District, Beijing	5 July 2016	99,577 (Public Rental Housing) 17,462 (Commercial Property Management)	2,004	93.9%
Shuangqiao Jiayuan (雙橋家園)	Public Rental Housing and Commercial Property Management	Chaoyang District, Beijing	5 August 2016	67,909 (Public Rental Housing) 28,293 (Commercial Property Management)	1,296	92.3%
Huihong Jiayuan (匯鴻家園)	Public Rental Housing and Commercial Property Management	Chaoyang District, Beijing	5 August 2017	68,900 (Public Rental Housing) 3,588 (Commercial Property Management)	1,339	93.4%
Guanzhuang Beierli (管莊北二裏)	Public Rental Housing	Chaoyang District, Beijing	5 February 2017	24,865	463	96.1%
Xiyue Shangjun (熙悅尚郡)	Public Rental Housing	Chaoyang District, Beijing	5 October 2018	36,133	770	94.2%
Liyuan Jiayuan (梨園家園)	Public Rental Housing	Tongzhou District, Beijing	5 January 2014	42,821	854	90.7%
Guangjidian (光機電)	Public Rental Housing	Tongzhou District, Beijing	5 September 2013	29,290	481	85.4%
Shijingyuan (拾景園)	Public Rental Housing	Tongzhou District, Beijing	5 May 2017	73,652	1,447	97.3%
Majuqiao Jiayuan (馬駒橋家園)	Public Rental Housing	Tongzhou District, Beijing	5 May 2017	138,267	3,004	88.9%
Jingxiu Xinyuan (璟秀欣苑)	Public Rental Housing	Tongzhou District, Beijing	5 December 2017	79,802	1,584	81.6%
Shengda Jiayuan (盛達嘉園)	Public Rental Housing	Tongzhou District, Beijing	5 December 2017	32,136	644	94.2%
Taihu Yinhewan (Xiqu) (台湖銀河灣(西區))	Public Rental Housing	Tongzhou District, Beijing	5 April 2018	75,168	1,498	86.3%
Taihu Yinhewan (Dongqu) (台湖銀河灣(東區))	Public Rental Housing	Tongzhou District, Beijing	5 November 2018	30,140	560	83.9%
Shuanghe Jiayuan (雙合家園)	Public Rental Housing	Chaoyang District, Beijing	5 August 2013	94,374	1,744	88.1%
Yijingyuan (怡景園)	Public Rental Housing	Chaoyang District, Beijing	5 January 2018	51,699	1,020	94.4%
Guangqumen (廣渠門)	Public Rental Housing	Dongcheng District, Beijing	1 March 2004	20,429	400	88.2%
Maquanying Jiayuan (馬泉營家園)	Public Rental Housing	Chaoyang District, Beijing	5 February 2017	175,093	3,143	95.8%
Ruiwan Jiayuan (瑞灣家園)	Public Rental Housing	Chaoyang District, Beijing	5 June 2018	32,863	587	86.2%

Project	Project Type	Location	Commencement Date[1]	Rentable GFA[2]/ Saleable GFA[3]	Units[4]	Occupancy Rate[4]
				(sq.m.)		
Jingyuan Jiayuan (京原家園)	Public Rental Housing	Shijingshan District, Beijing	25 January 2013	119,866	2,436	84.4%
Yuanyang Qinshanshui (遠洋沁山水)	Public Rental Housing	Shijingshan District, Beijing	25 January 2012	30,073	548	84.6%
Caihong Jiayuan (彩虹家園)	Public Rental Housing	Fengtai District, Beijing	5 September 2013	20,193	310	83.8%
Weishanyuan (未山苑)	Public Rental Housing	Fengtai District, Beijing	5 October 2013	2,605	60	80.0%
Tongxin Jiayuan (同馨家園)	Public Rental Housing	Fengtai District, Beijing	5 April 2015	46,513	662	96.0%
Jingtie Heyuan (京鐵和園)	Public Rental Housing	Xicheng District, Beijing	5 June 2016	5,014	119	93.2%
Yueyuan Siqu (閱園四區)	Public Rental Housing	Fengtai District, Beijing	5 April 2017	35,554	760	94.7%
Wuluju Project (五路居項目)	Public Rental Housing	Haidian District, Beijing	5 May 2019	20,054	458	30.3%
Longquan Jiayuan (龍泉家園)	Public Rental Housing	Mentougou District, Beijing	25 March 2016	55,550	1,096	96.5%
Shangyue Jiayuan (上悦嘉園)	Public Rental Housing	Mentougou District, Beijing	5 January 2019	17,928	373	92.7%
Lingfeng Sijiyuan (領峰四季園)	Public Rental Housing	Fangshan District, Beijing	5 May 2017	51,418	1,118	87.2%
Daxuecheng Jiayuan (大學城家園)	Public Rental Housing	Fangshan District, Beijing	5 May 2017	131,894	2,447	98.4%
Lehuo Yayuan (樂活雅苑)	Public Rental Housing	Fangshan District, Beijing	5 August 2017	55,276	936	91.5%
Manti Jiayuan (漫緹家園)	Public Rental Housing	Fangshan District, Beijing	5 August 2017	21,480	430	83.7%
Fusheng Jiayuan (阜盛家園)	Public Rental Housing and Commercial Property Management	Fangshan District, Beijing	5 August 2018	132,112 (Public Rental Housing) 32,770 (Commercial Property Management)	2,900	94.4%
Langyue Jiayuan (朗悦嘉園)	Public Rental Housing	Fangshan District, Beijing	5 January 2015	29,919	539	93.8%
Qingxiu Jiayuan (青秀家園)	Public Rental Housing	Daxing District, Beijing	5 June 2013	57,569	1,198	93.8%
Gaomidian Jiayuan (高米店家園)	Public Rental Housing	Daxing District, Beijing	5 January 2016	91,352	1,830	84.9%
Yindi Jiayuan (銀地家園)	Public Rental Housing and Commercial Property Management	Fengtai District, Beijing	5 May 2017	46,023 (Public Rental Housing) 8,211 (Commercial Property Management)	903	89.2%
Yizhuang Xincheng (亦莊新城)	Public Rental Housing	Daxing District, Beijing	5 February 2017	33,178	701	95.5%
Yijing Mingyuan (怡景名苑)	Public Rental Housing	Daxing District, Beijing	5 May 2017	67,923	1,477	95.4%
Xiyue Chengjun (熙悦誠郡)	Public Rental Housing	Daxing District, Beijing	5 May 2017	10,664	195	95.9%

Project	Project Type	Location	Commencement Date[1]	Rentable GFA[2]/ Saleable GFA[3]	Units[4]	Occupancy Rate[4]
				(sq.m.)		
Shengyue Jiayuan (盛悅家園)	Public Rental Housing	Daxing District, Beijing	1 April 2015	15,144	317	82.3%
Zinan Huayuan (紫南華苑)	Public Rental Housing	Daxing District, Beijing	5 April 2018	4,793	99	97.9%
Guogongzhuang Jiayuan (Beiqu) (郭公莊家園(北區))	Public Rental Housing	Fengtai District, Beijing	5 December 2017	62,937	1,418	94.6%
Guogongzhuang Jiayuan (Nanqu) (郭公莊家園(南區))	Public Rental Housing	Fengtai District, Beijing	5 June 2018	152,858	3,308	92.4%
Kangrun Jiayuan (康潤家園)	Public Rental Housing	Fengtai District, Beijing	5 November 2018	111,024	2,498	94.1%
Sujiatuo (蘇家坨)	Public Rental Housing	Haidian District, Beijing	5 July 2012	135,849	2,372	82.9%
Kaisheng Jiayuan (凱盛家園)	Public Rental Housing and Commercial Property Management	Haidian District, Beijing	25 November 2014	54,038 (Public Rental Housing) 141 (Commercial Property Management)	754	84.8%
Wenquan Jiayuan (溫泉家園)	Public Rental Housing and Commercial Property Management	Haidian District, Beijing	5 April 2017	44,958 (Public Rental Housing) 8,295 (Commercial Property Management)	1,046	92.1%
Wenlong Jiayuan (文龍家園)	Public Rental Housing	Haidian District, Beijing	5 February 2015	76,453	1,394	93.8%
Xicheng Jiayuan (溪城家園)	Public Rental Housing	Haidian District, Beijing	5 June 2015	19,978	502	94.4%
Yuefu Jiayuan (悅府家園)	Public Rental Housing	Haidian District, Beijing	5 January 2018	70,087	1,451	95.8%
Dayangfang (大羊坊)	Public Rental Housing	Haidian District, Beijing	5 September 2011	5,019	125	100.0%
Longjinyuan (龍錦苑)	Public Rental Housing	Haidian District, Beijing	28 May 2013	17,357	145	98.6%
Xindian Jiayuan (辛店家園)	Public Rental Housing	Haidian District, Beijing	5 December 2014	86,186	1,666	89.6%
Baoli Fangyuan (保利芳園)	Public Rental Housing	Haidian District, Beijing	5 June 2015	9,973	241	95.8%
Guanfangyuan (冠芳園)	Public Rental Housing	Haidian District, Beijing	5 May 2017	12,659	212	93.4%
Sanjia Xinyuan (三嘉信苑)	Public Rental Housing	Haidian District, Beijing	15 December 2015	6,643	107	71.0%
Xinrui Jiayuan (馨瑞嘉園)	Public Rental Housing and Commercial Property Management	Haidian District, Beijing	25 July 2014	154,262 (Public Rental Housing) 73 (Commercial Property Management)	1,887	78.9%
Fangshan Gongchen Project (房山拱辰項目)	Public Rental Housing	Fangshan District, Beijing	April 2021	46,477	966	0.0%

Project	Project Type	Location	Commencement Date[1]	Rentable GFA[2]/ Saleable GFA[3]	Units[4]	Occupancy Rate[4]
				(sq.m.)		
Fengtaiqu Guogongzhuang Wuqi Project (16 Haoyuan (豐台區郭公莊五期項目(16號院))	Public Rental Housing and Commercial Property Management	Fengtai District, Beijing	January 2021	72,278 (Public Rental Housing) 11,981 (Commercial Property Management)	1,690	0.0%
(Gong) Tongzhouqu Taihu Project ((公)通州區台湖項目)..........................	Public Rental Housing	Tongzhou District, Beijing	April 2021	267,060	4,722	0.0%
Jiaohuachang (One) (焦化廠（一）)	Commercial Property Management	Chaoyang District, Beijing	5 July 2020	223,477 (Public Rental Housing) 127,308 (Commercial Property Management)	4,646	35.7%
Jiaohuachang (Two) （焦化廠（二））	Commercial Property Management	Chaoyang District, Beijing	—	42,434	—	—
Baiziwan (百子灣).......	Public Rental Housing	Chaoyang District, Beijing	5 July 2020	193,151	4,000	59.1%
(Gong) Daxingqu Panggezhuangzhen Project ((公)大興區龐各莊鎮項目)..........	Public Rental Housing	Daxing District, Beijing	June 2021	118	2	0.0%
Tongzhouqu Yujiawu Project (通州區于家務項目)...................	Public Rental Housing	Tongzhou District, Beijing	5 January 2020	12,014	242	14.0%
Linao Jiayuan （林奥嘉園）	Reserve Housing	Chaoyang District, Beijing	—	22,311	180	—
Fuli Yangguang （富力陽光）	Reserve Housing	Chaoyang District, Beijing	—	4,631	53	—
Chaoyang District Scattered Housing （朝陽區零散房源）.	Reserve Housing	Chaoyang District, Beijing	—	3,689	47	—
Xicheng Jiayuan （溪城家園）	Reserve Housing	Changping District, Beijing	—	10,960	136	—
Guoshihui （國仕匯）	Reserve Housing	Changping District, Beijing	—	1,146	9	—
Changping District Scattered Housing （昌平區零散房源）	Reserve Housing	Changping District, Beijing	—	1,115	11	—
Daxing District Scattered Housing （大興區零散房源）	Reserve Housing	Daxing District, Beijing	—	732	8	—
Fangshan District Scattered Housing （房山區零散房源）	Reserve Housing	Fangshan District, Beijing	—	238	4	—

Project	Project Type	Location	Commencement Date[1]	Rentable GFA[2]/ Saleable GFA[3]	Units[4]	Occupancy Rate[4]
				(sq.m.)		
Fengtai District Scattered Housing（豐台區零散房源）..........	Reserve Housing	Fengtai District, Beijing	—	2,222	38	—
Haidian District Scattered Housing（海澱區零散房源）..........	Reserve Housing	Haidian District, Beijing	—	589	8	—
Tongzhou District Scattered Housing（通州區零散房源）..........	Reserve Housing	Tongzhou District, Beijing	—	761	9	—
Huairou and Shunyi Districts Scattered Housing（懷柔區、順義區零散房源）....................	Reserve Housing	Huairou and Shunyi Districts, Beijing	—	161	2	—
Xuanxibei Project（宣西北項目）................	Commercial Property Management	Xicheng District, Beijing	—	3,034	—	—

(1) Commencement date refers to the actual / expected commencement of rental for our public rental housing properties.

(2) Rentable GFA refers to the GFA available for rent under our public rental housing and commercial property management projects.

(3) Saleable GFA refers to the GFA available for sale under our reserve housing projects.

(4) Units and occupancy rate refer to the units and occupancy rate for our public rental housing projects.

Properties under development

The table below sets forth the details of our properties under development as at the date of this Offering Circular:

Project	Project Type	Location	Total GFA	Units[(1)]
			(sq.m.)	
Tongzhouqu Taihu Project (通州區台湖項目)	Public Rental Housing and Commercial Property Management	Tongzhou District, Beijing	574,132	5,058
Confidential Project	Public Rental Housing and Commercial Property Management	Tongzhou District, Beijing	2,385,166	TBD
Chaoyangqu Pingleyuan Project (Nanqu) (朝陽區平樂園項目(南區))	Public Rental Housing	Chaoyang District, Beijing	159,762	TBD
Fengtaiqu Xiju Project (豐台區西局項目)	Public Rental Housing and Commercial Property Management	Fengtai District, Beijing	58,158	611
Tongzhouqu Dinggezhuang Project (通州區丁各莊項目)	Public Rental Housing and Commercial Property Management	Tongzhou District, Beijing	307,560	2,197
Confidential Project	Public Rental Housing and Commercial Property Management	Tongzhou District, Beijing	974,502	TBD
Baiziwan Project （百子灣項目）	Commercial Property Management	Chaoyang District, Beijing	43,000	—
Shunyi Xincheng Di 18 Jiequ SY00-0018-6015~6017 Dikuai Gongzufang Project (順義新城第18街區SY00-0018-6015~6017地塊公租房項目)	Public Rental Housing and Commercial Property Management	Shunyi District, Beijing	246,100	3,753
Daxing Xincheng Haihu Xincun Project (大興新城海戶新村項目)	Public Rental Housing and Reserve Housing	Daxing District, Beijing	710,000	5,000

(1) Units refers to units for our public rental housing and reserve housing projects.

Properties held for future development

The table below sets forth the details of our properties held for future development as at the date of this Offering Circular:

Project	Project Type	Location	Site Area
			(sq.m.)
Fengtai Nanyuan Lijiazhuang 4 Haodi Project (豐台南苑李家莊4號地項目)	Public Rental Housing and Commercial Property Management	Fengtai District, Beijing	57,714
Pingleyuan Gongzufang Project (Beiqu) (平樂園公租房項目(北區))	Public Rental Housing and Commercial Property Management	Chaoyang District, Beijing	34,000
Jiaohuachang Jiuzhiyuan Project （焦化廠舊址園項目）	TBD	Chaoyang District, Beijing	64,908
Jiaohuachang Shengyu Yongdi Baozhangfang Project (焦化廠剩餘用地保障房項目)	Public Rental Housing, Reserve Housing and Commercial Property Management	Chaoyang District, Beijing	464,900

Public Rental Housing

Under our public rental housing business, we provide affordable housing for rent. We are responsible for the funding, construction, acquisition, and rental of our public rental housing units in Beijing. As part of our operating process, we may either (1) acquire public rental housing units developed by other commodity housing / resettlement housing developers, or (2) construct our own public rental housing properties, after which we will offer the public rental housing properties for rent. For details of our public rental housing project portfolio as at the date of the Offering Circular, see "*— Our Business — Our project portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue from our public rental housing business was RMB707.8 million, RMB1,067.0 million, RMB1,322.1 million, RMB952.8 million and RMB1,083.6 million, respectively, which accounted for approximately 26.4%, 65.7%, 37.4%, 68.1% and 41.8%, respectively, of our total revenue during the same periods.

Our public rental housing projects usually involve planning, construction / acquisition and leasing stages. The Beijing Municipal Government sets up a reserve housing plan annually based on the requirement of national policies, the market reality, public feedback, and other factors, entrusting the execution to us. We adopt two major operation processes for public rental housing to ensure the execution of the reserve housing plan set by the Beijing Municipal Government:

- We acquire public rental housing supplemental to commodity housing projects and public rental housing projects wholly developed by other affordable housing construction entities; and

- We, through self-owned capital or market financing, construct public housing projects on land allocated by the local authorities upon approval by the Beijing Development and Reform Commission and other relevant departments and upon satisfaction of relevant procedure requirements for construction.

After the construction/acquisition of the affordable housing, we provide rental services to designated eligible families in queue.

Reserve Housing

Under our reserve housing business, we provide affordable housing for sale. We are entrusted by the Beijing Municipal Commission of Housing and Urban-rural Development to engage in the construction, acquisition and sales of affordable housing, including resettlement housing and affordable shared housing. As part of our operating process, we may either (1) acquire resettlement housing units according to the PRC government's requirements, or (2) construct our own reserve housing properties, after which we shall offer our reserve housing units for sale. For details of our reserve housing project portfolio as at the date of the Offering Circular, see "*— Our Business — Our project portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue from our reserve housing business was RMB1,916.4 million, RMB466.1 million, RMB2,100.3 million, RMB353.1 million and RMB1,438.5 million, respectively, which accounted for approximately 71.4%, 28.7%, 59.4%, 25.2% and 55.4%, respectively, of our total revenue during the same periods.

Our reserve housing projects usually involve planning, construction / acquisition and sale stages. The Beijing Municipal Government sets up a reserve housing plan annually based on the requirement of national policies, the market reality, public feedback, and other factors, entrusting the execution to us. We adopt two business models for our reserve housing sale to ensure the execution of the reserve housing plan made by the Beijing Municipal Government:

- Constructing designated reserve housing according to the arrangement of the Beijing Municipal Government through self-owned capital or market financing, on land allocated by the local authorities upon approval by the Beijing Development and Reform Commission and other relevant departments and upon satisfaction of relevant procedure requirements for construction; and

- Collecting and purchasing scattered affordable housing, integrating existing affordable housing resources, and consolidating and renovating the acquired public housing inventories for the market-reentry process.

After the construction / acquisition of the affordable housing, we sell it to designated qualified families according to the specific sales plan formulated by the Beijing Housing and Urban-rural Development Committee and other relevant departments, which include the selling targets and prices. We will pay back the financing principal and interests with revenues generated from the sales.

The table below sets forth the details of our properties sold as reserve housing as at 31 December 2020:

Projects	Units	Total GFA (sq.m.)
Baiziwan Resettlement House Project	1,106	91,062
Yanbao·Qidong Jiayuan Resettlement House Phase I Project	11	706
Fangshan District Bi'an Lanting Phase II Project	38	3,612
Repurchase (Acquisition) Housing Business Project	3	256
Fengtai Nanyuan Project	182	14,556
Tongzhou District Yanguang Huating Project	160	11,826
Chaoyang District Dingfu Jiayuan Project	20	2,093
Shunyi District Scattered Resettlement House Project	19	1,778
Total	**1,539**	**125,889**

Commercial Property Management

We also engage in commercial property management in relation to the rental commercial properties which form part of our public rental housing areas. Such commercial properties form no more than 15% of the entire site area of the public housing projects, and are designed to achieve breakeven for such projects. The commercial properties consist of shops such as supermarkets and other businesses relating to livelihood activities. We enter into property management service contracts with tenants of the commercial properties and receive rent accordingly. For details of our commercial property management project portfolio as at the date of this Offering Circular, see "*Our Business — Our project portfolio*". In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue from our commercial property management business was RMB48.6 million, RMB82.0 million, RMB83.3 million, RMB87.6 million and RMB66.0 million, respectively, which accounted for approximately 1.8%, 5.1%, 2.4%, 6.3% and 2.5%, respectively, of our total revenue during the same periods.

Others

We also undertake other business operations such as (1) a management business, for the provision of consulting services for engineering design, procurement and construction, and (2) an entrusted loan business, to provide financial support to entities engaging in the construction of affordable housing projects. Through our other business operations, we aim to further strengthen the housing security in Beijing as our support to the local government's public policy. See "*Risk Factors — Risks Relating to our Business — We rely on support from the PRC government (including the Beijing SASAC), and if the PRC government reduces its support to us, our business, financial position and results of operations may be materially and adversely affected*." In 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, our revenue from our other businesses was RMB12.3 million, RMB9.9 million, RMB31.1 million, RMB5.8 million and RMB7.1 million, which accounted for approximately 0.5%, 0.6%, 0.9%, 0.4% and 0.3%, respectively, of our total revenue during the same periods.

INTELLECTUAL PROPERTY

As at 30 September 2020, we owned 162 trademarks, one copyright, and five domain names which were registered in the PRC. We rely to a significant extent on our brand name, in marketing our properties, but our business is otherwise not materially dependent on any intellectual property rights. We believe that we did not suffer from any infringement of our intellectual property rights by any third parties or violate any intellectual property rights of third parties in 2017, 2018, 2019 and the nine months ended 30 September 2020.

INSURANCE

According to applicable PRC laws and regulations, property developers are not required to maintain insurance coverage in respect of their property development operations. We typically require the construction contractors of our property development projects to purchase construction-in-progress insurance for our projects under development. We also maintain property insurance for all of our public rental housing projects according to applicable PRC laws and regulations. We have not maintained insurance in respect of litigation risks, business termination risks, product liability or our important personnel, as such is not required under the applicable PRC laws and regulations. There is a risk that we may incur uninsured losses, damage or liabilities. See "*Risk Factors — Risks Relating to Our Business — We may not have adequate insurance coverage to cover our potential liability or losses and, as a result, our business, results of operations and financial condition may be materially and adversely affected.*"

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We are subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. See "*Regulations — Major Laws and Regulations — Environmental Protection Management*" for details of these laws and regulations. Pursuant to these laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, we are required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered.

Under our typical construction contracts, we require our contractors to strictly comply with relevant environmental and safety laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any default or non-compliance identified.

As at the date of this Offering Circular, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our property development projects. As at the date of this Offering Circular, we have obtained all required approvals in relation to the environmental impact reports, where applicable, for our projects under development.

In respect of social responsibilities, in particular health, work safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations.

We maintain social welfare insurance for our full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance and unemployment insurance, in accordance with relevant PRC laws and regulations.

Our employee's administrative measures contain policies and procedures regarding work safety and occupational health issues. We provide our employees with annual medical checks and safety training, and our construction sites are equipped with safety equipment including gloves, boots and hats. Our chairman's office is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

As at the date of this Offering Circular, we had not encountered any material safety accident, there were no claims for personal or property damages and no compensation was paid to employees in respect of claims for personal or property damages related to safety accidents.

EMPLOYEES

As at 31 December 2020, we had a total of 756 employees. Substantially all of our employees are located in the PRC. A breakdown of our employees by function as at 31 December 2020 is set forth below:

Function	Number of employees
Leadership	88
Administration	22
Operations	274
Employees at wholly-owned subsidiaries	85
Employees at subsidiaries with a controlling interest	287
Total	756

We believe that the successful implementation of our strategies rests on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit employees from well-known universities in the PRC. We have implemented systematic vocational training programmes for our employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. We believe that these initiatives have contributed to increased employee productivity.

The remuneration package includes salary, bonus and other cash subsidies. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of salary raises, bonuses and promotions. We are subject to social insurance contribution plans organised by the PRC local governments. In accordance with the relevant national and local labour and social welfare laws and regulations, we are required to pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. We believe the salaries and benefits that our employees receive are competitive in comparison with market rates.

LEGAL PROCEEDINGS

We are from time to time involved in disputes and legal proceedings arising in the ordinary course of our business, mainly as claimant for the recovery of rent from our public rental housing projects. As at the date of this Offering Circular, except as stated in this Offering Circular, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. However, we cannot assure you that material legal proceedings, claims or disputes will not arise in the future. See *"Risk Factors — Risks Relating to Our Business — We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result"*.

MANAGEMENT OF THE GUARANTOR

The Guarantor is a whole people-owned enterprise (全民所有制企業) and adopts the general manager responsibility system (總經理負責制). The table below sets out certain information in respect of the management of the Guarantor.

Name	Age	Position
JIN Yan (金焱)	56	General manager
WANG Lei (王磊)	49	Labour union chairman
WEI Li (魏莉)....................................	49	Deputy general manager, Legal Advisor
LI Chiying (李持纓)...........................	52	Deputy general manager
PENG Xianghui (彭湘暉)....................	48	Deputy general manager
WANG Chunhe (王春河)	59	Secretary of Disciplinary Inspection Committee
SHEN Yihong (沈怡宏)	51	Deputy general manager
SUN Jie (孫潔)	57	Deputy general manager
WANG Yu (王鈺)..............................	56	Assistant to general manager
FU Si (付思)	57	Assistant to general manager

GENERAL MANAGER

Mr. JIN Yan (金焱), aged 56, senior political engineer, has been the general manager of the Guarantor since June 2014. Mr. Jin joined the Guarantor since June 2011. Mr. Jin has solid experience in political engineering and project management. Prior to joining the Guarantor, Mr. Jin was a member and a deputy director of the 2008 Beijing Olympics stadium construction command post office, a vice-commander of the frontline support to the earthquake zones, and a vice-commander to the economic co-operation working group (Yushu, Qinghai).

LABOUR UNION CHAIRMAN

Mr. WANG Lei (王磊), aged 49, economist, has been the labour union chairman of the Guarantor since November 2018. Mr. Wang Lei joined the Guarantor since August 2014. Prior to joining the Guarantor, Mr. Wang Lei was a deputy director at the division of enterprise reorganisation of the State Asset Management Commission of Beijing Municipality.

DEPUTY GENERAL MANAGER CUM LEGAL ADVISOR

Ms. WEI Li (魏莉), aged 49, senior economist, has been the deputy general manager of the Guarantor since May 2020 as well as the legal advisor of the Guarantor since November 2020. Prior to joining the Guarantor, Ms. Wei was a director at the operations department of Beijing Urban Construction Group, a project cost management director at Beijing Science Park Development (Group) Co., Ltd., a deputy manager at Zhongguancun western district project construction and cost management centre, as well as a director and chief economist at the Beijing Inno-olympic Group Co., Ltd.

SECRETARY OF DISCIPLINARY INSPECTION COMMITTEE

Mr. WANG Chunhe (王春河), aged 59, economist and senior political engineer, has been the Secretary of Disciplinary Inspection Committee of the Guarantor since November 2019. Mr. Wang Chunhe joined the Guarantor since September 2015. Prior to joining the Guarantor, Mr. Wang Chunhe served various positions at the Beijing Grain Industry Company, including but not limited to office manager, operations manager (urban), and business manager of the Hainan branch. Mr. Wang Chunhe also served various positions at the Beijing Grain Group Co., Ltd., including but not limited to deputy director of business (flour) and human resources manager.

DEPUTY GENERAL MANAGERS

Mr. LI Chiying (李持纓), aged 52, economist, has been the deputy general manager of the Guarantor since July 2012. Mr. Li joined the Guarantor since August 2011. Prior to joining the Guarantor, Mr. Li was a staff member at the integrated department and consultation department at the House Reform Office of the Beijing Municipal People's Government, a deputy consultation manager at the Beijing Urban Construction Group, a director and chief economist at the personal finance management division of the Beijing Housing Reserve Fund Management Center, and a general manager at the Beijing housing loan personal credit information service centre.

Mr. PENG Xianghui (彭湘暉), aged 48, has been a deputy general manager of the Guarantor since February 2021. Mr. Peng joined the Guarantor since February 2021. Prior to joining the Guarantor, Mr. Peng held several positions and had extensive experience in the defence and construction industry, including but not limited to engineer of the Air Force, assistant to the general logistic department of Construction Bureau, deputy director of engineering construction department and director of logistics department of the Military Facilities Construction Bureau.

Mr. SHEN Yihong (沈怡宏), aged 51, has been a deputy general manager of the Guarantor since March 2018. Mr. Shen joined the Guarantor since June 2011. Prior to joining the Guarantor, Mr. Shen was a deputy office manager of the Xuanwu District Office of Beijing Municipality, participating in the district construction, etc.

Ms. SUN Jie (孫潔), aged 57, accountant, has been the deputy general manager of the Guarantor since December 2020. Ms. Sun joined the Guarantor since September 2011. Prior to joining the Guarantor, Ms. Sun was an accounting manager at the Beijing Third Construction Engineering Company. Ms. Sun also served various positions at the Beijing Urban Construction Group Co., including but not limited to chief accountant of the project management department at the Beijing Urban Construction Yatai Group Co., Ltd., director at the Beijing Urban Construction Rail & Transit Construction Co., Ltd., and chief financial officer at the Beijing Urban Construction Investment Development Shareholding Co., Ltd.

ASSISTANTS TO GENERAL MANAGERS

Mr. WANG Yu (王鈺), aged 56, has been the assistant to deputy general manager of the Guarantor since July 2012. Mr. Wang Yu joined the Guarantor since August 2011. Prior to joining the Guarantor, Mr. Wang Yu was a major member of the management committee secretariat, a deputy manager of the news promotion centre and assistant researcher to the office secretariat at the Beijing Western Railway Station District Management, as well as a deputy director of the administration and secretariat department of the Beijing "2008" engineering construction command post office.

Mr. FU Si (付思), aged 57, has been the assistant to deputy general manager of the Guarantor since September 2018. Mr. Fu joined the Guarantor since December 2015. Prior to joining the Guarantor, Mr. Fu served as various positions at the Beijing Municipal Bureau of Finance, a member at the Beijing Municipal Bureau of Finance Fifth and First Division, the chief officer at the Division of Budget for State-Owned Capital Operation. Mr. Fu is also the chairman of the Guarantor's wholly-owned subsidiary, Beijing Yanbao Investment Co., Ltd.

EXCHANGE RATE INFORMATION

The People's Bank of China sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. 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. 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 interbank foreign exchange spot market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0 per cent. The band was further expanded to 2.0 per cent. on 14 March 2014. 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 (the "**CFETS**") 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. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS will add 11 currencies newly listed on CFETS in 2016 and the number of basket currencies will increase from 13 to 24. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the exchange rate of the Renminbi against the U.S. dollar for the periods presented.

	Noon buying rate(1)			
Period	**Low**	**Average(2)**	**High**	**Period End**
		RMB per U.S.$1.00		
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2221	6.2990	6.3879	6.2301
2013	6.0537	6.1412	6.2438	6.0537
2014	6.0402	6.1704	6.2591	6.2046
2015	6.1870	6.2869	6.4896	6.4778
2016	6.4480	6.6549	6.9580	6.9430
2017	6.4773	6.7350	6.9575	6.5063
2018	6.8343	6.8839	6.9077	6.8755
2019	6.9618	6.9081	7.1786	6.6822
2020	6.5208	6.8878	7.1681	6.5250
October	6.6503	6.7254	6.7898	6.6919
November	6.5556	6.6029	6.6899	6.5760
December	6.5208	6.5393	6.5705	6.5250
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4344	6.4601	6.4869	6.4730
March (through 5 March)	6.4648	6.4736	6.4960	6.4960

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.

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to our business and operations and the overseas financing. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to our business and operations or the overseas financing.

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

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

- Ministry of Housing and Urban-Rural Development of the People's Republic of China (the "**MOHURD**") (formerly Ministry of Construction of the People's Republic of China, 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 the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards, etc.

- Ministry of Transport of the People's Republic of China (the "**MOT**") and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.

- National Railway Administration of the People's Republic of China (formerly Ministry of Railways, the "**MOR**") and the competent local departments of MOR at various levels are responsible for the railway construction projects 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 People's Republic of China (former Ministry of Environmental Protection of the People's Republic of China and 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.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

In accordance with the Administrative Provisions on the Management of Construction Costs of Capital Construction Projects (基本建設項目建設成本管理規定) issued by the Ministry of Finance of the PRC on 1 September 2016, the construction agency established (or authorised to be established) by the government can be deemed as a department of the government and can directly prepare annual investment plan and annual budget for city infrastructure construction. In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and 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, Notice of the State Council on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平臺公司管理有關問題的通知) ("**Circular 19**") and Notice of NDRC on Further Regulating

Issuance of Bonds by Financing Platform of Local Government (國家發展改革委辦公廳關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

On 21 September 2014, Several Opinions of the State Council on Strengthening the Administration of Local Government Debts (國務院關於加強地方政府債務管理的意見) ("**Circular 43**") was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the 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 public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to 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 MOF of the PRC, the 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臺公司在建項目後續融資問題意見) ("**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 relevant regulations manuscript by competent investment authorities before the date when the Circular 43 was promulgated.

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

- *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 have been signed before 31 December 2014 and the loans have 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 blindly 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 increment financing needs which are expected to be given fiscal support 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 capitals 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 government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.

- *Administer in an effective and proper manner 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 in respects such as farmland water conservancy facilities, affordable housing projects and urban railway systems.

- *Improve supporting measures*. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding 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 efforts to effectively use the stock of 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.

Qualification of Construction Enterprises

In accordance with the Construction Law of the People's Republic of China (中華人民共和國建築法) amended by Standing Committee of the National People's Congress (the "**SCNPC**") on 22 April 2011 and becoming effective on 1 July 2011 and on 23 April 2019 becoming effective on the same date, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated by MOHURD on 22 January 2015 which became effective on 1 March 2015 which was amended by MOHURD on 22 December 2018 becoming effective on the same date. Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見) issued by MOHURD on 31 January 2015 and became effective on 1 March 2015 which was amended on 16 January 2020 becoming effective on the same date. Criterion for Qualification of Construction Enterprises (建築業企業資質標準) promulgated by MOHURD on 6 November 2014 which became effective on 1 January 2015, and Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準) issued by MOC on 13 March 2007 and became effective on the same date, Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) promulgated by MOC on 26 June 2007 which became effective on 1 September 2007, Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定實施意見) issued by MOC on 21 August 2007 and became effective on the same date, Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定) promulgated by MOC on 26 June 2007 and became effective on 1 August 2007 which was amended on 22 December 2018 becoming effective on the same date, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見) issued by MOC on 31 July 2007 and became effective on the same date, as well as other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

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.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012 and was amended respectively on 1 March 2017, 19 March 2018 and 2 March 2019 which became effective on the corresponding 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 People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 which 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 MOC on 24 January 2017 and became effective on 1 May 2017, Provisions on Engineering Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) issued by NDRC on 1 June 2018 and became effective on the same date, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date, and was amended on 28 September 2018 which became effective on the same date.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋) issued by the Supreme People's Court on 25 October 2004 and became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and became effective on the same date and was amended on 23 April 2019, which became effective on the same date, Administrative Measures for Quality Management of

Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and became effective on the same date, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOHURD and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date.

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.

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by SCNPC on 29 June 2002 which became effective on 1 November 2002, and amended respectively on 27 August 2009 and 31 August 2014 which amendment became effective on 1 December 2014, Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licenses (安全生產許可證條例) by State Council on 13 January 2004 and became effective on the same date, and amended respectively on 18 July 2013 and 29 July 2014 which became effective on the same date. Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation (《生產安全事故報告和調查處理條例》罰款處罰暫行規定) promulgated by State Administration of Work Safety on 12 July 2007 which became effective on the same date, and amended respectively on 1 September 2011 and 2 April 2015 which became effective on 1 May 2015, and Administrative Provisions on Work Safety Licenses of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015 which became effective on the same date.

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. Any enterprise failing to obtain the work safety license shall not carry out production activities. 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.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and amended respectively on 2 July 2016 and 29 December 2018 becoming effective on the same date, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and was amended on 16 July 2017 becoming effective on 1 October 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which became effective on the same date.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of

Construction Projects upon Completion, the PRC Government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the SCNPC, which became effective on 26 December 1989, as amended on 24 April 2014 which became effective on 1 January 2015, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 5 September 1987 by the SCNPC, which became effective on 1 June 1988, and amended on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018 which became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (水污染防治法), promulgated on 11 May 1984 by the SCNPC, which became effective on 1 November 1984, and amended on 15 May 1996, 15 September 2007 and 28 February 2008 and 27 June 2017 separately which became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Environmental Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the SCNPC on 29 October 1996, which became effective on 1 March 1997, and was amended on 29 December 2018 becoming effective on the same date establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the SCNPC on 28 October 2002, which became effective on 1 September 2003 and was amended on 29 December 2018 becoming effective on the same date, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998 and was amended on 16 July 2017 becoming effective on 1 October 2017, and the Measures for the Administration of Examination and Approval of Environmental Protection

Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法), promulgated by the Ministry of Environmental Protection on 27 December 2001, which became effective on 1 February 2002, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment Contracts

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

Employee Funds

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

REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the Administrative Measures for the Overseas Investment by Enterprises (企業境外投資管理辦法) effective from 1 March 2018, the procedure of approval and filing shall be respectively applied to different overseas investment projects. Specifically, if the project is related to sensitive countries, regions or industries, regardless of the investment amount, or if overseas investment projects are carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.$300 million, the projects shall be subject to the approval of NDRC.

Those carried out by local enterprises in which the amount of Chinese investment is below U.S.$300 million shall be subject to the filing with competent investment departments of the provincial government.

These Measures apply mutatis mutandis to the investment projects to be carried out in Hong Kong and/or the Macau.

For example, the NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the Risk Alerts on Issuance of Foreign Debt by Enterprises (企業境外發債風險提示) issued by the NDRC on 25 May 2016, enterprises that fail to fulfil the registration or post-issue filing requirements shall be reported on the integrity blacklist and the national credit information sharing platform as well as be subject to joint sanctions by the NDRC and relevant authorities. There is no assurance that the post-issue filing of the issuance of the Bonds with the NDRC can be completed by the Company or that the filing with the NDRC will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Guarantor submitted the application for the registration of foreign debt to the NDRC and received NDRC's approval on the offering of the Bonds on 7 September 2020.

MOFCOM Supervision

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

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

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

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

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

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

Foreign Exchange Administration

According to Circular of the State Administration of Foreign Exchange on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

State-owned Assets Supervision

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

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

(1) where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;

(2) where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;

(3) where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or

(4) other circumstances in which property right registration needs to be made.

Qualification of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) promulgated by MOC on 16 November 1993 which became effective on 1 December 1993 and was amended on 29 March 2000 and further amended on 4 May 2015 which amendment became effective on the same date, a real estate developer must apply for a qualification classification certificate. An enterprise may not engage in the development and operation of properties without a qualification classification certificate for real estate development. MOC is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers.

Engagement in real estate development and operation by a developer without obtaining the required provisional or formal qualification certificate, or by overstepping its qualification class, may result in a fine ranging from RMB50,000 to RMB100,000. If the developer fails to rectify within the specified time limit, the authorities shall revoke the qualification certificate, and submit the matters to administrative authorities for industry and commerce for the revocation of the business license. Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer should be annually inspected.

PRC Currency Controls

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 Procedures* (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 MOFCOM and the 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 denominated 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.

Cross-Border Security Laws

On 12 May 2014, the SAFE promulgated the Circular concerning Promulgation of the Foreign Exchange Administration Rules on Cross-Border Guarantees and the Relating Implementation Guidelines (國家外匯管理局關於發佈《跨境擔保外匯管理規定》的通知) (collectively, "**Circular 29**"). Circular 29, which came into force on 1 June 2014, replaced 12 other regulations regarding cross-border security and introduces a number of significant changes, including: (i) abolishing prior SAFE approval and quota requirements for cross-border security; (ii) requiring SAFE registration or filing for two specific types of cross-border security only; (iii) removing eligibility requirements for providers of cross-border security; (iv) the validity of any cross-border security agreement is no longer subject to SAFE approval, registration, filing, and any other SAFE administrative requirements; and (v) removing SAFE verification requirement for performance of cross-border security. A cross-border guarantee is a form of security under Circular 29. Circular 29 classifies cross-border security into three types:

- Nei Bao Wai Dai (內保外貸) ("**NBWD**"): security/guarantee provided by an onshore security provider for a debt owing by an offshore debtor to an offshore creditor.

- Wai Bao Nei Dai (外保內貸) ("**WBND**"): security/guarantee provided by an offshore security provider for a debt owing by an onshore debtor to an onshore creditor.

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

In respect of NBWD, in the case where the onshore security provider is a non-financial institution, it shall conduct a registration of the relevant security/guarantee with SAFE within 15 business days after the execution of the Deed of Guarantee. In the event of changes to the major clauses of the Deed of Guarantee, it shall conduct a change registration for the relevant security/guarantee. According to Circular 29, the funds borrowed offshore shall not be directly or indirectly repatriated to or used onshore by means of loans, equity investments or securities investments without SAFE approval. According to Circular of the State Administration of Foreign Exchange on Further Advancing Foreign Exchange Administration Reform to Enhance Authenticity and Compliance Reviews (國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知) issued by the SAFE on 26 January 2017, funds for overseas loans under domestic guarantees are allowed to be repatriated into the PRC for domestic use. Debtors can repatriate, directly or indirectly, the funds under guarantees for domestic use through issuing loans to or equity participation in domestic institutions. Further, according to the Policy Q&As (Issue II) on the Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance, in the case where the offshore debtor transfers the funds borrowed offshore by means of foreign loans onshore, the onshore borrower shall meet the relevant requirements for foreign debt administration and control the scale of funds repatriated according to the relevant requirements of the mode of macro-prudential management of full-covered cross-border financing or the mode required in the Administration Measures for Registration of Foreign Debts. In the case where the offshore debtor transfers the funds by means of equity investment onshore, it shall meet the requirements from the competent authorities in the area of foreign direct investment.

Upon enforcement, the onshore security provider can pay to the offshore creditor directly (by effecting remittance through an onshore bank) where the NBWD has been registered with SAFE. In addition, if any onshore security provider under a NBWD provides any security or guarantee for an offshore bond issuance, the offshore issuer's equity shares must be fully or partially held directly or indirectly by the onshore security provider. Moreover, the proceeds from any such offshore bond issuance must be applied towards the offshore project(s), where an onshore entity holds equity interest, and in respect of which the related approval, registration, record, or confirmation have been obtained from or made with the competent authorities subject to PRC laws.

The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds. The Guarantor's obligations in respect of the Bonds are contained in the Deed of Guarantee. The Deed of Guarantee will be executed by the Guarantor on or before the Issue Date. Under Circular 29, the Deed of Guarantee does not require any pre-approval by SAFE and is binding and effective upon execution. The Guarantor is required to submit the Deed of Guarantee to the local SAFE for registration within 15 business days after its execution. The SAFE registration is merely a post signing registration requirement, which is not a condition to the effectiveness of the Guarantee of the Bonds.

Under Circular 29, the local SAFE will go through a procedural review (as opposed to a substantive examination process) of the Guarantor's application for registration. Upon completion of the review, the local SAFE will issue a registration notice or record to the Guarantor to confirm the completion of the registration.

Under Circular 29:

- non-registration does not render the Guarantee of the Bonds ineffective or invalid under PRC law although SAFE may impose penalties on the Guarantor if submission for registration is not carried out within the stipulated time frame of 15 business days; and

- there may be logistical hurdles at the time of remittance (if any cross-border payment is to be made by the Guarantor under the Guarantee of the Bonds) as domestic banks require evidence of SAFE registration in order to effect such remittance, although this does not affect the validity of the Guarantee of the Bonds itself.

The Terms and Conditions of the Bonds provide that the Guarantor will register, or cause to be registered, the Deed of Guarantee with SAFE within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with, and within the time period prescribed by, Circular 29 and use its best endeavours to complete the registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the date following 90 calendar days after the Issue Date (the "**SAFE Registration Deadline**"). If the Guarantor fails to complete the SAFE registration and (i) provide the Trustee with, among other things, the certificate confirming the completion the Cross-Border Security Registration (as defined in the Terms and Conditions of the Bonds), and (ii) give notice to the Bondholders in accordance with Condition 15 of the Terms and Conditions of the Bonds before the SAFE Registration Deadline, the Bondholders will have a put option to require the issuer to redeem the Bonds held by them at their principal amount together with accrued interest (see Condition 5(c) of the Terms and Conditions of the Bonds).

TAXATION

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

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds 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 that 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 and redemption of 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 Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

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

PRC

Income Tax

Pursuant to the PRC EIT Law effective on 1 January 2008 and amended on 24 February 2017 and 29 December 2018 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, if the Issuer is treated as a PRC "resident enterprise", the interests paid by the Issuer in respect of the Bonds might be regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be), in such case an income tax will be imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer 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% (for non-resident enterprises) of the gross amount of the interest, unless a lower rate is applicable. For example, 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 Arrangement between the PRC and Hong Kong for Purpose of the Avoidance of Double Taxation will be 7 per cent. of the gross amount of the interest pursuant to the arrangement between the PRC and Hong Kong and relevant interpretation of the arrangement formulated by SAT of the PRC.

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% 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 an arrangement between the PRC and Hong Kong for avoidance of double taxation, 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. In addition, as the Guarantor is a PRC resident enterprise, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, the Guarantor will be obliged to withhold PRC enterprise income tax at a rate of 10% on such payments to non-PRC resident enterprise holders of the Bonds and 20 per cent. for non-resident individual holders of the Bonds if such interest payments are deemed to be derived from sources within the PRC. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

Value Added Tax

On 23 March 2016, MOF and 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 unless otherwise provided for by MOF and SAT. 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 services" refer to the activities of lending capital for another's use and receiving the interest income thereon. Based on such an interpretation, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer or the Guarantor, which thus shall be regarded as the provision of financial services. Accordingly, if the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that the holders of the Bonds are providing loans within the PRC, or if the interest component of the amount payable by the Guarantor to the holders of the Bonds under the Guarantee is viewed as interest income arising within the territory of the PRC, the holders of the Bonds shall be subject to the value-added tax at the rate of 6 per cent. when receiving the interest payments under the Bonds. In addition, the holders of the Bonds shall be subject to the local levies at approximately 12 per cent. of the value-added tax payment and consequently, the combined rate of value-added tax and local levies would be around 6.72 per cent.. Given that the Issuer or the Guarantor pays interest income to the holders of the Bonds who are located outside of the PRC, the Issuer or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold the value-added tax and local levies from the payment of interest income to holders of the Bonds who are located outside of the PRC.

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

Stamp Duty

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

The proposed financial transactions tax ("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 Commission's Proposal remains subject to negotiation between participating Member States and the legality and scope of the tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating member states may decide to withdraw.

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold 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 the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

Our Historical Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to our financial information of included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to us. The differences identified below are limited to those significant differences that are appropriate to our financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. We have not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and have not quantified such differences. Had any such quantification or reconciliation been undertaken by us, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisors 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 shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

Reversal of 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.

Under IFRS, government-related entities are still treated as related parties.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with Huatai Financial Holdings (Hong Kong) Limited, ABCI Capital Limited, Bank of China Limited, Bank of Communications Co., Ltd. Hong Kong Branch, BOSC International Company Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, CMB Wing Lung Bank Limited, CMB International Capital Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, China Securities (International) Corporate Finance Company Limited, Haitong International Securities Company Limited, ICBC International Securities Limited, Industrial and Commercial Bank of China (Macau) Limited, Industrial and Commercial Bank of China (Asia) Limited, Kaisa Financial Group Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Silk Road International Capital Limited and Target Capital Management Limited (together, the "**Joint Lead Managers**") dated 16 March 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue, the Guarantor has agreed to guarantee and the Joint Lead Managers have severally and not jointly agreed with the Issuer and the Guarantor to subscribe and pay for, or to procure subscribers to subscribe and pay for, the principal amount of the Bonds as set forth opposite their names in the following table.

Joint Lead Managers	**Principal amount of the Bonds (U.S.$)**
Huatai Financial Holdings (Hong Kong) Limited	100,000,000
ABCI Capital Limited	10,000,000
Bank of China Limited	10,000,000
Bank of Communications Co., Ltd. Hong Kong Branch	10,000,000
BOSC International Company Limited	10,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch	10,000,000
China International Capital Corporation Hong Kong Securities Limited	10,000,000
CMB Wing Lung Bank Limited	10,000,000
CMB International Capital Limited	10,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch	10,000,000
CMBC Securities Company Limited	10,000,000
CNCB (Hong Kong) Capital Limited	10,000,000
China Securities (International) Corporate Finance Company Limited	10,000,000
Haitong International Securities Company Limited	10,000,000
ICBC International Securities Limited	10,000,000
Industrial and Commercial Bank of China (Macau) Limited	10,000,000
Industrial and Commercial Bank of China (Asia) Limited	10,000,000
Kaisa Financial Group Company Limited	10,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	10,000,000
Silk Road International Capital Limited	10,000,000
Target Capital Management Limited	10,000,000
Total	**300,000,000**

The Joint Lead Managers are offering the Bonds in accordance with the terms of the Subscription Agreement and subject to certain conditions contained in the Subscription Agreement, including, *inter alia*, the receipt by the Joint Lead Managers of documentation related to the issuance and sale of the Bonds and legal opinions. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances at any time prior to payment of the net subscription monies of the Bonds to the Issuer. The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds.

The Issuer (failing whom the Guarantor) will pay the Joint Lead Managers' customary fees and commissions in connection with the offering and will reimburse the Joint Lead Managers for certain fees and expenses incurred in connection with the offering.

The Joint Lead Managers propose initially to offer the Bonds at the Issue Price set forth on the cover page of this Offering Circular and for resale in transactions not requiring registration under the Securities Act pursuant to Regulation S.

If a jurisdiction requires that the issue of the 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, the issue of the Bonds shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

Price Stabilisation and Short Positions

In connection with the issue of the Bonds, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager(s) or any person acting on behalf of the Stabilisation Manager(s) will undertake stabilisation action. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the Joint Lead Managers.

Neither the Issuer, the Guarantor nor the Joint Lead Managers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Bonds. In addition, neither the Issuer, the Guarantor nor the Joint Lead Managers make any representation that any Joint Lead Manager or its agent will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Other Relationships

Each of the Joint Lead Managers or its affiliates may place orders, receive allocations and purchase the Bonds for its or its own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or the securities of the Issuer, the Guarantor and their respective subsidiaries or associates and the other members of the Group 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 purchaser of the Bonds). Each Joint Lead Manager and/or its affiliate(s) may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes, acting as investor for their own accounts and not with a view to distribution, and may in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or the Guarantor or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factors — Risks Relating to the Bonds and the Guarantee — The liquidity and price of the Bonds following this offering may be volatile.*"). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Bonds and could adversely affect the trading prices of the Bonds. The Joint Lead Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associates or other members of the Group from time to time. They have received, and may in the future receive, customary fees and commissions for these transactions. In addition to the transactions noted above, the Joint Lead Managers and their affiliates may, from time to time, engage in other transactions with, and perform services for, the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associates or other members of the Group in the ordinary course of their business. In addition, the Joint Lead Managers and certain of their respective subsidiaries and affiliates may hold shares or other securities in the Issuer or the Guarantor as beneficial owners, on behalf of clients or in the capacity of investment advisors.

Selling Restrictions to the Offering

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 with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers.

United States

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds or Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented, warranted and agreed that no Bonds will be offered or sold and may not be offered or sold in the PRC (for such purposes, not including the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan) directly or indirectly, except in compliance with applicable laws and regulations of the PRC. The Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful or make the offer or solicitation in the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (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, 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.

Singapore SFA Product Classification: *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).*

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 Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 227817801 and the ISIN for the Bonds is XS2278178012. The Legal Entity Identifier of the Issuer is 8755009APYE01B5RUJ48.

2. **Authorisations:** Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of their respective obligations under the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the directors of the Issuer dated 4 January 2021. The giving of the Guarantee was authorised by a resolution of the general office committee of the Guarantor dated 25 December 2020.

3. **Registrations and Filings:** The Guarantor will undertake to file or cause to be filed with SAFE after the Issue Date, within the time period prescribed by SAFE pursuant to relevant laws and regulations, the requisite information and documents as required by the relevant regulatory authority.

4. **No Material and Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective material adverse change, in our condition (financial or otherwise), prospects, properties, results of operations, business or general affairs since 30 September 2020.

5. **Litigation:** None of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings which we believe is material in the context of the Bonds or the giving of the Guarantee nor are we aware that any such proceedings are pending or threatened.

6. **Available Documents:** So long as any of the Bonds is outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement will be available for inspection by the Bondholders from the Issue Date upon prior written request and proof of identity and holding to the satisfaction of the Principal Paying Agent all reasonable time during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the Principal Paying Agent, which at the date of this Offering Circular is at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

7. **Guarantor's Financial Statements:** Our audited consolidated financial information as at and for the years ended 31 December 2017, 2018 and 2019 included elsewhere in this Offering Circular has been extracted from the Audited Consolidated Financial Statements. The Audited Consolidated Financial Statements have been prepared in accordance with PRC GAAP and audited by Zhongxi.

   Our unaudited but reviewed consolidated financial information as at and for the nine months ended 30 September 2019 and 2020 included elsewhere in this Offering Circular has been extracted from the Reviewed Interim Consolidated Financial Statements. The Reviewed Interim Consolidated Financial Statements have been prepared in accordance with PRC GAAP and reviewed by Zhongxi.

8. **Listing of Bonds:** Application will be made to the HKSE for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.

   Application will be made to the MOX for the listing of the Bonds by way of debt issues to MOX Professional Investors only.

INDEX TO FINANCIAL STATEMENTS

BEIJING PUBLIC HOUSING CENTER

Auditors' Review Report

Zhongxi zhuan shen zi [2020] No.01698

ZHONGXI CPAs（SPECIAL GENERAL PARTNERSHIP）

Address: 11/F, Tower A, Xincheng Culture Building, No.11, Chongwenmenwai Street, Dongcheng District, Beijing, China

Postcode:100062

Tel:010-67085873

Fax:010-67084147

E-mail: zhongxi @zhongxicpa.net

Auditors' Review Report

Zhongxi zhuan shen zi [2020] No.01698

To the shareholders of Beijing Public Housing Center:

We have reviewed the accompanying financial statements of Beijing Public Housing Center, which comprise the consolidated and parent company balance sheets as at September 30,2020, and the consolidated and parent company income statements, the consolidated and parent company cash flow statements and the consolidated and parent company statements of changes in owners'equity for the nine months ended September 30,2020, and the notes to the financial statements. The management is responsible for preparation of these financial statements. Our responsibility is to express an opinion on these financial statements based on our review.

We conducted our review in accordance with the Review Standards for the Chinese Certified Public Accountants No.2101—Financial Statement Review. Those standards require that we plan and perform the review to obtain limited assurance whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and performing analytical procedures on the data. A review provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises, which failed to fairly reflect the financial situation, operating results and cash flow of the company in all material aspects.

Zhongxi CPAs
(Special General Partnership)

Beijing, China

Chinese Certificated Public Accountant:
Gong Guo Wei

Chinese Certificated Public Accountant:
Li Guo Sheng

Nov 30, 2020

Consolidated Balance Sheet

Prepared by : BEIJING PUBLIC HOUSING CENTER

September 30, 2020

Unit : RMB

Item	Note	September 30, 2020	December 31,2019	Item	Note	September 30, 2020	December 31,2019
Current assets:		-	-	Current liabilities:		-	-
Cash at bank and on hand	VIII(I)	9,104,529,443.08	9,071,693,067.09	Short-term borrowings	VIII(XVII)	200,000,000.00	
Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses				Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Trade Receivables	VIII(II)	2,717,294,349.70	1,575,899,179.67	Trade payables	VIII(XVIII)	4,802,559,526.34	3,597,656,243.80
Advances to Suppliers	VIII(III)	7,280,915,786.51	6,795,768,878.81	Advances from customers	VIII(XIX)	13,086,160,159.24	13,244,364,914.13
Other receivables	VIII(IV)	356,974,413.00	334,581,788.27	Employee benefits payable	VIII(XX)	906,700.06	1,964,872.54
Inventories	VIII(V)	16,909,754,031.55	17,563,750,483.51	Taxes and surcharges payable	VIII(XXI)	44,802,170.04	268,594,470.83
Assets held for sale			11,163,998.40	Other payables	VIII(XXII)	1,102,562,089.94	1,132,885,872.27
Non-current assets due within a year				liabilities held for sale			
Other current assets	VIII(VI)	553,929,614.47	673,945,274.66	Non-current liabilities due within a year	VIII(XXIII)	2,006,572,647.80	
Total current assets		38,923,397,638.31	36,026,802,670.41	Other current liabilities	VIII(XXIV)	2,918,828.94	320,196.20
Non-current assets:		-	-	Total current liabilities		21,246,482,122.36	18,245,786,569.77
Financial assets available for sale	VIII(VII)	450,160,000.00	450,160,000.00	Non-current liabilities:		-	-
Held-to-maturity investments				Long-term borrowings	VIII(XXV)	40,695,634,851.40	45,132,579,799.20
Long-term receivables	VIII(VIII)	29,395,110,034.50	31,414,090,034.50	Bonds payable	VIII(XXVI)	5,473,534,436.12	2,474,878,938.23
long-term equity investments	VIII(IX)	8,511,380.74	8,511,380.74	Long-term payables	VIII(XXVII)	538,437,352.61	641,352,483.26
Investment properties	VIII(X)	37,321,836,622.54	30,340,323,555.21	Long-term employee compensation payable			
Fixed assets	VIII(XI)	248,925,068.47	264,343,159.40	Estimated liabilities			
Construction in progress	VIII(XII)	15,501,203,211.18	17,943,899,034.33	Deferred income			
Productive biological assets				Deferred tax liabilities	VIII(XVI)	50,953.17	50,953.17
Oil and gas assets				Other non-current liabilities			
Intangible assets	VIII(XIII)	29,845,626.37	32,425,178.12	Total non-current liabilities		46,707,657,593.30	48,248,862,173.86
Development expenditure				Total liabilities		67,954,139,715.66	66,494,648,743.63
Goodwill	VIII(XIV)	155,669.79	155,669.79	Owners'equity:		-	-
Long-term prepaid expenses	VIII(XV)	7,931,926.24	9,726,038.56	Paid-in capital	VIII(XXVIII)	46,486,169,838.34	44,717,681,838.34
Deferred tax assets	VIII(XVI)	115,769,707.11	86,749,473.12	Other equity instruments			
Other non-current assets				Capital reserve			
Total non-current assets		83,079,449,246.94	80,550,383,523.77	Less:treasury stock			
				Other comprehensive income			
				Special reserve			
				Surplus reserve	VIII(XXIX)	199,247,553.86	199,247,553.86
				Undistributed profit	VIII(XXX)	1,530,778,760.39	1,474,667,166.89
				Total owners'equity attributable to the parent company		48,216,196,152.59	46,391,596,558.89
				Minority shareholders' equity		3,832,511,017.00	3,690,940,891.66
				Total owners'equity		52,048,707,169.59	50,082,537,450.55
Total assets		120,002,846,885.25	116,577,186,194.18	Total liabilities and owners' equity		120,002,846,885.25	116,577,186,194.18

Head of unit : Responsible person in charge of accounting work : Head of accounting agencies : 黄宁之印 Preparer :

Consolidated Income Statement

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30, 202(

Unit : RMB

Item	Note	Current period	Prior period
I.Total operating revenue		2,595,176,519.52	1,399,200,189.90
Including : Operating revenue	VIII(XXXI)	2,595,176,519.52	1,399,200,189.90
II.Total operating cost		2,438,114,315.16	1,313,245,569.56
Including : Operating cost	VIII(XXXI)	1,978,211,470.23	981,229,907.94
Taxes and surcharges	VIII(XXXII)	74,797,761.25	37,832,994.90
Sales expenses	VIII(XXXIII)	4,265,790.45	7,839,587.05
Administrative expenses	VIII(XXXIII)	116,020,489.25	134,279,452.30
Research and development expenses		1,552,223.74	342,254.90
Financial expense	VIII(XXXIII)	263,266,580.24	151,721,372.47
Including : Interest expense		1,463,553,133.47	1,557,593,279.16
Interest income		1,200,940,019.69	1,369,795,326.94
Others			
Add : Other income	VIII(XXXIV)	1,182,066.06	10,794.79
Investment income (loss indicated with"-")	VIII(XXXV)	14,975,273.13	7,772,676.73
Including : Income from investment in associated enterprises and joint ventures			
Income from changes in fair value (loss indicated with"-")			
Asset impairment loss (loss indicated with"-")		3,071,686.70	
Asset disposal income (loss indicated with"-")			
III.Operating profit (loss indicated with"-")		176,291,230.25	93,738,091.86
Add : Non-operating income	VIII(XXXVI)	403,950.19	762,857.15
Including : Government grants			
Less : Non-operating expenses	VIII(XXXVII)	529,846.00	2,239,638.74
IV. Gross profit (loss indicated with"-")		176,165,334.44	92,261,310.27
Less : Income tax expense	VIII(XXXVIII)	54,083,085.49	65,963,541.81
V.Net profit (loss indicated with"-")		122,082,248.95	26,297,768.46
(I) Classified by ownership			
Net profit attributable to the owner of the parent company		123,543,293.70	21,080,904.39
Minority interest		-1,461,044.75	5,216,864.07
(II) Classified by business continuity			
Net profit from continuing operations		122,082,248.95	26,297,768.46
Net profit from discontinued operations			
VI.Amount of other comprehensive net income after tax			
Amount of other comprehensive net income after tax attributable to equity holders of the parent company			
(I) Other comprehensive income that cannot be reclassified into profits and losses			
(II) Other comprehensive income that will be reclassified into profits and losses			
Amount of other comprehensive net income after tax attributable to the minority shareholders			
VII.Total comprehensive income		122,082,248.95	26,297,768.46
Total comprehensive income attributable to the owner of the parent company		123,543,293.70	21,080,904.39
Total comprehensive income attributable to the minority shareholders		-1,461,044.75	5,216,864.07
VIII.Earnings per share :		-	-
Basic earnings per share			
Diluted earnings per share			

Head of unit : 金焱　　Responsible person in charge of accounting work : 魏莉　　Head of accounting Agencies : 之黄印宁　　Preparer :

北京市保障性住房建设投资中心 1100000035686

Consolidated Cash Flow Statement

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30, 2020

Unit : RMB

Item	Current period	Prior period	Item	Current period	Prior period
I.Cash flows from operating activities :	—	—	Net cash paid to acquire subsidiaries and other business entities		
Cash received from the sale of goods or rendering of services	1,450,343,023.65	3,171,388,361.27	Other cash payments relating to investing activities		
Refunds of taxes	12,130,036.32	24,417,385.81	Sub-total of cash outflows from investing activities	4,263,647,193.22	3,260,848,642.87
Other cash receipts relating to operating activities	1,384,206,198.38	2,518,899,412.33	Net cash flows from investing activities	-1,881,059,593.22	-3,050,663,564.14
Sub-total of cash inflows from operating activities	2,846,679,258.35	5,714,705,159.41	III.Cash flows from financing activities :	—	—
Cash paid for goods and services	838,178,384.90	3,911,612,995.30	Cash received from capital contributions	1,848,488,000.00	250,000,000.00
Cash paid to and on behalf of employees	151,755,533.05	191,270,295.70	Including : Cash received from capital contributions from minority owners of subsidiary	158,504,388.24	250,000,000.00
Payments of all type of taxes	465,586,405.43	176,841,265.61	Cash received from borrowings	5,471,000,000.00	2,965,000,000.00
Other cash payments relating to operating activities	513,393,241.66	821,544,825.51	Other cash receipts relating to financing activities		
Sub-total of cash outflows from operating activities	1,968,913,565.04	5,101,269,382.12	Sub-total of cash inflows from financing activities	7,319,488,000.00	3,215,000,000.00
Net cash flows from operating activities	877,765,693.31	613,435,777.29	Cash repayments of amounts borrowed	4,700,372,300.00	3,746,171,466.13
II.Cash flows from investing activities :	—	—	Cash paid for distribution of dividends or profits and for interest expenses	1,582,985,424.10	1,761,926,674.80
Cash received from return of investments	2,367,980,000.00	207,750,000.00	Including : Dividends and profits paid by a subsidiary to minority shareholders	15,473,218.15	7,106,340.08
Cash received for the receipt of investment income	14,607,600.00	2,307,600.00	Other cash payments relating to financing activities		
Net cash received from the disposal of fixed assets,intangible assets and other long-term assets			Sub-total of cash outflows from financing activities	6,283,357,724.10	5,508,098,140.93
Net cash received from the disposal of subsidiaries and other business entities			Net cash flows from financing activities	1,036,130,275.90	-2,293,098,140.93
Other cash receipts relating to investing activities		127,478.73	IV.Effect of changes in foreign exchange on cash and cash equivalents		
Sub-total of cash inflows from investing activities	2,382,587,600.00	210,185,078.73	V.Net increase in cash and cash equivalents	32,836,375.99	-4,730,325,927.78
Cash paid to acquire fixed assets,intangible assets and other long-term assets	3,913,647,193.22	2,614,858,642.87	Add : Cash and cash equivalents at the beginning of the period	9,071,693,067.09	13,022,494,232.32
Cash paid to acquire investments	350,000,000.00	645,990,000.00	VI.Cash and cash equivalents at the end of the period	9,104,529,443.08	8,292,168,304.54

Head of unit : 金焱 Responsible person in charge of accounting work : 魏莉 Head of accounting agencies : 黄宁之印 Preparer :

Consolidated Statement of Changes in Owners' Equity

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30, 2020

Unit : RMB

Item	Row	Current period												
		Owner's equity attributable to the parent company											Minority shareholders' equity	Total owners'equity
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
			preferred shares	Perpetual bonds	Others									
Column	—	1	2	3	4	5	6	7	8	9	10	11	12	13
I.Balance at the end of the prior year	1	44,717,681,838.34								199,247,553.86	1,474,667,166.69	46,391,596,558.89	3,690,940,891.66	50,082,537,450.55
Add:Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-		-	-
Error correction in the prior periods	3	-	-	-	-	-	-	-	-	-	-		-	-
Others	4												-	-
II.Balance at the beginning of the current year	5	44,717,681,838.34								199,247,553.86	1,474,667,166.69	46,391,596,558.89	3,690,940,891.66	50,082,537,450.55
III.Changes for the current year(decrease indicated with "-")	6	1,768,488,000.00									56,111,593.70	1,824,599,593.70	141,570,125.34	1,966,169,719.04
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	123,543,293.70	123,543,293.70	-1,461,044.75	122,082,248.95
(II)Owners'capital contribution and reduction	8	1,768,488,000.00										1,768,488,000.00	158,504,388.24	1,926,992,388.24
1.Ordinary shares contributed by owners	9	1,768,488,000.00	-	-	-		-	-	-	-	-	1,768,488,000.00	158,504,388.24	1,926,992,388.24
2.Capital contributed by other equity instrument holders	10							-	-	-	-			
3.Share-based payments recorded into owners' equity	11		-	-	-		-	-	-	-	-			
4.Others	12		-	-	-									
(III)Profit distribution	13										-67,431,700.00	-67,431,700.00	-15,473,218.15	-82,904,918.15
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-				-	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-					
Discretionary accumulation	16	-	-	-	-	-	-	-	-				-	
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-			-	
3.Distribution to owners	18	-		-	-	-	-	-	-	-	-67,431,700.00	-67,431,700.00	-15,473,218.15	-82,904,918.15
4.Others	19													
IV.Balance at the end of the current year	20	46,486,169,838.34								199,247,553.86	1,530,778,760.39	48,216,196,152.59	3,832,511,017.00	52,048,707,169.59

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting agencies : 黄宁之印

Preparer :

Consolidated Statement of Changes in Owners' Equity (Continued)

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30, 2024

Unit : RMB

Item	Row	Prior period												
		Owner's equity attributable to the parent company											Minority shareholders' equity	Total owners'equity
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
			preferred shares	Perpetual bonds	Others									
Column	—	14	15	16	17	18	19	20	21	22	23	24	25	26
I.Balance at the end of the prior year	1	44,523,209,666.33								147,721,600.49	1,355,838,085.92	46,026,769,352.74	2,333,840,387.71	48,360,609,740.45
Add:Changes in accounting policies	2													
Error correction in the prior periods	3													
Others	4													
II.Balance at the beginning of the current year	5	44,523,209,666.33								147,721,600.49	1,355,838,085.92	46,026,769,352.74	2,333,840,387.71	48,360,609,740.45
III.Changes for the current year(decrease indicated with "-")	6										-183,588,295.61	-183,588,295.61	248,110,523.99	64,522,228.38
(I)Total comprehensive income	7										21,080,904.39	21,080,904.39	5,216,864.07	26,297,768.46
(II)Owners'capital contribution and reduction	8												250,000,000.00	250,000,000.00
1.Ordinary shares contributed by owners	9												250,000,000.00	250,000,000.00
2.Capital contributed by other equity instrument holders	10													
3.Share-based payments recorded into owners' equity	11													
4.Others	12													
(III)Profit distribution	13										-204,669,200.00	-204,669,200.00	-7,106,340.08	-211,775,540.08
1.Appropriation of surplus reserve	14													
Including:Statutory accumulation reserve	15													
Discretionary accumulation	16													
2.Appropriation of provision for normal risks	17													
3.Distribution to owners	18										-204,669,200.00	-204,669,200.00	-7,106,340.08	-211,775,540.08
4.Others	19													
IV.Balance at the end of the current year	20	44,523,209,666.33								147,721,600.49	1,172,249,790.31	45,843,181,057.13	2,581,950,911.70	48,425,131,968.83

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting agencies : 黄之宁印

Preparer :

Balance Sheet of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

September 30, 2020

Unit : RMB

Item	Note	September 30, 2020	December 31,2019	Item	Note	September 30, 2020	December 31,2019
Current assets :		-	-	**Current liabilities:**		-	-
Cash at bank and on hand		4,210,713,412.45	4,035,335,200.46	Short-term borrowings		200,000,000.00	
Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses				Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Trade Receivables	XⅢ(Ⅰ)	2,560,540,622.20	1,460,947,211.89	Trade payables		3,952,116,366.71	2,969,888,002.36
Advances to Suppliers		2,620,719,633.19	2,155,623,450.57	Advances from customers		10,482,672,041.06	10,654,700,833.18
Other receivables	XⅢ(Ⅱ)	123,392,382.26	70,535,001.31	Employee benefits payable		372,060.42	785,282.13
Inventories		11,114,773,216.03	11,743,366,924.70	Taxes and surcharges payable		19,442,789.28	205,353,814.90
Assets held for sale				Other payables		391,066,222.17	499,599,752.31
Non-current assets due within a year				liabilities held for sale			
Other current assets		549,829,192.36	642,793,595.21	Non-current liabilities due within a year			
Total current assets		21,179,968,458.49	20,108,601,384.14	Other current liabilities		2,918,828.94	320,196.20
Non-current assets:		-	-	**Total current liabilities**		15,048,588,308.58	14,330,647,881.08
Financial assets available for sale				**Non-current liabilities:**		-	-
Held-to-maturity investments				Long-term borrowings		38,793,795,034.40	41,353,325,034.40
Long-term receivables		29,395,110,034.50	31,414,090,034.50	Bonds payable		5,473,534,436.12	2,474,878,938.23
long-term equity investments	XⅢ(Ⅲ)	6,190,114,683.26	5,850,540,828.60	Long-term payables		970,809.89	83,189,143.08
Investment properties		32,210,873,615.86	25,838,141,098.40	Long-term employee compensation payable			
Fixed assets		22,855,576.27	25,112,852.36	Estimated liabilities			
Construction in progress		15,383,735,957.85	18,006,259,289.15	Deferred income			
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Intangible assets		29,016,078.08	31,583,037.44	**Total non-current liabilities**		44,268,300,280.41	43,911,393,115.71
Development expenditure				**Total liabilities**		59,316,888,588.99	58,242,040,996.79
Goodwill				Owners' equity:		-	-
Long-term prepaid expenses		5,169,780.01	8,271,648.01	Paid-in capital		46,486,169,838.34	44,717,681,838.34
Deferred tax assets		1,324,779.55	2,092,701.23	Other equity instruments			
Other non-current assets		3,000,000,000.00	3,133,000,000.00	Capital reserve			
Total non-current assets		86,238,200,505.38	84,309,091,489.69	Less:treasury stock			
				Other comprehensive income			
				Special reserve			
				Surplus reserve		199,247,553.86	199,247,553.86
				Undistributed profit		1,415,862,982.68	1,258,722,484.84
				Total owners'equity		48,101,280,374.88	46,175,651,877.04
Total assets		107,418,168,963.87	104,417,692,873.83	**Total liabilities and owners' equity**		107,418,168,963.87	104,417,692,873.83

Head of unit : Responsible person in charge of accounting work : Head of accounting agencies : 黄宁之印 Preparer :

Income Statement of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER   For the nine months ended September 30, 2020   Unit : RMB

Item	Note	Current period	Prior period
I.Total operating revenue		2,517,781,246.63	1,461,716,590.77
Including : Operating revenue	X Ⅲ(IV)	2,517,781,246.63	1,461,716,590.77
II.Total operating cost		2,263,139,381.05	1,264,821,185.95
Including : Operating cost	X Ⅲ(IV)	1,822,400,105.88	901,128,445.00
Taxes and surcharges		68,203,467.20	32,786,035.78
Sales expenses			
Administrative expenses		68,370,956.06	78,246,230.36
Research and development expenses		1,552,223.74	342,254.90
Financial expense		302,612,628.17	252,318,219.91
Including : Interest expense		1,400,627,367.46	1,509,569,295.49
Interest income		1,098,617,262.80	1,259,149,856.30
Others			
Add : Other income		598,144.40	
Investment income (loss indicated with"-")	X Ⅲ(V)	31,158,037.35	10,251,662.82
Including : Income from investment in associated enterprises and joint ventures			
Income from changes in fair value (loss indicated with"-")			
Asset impairment loss (loss indicated with"-")		3,071,686.70	
Asset disposal income (loss indicated with"-")			
III.Operating profit (loss indicated with"-")		289,469,734.03	207,147,067.64
Add : Non-operating income		36,584.43	30,093.26
Including : Government grants			
Less : Non-operating expenses		379,846.00	1,398,074.71
IV.Gross profit (loss indicated with"-")		289,126,472.46	205,779,086.19
Less : Income tax expense		64,554,274.62	48,939,148.07
V.Net profit (loss indicated with"-")		224,572,197.84	156,839,938.12
(I) Classified by ownership		-	-
Net profit attributable to the owner of the parent company		224,572,197.84	156,839,938.12
Minority interest			
(II) Classified by business continuity		-	-
Net profit from continuing operations		224,572,197.84	156,839,938.12
Net profit from discontinued operations			
VI.Amount of other comprehensive net income after tax			
(I) Other comprehensive income that cannot be reclassified into profits and losses			
(II) Other comprehensive income that will be reclassified into profits and losses			
VII.Total comprehensive income		224,572,197.84	156,839,938.12
VIII.Earnings per share :		-	-
Basic earnings per share			
Diluted earnings per share			

Head of unit : 金焱   Responsible person in charge of accounting work : 魏莉   Head of accounting agencies 黄宁之印   Preparer :

Cash Flow Statement of the Company

Prepared by：BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30,2020

Unit：RMB

Item	Current period	Prior period	Item	Current period	Prior period
I.Cash flows from operating activities：	—	—	Cash paid to acquire investments	350,000,000.00	642,500,000.00
Cash received from the sale of goods or rendering of services	1,219,553,562.49	2,372,390,488.25	Net cash paid to acquire subsidiaries and other business entities	271,200,000.00	563,820,000.00
Refunds of taxes	12,122,510.03	22,886,979.47	Other cash payments relating to investing activities		668,778.80
Other cash receipts relating to operating activities	1,297,819,080.26	2,460,514,145.70	Sub-total of cash outflows from investing activities	4,287,505,254.34	7,156,766,651.28
Sub-total of cash inflows from operating activities	2,529,495,152.78	4,855,791,613.42	Net cash flows from investing activities	-1,755,367,216.99	-6,271,637,509.73
Cash paid for goods and services	747,461,461.18	266,503,494.05	III.Cash flows from financing activities：	—	—
Cash paid to and on behalf of employees	92,358,480.11	121,064,627.94	Cash received from capital contributions	1,768,488,000.00	
Payments of all type of taxes	368,320,708.81	144,417,674.10	Cash received from borrowings	5,324,000,000.00	2,715,000,000.00
Other cash payments relating to operating activities	493,431,763.70	663,767,344.67	Other cash receipts relating to financing activities		
Sub-total of cash outflows from operating activities	1,701,572,413.80	1,195,753,140.76	Sub-total of cash inflows from financing activities	7,092,488,000.00	2,715,000,000.00
Net cash flows from operating activities	827,922,738.98	3,660,038,472.66	Cash repayments of amounts borrowed	4,546,530,000.00	2,747,171,466.13
II.Cash flows from investing activities：	—	—	Cash paid for distribution of dividends or profits and for interest expenses	1,443,135,310.00	1,525,191,360.56
Cash received from return of investments	2,500,980,000.00	874,750,000.00	Other cash payments relating to financing activities		
Cash received for the receipt of investment income	31,158,037.35	10,251,662.82	Sub-total of cash outflows from financing activities	5,989,665,310.00	4,272,362,826.69
Net cash received from the disposal of fixed assets,intangible assets and other long-term assets			Net cash flows from financing activities	1,102,822,690.00	-1,557,362,826.69
Net cash received from the disposal of subsidiaries and other business entities			IV.Effect of changes in foreign exchange on cash and cash equivalents		
Other cash receipts relating to investing activities		127,478.73	V.Net increase in cash and cash equivalents	175,378,211.99	-4,168,961,863.76
Sub-total of cash inflows from investing activities	2,532,138,037.35	885,129,141.55	Add：Cash and cash equivalents at the beginning of the period	4,035,335,200.46	6,867,359,500.65
Cash paid to acquire fixed assets,intangible assets and other long-term assets	3,666,305,254.34	5,949,777,872.48	VI.Cash and cash equivalents at the end of the period	4,210,713,412.45	2,698,397,636.89

Head of unit： Responsible person in charge of accounting work： Head of accounting agencies： Preparer：

Statement Of Changes In Owners ' Equity of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30, 2020

Unit : RMB

Item	Row	Current period										
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners'equity
			preferred shares	Perpetual bonds	Others							
Column	—	1	2	3	4	5	6	7	8	9	10	11
I.Balance at the end of the prior year	1	44,717,681,838.34								199,247,553.86	1,258,722,484.84	46,175,651,877.04
Add:Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-
Error correction in the prior periods	3	-	-	-	-	-	-	-	-	-	-	-
Others	4											
II.Balance at the beginning of the current year	5	44,717,681,838.34								199,247,553.86	1,258,722,484.84	46,175,651,877.04
III.Changes for the current year(decrease indicated with "-")	6	1,768,488,000.00									157,140,497.84	1,925,628,497.84
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	224,572,197.84	224,572,197.84
(II)Owners'capital contribution and reduction	8	1,768,488,000.00										1,768,488,000.00
1.Ordinary shares contributed by owners	9	1,768,488,000.00					-	-	-	-	-	1,768,488,000.00
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-	
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-	
4.Others	12											
(III)Profit distribution	13										-67,431,700.00	-67,431,700.00
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-			
Including;Statutory accumulation reserve	15	-	-	-	-	-	-	-	-			
Discretionary accumulation	16	-	-	-	-	-	-	-	-			
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-		
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-67,431,700.00	-67,431,700.00
4.Others	19											
IV.Balance at the end of the current year	20	46,486,169,838.34								199,247,553.86	1,415,862,982.68	48,101,280,374.88

Head of unit : 金焱　　Responsible person in charge of accounting work : 赖莉　　Head of accounting agencies : 黄宁之印　　Preparer :

Statement Of Changes In Owners ' Equity of the Company (Continued)

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the nine months ended September 30, 2020

Unit : RMB

Item	Row	Prior period										
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners'equity
			preferred shares	Perpetual bonds	Others							
Column	—	12	13	14	15	16		18	19	20	21	22
I.Balance at the end of the prior year	1	44,523,209,666.33								176,554,122.86	1,285,500,805.88	45,985,264,595.07
Add:Changes in accounting policies	2											
Error correction in the prior periods	3											
Others	4											
II.Balance at the beginning of the current year	5	44,523,209,666.33								176,554,122.86	1,285,500,805.88	45,985,264,595.07
III.Changes for the current year(decrease indicated with "-")	6										-47,829,261.88	-47,829,261.88
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	156,839,938.12	156,839,938.12
(II)Owners'capital contribution and reduction	8											
1.Ordinary shares contributed by owners	9						-	-	-	-	-	
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-	
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-	
4.Others	12											
(III)Profit distribution	13										-204,669,200.00	-204,669,200.00
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-			
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-			
Discretionary accumulation	16	-	-	-	-	-	-	-	-			
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-		
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-204,669,200.00	-204,669,200.00
4.Others	19											
IV.Balance at the end of the current year	20	44,523,209,666.33								176,554,122.86	1,237,671,544.00	45,937,435,333.19

Head of unit : 金焱　　Responsible person in charge of accounting work : 魏莉　　Head of accounting agencies : 黄宁之印　　Preparer :

Beijing Publicc Housing Center

Notes to the Financial Statements
For the Nine Months Ended 30 September 2020

Ⅰ. Basic Information of the Enterprise

Beijing Publicc Housing Center (hereinafter referred to as "our enterprise" or "the enterprise") is an enterprise owned by the whole people registered and established in Beijing Municipal Administration for Industry and Commerce on June 27, 2011, the unified social credit code is 91110000576880856J. By the end of the reporting period, the basic situation of our enterprise is as follows:

Company name: Beijing Publicc Housing Center

Type of enterprise: Enterprise owned by the whole people

Registered address: Room 1116, A-1, South Street, Xiaobao Village, Songzhuang Town, Tongzhou District, Beijing

Headquarters address: Yanbao Building, Building 2, Yard 59, Yuquan Road, Shijingshan District, Beijing

Legal representative: Jin Yan

Registered capital: RMB36,105,586,554.87, fully invested by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government.

Term of operation: June 27, 2011 solstice long-term

Business scope: investment and financing, acquisition and leasing of government-subsidized housing; To organize the construction of government-subsidized housing; Selling government-subsidized housing after approval by the housing administration department; Real estate development; Property management; Engaged in real estate brokerage business; Technical services. (Enterprises independently choose business projects and carry out business activities according to law; For projects subject to approval according to law, business activities shall be carried out in accordance with the approved contents after being approved by relevant departments; It shall not engage in the business activities of projects prohibited or restricted by this Municipality's industrial policies.)

II. Basis of Preparation of Financial Statements

The financial statements of our enterprise are prepared on the basis of going concern, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of People's Republic of China, including the basic standards, specific standards, application guidelines, explanations and other relevant provisions of the Accounting Standards for Business Enterprises (hereinafter referred to as " CAS").

III. Statement of Compliance with CAS

The financial statements prepared by the enterprise meet the requirements of the CAS, which presented truthfully and completely for the enterprise's financial situation, operating results and cash flow for the current period.

IV. Significant Accounting Policies and Accounting Estimates

(I)Accounting period

The financial year of the enterprise is calendar year from 1 January to 31 December.

(II)Functional currency

The enterprise's functional currency is CNY, and the currency used in preparing financial statements is CNY.

(III) Basis of accounting and Principle of measurement

According to Accounting Standards for Business Enterprises, the financial statements of the enterprise are prepared using the accrual basis. Except for the basis specified in special instructions, the financial statements use historical cost method. If an asset is impaired, the enterprise recognizes an impairment loss according to relevant accounting standards.

(IV)Business combination

1. Business combination under common control

It is a business combination under common control that all the participating enterprises are under the final control of the same party or the same parties before and after the combination and the control is not temporary. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

Assets and liabilities that the combining party obtains in a business combination shall be measured at the book value of the combined party on the combining date. If the accounting policies adopted by the combined parties are inconsistent with our enterprise, the combining party adjusts them in accordance with the accounting policies of our enterprise on the combining date and recognize them at their adjusted book values on this basis.

The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total par value of the shares issued) is adjusted for the equity premium in capital surplus, and if the equity premium in capital surplus is less than the offset, is adjusted for retained earnings.

All expenses directly related to the business combination, including audit fees, assessment fees and legal service fees paid for the combination, shall be recorded into the current profit and loss when incurred.

Fees and commissions arising from the issuance of equity securities in a business combination are offset against the premium income from equity securities, and if the premium income is less than the offset, retained earnings are offset.

2. Business combination not under common control

It is a business combination not under common control that all the participating enterprises are not under the final control of the same party or the same parties before and after the combination.

Assets paid, liabilities incurred or assumed by the purchaser as consideration for a business combination are measured at fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized in profit or loss for the period.

The purchaser allocates the consolidated cost at the date of purchase and recognizes the fair value of each identifiable asset, liability and contingent liability of the acquiree acquired.

The difference between the purchaser's cost of consolidation greater than the fair value share of the purchaser's identifiable net assets acquired in the consolidation is recognized as goodwill; the difference between the cost of consolidation less than the fair value share of the purchaser's identifiable net assets acquired in the consolidation is reviewed and recognized in profit or loss for the period.

All assets other than intangible assets of the acquiree acquired in a business combination (not limited to assets originally recognized by the acquiree), the economic benefits of which are likely to flow to the enterprise and whose fair value can be measured reliably, are separately recognized and measured at fair value; intangible assets whose fair value can be measured reliably are separately recognized as intangible assets and measured at fair value; each liability, other than contingent liabilities, of the acquired acquiree, where it is probable that the performance of the obligation will result in an outflow of economic benefits from the enterprise and the fair value can be measured reliably, is separately recognized and measured at fair value; contingent liabilities of the acquired acquiree, where the fair value can be measured reliably, are separately recognized as a liability and measured at fair value.

In the initial recognition of the assets of the acquiree acquired in the consolidation, intangible assets owned by the acquiree but not recognized in its financial statements shall be fully identified and judged reasonably, and shall be recognized as intangible assets if they meet one of the following conditions: (1) derived from contractual or other legal rights; (2) can be separated or divided from the acquiree, and can be used for sale, transfer, grant license, lease or exchange, either alone or together with related contracts, assets and liabilities.

Deferred tax assets are not recognized when the purchaser acquires deductible temporary differences of the acquiree in a business combination that do not qualify for recognition as deferred tax assets at the purchase date. If, within 12 months after the purchase date, new or further information is obtained indicating that the relevant circumstances at the purchase date already exist and the economic benefits from the purchaser's deductible temporary differences at the purchase date are expected to be realized, the related deferred tax asset is recognized, and goodwill is reduced, and if goodwill is less than offset, the difference is recognized in profit or loss; other than the above, deferred tax assets related to business combinations are recognized in profit or loss for the period.

For business combination not under common control, intermediary fees such as auditing, legal services, appraisal and consulting and other relevant management expenses incurred by the purchaser for the purpose of the enterprise merger shall be included in the profit and loss for the current period when incurred; transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger shall be included in the initial recognition amount of the equity securities or debt securities.

If the purchaser achieves the business combination not under common control in steps through multiple transactions, the relevant accounting treatment shall be distinguished between the individual financial statements and the consolidated financial statements: (1) In the individual financial statements, the initial investment cost of the investment shall be the sum of the carrying value of the equity investment in the acquiree held before the date of purchase and the new investment cost on the date of purchase; the equity investment in the acquiree held before the date of purchase involves In the case of other comprehensive income, other comprehensive income related to that investment (e.g., the portion of changes in fair value of available-for-sale financial assets recorded in capital surplus, the same below) shall be transferred to current investment income upon disposal of that investment.(2) In the consolidated financial statements, the equity interests of the acquiree held before the date of purchase shall be remeasured according to the fair value of such equity interests at the date of purchase, and the difference between the fair value and its carrying value shall be included in the current investment income; if the equity interests of the acquiree held before the date of purchase involve other comprehensive income, the other comprehensive income related to such equity interests shall be transferred to the current investment income at the date of purchase.

(V) Preparation method of consolidated financial statements

The scope of consolidation in our enterprise's consolidated financial statements is determined on the basis of control, which is defined as the ability of an investor to have power over an investee, to enjoy a variable return by participating in the investee's related activities, and to have the ability to use its power over the investee to affect the amount of its return.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of consolidated financial statements are consistent with those of our enterprise, and if the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of our enterprise, the necessary adjustments are made in preparing the consolidated financial statements in accordance with the accounting policies and accounting periods of our enterprise. For subsidiaries acquired in a business combination not under common control, adjustments are made to their financial statements based on the fair value of their identifiable net assets at the date of purchase. The consolidated financial statements are prepared by our enterprise on the basis of the financial statements of our enterprise and its subsidiaries, based on other relevant information, after adjusting the long-term equity investment in the subsidiaries under the equity method.

The consolidated financial statements offset the impact of internal transactions between our enterprise and each of its subsidiaries and each of the subsidiaries with each other on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, and consolidated statement of changes in equity.

Equity and gains and losses attributable to minority shareholders of a subsidiary are shown separately in the consolidated balance sheet under the heading of equity and in the consolidated income statement under the heading of net income, respectively. The minority shareholders' share of a subsidiary's current losses exceeds the balance resulting from the minority shareholders' share of the subsidiary's opening equity, offsetting the minority shareholders' equity.

During the reporting period, if a subsidiary is added as a result of a business combination under common control, the beginning of the consolidated balance sheet is adjusted; the revenues, expenses and profits of the subsidiary merger from the beginning of the period to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary merger from the beginning of the period to the end of the reporting period are included in the consolidated statement of cash flows, and the related items in the comparative statements are adjusted as if the consolidated reporting entity had been integrated and survived from the time the ultimate controlling party began to exercise control.

During the reporting period, if a subsidiary is added as a result of a business combination not under common control, the beginning of the consolidated balance sheet is not adjusted; the revenues, expenses, and profits of the subsidiary from the date of purchase to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary from the date of purchase to the end of the reporting period are included in the consolidated statement of cash flows. In the case of a business combination that is not under common control through multiple transactions in steps, for the equity interests held by the acquiree before the purchase date, the purchaser remeasures the equity interests according to their fair value on the purchase date, and the difference between the fair value and their carrying value is included in the investment income for the current period. Where other comprehensive income is involved in the equity interest of the acquiree held before the date of purchase, the other comprehensive income related to the equity interest is transferred to the current investment income at the date of purchase.

When a parent company purchases a minority interest in a subsidiary, the difference in the consolidated financial statements between the newly acquired long-term equity investment as a result of the purchase of the minority interest and the share of the subsidiary's net assets calculated on the basis of the newly acquired shareholding that is entitled to the subsidiary's share of net assets calculated continuously from the date of purchase or the date of consolidation shall be adjusted for capital surplus (capital premium or equity premium), and retained earnings shall be adjusted if the capital surplus is insufficient to offset it.

If it is possible to exercise control over an investee that is not under the same control due to additional investment or other reasons, in the consolidated financial statements, the equity interest in the investee held before the purchase date shall be remeasured at the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying value shall be included in the investment income for the current period; if the purchaser's equity interest held before the purchase date involves other comprehensive income, etc. under the equity method of accounting, the other comprehensive income, etc. related to the purchaser's equity interest shall be converted into current income on the purchase date. The purchaser shall disclose in the notes the fair value of the purchaser's equity interest in the purchaser held before the purchase date and the amount of gain or loss arising from the remeasurement at fair value on the purchase date.

When a parent company partially disposes of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal of the long-term equity investment, calculated continuously from the date of purchase or the date of consolidation, in the consolidated financial statements shall be adjusted for capital surplus (capital premium or equity premium), and if the capital surplus is insufficient to offset the capital surplus, retained earnings shall be adjusted.

If control over an investee is lost due to the disposal of a portion of an equity investment, etc., the remaining equity interest shall be remeasured at its fair value at the date of loss of control in preparing the consolidated financial statements. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuous basis from the date of acquisition or the date of consolidation in accordance with the original percentage of ownership, shall be included in investment income in the period when control is lost, and goodwill shall be eliminated. Other comprehensive income related to the equity investment in the original subsidiary shall be transferred to investment income in the period when control is lost.

In the case of the stepwise disposal of an equity investment in a subsidiary through multiple transactions up to the loss of control, if the transactions for the disposal of the equity investment in the subsidiary up to the loss of control are part of a package, the transactions shall be accounted for as one transaction for the disposal of the subsidiary and the loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment prior to the loss of control shall be recognized in other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period in which the loss of control occurs.

The terms, conditions, and economic effects of each transaction in which an equity investment in a subsidiary is disposed of generally indicate that multiple transactions should be accounted for as a package: (1) The transactions were entered into simultaneously or with consideration of their mutual effects. (2) The transactions as a whole are necessary to achieve a complete business result. (3) The occurrence of one transaction is dependent on the occurrence of at least one other transaction. (4) A transaction is uneconomic when considered in isolation, but is economic when considered with other transactions.

(VI)Joint venture arrangements

A joint venture arrangement is an arrangement under the shared control of two or more participants. Shared control means control over an arrangement that is shared in accordance with relevant agreements, and the activities associated with the arrangement are subject to the unanimous consent of the participants sharing control before decisions can be made.

The classification of joint venture arrangements is determined by the rights and obligations that our enterprise has in the joint arrangement. Joint venture arrangements are classified as joint operations and joint ventures.

A joint operation is a joint arrangement in which the joint venturers enjoy the assets related to the arrangement and assume the liabilities related to the arrangement. Our enterprise recognizes the following items relating to its share of the interest in a joint operation and accounts for them in accordance with the provisions of the relevant corporate accounting standards:

1. Recognize assets held separately and assets held jointly in proportion to their share.

2. Recognitize liabilities assumed separately and liabilities assumed jointly in proportion to their share.

3. Recognitize revenue from the sale of its share of the output of the joint operation.

4. Recognize income from joint operations arising from the sale of output in proportion to their share.

5. Recognize expenses incurred separately, as well as expenses incurred in joint operations in proportion to their share.

A joint venture is a joint arrangement in which the joint venturers have rights only to the net assets of the arrangement. Our enterprise accounts for long-term equity investments in joint ventures using the equity method of accounting.

(VII)Criteria for the determination of cash and cash equivalents

In preparing the statement of cash flows, cash is defined as cash on hand and deposits readily available for payment, and cash equivalents are investments that are held for short periods of time, are highly liquid, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(VIII) Foreign currency transactions and translation to the presentation currency

1. Translation methods in case of foreign currency transactions

Upon initial recognition, foreign currency transactions incurred by our enterprise are translated into RMB at the spot exchange rate on the transaction date (usually refers to the midpoint of the foreign exchange rate of the day as announced by the People's Bank of China, the same below).

2. Treatment of foreign currency monetary items and foreign currency non-monetary items at the balance sheet date

Foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from differences between the spot exchange rate at the balance sheet date and the spot exchange rate at initial recognition or the previous balance sheet date are capitalized in the current profit and loss, except for exchange differences arising from foreign currency borrowings related to the acquisition or production of assets eligible for capitalization in accordance with the provisions of Enterprise Accounting Standards No. 17 - Borrowing Costs.

Foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the date of the transaction and do not change their recorded local currency amount.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate at the date of determination of fair value, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss for the current period.

3. Translation methods for foreign currency financial statements

Our enterprise translates its financial statements expressed in foreign currencies into RMB amounts in accordance with the following provisions.

Items of assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; items of equity, except for "undistributed profits", are translated at the spot exchange rate at the time of occurrence.

Items of income and expenses in the income statement are translated using the spot exchange rate (or approximate exchange rate) at the date of the transaction.

Translation differences on foreign currency financial statements resulting from translation in accordance with the above methods are presented separately under the equity item in the balance sheet.

The statement of cash flows expressed in foreign currencies is translated using the spot exchange rate at the date of the cash flow. The effect of changes in exchange rates on cash is presented separately in the statement of cash flows as a reconciling item.

(IX)Financial instruments

1. Classification of financial instruments

(1) Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses, including financial assets held for trading and financial assets designated as measured at fair vaule and whose changes are included in the current profits and losses;

(2) Held-to-maturity investments are non-derivative financial assets with a fixed maturity date, a fixed or determinable recovery amount, and the clear intent and ability of management to hold to maturity;

(3) Loans and receivables, which are non-derivative financial assets with fixed or determinable recovery amounts that are not quoted in active markets, including notes receivable, accounts receivable, interest receivable and other receivables;

(4) Financial assets available for sale, including non-derivative financial assets designated as available-for-sale at initial recognition and financial assets that are not classified elsewhere of our enterprise;

(5) Financial liabilities, including those classified as financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses and other financial liabilities。

2. Recognition and measurement of financial instruments

Financial assets and financial liabilities are initially recognized at fair value. For financial assets and financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses, transaction costs incurred on acquisition are recognized directly in profit or loss for the period. Transaction costs related to other financial assets and other financial liabilities are included in the initial recognition amount. A financial asset is derecognized when the contractual right to receive cash flows from the financial asset is extinguished or substantially all the risks and rewards associated with ownership of the financial asset have been transferred to the transferring party.

Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses and financial assets available for sale are subsequently measured at fair value; investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are measured at cost; and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Changes in the fair value of financial assets that are measured at fair vaule and whose changes are included in the current profits and losses are recognized as gains or losses from changes in fair value; interest or cash dividends received during the period the assets are held are recognized as investment income; on disposal, the difference between the fair value and the amount initially recorded is recognized as an investment gain or loss, with an adjustment to the gain or loss from changes in fair value.

Interest income is recognized on held-to-maturity investments during the period in which they are held using the effective interest method and is included in investment income. The effective interest rate is determined at the time the held-to-maturity investment is acquired and remains unchanged in subsequent periods. On disposal, the difference between the price received and the carrying value of the investment is recognized as investment income.

Loans and receivables are recognized in profit or loss for the period when our enterprise recovers or disposes of the loan, based on the difference between the price obtained and the carrying value of the loan.

Changes in the fair value of available-for-sale financial assets are recognized in equity; interest calculated using the effective interest method during the holding period is recognized in investment income; cash dividends on investments in available-for-sale equity instruments are recognized in investment income when dividends are declared by the investee; upon disposal, the difference between the price received and the carrying value, less the accumulated amount of changes in fair value originally recognized directly in equity, is recognized in investment gains and losses.

Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses are subsequently measured at fair value without deduction of transaction costs that may be incurred in the future upon settlement of the financial liability; except in relation to hedging, changes in the fair value of the financial liability are recognized in fair value through profit or loss.

3. Methodology for determining the fair value of financial assets and financial liabilities

For financial instruments for which active markets exist, fair value is determined using quoted prices in active markets; for financial instruments for which no active markets exist, fair value is determined using valuation techniques that are appropriate under the current circumstances and are supported by sufficiently available data and other information. Valuation techniques include, among others, the market approach and the income approach. When using valuation techniques, inputs are selected that are consistent with the characteristics of the asset or liability that market participants would consider in a transaction involving the underlying asset or liability, with preference given to relevant observable inputs where possible, and unobservable inputs where relevant observable inputs are unavailable or impractical to obtain.

4. Impairment of financial assets (excluding receivables)

Except for financial assets that are measured at fair vaule and whose changes are included in the current profits and losses, our enterprise examines the carrying value of financial assets at the end of the period, and if there is objective evidence that a financial asset is impaired, an impairment provision is made. If the fair value of an available-for-sale financial asset decreases significantly or non-temporarily, the accumulated loss resulting from the decrease in fair value that was originally recognized directly in equity is recognized as an impairment loss. For investments in available-for-sale debt instruments for which an impairment loss has been recognized, if the fair value increases after the period and is objectively related to events occurring after the original impairment loss was recognized, the originally recognized impairment loss is reversed and recognized in profit or loss for the period. For investments in available-for-sale equity instruments for which an impairment loss has been recognized, if the fair value increases after the period and is objectively related to an event occurring after the recognition of the original impairment loss, the original recognized impairment loss is reversed and recognized in equity. Impairment losses incurred on investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are not reversed.

(X)Receivables

Receivables include Trade Receivables, other receivables, etc. Our enterprise uses the allowance method to account for bad debt losses on receivables. At the end of the period, if there is objective evidence that the receivables are impaired, the carrying value of the receivables is written down to their recoverable amount, and the written down amount is recognized as a bad debt loss and charged to current profit or loss.

1. Receivables that are individually significant and for which a separate provision for bad debts has been made

Criteria of individually significant receivables	Over 1 million yuan
Method of provision for bad debts	At the end of the period, receivables with significant individual amounts (including account receivables and other receivables) are first analysed for indications of impairment, and then those that show signs of impairment are individually tested for impairment and a provision for bad debts is made. If there is no indication of impairment or if no impairment is found in the individual tests, the impairment test should be included in a portfolio with similar credit risk characteristics.

2. Provision for bad debts of receivables based on a combination of credit risk characteristics

For receivables that are individually not significan and the individually significant receivables that are not impaired after separate testing, the provision for doubtful accounts for the current period is calculated based on the actual loss rates of the same or similar receivable portfolios with similar credit risk characteristics in prior years, taking into account the current situation to determine the proportion of the provision for bad debts for each portfolio in the current period.

The enterprise classifies its receivables into two portfolios based on similar credit risk characteristics, the percentage and method of provision for bad debts in each portfolio are as follows:

(1) The special events portfolio, classified by the credit risk characteristics of the debtor unit, includes: receivables temporarily advanced by the enterprise and ultimately resolved by coordination with relevant governmental authorities; receivables involved in historical issues arising from governmental causes; receivables for which there is evidence of ultimate recovery in full; and receivables from affiliated enterprises over which there is a controlling or significant influence. It is highly unlikely that bad debt losses will be incurred on such receivables, and no provision for bad debts is made.

(2) Ageing portfolio of receivables, other than the special events portfolio and individual receivables for which a provision for bad debts has been made. The enterprise makes provision for bad debts for this portfolio of receivables based on an ageing analysis, and based on actual

conditions and historical experience, the percentage of provision for bad debts for each age group is as follows:

using aging analysis method for allowance for doubtful accounts

Ageing of receivables	Percentage of provision for bad debts (%)
Within 1 year (including 1 year)	0.00
1-2 years (including 2 years)	0.00
2-3years (including 3years)	0.00
3-4years (including 4years)	20.00
4-5years (including 5years)	50.00
Over 5 years	100.00

3. Receivables for which the individual amounts are not material but for which a separate provision for bad debts has been made

For receivables that are not individually significant, if there are indications of impairment such as excessive ageing, disputes with the debtor or serious financial difficulties of the debtor, resulting in a provision for bad debts that cannot truly reflect the recoverable amount of the receivable if the provision is made in accordance with established ratios, the provision for bad debts is made using the individual determination method.

(X I)Inventories

1. Classification of Inventories

Inventories are classified as raw materials, material purchases, materials in transit, working materials (including packaging, low value consumables, etc.), stock goods (including finished goods, purchased goods, homemade semi-finished goods, etc.), work-in-progress, issued goods, consigned goods, development products and development costs.

2. Method of valuation of inventories acquired and issued

Inventories are valued at actual cost when acquired and at the weighted average method when issued. The individual valuation method is used to determine the cost of inventories issued for inventories that cannot be substituted for use, inventories purchased or manufactured specifically for a specific purpose and services rendered.

Inventory acquired by a debtor in a debt restructuring to offset debt is valued at the fair value of the inventory.

Where the non-monetary asset exchange has commercial substance and the fair value of the received assets or surrendered assets can be measured reliably, the received inventory exchanged for non-monetary assets is normally recorded at the fair value of the surrendered asset, unless there is strong evidence that the fair value of the received asset is more reliable; where the non-monetary asset exchange does not meet the above-mentioned criteria, the cost of the received inventory is measured at the carrying value of the surrendered asset and the related tax payable.

Inventories acquired by absorption of enterprises under common control are valued at the book value of the merged party; inventories acquired by absorption of enterprises not under common control are valued at fair value.

3. Amortization method for low-value consumables and packaging materials: use of the one-time amortization method.

4. Inventory system for inventories: perpetual inventory system.

5. Recognition criteria and method of provision for decline in value of inventories

At the balance sheet date, our enterprise's inventory is measured at the lower of cost or net realizable value. On the basis of a comprehensive inventory of its inventory, the enterprise makes provision for a decline in the value of its inventory if the cost of the inventory is higher than its net realizable value due to deterioration, a continuous decline in market price with no prospect of recovery in the foreseeable future, total or partial obsolescence, product replacement, etc., and is charged to profit or loss for the period. Our enterprise makes provision for decline in value of inventories according to individual items of inventories, but for certain inventories with similar purpose and related to the product series produced and sold in the same region, and it is practically difficult to distinguish them from other items of the product series for valuation, the provision for decline in value of inventories is combined; for inventories with large quantities and low unit prices, provision for decline in value of inventories is made according to the type of inventory.

Net realizable value is the estimated selling price of inventories less estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of merchandise inventory is the estimated selling price less the estimated selling expenses and relevant taxes; the net realizable value of material inventory is the estimated selling price of finished goods less the estimated costs to be incurred to completion, estimated selling expenses and relevant taxes; and the net realizable value of inventory held for the execution of sales contracts or service contracts is calculated on the basis of the contract price. If the enterprise holds more inventory than the quantity ordered under the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

Our enterprise determines the net realizable value of its inventories at the balance sheet date. If the factors that influenced the previous write-down of inventory value have disappeared, the write-down amount is restored and reversed within the amount of the original provision for inventory decline, and the reversed amount is recognized in the current profit and loss.

6. The methods of accounting for development land, maintenance fund, quality guarantee deposit and public supporting facilities costs for the enterprise and its real estate enterprises are as follows:

Development land: development land is accounted for in the "Inventory - development costs" account;

Maintenance fund: in accordance with the provisions of the Regulations on Property Management promulgated by the State Council, to be paid by the homebuyer in accordance with the regulations;

Quality guarantee deposit: the quality guarantee deposit is set aside according to a certain proportion of the construction unit's project payment, included in "other payable", to be accepted and paid to the construction unit when there is no quality problem within the agreed warranty period;

Public supporting facilities costs: public supporting facilities are public supporting projects such as schools, etc., as well as public supporting facilities fees charged by government departments, and the expenses incurred are included in "development costs", which are apportioned and accounted for according to cost accounting objects and cost items.

(X II)Long-term equity investments

1. Determination of investment costs

(1) Long-term equity investments resulting from business combinations

Business combination under common control: Where an enterprise pays cash, transfers non-cash assets or assumes debt, or issues equity securities as merger consideration, the initial investment cost of the long-term equity investment is set at the share of the book value of the equity of the merged party on the date of the merger. The difference between the initial investment cost of the long-term equity investment and the payment of the merger consideration is adjusted for the equity premium in the capital reserve; if the equity premium in the capital reserve is not sufficient to offset the equity premium, the retained earnings is adjusted. If the merging parties issue equity securities as the merger consideration, the initial investment cost of the long-term equity investment shall be determined on the date of merger based on the share of the book value of the consolidated party's equity in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued as capital stock shall be adjusted for capital surplus; if the capital surplus is insufficient to offset the capital surplus, retained earnings shall be adjusted.

Business combination not under common control: the enterprise is treated as the initial investment cost of a long-term equity investment based on the cost of the combination determined at the date of purchase. The cost of consolidation is the fair value of assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control of the acquiree on the date of purchase. Transaction costs for equity securities or debt securities issued by the purchaser as merger consideration are included in the initial recognition amount of the equity securities or debt securities. For business combinations not under common control that are achieved in steps through multiple transactions, the sum of the carrying value of the equity investment in the acquiree held prior to the purchase date and the cost of the new investment on the purchase date is used as the initial investment cost of that investment. Our enterprise records the contingent consideration agreed to in the merger agreement as part of the transfer consideration for the business combination at its fair value on the date of purchase as part of the cost of the business combination.

Auditing, legal services, appraisal and consulting fees and other related management fees incurred by the merging parties or purchasers in connection with the business combination are recognized in profit or loss when incurred.

(2) Long-term equity investments acquired in other ways

The initial investment cost of a long-term equity investment acquired by paying cash is based on the actual purchase price paid. The initial investment cost includes fees, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by issuing equity securities is based on the fair value of the equity securities issued.

Provided that the non-monetary asset exchange has commercial substance and the fair value of the received assets or surrendered assets can be measured reliably, the initial investment cost of the long-term equity investment received for non-monetary asset exchange is determined on the basis of the fair value of the surrendered assets, unless there is conclusive evidence that the fair value of the received assets is more reliable; for non-monetary asset exchange that does not meet the above requirements, the initial investment cost of the received long-term equity investment is determined on the basis of the book value of the surrendered assets and the relevant taxes and fees payable.

The initial investment cost of a long-term equity investment acquired through debt restructuring is determined on the basis of fair value.

2. Subsequent measurement and recognition of profit or Loss

(1) Long-term equity investments accounted for under the cost method

Long-term equity investments in subsidiaries in which our enterprise has a controlling interest are accounted for using the cost method of accounting.

Under the cost method, the long-term equity investment is valued at initial investment cost, and the current investment income is recognized on the basis of entitlement to cash dividends or profits declared by the investee, except for cash dividends or profits declared but not yet paid by the investee included in the price or consideration actually paid at the time the investment is acquired.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments in jointly controlled joint ventures or associates with significant influence are accounted for under the equity method.

If the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment, the difference is charged to current profit or loss, and the cost of the long-term equity investment is adjusted.

For long-term equity investments accounted for using the equity method of accounting, the profit and loss of the current investment shall be recognized according to the share of the net profit and loss of the investee that should be enjoyed or shared. The net loss incurred by the investee is recognized to the extent that the carrying value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the investee are written down to zero, but the investment loss continues to be recognized and accounted for as a projected liability if our enterprise has an additional loss obligation and meets the conditions for recognition of a projected liability as set forth in the Contingencies Code. Other changes in shareholders' equity of the investee other than net profit or loss, in the case where the enterprise's shareholding ratio remains unchanged, the portion of the equity interest enjoyed or shared according to the shareholding ratio is directly recorded in capital surplus. Profits or cash dividends distributed by the investee unit are reduced by the carrying value of the long-term equity investment in accordance with the enterprise's share when the distribution is declared. Unrealized gains and losses from internal transactions between our enterprise and the investee are offset against the portion enjoyed by our enterprise in accordance with its proportional shareholding and are recognized as investment gains and losses on this basis. Losses from internal transactions between our enterprise and its investees, including those attributable to asset impairment losses, shall not be offset against corresponding unrealized losses.

3. Basis for determining control, common control and significant influence over the investee

Control means that the investor has power over the investee, enjoys a variable return through participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its return.

Common control means control over an arrangement that is shared in accordance with relevant agreements and where the activities associated with the arrangement are decided upon with the unanimous consent of the participants sharing control.

Significant influence is the power to participate in decision-making about the financial and operating policies of an enterprise, but not to control or share control with other parties over the formulation of those policies.

In determining whether control or significant influence can be exercised over an investee, potential voting factors such as current convertible debentures, current executable warrants, etc. of the investee held by the investing enterprise and other parties should be considered.

4. Impairment test method and impairment provision method

At the balance sheet date, long-term equity investments should be checked for indications of impairment and, if there are indications of impairment, their recoverable amount should be estimated. When the recoverable amount is less than its carrying amount, an asset impairment provision should be made for the difference and charged to current profit or loss.

Impairment losses on long-term equity investments, once recognized, are not reversed in subsequent accounting periods.

5. Disposal of long-term equity investments

If control over the investee is lost due to the disposal of a portion of the equity investment, etc., and the remaining equity interest after disposal is able to exercise common control or exercise significant influence over the investee in the preparation of the individual financial statements, the equity method of accounting shall be adopted, and the remaining equity interest shall be adjusted as if the equity method of accounting had been applied from the time of acquisition; if common control over the investee is lost due to the disposal of a portion of the equity investment, etc. or significant influence, the remaining equity after disposal shall be changed to the accounting treatment in accordance with the relevant provisions of Enterprise Accounting Standards No. 22 - Recognition and Measurement of Financial Instruments. The difference between the fair value and the carrying value of the remaining equity interest at the date of loss of control, common control or significant influence shall be recognized in profit or loss for the current period.

When disposing of long-term equity investments, the difference between the book value and the actual purchase price shall be included in the profit and loss of the current period. For long-term equity investments accounted for under the equity method of accounting, when disposing of such investments, the same basis as that for the direct disposal of the relevant assets or liabilities by the investee shall be used for the accounting treatment of the portion originally included in other comprehensive income on a proportional basis.

(X III)Investment properties

Investment properties is real estate held to earn rent or capital appreciation, or both, including leased land use rights, land use rights held with the intention of being transferred at an increased value, leased buildings.

Our enterprise's investment properties is recorded at its cost; the cost of purchased investment property includes the purchase price, relevant taxes and fees and other expenses directly attributable to the asset; the cost of self-constructed investment property consists of the necessary expenses incurred before the construction of the asset reaches its predetermined usable state.

Our enterprise uses the cost model for subsequent measurement of investment properties and depreciates or amortizes buildings and land use rights over their estimated useful lives and net salvage value rates. The estimated useful lives, net residual values and annual depreciation (amortization) rates of investment properties are as follows:

Category	Estimated useful lives(year)	Estimated net residual values rates	Annual depreciation (amortization) rates (%)
Building	50	5%	1.90

When the use of investment property is changed to owner-occupation, our enterprise converts the investment property into fixed assets or intangible assets from the date of the change. When the use of real estate for personal use is changed to earning rent or capital appreciation, our enterprise converts the fixed assets or intangible assets into investment real estate as of the date of the change. When the conversion occurs, the book value before the conversion is taken as the recorded value after the conversion.

At the balance sheet date, our enterprise estimates the recoverable amount of investment properties that have indications of impairment, and recognizes an impairment loss if the recoverable amount is less than their carrying value. Once an impairment loss on investment properties is recognized, it is not reversed.

When an investment property is disposed of, or permanently withdrawn from use and no economic benefits are expected from its disposal, recognition of the investment property is derecognized. The amount of disposal proceeds from the sale, transfer, scrapping or destruction of investment property, after deducting its book value and relevant taxes, is recognized in profit or loss for the current period.

(XIV)Fixed assets

1. Criteria for recognition of fixed assets

The fixed assets of the enterprise are tangible assets held for the production of goods, provision of services, leasing or management and with a useful life of more than one fiscal year. The conditions for recognition of fixed assets include: (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; (2) the cost of the fixed asset can be measured reliably.

2. Initial measurement of fixed assets

Our enterprise's fixed assets are initially measured at cost.

(1) The cost of purchased fixed assets, including the purchase price, related taxes and fees, transportation, handling, installation and professional services attributable to the fixed asset before it is brought into its intended use.

(2) The cost of a self-constructed fixed asset consists of the necessary expenditure incurred in constructing the asset until it is ready for its intended use.

(3) The cost of fixed assets invested by the investor is determined in accordance with the value agreed upon in the investment contract or agreement, unless the value agreed upon in the contract or agreement is not fair.

(4) The costs of fixed assets acquired in non-monetary asset exchanges, debt restructuring, business combinations and finance leases are determined in accordance with the relevant provisions of Business Accounting Standard No. 7 - Non-Monetary Asset Exchanges, Business Accounting Standard No. 12 - Debt Restructuring, Business Accounting Standard No. 20 - Business Combinations and Business Accounting Standard No. 21 - Leases, respectively.

3. Classification of fixed assets

The fixed assets of our enterprise are classified as follows: buildings and structures, machinery and equipment, transportation equipment, and others.

4. Depreciation of fixed assets

The fixed assets of our enterprise are depreciated using the average method over their useful lives. The annual depreciation rates for various types of fixed assets are as follows:

Type of fixed assets	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Public rental housing assets	50 years	5	1.9
Commercial assets	35 years	5	2.7143
Self-occupied office buildings	20 years	5	4.75
Machinery and equipment	10 years	0	10
Transportation equipment	4 years	0	25
Operational furniture	5 years	0	20
Operational appliances	3 years	0	33.333
Office furniture	5 years	0	20
Electronic equipment	3 years	0	33.333
Other equipments	5 years	0	20

Depreciation of fixed assets for which provision for impairment has been made: Fixed assets for which provision for impairment has been made are depreciated at their original cost less their estimated net residual value, the amount of depreciation and provision for impairment, and their remaining useful life.

Fixed assets that have reached their intended use but have not yet been finalized are costed at their estimated value and depreciated; after finalization, the original provisional value value is adjusted to the actual cost, but no adjustment is made to the depreciated amount.

5. Recognition criteria and method of provision for impairment of fixed assets

At the balance sheet date, fixed assets should be checked for indications that they may be impaired, and their recoverable amount should be estimated if there are indications of impairment. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and charged to current profit or loss. The estimated recoverable amount of an asset is based on a single asset, or if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of an asset group is determined based on the asset group to which the asset belongs.

Impairment losses on fixed assets, once recognized, are not reversed in subsequent accounting periods.

6. Treatment of subsequent expenditures on fixed assets

Subsequent expenditure on fixed assets mainly includes repair expenditure, renewal and reconstruction expenditure, repair costs, renovation expenditure, etc.for the fixed assets in the use of the process. The accounting treatment is as follows: the subsequent expenditure on the renewal and reconstruction of fixed assets, which meets the conditions for recognition of fixed assets, is included in the cost of fixed assets, if there is replaced part, its book value should be deducted; fixed asset repair costs, etc., that do not meet the conditions for recognition of fixed assets are charged to the profit and loss of the period in which they are incurred; fixed asset renovation costs, when they meet the conditions for recognition of fixed assets, are accounted for in a separate line item within "Fixed Assets" and depreciated separately using the averaging method over the shorter of the two renovation periods and the useful lives of the fixed assets.

Improvement expenses incurred on fixed assets leased under operating leases are capitalized as long-term amortization expense and amortized on a reasonable basis.

7. Finance leased fixed assets

See note IV(X X VII) for the basis for recognition and valuation of finance leased fixed assets.

Method of depreciation for finance leased fixed assets: The enterprise adopts a depreciation policy consistent with that for its own fixed assets to depreciate finance leased fixed assets. Where it is reasonably certain that ownership of the leased asset can be obtained at the expiry of the lease term, depreciation is provided over the useful life of the leased asset; where it is not reasonably certain that ownership of the leased asset can be obtained at the expiry of the lease term, depreciation is provided over the shorter of the lease term and the useful life of the leased asset.

(X V)Construction in progress

1. Type of construction in progress

The construction in progress of our enterprise is accounted for by the classification of projects.

2. Criteria and time at which construction in progress is carried forward to fixed assets

The fixed assets of our enterprise are recorded at the value of all expenditures incurred before the construction of the asset reaches its intended useable state. If the construction in progress has reached the intended useable state, but the final accounts for completion have not yet been processed, from the date it reaches the intended useable state, it will be transferred to fixed assets at the estimated value according to the project budget, cost or the actual cost of the project, and the depreciation of fixed assets will be charged according to the depreciation policy for fixed assets of the enterprise, and the original provisional value will be adjusted according to the actual cost after the final accounts for completion have been processed, but no adjustment will be made to the original depreciated value.

3.Impairment testing of construction in progress and impairment provision methodology

At the end of the period, a determination is made as to whether there is an indication that construction in progress may be impaired. Where there is an indication of impairment of construction in progress, the recoverable amount of the construction in progress is estimated. Where there is an indication that a construction in progress may be impaired, the enterprise estimates its recoverable amount on the basis of individual construction in progress. Where it is difficult for the enterprise to estimate the recoverable amount of an individual construction in progress, the enterprise determines the recoverable amount of the asset group to which the construction in progress.

The recoverable amount is determined on the basis of the higher of the fair value of construction in progress, net of disposal costs, and the present value of the projected future cash flows from construction in progress.

When the recoverable amount of construction in progress is less than its book value, the book value of construction in progress is written down to its recoverable amount, and the written down amount is recognized as an impairment loss in construction in progress and recorded in the current profit and loss, and the corresponding provision for impairment of construction in progress is made.

Impairment losses on construction in progress, once recognized, are not reversed in subsequent accounting periods.

(X VI) Borrowing cost

1. Recognition principle for capitalization of borrowing cost

Capitalization of borrowing cost can only begin when the following conditions are also meet:

(1) Expenditure on the asset has been incurred.

(2) borrowing cost has been incurred.

(3) Construction or production activities necessary to bring the asset to its intended use or saleable condition have begun.

2. Period in which borrowing cost is capitalized

Capitalization period, which is the period from the point at which capitalization of borrowing cost begins to the point at which capitalization ceases, excluding the period at which capitalization of borrowing cost is suspended.

The capitalization of borrowing cost is suspended when there is an abnormal interruption in the acquisition or production of assets eligible for capitalization, and the interruption lasts for more than three consecutive months. borrowing cost incurred during the interruption is recognized as an expense and charged to profit or loss until the acquisition or production of the asset is restarted. The capitalization of borrowing cost continues when the interruption is necessary to bring the assets acquired or produced that qualify for capitalization to their intended use or saleable condition.

borrowing cost ceases to be capitalized when the assets that qualify for capitalization are acquired or produced to their intended use or saleable condition. Loan cost incurred after the assets eligible for capitalization have reached their intended use or saleable condition is recognized in profit or loss as it is incurred.

3. The method for calculating the capitalized amount of Borrowing cost

During the capitalization period, the amount of interest (including amortization of discount or premium) capitalized in each accounting period shall be determined according to the following provisions:

(1) Where a special loan is borrowed for the purpose of acquiring or producing assets eligible for capitalization, the amount is determined as the interest expense actually incurred during the period of the special loan, less interest income earned by depositing unused borrowed funds with a bank or investment income earned by making temporary investments.

(2)If the general borrowings are occupied for the purpose of purchasing, constructing or producing assets eligible for capitalization, the enterprise shall calculate the amount of interest to be capitalized on the general borrowings according to the weighted average of the cumulative asset expenditures in excess of the portion of the specialized borrowings multiplied by the capitalization rate of the general borrowings taken up.The capitalization rate is determined based on the weighted average interest rate of general borrowings.

Where there is a discount or premium on a borrowing, the amount of the discount or premium to be amortized for each accounting period is determined in accordance with the effective interest method, and t the amount of interest for each period shall be adjusted. During the capitalization period, the amount of interest capitalized for each accounting period shall not exceed the amount of interest actually incurred on the related borrowings during the period.

Ancillary costs incurred on specialized borrowings, which are incurred before the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred, and those incurred after the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred, and those incurred after the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred. The amount incurred is recognized as an expense and charged to profit or loss for the period. Ancillary costs incurred on general borrowings are recognized as an expense in the profit or loss for the period in which they are incurred, based on the amounts incurred.

Borrowing costs, such as interest, incurred by the real estate enterprise for the purpose of borrowing funds for the development of real estate projects are charged to the cost of the development products before the completion of the development products and to the profit and loss of the current period after the completion of the development products.

(X VII)Intangible assets

1. The method of valuation of intangible assets

Intangible assets are initially measured at cost as they are acquired.

The cost of an acquired intangible asset includes the purchase price, related taxes and fees, and other expenses directly attributable to bringing the asset to its intended use. Where the purchase price of an intangible asset is deferred beyond normal credit terms and is essentially financing in nature, the cost of the intangible asset is determined on the basis of the present value of the purchase price.

The intangible asset used by the debtor to offset the debt is acquired through debt restructuring, and its book value is determined on the basis of the fair value of the intangible asset, and the difference between the book value of the restructured debt and the fair value of the intangible asset used to offset the debt is recorded into the current profit and loss;

Under the premise that the non-monetary assets exchange has commercial substance and the fair value of the assets exchanged or the exchanged asset can be measured reliably, the intangible assets exchanged for non-monetary assets are recorded at the fair value of the exchanged asset, unless there is conclusive evidence that the fair value of the assets exchanged is more reliable; If the non-monetary assets exchange does not meet the above requirements, the carrying value of the assets and the relevant taxes and fees that should be paid shall be taken as the cost of the intangible assets, and the profits and losses shall not be recognized.

Intangible assets acquired by way of merger by absorption of enterprises under the same control are valued at their book value at the merged party; Intangible assets acquired by way of merger by absorption of enterprises not under the same control are valued at their fair value.

The cost of an internally self-developed intangible asset includes the cost of materials and labor used in developing the intangible asset, registration fees, amortization of other patents and concessions used in the development process, interest charges to meet capitalization conditions, and other direct costs incurred in bringing the intangible asset to its intended use.

2. Method and period for amortization of intangible assets

The useful life of an intangible asset is determined at the time of acquisition. Intangible assets with finite useful lives are amortized over their useful lives using the straight-line method; intangible assets that cannot be foreseen to bring economic benefits to the enterprise are regarded as intangible assets with indefinite useful lives and are not amortized. At the end of each year, the Company reviews the estimated useful lives of intangible assets with finite useful lives and the amortization method, and the estimated useful lives of intangible assets with indefinite useful lives are reviewed for each accounting period, and if there is evidence that the useful lives of intangible assets are finite, the useful lives are estimated and amortized over the estimated useful lives.

3. Provision for impairment of intangible assets

Intangible assets are examined at the balance sheet date for indications that they may be impaired. If there is an obvious indication of impairment, the intangible asset should be tested for impairment and its recoverable amount estimated. If there is an indication that an intangible asset may be impaired, the enterprise estimates its recoverable amount on the basis of a single intangible asset. Where it is difficult for an enterprise to estimate the recoverable amount of an individual asset, the recoverable amount of the intangible asset group is determined on the basis of the asset group to which the intangible asset belongs.

The recoverable amount is determined based on the higher of the fair value of the intangible asset, net of disposal costs, and the present value of the intangible asset's expected future cash flows.

When the recoverable amount of an intangible asset is less than its book value, the book value of the intangible asset is written down to its recoverable amount, and the written down amount is recognized as an impairment loss on the intangible asset, which is recognized in profit or loss for the current period, and the corresponding intangible asset impairment provision shall be set aside at the same time.

Once the impairment loss of intangible assets is recognized, it will not be reversed in subsequent accounting periods.

4. Conditions for recognition of development expenditure as an intangible asset

The expenditure of internal research and development project is divided into research stage expenditure and development stage expenditure. Expenditures in the research phase shall be charged to current profits and losses when incurred; Expenditures in the development stage are recognized as intangible assets when they meet the following conditions:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) With the intent to complete the intangible asset and use or sell it;

(3) The means by which the intangible asset generates economic benefits, including by demonstrating the existence of a market for the product produced by the use of the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally.

(4) The availability of sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset.

(5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

(XVIII)Goodwill

The initial cost of goodwill resulting from a merger of businesses not under common control is the difference between the cost of the merger over the share of the fair value of the purchaser's identifiable net assets acquired in the merger.

Goodwill is transferred out of the asset group or portfolio to which it relates when it is disposed of and recognized in profit or loss for the period.

Goodwill is tested for impairment at least annually at the end of the year. In the impairment test of the relevant asset group or portfolio containing goodwill, if there is an indication of impairment of the asset group or portfolio related to goodwill, first conduct an impairment test on the asset group or portfolio that does not contain goodwill, calculate the recoverable amount, and compare it with the relevant book value, and recognize the corresponding impairment loss; then conduct an impairment test on the asset group or portfolio containing goodwill , comparing the carrying value of these underlying asset groups or combinations of asset groups (including the carrying value portion of the goodwill assessed) with their recoverable amounts, and recognizing an impairment loss on goodwill if the recoverable amount of the underlying asset group or combination of asset groups is less than its carrying value.

Goodwill impairment losses are recognized in profit or loss when incurred and are not reversed in subsequent accounting periods.

(XIX)Long-term prepaid expenses

The long-term prepaid expenses are expenses which have been paid but will be amortized within the period over one year, including operating leased fixed assets improvements expenses,etc. If the long-term amortization charge does not benefit future accounting periods, the full amortized value of the charge is transferred to the current profit and loss.

(XX)Employee benefits

Employee benefits is classified as short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term benefits, in the accounting period in which employees provide services for the enterprise, is recognized as a liability and included in the current profit and loss or the cost of related assets. It mainly includes wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance premiums, work injury insurance premiums and maternity insurance premiums, housing fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans and other short-term remuneration;

2. Post-employment benefits are categorized into defined contribution plans and defined

benefit plans. For defined contribution plans, the amount of contributions due under the defined contribution plan is recognized as a liability in profit or loss or the cost of the related asset during the accounting period in which the employee rendered service to the enterprise. For defined benefit plans, the defined benefit plan benefit obligation is determined in accordance with the expected cumulative benefit enterprise method and is attributed to the period in which the employee rendered the service; the service cost, net interest on the net liability or net assets of the defined benefit plan is charged to current profit or loss or the cost of the related assets; and the change resulting from the remeasurement of the net liability or net assets of the defined benefit plan is charged to other comprehensive income and no reversal to profit or loss is permitted in subsequent accounting periods.

3. The employee compensation liability arising from termination benefits is reasonably expected and recognized in accordance with the terms of the severance plan and is recorded in profit or loss for the period.

4. Other long-term employee benefits include all employee compensation other than short-term compensation, post-employment benefits and termination benefits, specifically long-term compensated absences, long-term disability benefits, and long-term profit-sharing plans (or long-term bonus plans). If eligible for a defined contribution plan, it is treated in accordance with the defined contribution plan; if eligible for a defined benefit plan, the net liability or net asset for other long-term employee benefits is recognized and measured in accordance with the defined benefit plan.

(ＸＸⅠ)Bonds payable

1. The valuation of bonds payable and amortization of premium and discounts

The bonds payable are valued at the actual issue price; The difference between the total issue price and the total par value of the bonds is treated as a premium or discount on the bonds and amortized over the life of the bonds at the time of interest accrual on a straight-line basis and is treated in accordance with the principle of treatment of borrowing costs.

2. Accrued interest on bonds payable

The accrued interest shall be accrued on a regular basis based on the face value of the bonds payable and the prescribed interest rate, and shall be charged to the project cost or the current financial expense respectively according to the treatment principle of the capitalization of borrowing costs.

(ⅩⅩⅡ)Estimated liabilities

1．Principle for recognition of estimated liabilities

Liabilities are recognized when the following conditions are also met for operations relating to contingencies such as foreign guarantees, pending litigation or arbitration, product quality warranties, redundancy plans, loss contracts, restructuring obligations, fixed asset abandonment obligations, etc.

(1) The obligation is a present obligation of the enterprise;

(2) The fulfillment of this obligation is likely to lead to the outflow of economic benefits from the enterprise;

(3) The amount of the obligation can be measured reliably.

2．Measurement of Estimated liabilities

The estimated liabilities are initially measured at the best estimate of the expenditure required to settle the present obligation. The best estimate where there is a continuous range of expenditure requirements and where within that range, the probabilities of various outcomes are equal is determined at the midpoint of the range; otherwise, the best estimate is determined as follows:

(1) Where the contingency relates to a single item, the best estimate is determined on the basis of the most likely amount to occur.

(2) Where contingencies involve more than one item, the best estimate is based on a range of probabilities and the probability of their occurrence.

Where an enterprise expects to be compensated in whole or in part by a third party or other party in order to pay off its estimated liabilities, the amount of compensation shall be recognized separately as an asset to the extent that it is virtually certain to be received. The amount of compensation recognized does not exceed the book value of the anticipated liability recognized.

(ⅩⅩⅢ)Income

1．The method of recognizing income from selling goods

Income from the sale of goods is recognized when the following conditions are also met:

(1) The enterprise has transferred to the purchaser the principal risks and rewards of ownership of the commodity.

(2) The enterprise has neither retained the right of continued management normally associated with ownership nor exercised effective control over the goods sold.

(3) The amount of income can be reliably measured.

(4) It is probable that the relevant economic benefits will flow to the enterprise.

(5) Relevant, incurred or to be incurred costs can be measured reliably.

2. The method of recognizing the income from providing labor services

If the result of the transaction of providing services can be estimated reliably at the balance sheet date, the income of providing services shall be recognized according to the percentage of completion method.

Where the outcome of a service rendering transaction cannot be estimated reliably at the balance sheet date, it is treated respectively as follows:

(1) If the labor costs already incurred are expected to be compensated, revenue from the provision of labor services is recognized at the amount of the labor costs already incurred, and the labor costs are carried forward at the same amount.

(2) If the labor costs already incurred are not expected to be compensated, the labor costs already incurred are included in the profit and loss of the current period, and no labor service revenue is recognized.

3. Method of recognizing income from the right to use the transferred assets

Income from the right to use the transferred assets, including interest income, royalty income, etc., is recognized when the following conditions are also met:

(1) The economic benefits associated with the transaction are capable of flowing to the enterprise.

(2) The amount of income can be measured reliably.

4. Method of recognizing the principal operating income of the enterprise

(1) Income from the sale of guaranteed housing: When the sales contract is signed, the procedures for the transfer of the housing are completed and the conditions for the processing

of the warrant for the guaranteed property are met, the costs related to the property can be reliably measured, and the buyer's payment certificate is obtained, the income is recognized at the price stipulated in the sales contract.

(2) Income from resettlement housing business: According to the government's policy of demolition and resettlement, the demolition or vacating resettlement housing business is entrusted to be developed and the government bears the development cost, income is recognized at the cost amount to be borne by the government when the development of resettlement housing is completed and accepted, when the houses are delivered to users according to the arrangement of the government's demolition and resettlement plan, and when invoices are issued at the price specified by the government.

(3) Public rental income: the realization of rental income from housing is recognized when the date and amount of rental payment by the lessee is stipulated in the contract or agreement with the lessee.

(4) Property management income: The realization of property management income is recognized when property management services have been provided, economic benefits related to property management services can flow into the enterprise, and costs related to property management services can be reliably measured.

(X X IV)Construction contracts

1. When the outcome of a construction contract can be estimated reliably at the balance sheet date, contract income and costs are recognized under the percentage of completion method.

The outcome of a fixed cost contract can be estimated reliably on the basis that (1) The total contract income can be measured reliably; (2) It is probable that the economic benefits associated with the contract will flow to the enterprise; (3) The contract costs actually incurred can be clearly distinguished and measured reliably; and (4) The progress towards completion of the contract and the costs still to be incurred to complete the contract can be determined reliably.

The outcome of a cost-plus contract can be estimated reliably based on the determination that (1) It is probable that the economic benefits associated with the contract will flow to the enterprise and (2) The contract costs actually incurred can be clearly distinguished and measured reliably.

2. Where the outcome of a construction contract cannot be estimated reliably at the balance sheet date, contract income is recognized on the basis of actual contract costs incurred in the period in which they are recoverable, as follows: when contract costs are recoverable, contract income is recognized on the basis of actual contract costs incurred in the period in which they are recoverable and contract costs are recognized as contract costs; when contract costs are unlikely to be recoverable, contract costs are recognized as contract costs in the period in which they are incurred and contract income is not recognized.

3. The method of determining progress towards contract completion

(1) Cumulative actual contract costs incurred as a percentage of total projected contract costs. Formula: Contract completion schedule = cumulative actual contract costs incurred ÷ total projected contract costs × 100%.

(2) Percentage of completed contractual work as a percentage of total projected contractual work. Formula: Contract completion schedule = contract work completed ÷ total projected contract work × 100%.

(3) The progress of completion as actually measured by scientific methods on site by a professional.

(X X V)Government subsidies

1 . The conditions for the recognition of government grants

Government grants can only be confirmed if the following conditions are met simultaneously:

(1) Enterprises can meet the conditions attached to government subsidies;

(2) Enterprises can receive government subsidies.

2 . The measurement of government subsidies

(1) If the government subsidies are monetary assets, they shall be measured at the amount received or receivable. If the government subsidies are non-monetary assets, they shall be measured in accordance with the fair value; If the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

(2) The government subsidy related to assets shall be offset against the carrying value of the asset or recognized as deferred income. Where deferred income is recognized, it should be charged to profit or loss over the useful life of the relevant asset in a reasonable and systematic manner. The government subsidy measured at nominal amounts are directly recognized in profit or loss for the current period.

(3)The government subsidies related to income shall be accounted for on a case-by-case basis: if they are used to compensate the enterprise for relevant costs or losses in future periods, they are recognized as deferred income and charged to profit or loss or eliminated in the period in which the relevant costs or losses are recognized; if they are used to compensate the enterprise for relevant costs or losses already incurred, they are charged directly to profit or loss or eliminated in the period in which the relevant costs are recognized.

(4) The government subsidies that contain both the asset-related part and the income-related part, different parts shall be distinguished for separate accounting treatment; if it is difficult to distinguish, the whole should be classified as income-related government subsidies.

(5) The government subsidies subsidies related to the day-to-day activities of the enterprise should be included in other income or offset against relevant costs and expenses in accordance with the substance of economic operations; government subsidies not related to the day-to-day activities of the enterprise should be included in non-operating income and expenditure.

(6) If the finance allocates the discounted interest funds to the lending bank, and the lending bank provides the loan to the enterprise at the policy preferential interest rate, the enterprise shall take the actual amount of loan received as the book value of the loan and calculate the relevant borrowing fees according to the principal amount of the loan and such policy preferential interest rate. If the finance allocates the discounted interest rate directly to the enterprise, the enterprise shall offset the corresponding discounted interest rate against the relevant borrowing costs.

(7) If the recognized government subsidy needs to be returned, accounting treatment shall be carried out in the case of the current instalment that needs to be returned: if the carrying value of the relevant assets is written off at the initial recognition, the carrying value of the assets shall be adjusted; If there is a related deferred income, the carrying balance of the related deferred income shall be written off, and the excess part shall be recorded into the current profit and loss; Under other circumstances, it shall be directly recorded into the current profits and losses.

3 . Presentation of government subsidies

The recognized government subsidy shall be separately presented in the income statement under a separate line item "other income" above the line item "operating profit".

(X X VI) Deferred tax assets and Deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized for temporary differences arising between the carrying amounts of certain items of assets and liabilities and their tax bases, and for temporary differences between the carrying amounts and tax bases of items that are not recognized as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Deferred tax assets are recognized as temporary differences to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized to offset the taxable losses and tax credits in future years.

At the balance sheet date, the carrying amount of the deferred tax asset recognized is reviewed and the deferred tax asset is written down to the extent that it is probable that sufficient taxable income will not be available in future periods to allow the deferred tax asset to be offset. To the extent that it is probable that sufficient taxable income will be available, the amount of the write-down is reversed.

(ⅩⅩⅦ) Leases

Leases are classified as finance leases and operating leases. Leases in which all the risks and rewards associated with ownership of the asset are substantially transferred to the lessee are finance leases, while other leases are operating leases.

1. Accounting for operating leases

(1) Lease payments made for leased assets are amortized on a straight-line basis over the entire lease term without deduction of the rent-free period and are charged to current expense. The initial direct costs paid in connection with the lease transaction are charged to current expense.

(2) Lease payments received for leasing an asset are amortized on a straight-line basis over the entire lease term without deducting the rent-free period and recognized as lease income. Initial direct costs paid in connection with the lease transaction are expensed in the current period; if significant, they are capitalized and amortized over the entire lease term on the same basis as lease revenue recognition.

2.Accounting for finance leases

(1) Financing leased-in assets: on the lease commencement date, the enterprise takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset, the minimum lease payment as the book value of the long-term payables, and the difference as the unrecognized financing expenses.

The effective interest rate method is adopted to amortize the unrecognized financing expenses during the asset lease period and record them into financial expenses. The initial direct expenses incurred by the enterprise are included in the value of the leased asset.

(2) Financing leased-out assets: On the lease commencement date, the enterprise recognizes the difference between the sum of the receivable finance lease, unsecured residual value and its present value as unrealized financing income, and recognizes it as lease income in each period when the rent is received in the future. The initial direct expenses incurred by the enterprise in connection with the leasing transaction shall be included in the initial measurement of the financial leasing receivables, and the amount of income recognized during the leasing period shall be reduced.

(X X VIII) Non-current assets or disposal group held for sale

1. Criteria for non-current assets or disposal groups held for sale

Non-current assets that also meet the following conditions shall be recognized as non-current assets or disposal groups held for sale:

(1) The enterprise has made a resolution on the sale of the asset;

(2) The enterprise has signed an irrevocable transfer agreement with the other party;

(3) The transfer of the asset will be completed within one year.

2. Accounting treatment of non-current assets or disposal groups held for sale

Non-current assets classified as holding for sale and assets in the holding for Sale disposal group (excluding financial assets and deferred income tax assets) shall not be depreciated or amortized and shall be presented at the lower of book value and fair value minus disposal expenses. The amount of fair value minus disposal expense less than the original book value is recognized as an asset impairment loss.

(X X IX) Fair value measurement

Fair value is the price that market participants pay to receive or transfer a liability from the sale of an asset in an orderly transaction on the measurement date.

According to the nature of the transaction and the characteristics of the relevant assets or liabilities, the enterprise judges whether the fair value is equal to the transaction price. The primary valuation techniques used to measure the fair value of an underlying asset or liability are the market, income or cost approach.

(X X X) The method of accounting for income taxes

Accounting for corporate income tax is based on the balance sheet debt method.

V.Explanations of Changes in Accounting Policies and Accounting Estimates and Correction of Errors

(I) Changes in accounting policies

There were no changes in accounting policies in the reporting period.

(II) Changes in accounting estimates

There were no changes in accounting estimates in the reporting period.

(III) Corrections of significant accounting errors

There were no corrections of material accounting errors in the reporting period.

VI. Taxes

(I) Major taxes and tax rates

Tax	Basis of taxation	Tax rate
Value-added tax (VAT)	The output tax shall be calculated on the basis of taxable sales or services, VAT is paid after offsetting the deductible input tax.	13%、9%、6%
City maintenance and construction tax	Actual VAT payments	7%
Education surtax	Actual VAT payments	3%
Local Education surtax	Actual VAT payments	2%
Corporate income tax	Taxable income	25%

(II)Preferential tax policies and relevant approvals

1 . According to The Notice of the Ministry of Finance and the State Administration of Taxation No. 61 of 2019, the land used during the construction period of public rental housing and the land occupied after the completion of public rental housing are exempted from urban land use tax;The construction and management of public rental housing shall be exempted from stamp duty; The purchase of housing as public rental housing is exempted from deed tax and stamp duty; Exempt public rental housing from property tax; Rental income derived from the operation of public rental housing is exempted from value-added tax.

2 . According to the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Project of Replacing Business Tax with Value added Tax, Annex 3, Article 1 (19), Item 7 of Caishui [2016] No.36, the interest income obtained

from the unified loan business is exempted from Value-added Tax preference. The enterprise filed the application with the State Taxation Bureau of Haidian District, Beijing on March 29, 2017, with the exemption period starting from May 1, 2016.

VII. Business Combination and Consolidated Financial Statements

(I)The subsidiaries included in the consolidated statements for the current period

No.	Name	Level	Type	Registered address/ place of business	Business nature	Paid-in capital (ten thousand yuan)	Proportion of shares (%)	Proportion of voting rights (%)	Investment (ten thousand yuan)	Acquisition Method
1	Beijing Yanbao Investment Co.Ltd.	2	1	Beijing	Affordable housing	105,672.0828	100.00	100.00	105,672.0828	1
2	Beijing Yanxin Commercial Investment Management Co.Ltd.	3	1	Beijing	Investment management	2,000.00	100.00	100.00	2,000.00	1
3	Beijing Yanfeng Engineering Project Management Co.Ltd.	3	1	Beijing	Project management	1,000.00	100.00	100.00	1,000.00	1
4	Beijing Yanguang Real Estate Co., Ltd.	2	1	Beijing	Affordable housing	160,000.00	62.50	62.50	100,000.00	1
5	Beijing Tianliren Real Estate Development Co.,Ltd.	3	1	Beijing	Real estate development	4,500.00	100.00	100.00	4,500.00	3
6	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	2	1	Beijing	Affordable housing	200,000.00	51.00	51.00	102,000.00	1
7	Beijing Yanhua Investment Co.,Ltd.	2	1	Beijing	Affordable housing	160,000.00	62.50	62.50	100,000.00	1
8	Beijing Subsidized Housing Exchange Service Center Co., Ltd.	2	1	Beijing	Brokerage of the real estate	2,000.00	100.00	100.00	2,000.00	1
9	Beijing Yandong Public Housing Investment Co.,Ltd	2	1	Beijing	Affordable housing	104,627.9053	51.00	51.00	53,000.00	1
10	Beijing Yangu Public Housing Investment Co.,Ltd.	2	1	Beijing	Affordable housing	60,000.00	58.30	58.30	35,000.00	1
11	Beijing Yanhuai Public Housing Investment Co.,Ltd.	2	1	Beijing	Affordable housing	50,000.00	65.00	65.00	32,500.00	1
12	Beijing Yanan Public Housing Construction Investment Co.,Ltd	2	1	Beijing	Affordable housing	50,000.00	80.00	80.00	40,000.00	1
13	Beijing Yanfang Public Housing Construction Investment Co.,Ltd	2	1	Beijing	Affordable housing	51,020.00	51.00	51.00	11,000.00	1
14	Beijing Yanbei Security Housing Construction Investment Co., Ltd.	2	1	Beijing	Affordable housing	13,732.44	66.00	66.00	3,882.00	1

No.	Name	Level	Type	Registered address/ place of business	Business nature	Paid-in capital (ten thousand yuan)	Proportion of shares (%)	Proportion of voting rights (%)	Investment (ten thousand yuan)	Acquisition Method
15	Beijing Yanjing Public Housing Construction Investment Co.,Ltd	2	1	Beijing	Affordable housing	20,000.00	60.00	60.00	12,000.00	1
16	Beijing Yanbao Qinshanshui Asset Management Co. Ltd	2	1	Beijing	Asset managemen	100.00	100.00	100.00	6,937.39	1

Note: Type of enterprise: 1. Domestic non-financial subsidiary; 2. Domestic financial subsidiary; 3. Overseas subsidiaries; 4. public institutions, 5. infrastructure units.

Acquisition methods: 1. Investment establishment; 2. Business merger under the same control;

3. Business merger under different control; 4. The other.

(II) Reasons that the tarent has control of the investee when it owns less than half of the voting rights over the investee

None.

(III) Reasons that the parent has no control of the investee when it directly owns or indirectly owns through other subsidiaries more than half of the voting rights over the investee

None.

(IV) Entities that are newly consolidated in the current period

The newly consolidated Entities in current period include Beijing Yanjing Public Housing Construction Investment Co.,Ttd., and Beijing Yanbao Qinshanshui Asset Management Co. Ltd., both of which are invested and established in the current period. The net assets at the end of the period and the net profits in the current period are as follows:

No.	Subsidiary name	Net assets at the end of the period	Net profit in the current period
1	Beijing Yanjing Public Housing Construction Investment Co.,Ttd	199,947,723.84	-52,276.16
2	Beijing Yanbao Qinshanshui Asset Management Co. Ltd	69,358,410.22	-15,444.44

Ⅷ. Notes to Items in the Consolidated Financial Statements

Unless otherwise noted, "closing balance" means balance on 30 September 2020,"opening balance" means balance on 31 Decembe 2019, "current period " means the nine months ended 30 September 2020, "prior period " means the nine months ended 30 September 2019, and all amounts are in RMB yuan.

(I)Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	7,884.06	16,516.33
Bank deposits	9.104,521.559.02	9,071,676,550.76
Other cash balances		
Total	9,104,529,443.08	9,071,693,067.09
Including: Total amount placed overseas		

(II)Trade receivables

1 . Classification of trade receivables

Species	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion(%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	2,722,593,467.92	100.00	5,299,118.22	100.00
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	2,722,593,467.92	100.00	5,299,118.22	100.00

(Continued)

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Trade receivables that are individually significant and individually assessed for impairment				

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	1,579,269,984.59	100.00	3,370,804.92	
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	1,579,269,984.59	100.00	3,370,804.92	

2 . Trade receivable with provision for bad debts based on a combination of credit risk characteristics

(1) Trade receivable with provision for bad debts based on aging analysis method

Aging	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)	2,692,073,541.28			1,560,123,977.21		
1-2 years (including 2 years)	14,922,783.23			6,533,283.94		
2-3 years (including 3 years)	5,281,266.41			5,281,266.41		
3-4 years (including 4 years)	4,444,860.84	20.00	888,972.17	3,537,023.63	20.00	707,404.73
4-5 years (including 5 years)	2,921,740.22	50.00	1,460,870.11	2,262,066.42	50.00	1,131,033.21
Over 5 years	2,949,275.94	100.00	2,949,275.94	1,532,366.98	100.00	1,532,366.98
Total	2,722,593,467.92	-	5,299,118.22	1,579,269,984.59	-	3,370,804.92

(2) Trade receivable with provision for bad debts based on the special portfolio: none.

3 . Top five debtors according to closing balances

Debtor name	Closing balance	The proportion of the total accounts receivable (%)
Chaoyang District Coke Plant Government Resettlement Housing Project	2,502,004,017.50	91.90
Beijing Xicheng District Affordable Housing Operation and Management Co.	139,525,402.85	5.12
Public Rental Housing Tenants of Xin Di Guo Ji Home	10,975,805.82	0.40
Public Rental Housing Tenants of Jian Gong Shuanghe Home	10,915,796.61	0.40
Tenants of 7 Jing Yuan Road Public Rental Housing Project	8,014,606.97	0.29
Total	2,671,435,629.75	98.11

(III)Advances to suppliers

1 . Advances to suppliers are shown by age

Item	Closing balance		Opening balance	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year (including 1 year)	1,387,554,295.45	19.06	1,315,128,604.63	19.35
1-2 years (including 2 years)	957,716,855.67	13.15	3,644,738,895.95	53.63
2-3 years (including 3 years)	3,311,574,518.05	45.48	1,363,477,165.24	20.06
Over 3 years	1,624,070,117.34	22.31	472,424,212.99	6.96
Total	7,280,915,786.51	100.00	6,795,768,878.81	100.00

2 . Large advances to suppliers with ending account age of more than 1 year

Debt unit	Closing balance	Aging
Beijing Science and Education Housing Cooperative	2,429,393,691.00	2to 3 years
Beijing Freddie Tianrui Xin Yang Real Estate Development Co.	178,362,424.75	2 to 3years
	1,057,932,932.00	Over 3 years
Beijing Chengjian Real Estate Development Co.	341,230,868.00	1 to 2 years
	374,616,082.00	2 to 3years
Beijing Ximbotailai Real Estate Development Co.	151,833,519.00	1 to 2 years
	167,298,300.00	2 to 3 years
	167,298,300.00	Over 3 years
Beijing Shoukai Zhongsheng Real Estate Co.	173,538,091.60	1 to 2 years
	85,987,342.70	2 to 3 years
Beijing Shoukai Renxin Real Estate Co.	47,958,993.23	2 to 3 years
	165,991,261.01	Over 3 years
Beijing Huazheng Real Estate Development Co.	145,246,601.30	1 to 2 years
Total	5,486,688,406.59	—

3 . Top five advances to suppliers according to closing balances

Debtor name	Closing balance	The proportion of the total advance to suppliers (%)
Beijing Science and Education Housing Cooperative	2,429,393,691.00	35.33
Beijing Freddie Tianrui Xin Yang Real Estate Development Co.	1,236,295,356.75	17.98
Beijing Chengjian Real Estate Development Co.	715,846,950.00	10.41
Beijing Ximbotailai Real Estate Development Co.	486,430,119.00	7.07
Beijing Shougang Renxin Real Estate Co.	259,525,434.30	3.77
Total	5,127,491,551.05	74.56

(IV)Other receivables

Item	Closing balance	Opening balance
Interest receivable	38,853,589.72	41,561,081.14
Dividends receivable		
Other receivables	318,120,823.28	293,020,707.13
Total	356,974,413.00	334,581,788.27

1.Interest receivable

(1) Classification of Interest receivable

Item	Closing balance	Opening balance
Fixed time deposit		
Entrusted loans		
Other (loans for shed improvement)	38,853,589.72	41,561,081.14
Total	38,853,589.72	41,561,081.14

(2) Significant overdue interest

None.

2.Other receivables

(1) Classification of other receivables

Species	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	318,120,823.28	100.00		
Other receivables that are individually not significant but are individually assessed for impairment				
Total	318,120,823.28	100.00		

(Continued)

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	298,020,707.13	100.00	5,000,000.00	100.00
Other receivables that are individually not significant but are individually assessed for impairment				
Total	298,020,707.13	100.00	5,000,000.00	100.00

(2) Other receivables with provisioned for bad debts based on a combination of credit risk characteristics

① Other receivables with provision for bad debts based on ageing portfolio

Aging	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)	4,674,724.38			1,761,668.00		
1-2 years (including 2 years)	1,656,854.00			537,725.00		
2-3 years (including 3 years)	302,459.00					
3-4 years (including 4 years)						
4-5 years (including 5 years)				10,000,000.00	50.00	5,000,000.00
Over 5 years						
Total	6,634,037.38	-		12,299,393.00	-	5,000,000.00

② Other receivables with provision for bad debts based on the special portfolio

Portfolio name	Closing balance		Opening balance	
	Book balance	Bad-debt provision	Book balance	Bad-debt provision
Receivables temporarily paid by the enterprise and finally settled by the relevant government departments: Receivables for the project of withdrawing from the simply-equipped building around Tiantan	276,646,730.06		268,378,844.64	
Deposit and margin, etc	34,840,055.84		17,342,469.49	
Total	311,486,785.90		285,721,314.13	

(4) Top five debtors according to closing balances

Debtor name	Nature of money	Closing balance	Aging	Proportion of other receivables (%)
The receivables for the project of withdrawing from the simply-equipped building around Tiantan	disbursements	8,972,290.68	Within 1 year (including 1 year)	2.92
		411,204.65	1-2 years (including 2 years)	0.13
		48,599,500.65	2-3 years (including 3 years)	15.83
		218,663,734.08	Over 3 years	71.24
Beijing Land Preparation and Reserve Center	Cash deposit	10,000,000.00	4-5 years	3.26
Wang Zongguo (Beijing Deputy City Centre Staff Turnaround Housing Project -North Zone)	disbursements	4,334,788.43	Within 1 year	1.41
Beijing Liantuo Auto Leasing Co.	Car rental deposit	1,842,907.00	Over 5 years	0.60
Beijing Junhebeinian Real Estate Development Co.	Cash deposit	660,000.00	1-2 years	0.22
Total		293,484,425.49		95.61

(V) Inventories

1.Inventory classification

Item	Closing balance		
	Book balance	Falling price reserves	Book value
Development cost	9,916,239,264.65		9,916,239,264.65
Development product	6,993,514,766.90		6,993,514,766.90
Total	16,909,754,031.55		16,909,754,031.55

(Continued)

Item	Opening balance		
	Book balance	Falling price reserves	Book value
Development cost	10,487,297,564.43		10,487,297,564.43
Development product	7,076,452,919.08		7,076,452,919.08
Total	17,563,750,483.51		17,563,750,483.51

2. No provision for decline in value of inventories at the end of the period as there was no decline in value of inventories.

(VI) Other current assets

Item	Closing balance	Opening balance
The amount of input VAT payable to be deducted (including the tax pre-paid in summary tax)	553,929,614.47	655,313,533.09
Refundable corporate income tax		
Pending VAT refunds		18,631,741.57
Total	553,929,614.47	673,945,274.66

(VII) Financial assets available for sale

1.Situation of Financial assets available for sale

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	450,160,000.00		450,160,000.00
Including: Measured at fair value			
Measured at cost	450,160,000.00		450,160,000.00
Others			
Total	450,160,000.00		450,160,000.00

(Continued)

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	450,160,000.00		450,160,000.00
Including: Measured at fair value			
Measured at cost	450,160,000.00		450,160,000.00
Others			
Total	450,160,000.00		450,160,000.00

2.Financial assets available for sale measured at cost

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Equity in Beijing Residential Industrialization Group Co.	50,000,000.00			50,000,000.00
Equity in Beijing Real Estate Market Co.				
Equity in Beijing Northcontrol Construction Development Co.				
Equity in Beijing Rural Commercial Bank	400,160,000.00			400,160,000.00
Total	450,160,000.00			450,160,000.00

(VIII) Long-term Receivables

Item	Closing balance		
	Book balance	Bad debt provision	Book value
Finance lease payment			
Sales of goods by instalments			
Installment payments for services rendered			
Unified loan and repayment of loans	29,395,110,034.50		29,395,110,034.50
Total	29,395,110,034.50		29,395,110,034.50

(Continued)

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Finance lease payment			
Sales of goods by instalments			
Installment payments for services rendered			
Unified loan and repayment of loans	31,414,090,034.50		31,414,090,034.50
Total	31,414,090,034.50		31,414,090,034.50

Details of Unified loan and repayment of loans:

Item	Closing balance	Opening balance
Beijing Mentougou Mining and Shantytown Construction Center	6,260,240,034.50	6,691,740,034.50
Beijing Fengtai District Housing Management Center	2,883,600,000.00	3,033,600,000.00
China Railway Construction and Land Limited	7,940,000,000.00	7,590,000,000.00
Beijing Tianjie Group Co.	2,700,000,000.00	3,100,000,000.00
Beijing Tenglida Real Estate Development and Management Company	871,000,000.00	901,000,000.00
Beijing Xiaoyuehe Science and Technology Park Co.	2,627,270,000.00	3,784,750,000.00
Beijing Guangan Rongsheng Investment Co.	6,113,000,000.00	6,313,000,000.00
Total	29,395,110,034.50	31,414,090,034.50

(IX) Long-term Equity Investments

1.Classification of long-term equity investments

Item	Opening balance	Increase in the current period	Investment gains and losses recognized under the equity method	Closing balance
Investment in subsidiaries				
Investment in joint ventures				
Investment in associated	8,511,380.74			8,511,380.74

Item	Opening balance	Increase in the current period	Investment gains and losses recognized under the equity method	Closing balance
Subtotal	8,511,380.74			8,511,380.74
Less: impairment provision for long-term equity investments				
Total	8,511,380.74			8,511,380.74

2.Details of long-term equity investment

Investee	Shareholding ratio	Cost of investment	Opening balance	Increase in the current period	Investment gains and losses recognized under the equity method	Closing balance
Total		15,590,000.00	8,511,380.74			8,511,380.74
Beijing Northcontrol Construction Development Co.	20%	12,100,000.00	6,090,826.06			6,090,826.06
Beijing Jianbaoyuan Asset Management Co.	30%	3,000,000.00	2,420,554.68			2,420,554.68

(X) Investment Properties

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Total original book value	32,320,468,610.76	7,522,482,530.89		39,842,951,141.65
Including: buildings	32,320,468,610.76	7,522,482,530.89		39,842,951,141.65
Land usage right				
Ⅱ. Total accumulated depreciation (amortization)	1,980,145,055.55	540,969,463.56		2,521,114,519.11
Including: buildings	1,980,145,055.55	540,969,463.56		2,521,114,519.11
Land usage right				
Ⅲ.Total net book value	30,340,323,555.21	-	-	37,321,836,622.54
Including: buildings	30,340,323,555.21	-	-	37,321,836,622.54
Land usage right				
Ⅳ. Total cumulative amount of impairment provision				
Including: buildings				
Land usage right				
Ⅴ.Total book value	30,340,323,555.21	-	-	37,321,836,622.54
Including: buildings	30,340,323,555.21	-	-	37,321,836,622.54
Land usage right				

Note: The enterprise's investment properties are measured using the cost model.

(X I) Fixed Assets

Item	Closing balance	Opening balance
Fixed assets	248,925,068.47	264,343,159.40
Liquidation of fixed assets		
Total	248,925,068.47	264,343,159.40

1.Situation of fixed assets

Category	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I .Total original book value	323,610,017.31	1,225,939.59		324,835,956.9
Including: Houses and Buildings	273,421,198.57			273,421,198.57
Machinery and equipment	14,000.00			14,000.00
Transport machine	2,098,312.00			2,098,312.00
Electronic equipment	28,193,797.34	925,589.14		29,119,386.48
Office equipment	2,540,246.85	231,238.91		2,771,485.76
Others	17,342,462.55	69,111.54		17,411,574.09
II .Total accumulated depreciation	59,266,857.91	16,642,980.58		75,909,838.49
Including: Houses and Buildings	29,958,239.62	10,138,748.93		40,096,988.55
Machinery and equipment	2,099.93			2,099.93
Transport machine	1,890,622.60	171,910.85		2,062,533.45
Electronic equipment	19,182,847.01	3,065,986.37		22,248,833.38
Office equipment	2,161,762.20	115,820.16		2,277,582.36
Others	6,071,286.55	3,150,514.27		9,221,800.82
III.Total net book value	264,343,159.40	—	—	248,925,068.47
Including: Houses and Buildings	243,462,958.95	—	—	233,324,210.02
Machinery and equipment	11,900.07	—	—	10,850.13
Transport machine	207,689.40	—	—	35,778.55
Electronic equipment	9,010,950.33	—	—	6,870,553.10
Office equipment	378,484.65	—	—	493,903.40
Others	11,271,176.00	—	—	8,189,773.27
IV.Total impairment provision				
Including: Houses and Buildings				
Machinery and equipment				
Transport machine				
Electronic equipment				
Office equipment				
Others				
V .Total book value	264,343,159.40	—	—	248,925,068.47

Category	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Including: Houses and Buildings	243,462,958.95	—	—	233,324,210.02
Machinery and equipment	11,900.07	—	—	10,850.13
Transport machine	207,689.40	—	—	35,778.55
Electronic equipment	9,010,950.33	—	—	6,870,553.10
Office equipment	378,484.65	—	—	493,903.40
Others	11,271,176.00	—	—	8,189,773.27

(X II) Construction in Progress

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Self-built public rental housing	17,943,899,034.33	4,366,606,056.60	6,809,301,879.75	15,501,203,211.18
Others				
Total	17,943,899,034.33	4,366,606,056.60	6,809,301,879.75	15,501,203,211.18

(X III) Intangible Assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I .Total original price	43,497,847.12	640,725.67		44,138,572.79
Including: software	43,497,847.12	640,725.67		44,138,572.79
II .Total accumulated amortization	11,072,669.00	3,220,277.42		14,292,946.42
Including: software	11,072,669.00	3,220,277.42		14,292,946.42
III.Total amount of impairment provision				
Including: software				
IV.Total book value	32,425,178.12	—	—	29,845,626.37
Including: software	32,425,178.12	—	—	29,845,626.37

(X IV) Goodwill

Name of the investee or the matters forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Formation of Beijing Yanguang Property Company Limited's purchase of 100% equity interest in Beijing Tianliren Real Estate Development Company Limited in 2015	155,669.79			155,669.79
Total	155,669.79			155,669.79

(X V) Long-term prepaid expenses

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decrease	Closing balance
Renovation costs	1,454,390.55	1,618,691.75	673,403.76		2,399,678.54
Organization expenses	8,271,648.01	362,467.69	3,101,868.00		5,532,247.70
Total	9,726,038.56	1,981,159.44	3,775,271.76		7,931,926.24

(X VI) Deferred tax assets and Deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets/ liabilities	Deductible/taxable temporary difference	Deferred tax assets/ liabilities	Deductible/taxable temporary difference
Ⅰ.Deferred tax assets	115,769,707.11	463,078,828.46	86,749,473.12	346,997,892.42
Provision for impairment of assets	1,324,779.55	5,299,118.22	3,181,292.26	12,725,169.02
Combined offset of operating income and inventory	94,695,839.27	378,783,357.06	63,819,092.56	255,276,370.22
Combined offset of operating income and construction in progress	15,590,063.70	62,360,254.82	15,590,063.71	62,360,254.82
Accrued expenses - land value added tax	4,159,024.59	16,636,098.36	4,159,024.59	16,636,098.36
Ⅱ.Deferred tax liabilities	50,953.17	203,812.68	50,953.17	203,812.68
Differences between fixed asset depreciation accounting and taxation	50,953.17	203,812.68	50,953.17	203,812.68

(X VII) Short-term borrowings

Borrowing category	Closing balance	Opening balance
Credit loans	200,000,000.00	
Total	200,000,000.00	

Overdue short-term borrowings: none.

(X VIII) Trade payables

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	2,406,811,529.34	1,205,710,959.62
1-2 years (including 2 years)	773,490,864.96	1,258,192,725.16
2-3 years (including 3 years)	1,076,715,103.58	583,593,604.20
More than 3 years	545,542,028.46	550,158,954.82
Total	4,802,559,526.34	3,597,656,243.80

Significant trade payables aged more than one year at the end of the period:

Name of creditor	Closing balance
Beijing Haidian District Housing Authority	482,559,900.00
Beijing Auto City Investment Management Co.	326,053,142.17
Beijing Jingtou Yintai Real Estate Co.	239,889,292.53
Beijing Guang'an Rongda Real Estate Co.	227,829,968.50
Beijing Tiancheng Housing Cooperative	97,883,890.20
Beijing Linhe Jingsheng Real Estate Development Co.	76,884,695.00
Beijing Jingtou Xingye Real Estate Co.	70,581,758.18
Beijing Jun Yang Xin Ye Real Estate Co.	60,794,339.73
Beijing Shuangqiao Farm Co.	56,223,884.47
Total	1,638,700,870.78

(XIX) Advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	416,049,159.88	3,005,708,013.71
More than 1 year	12,670,110,999.36	10,238,656,900.42
Total	13,086,160,159.24	13,244,364,914.13

Significant advances from customers more than one year old at the end of the period:

Name of creditor or project	Closing balance
Olympic 5 housing project	4,428,096,852.44
Sales price of condominiums	2,559,875,496.00
Renjoy Residence Limited Home Ownership Conversion Project	1,486,610,162.00
Yuexihui Limited Conversion Home Ownership Project	486,256,213.00
Arin West Project	484,997,500.00
Takai II Resettlement Housing Project	351,273,177.00
Somerset Home Project	159,099,100.00
Jhuangchang Resettlement Housing Project (Lot 1)	133,130,571.43
Mentougou Longquan Home Public Rental Housing Project	124,420,631.37
Total	10,213,759,703.24

(XX) Employee benefits payable

1. Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term employee benefits	1,504,812.77	133,155,475.32	133,756,074.01	904,214.08
II. Post-employment benefits – defined contribution plan	460,059.77	16,963,494.52	17,421,068.31	2,485.98
III. Termination benefits		867,177.63	867,177.63	
IV. Other benefits due within one year				
Total	1,964,872.54	150,986,147.47	152,044,319.95	906,700.06

2. Short-term employee benefits

Item	Opening balance	Increase in the current period
I.Salaries, bonuses, allowances and allowances		96,554,016.62
II.Employee services and benefits		7,811,154.38
III.Social insurance premium	317,634.79	11,037,431.76
Including: Medical insurance premium	282,993.70	10,577,344.08
Industrial injury insurance premium	12,001.56	273,656.80
Birth insurance premium	22,639.53	186,430.88
Others		
IV.Housing provident fund		14,960,300.80
V.Trade union funds and staff education funds	1,187,177.98	2,553,145.34
VI.Short paid absence from work		
VII.Short-term profits sharing plan		
VIII.Other Short-term compensation		239,426.42
Total	1,504,812.77	133,155,475.32

(Continued)

Item	Decrease in the current period	Closing balance
I.Salaries, bonuses, allowances and allowances	96,554,016.62	
II.Employee services and benefits	7,811,154.38	
III.Social insurance premium	10,994,924.85	360,141.70
Including: Medical insurance premium	10,506,890.18	353,447.60
Industrial injury insurance premium	285,658.36	
Birth insurance premium	202,376.31	6,694.10
Others		
IV.Housing provident fund	14,960,300.80	
V.Trade union funds and staff education funds	3,196,250.94	544,072.38
VI.Short paid absence from work		
VII.Short-term profits sharing plan		
VIII.Other Short-term compensation	239,426.42	
Total	133,756,074.01	904,214.08

3 . Defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Basic endowment insurance	438,152.16	10,090,949.32	10,529,101.48	
Ⅱ.Unemployment insurance expense	21,907.61	504,552.68	526,460.29	
Ⅲ.Enterprise annuity payment		6,367,992.52	6,365,506.54	2,485.98
Total	460,059.77	16,963,494.52	17,421,068.31	2,485.98

(ⅩⅩⅠ) Taxes and surcharge payable

Item	Opening balance	Payable in the current period
Value-added tax	70,474,720.81	71,062,667.31
City maintenance and construction tax	4,894,504.58	4,972,920.83
Education surtax	2,100,067.41	2,230,337.24
Local education surtax	1,400,044.94	1,486,891.51
Land value increment tax	118,408,079.64	40,766,982.24
House Property Tax		24,072,591.44
Land use tax		216,631.99
Corporate income tax	59,737,900.02	83,103,319.48
Individual income tax	2,611,201.78	1,598,466.03
Stamp duty	364,063.04	892,671.80
Deed tax	8,545,992.26	9,576,671.20
Environmental tax	57,896.35	4,918,419.02
Water resources tax		809,534.47
Total	268,594,470.83	245,708,104.56

(Continued)

Item	Paid in the current period	Closing balance
Value-added tax	140,275,212.53	1,262,175.59
City maintenance and construction tax	9,812,033.50	55,391.91
Education surtax	4,298,191.54	32,213.11
Local education surtax	2,865,461.04	21,475.41
Land value increment tax	142,538,963.52	16,636,098.36
House Property Tax	22,417,970.77	1,654,620.67
Land use tax	208,470.81	8,161.18
Corporate income tax	126,640,357.02	16,200,862.48
Individual income tax	3,913,999.92	295,667.89
Stamp duty	1,176,641.10	80,093.74
Deed tax	9,576,671.20	8,545,992.26

Item	Paid in the current period	Closing balance
Environmental tax	4,966,897.93	9,417.44
Water resources tax	809,534.47	
Total	469,500,405.35	44,802,170.04

(X X II) Other payables

Item	Closing balance	Opening balance
Accrual interest payable	184,191,406.75	82,227,276.88
Dividends payable		3,197,600.80
Other payables	918,370,683.19	1,047,460,994.59
Total	1,102,562,089.94	1,132,885,872.27

1 . Accrual interest payable

Item	Closing balance	Opening balance
Interests of long-term borrowings with interests payable by installment and principal payable upon maturity	54,937,433.99	59,690,564.51
Interest on corporate bonds	129,253,972.76	22,536,712.37
Total	184,191,406.75	82,227,276.88

2 . Dividends payable

Shareholder's name	Closing balance	Opening balance
State-owned Assets Supervision and Administration Commission of the People's Government of Shunyi District, Beijing		2,841,300.00
Beijing Huairou State-owned Assets Management Co.		126,953.48
State-owned Assets Supervision and Administration Commission of the People's Government of Pinggu District, Beijing		229,347.32
Total		3,197,600.80

3 . Other payables

(1) Other payables by nature of payment

Item	Closing balance	Opening balance
Collection of housing maintenance fund	64,300,645.05	61,445,127.05
Collection of payment for docking house	441,060,849.75	379,099,977.55
Collection of housing deed tax	38,821,528.22	23,186,505.86
Cash deposit	193,798,357.52	200,646,057.10
Rental bond	151,143,494.09	143,240,538.47
Housing deposit	1,165,000.00	201,290,000.00
Compensation for vacated house		1,130,263.30
Resident turnover fee		159,741.00

Item	Closing balance	Opening balance
Other collection		1,906,612.37
Others	28,080,808.56	35,356,171.89
Total	918,370,683.19	1,047,460,994.59

(2) Significant other payables older than one year at the end of the period

Name of creditor	Closing balance
Beijing Motor City Investment Management Co.	150,052,378.30
Beijing Railway Transportation Construction Management Co.	9,500,000.00
Beijing Taihe Real Estate Co.	5,505,311.25
Beijing Dalong Real Estate Development Co.	3,651,527.00
Beijing Dongze Real Estate Investment Co.	3,371,427.45
Total	172,080,644.00

(X X III) Non-current liabilities due within a year

Item	Closing balance	Opening balance
Long-term borrowings due within a year	2,006,572,647.80	
Total	2,006,572,647.80	

(X X IV) Other current liabilities

Item	Closing balance	Opening balance
VAT output tax to be deducted	2,918,828.94	320,196.20
Total	2,918,828.94	320,196.20

(X X V)Long-term borrowings

Item	Closing balance	Opening balance
Pledged loans	29,395,110,034.40	31,414,090,034.40
Mortgage loans	283,500,000.00	283,500,000.00
Guaranteed loans		2,006,572,647.80
Credit loans	11,017,024,817.00	11,428,417,117.00
Total	40,695,634,851.40	45,132,579,799.20

(X X VI)Bonds payable

1.Bonds payable

Item	Closing balance	Opening balance
The corporate bond of Beijing Public Housing Center in 2014	2,476,494,813.48	2,474,878,938.23
The first corporate bond of Beijing Public Housing Center in 2020	1,497,039,622.64	
The second corporate bond of Beijing Public Housing Center in 2020	1,500,000,000.00	
Total	5,473,534,436.12	2,474,878,938.23

2.Change in bonds payable

ten thousand yuan

Bond name	Face value	Issuing date	Maturity of bond	Issuance amount
The corporate bond of Beijing Public Housing Center in 2014	¥100	2014.10.15	15years	250,000.00
The first corporate bond of Beijing Public Housing Center in 2020	¥100	2020.4.16	20years	150,000.00
The second corporate bond of Beijing Public Housing Center in 2020	¥100	2020.7.22	18years	150,000.00
Total				550,000.00

(Continued) ten thousand yuan

Bond name	Opening balance	Current Issue	Amortization of premiums and discounts	Current reimbursement	Closing balance
The corporate bond of Beijing Public Housing Center in 2014	247,487.89		161.59		247,649.48
The first corporate bond of Beijing Public Housing Center in 2020		150,000.00	296.04		149,703.96
The second corporate bond of Beijing Public Housing Center in 2020		150,000.00			150,000.00
Total	247,487.89	350,000.00	457.63		547,353.44

(X X VII)Long-term payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term payables				
Special payables	641,352,483.26	22,490,695.40	125,405,826.05	538,437,352.61
Total	641,352,483.26	22,490,695.4	125,405,826.05	538,437,352.61

Details of special payables:

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Total	641,352,483.26	22,490,695.40	125,405,826.05	538,437,352.61
Decommissioning project in Xuanxibei area	205,697,942.42	21,602,582.76	36,965,111.44	190,335,413.74
Decommissioning project of simple buildings around Tiantan	352,465,397.76	661,508.81	5,995,777.59	347,131,128.98
Beijing Taihu Public Rental Housing Projectt	78,277,239.94	218,004.33	78,453,967.61	41,276.66
The Public Rental Housing project of Coking Plant in Chaoyan District, Beijing	18,845.43		18,845.43	
Beijing Baiwanzi public rental housing project	4,893,057.71	8,599.50	3,972,123.98	929,533.23

(XXVIII)Paid-in capital

Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government	44,717,681,838.34	100	1,768,488,000.00		46,486,169,838.34	100
Total	44,717,681,838.34	100	1,768,488,000.00		46,486,169,838.34	100

The amount increased in the current period is the capital fund allocated by the Beijing Municipal Finance Bureau.

(XXIX)Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	199,247,553.86			199,247,553.86
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Return of profits on investment				
Others				
Total	199,247,553.86			199,247,553.86

(XXX)Undistributed profits

Item	Current period	Prior period
Opening balance	1,474,667,166.69	1,602,759,315.87
Increase in the current period	123,543,293.70	125,620,481.82
Including: Transfer of current net profit	123,543,293.70	125,620,481.82
Other adjustment factors		
Decrease in the current period	67,431,700.00	253,712,631.00
Including: Appropriation to surplus reserve		22,693,431.00
Appropriation to general risk reserve		
Cash dividends distributed during the period	67,431,700.00	231,019,200.00
Other reductions		
Closing balance	1,530,778,760.39	1,474,667,166.69

(ＸＸＸⅠ)Operating revenue and operating costs

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
1．Subtotal of main business	2,595,118,671.84	1,978,031,424.46	1,398,989,596.82	981,052,623.36
Reserve housing sales	1,438,544,327.60	1,249,421,186.08	353,081,756.21	344,091,580.78
Public rental housing	1,083,591,614.95	675,132,220.69	952,777,005.44	576,141,861.46
Commercial real estate operations	65,965,864.82	52,130,118.29	87,575,915.86	57,188,501.74
Management service	6,632,735.13	1,277,781.39	5,554,919.31	3,630,679.38
Operation of loose rental reserve housing	384,129.34	70,118.01		
2．Subtotal of other business	57,847.68	180,045.77	210,593.08	177,284.58
Others	57,847.68	180,045.77	210,593.08	177,284.58
Total	2,595,176,519.52	1,978,211,470.23	1,399,200,189.90	981,229,907.94

(ＸＸＸⅡ)Taxes and surcharges

Item	Current period	Prior period
Business tax	204,513.79	-419,586.95
City maintenance and construction tax	4,950,031.03	457,821.57
Education surcharge	2,216,603.36	211,687.95
Local education surcharge	1,477,735.60	141,126.31
Land value added tax	40,766,982.24	2,481,446.45
Property tax	24,072,591.44	26,314,741.59
Land use tax	216,631.99	265,822.13
Stamp duty	892,671.80	3,205,292.08
Vehicle use tax		400.00
Environmental tax		5,174,243.77
Total	74,797,761.25	37,832,994.90

(ＸＸＸⅢ)Salling expenses, administrative expenses, financial expense

1.Salling expenses

Item	Current period	Prior period
Employee remuneration	1,530,414.49	894,224.83
Office expenses	1,184,867.70	4,177,817.90
Depreciation expenses		12,935.42
Heating costs	468,844.30	2,478,597.80
Marketing and promotion costs	881,188.12	
Others	200,475.84	276,011.10
Total	4,265,790.45	7,839,587.05

2.Administrative expenses

Item	Current period	Prior period
Employee remuneration	67,001,334.80	85,514,555.89
Insurance premiums	2,715,645.44	2,502,354.90
Depreciation expenses	5,548,491.76	4,582,337.50
Repair costs	25,989.61	178,075.92
Amortization of intangible assets	3,220,277.42	2,839,044.20
Amortization of long-outstanding costs	537,153.75	537,153.75
Amortization of low-value consumables	409,669.95	560.34
Operating hospitality	139,880.10	137,188.70
Travel costs	5,245.13	734,195.63
Office expenses	11,673,373.88	10,820,349.23
Rental fee	9,722,362.90	11,137,153.41
Litigation expenses	60,484.00	
Agency fees for hiring an intermediary	526,413.78	3,313,028.60
Consultancy fee	6,467,670.15	2,997,625.32
Transport costs	312,796.46	195,008.30
Communications costs	549,041.61	490,209.50
Labour protection fee	696,766.61	117,232.30
Conference costs	29,626.32	60,121.41
Publicity costs	222,369.66	373,093.38
Labor cost	12,950.00	501,423.93
Information costs	141,212.88	219,836.81
Renovation costs	1,177,478.57	733,741.48
Technical service fees	2,614,584.08	1,725,055.48
Funding for party organizations	5,186.19	12,846.01
Disability pension	1,581,418.85	2,004,656.78
Others	623,065.35	2,552,603.53
Total	116,020,489.25	134,279,452.30

3.Financial expense

Item	Current period	Prior period
Interest expense	1,463,537,405.87	1,519,573,219.90
Less: Interest income	1,200,955,747.29	1,369,795,438.37
Financial institution fees	614,396.84	1,901,372.94
Others	70,524.82	42,218.00
Total	263,266,580.24	151,721,372.47

(X X X IV)Other income

Item	Current period	Prior period
Reimbursement of personal income tax charges	232,809.68	40.35
Value added tax input credit	89,098.22	10,754.44
Job security allowance	846,643.79	
Others	13,514.37	
Total	1,182,066.06	10,794.79

(X X X V)Investment income

Source of investment income	Current period	Prior period
Income from long-term equity investments accounted for under the cost method	367,673.13	685,017.95
Income from long-term equity investments accounted for under the equity method		-750,575.30
Investment income from available-for-sale financialassets, etc.	14,607,600.00	7,838,234.08
Total	14,975,273.13	7,772,676.73

(X X X VI)Non-operating income

Item	Current period	Prior period
Government grants	181,058.00	663,809.00
Compensation for breach of contract	153,801.21	54,130.28
Income from fines	22,225.28	1,000.00
Others	46,865.70	43,917.87
Total	403,950.19	762,857.15

(X X X VII)Non-operating expensesVIII

Item	Current period	Prior period
External donations expenditure	529,671.00	2,228,904.84
Forfeiture and late payment expenses	175.00	10,733.90
Total	529,846.00	2,239,638.74

(X X X VIII) Income tax expense

Item	Current period	Prior period
Current income tax expense	83,103,319.48	65,917,942.01
Deferred income tax adjustments	-29,020,233.99	45,599.80
Total	54,083,085.49	65,963,541.81

(XXXIX) Loan cost

Item	Current period
Amount of loan cost capitalized during the period	163,592,964.53

Note: The amount of loan costs capitalized by our enterprise during the period represents the interest costs incurred by our enterprise during the period for specific borrowings during the construction period for self-built or acquired projects.

(XL) Leases

1. Financial lease

None.

2. Operating lease

(1) Status of assets leased out

Types	Closing balance	Opening balance
Investment properties	37,321,836,622.54	30,340,323,555.21
Total	37,321,836,622.54	30,340,323,555.21

(2) Significant leased-in assets

None.

(XLI) Assets with restricted ownership or use rights

Item	Closing balance	Reason for restriction
Monetary funds	292,000,000.00	Our enterprise signed the *Unit Customer Large Deposit Certificate Agreement* with Bank of Beijin Co.,LTD, Economic and Technological Development Area Branch on 26 November 2019, to deposit RMB 292,000,000.00 into our enterprise's account number 20000017318600027719069 in the Bank, for a term of 3 years, not earlier withdrawal.
Investment properties	446,067,013.64	According to the *Mortgage Contract* between our enterprise and Bank of Communications Co., Beijing Guangyuan Branch, our enterprise registered the real estate with the Beijing Municipal Planning and Land Resources Management Commission on 8 November 2018, and mortgaged Wenlong Jiayuan Public Rental House in Haidian District to Bank of Communications Co.,Beijing Youth Road Branch, guaranteed amount is RMB 340,000,000.00. On September 30, 2020, the book value of Wenlong Jiayuan Public Rental House in Haidian District was RMB 446,067,013.64 (the original price of the investment property was RMB 499,938,651.25 and the accumulated depreciation was RMB 53,871,637.61),and the balance of bank borrowings was RMB 283,500,000.00.

IX. Interests in Other Entities

(I)Subsidiaries

Name	Business location	Registered place	Nature of business	Shareholding (%)		Acquisition Method
				directly	indirectly	
Beijing Yanbao Investment Co.Ltd.	Beijing	Beijing	affordable housing	100.00		Investment establishment
Beijing Yanguang Real Estate Co., Ltd.	Beijing	Beijing	affordable housing	62.50		Investment establishment
Beijing Yanshun Affordable Housing Investment Co.,Ltd	Beijing	Beijing	affordable housing	51.00		Investment establishment
Beijing Yanhua Investment Co.,Ltd.	Beijing	Beijing	affordable housing	62.50		Investment establishment
Beijing Subsidized Housing Exchange Service Center Co., Ltd.	Beijing	Beijing	real estate brokerage	100.00		Investment establishment
Beijing Yandong Public Housing Investment Co.,Ttd	Beijing	Beijing	affordable housing	51.00		Investment establishment
Beijing Yangu Public Housing Investment Co.,Ltd.	Beijing	Beijing	affordable housing	58.30		Investment establishment
Beijing Yanhuai Public Housing Investment Co.,Ltd.	Beijing	Beijing	affordable housing	65.00		Investment establishment
Beijing Yanan Public Housing Construction Investment Co.,Ltd	Beijing	Beijing	affordable housing	80.00		Investment establishment
Beijing Yanfang Public Housing Construction Investment Co.,Ltd	Beijing	Beijing	affordable housing	51.00		Investment establishment
Beijing Yanbei Security Housing Construction Investment Co., Ltd.	Beijing	Beijing	affordable housing	66.00		Investment establishment
Beijing Yanjing Public Housing Construction Investment Co.,Ltd	Beijing	Beijing	affordable housing	60.00		Investment establishment
Beijing Yanbao Qinshanshui Asset Management Co. Ltd	Beijing	Beijing	asset management	100.00		Investment establishment

(II)Joint ventures and associates

Name	Registered place	Registered capital	Shareholding (%)	Nature of business
1. Joint ventures				
2. Associates				
Beijing Northcontrol Construction Development Co.	Beijing	RMB 50 million	20.00	House construction
Beijing Jianbaoyuan Asset Management Co.	Beijing	RMB 20 million	30.00	Business services

(III)Interests in structured entities not included in the scope of the consolidated financial statements

None.

X. Contingencies

At the end of the reporting period, the enterprise had no material contingencies that needed to be explained in the notes to the financial statements.

X I. Events after the Reporting Period

As of the date of approval of this financial report, the enterprise has no material events after the balance sheet date that need to be disclosed.

X II. Relationships and Transactions with Related Parties

(I) Investors to the enterprise

Name of the Investor	Registered place	Nature of business	Proportion of shareholding (%)	Proportion of voting rights (%)
State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government	Beijing	State-owned assets supervision and management	100.00	100.00

(II) Subsidiaries of the enterprise

For details, see "Note IX(I)".

(III) Joint ventures and associates of the enterprise

For details, see "Note IX (II)".

(IV) Related party transactions

None.

X III. Notes to Major Items in Financial Statements of the Parent

(I)Trade receivable

1 . Trade receivable classification disclosure

Categories	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	2,565,839,740.42	100.00	5,299,118.22	100.00
Trade receivables that are individually not significant but are individually assessed for impairment				
Total amount	2,565,839,740.42	100.00	5,299,118.22	100.00

(Continued)

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	1,464,318,016.81	100.00	3,370,804.92	100.00
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	1,464,318,016.81	100.00	3,370,804.92	100.00

2 . Trade receivable with provision for bad debts based on a combination of credit risk characteristics

(1) Trade receivable with provision for bad debts based on aging analysis method

Ageing	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)	2,535,332,351.51			1,445,172,009.43		
1 to 2 years (including 2 years)	14,910,245.50			6,533,283.94		

Ageing	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
2 to 3 years (including 3 years)	5,281,266.41			5,281,266.41		
3 to 4 years (including 4 years)	4,444,860.84	20.00	888,972.17	3,537,023.63	20.00	707,404.73
4 to 5 years (including 5 years)	2,921,740.22	50.00	1,460,870.11	2,262,066.42	50.00	1,131,033.21
Over 5 years	2,949,275.94	100.00	2,949,275.94	1,532,366.98	100.00	1,532,366.98
Total	2,565,839,740.42	-	5,299,118.22	1,464,318,016.81	-	3,370,804.92

(2) Trade receivable with provision for bad debts based on the special portfolio

None.

3 . Top five debtors according to closing balances

Name of the debtor	Closing balance	Proportion of total accounts receivable (%)
Chaoyang District Coke Plant Government Relocation Project	2, 502, 004, 017. 50	97. 51
Public Rental Housing Tenants of Jian Gong Shuanghe Home	10, 915, 796. 61	0. 43
Tenants of 7 Jing Yuan Road Public Rental Housing Project	8, 014, 606. 97	0. 31
Tenants of Qingxiu City	6, 798, 559. 45	0. 26
Tenants of Beijing Shijingshan Sino-Ocean Qingshanshui Public Rental Housing Project	1, 384, 644. 92	0. 05
Total	2, 529, 117, 625. 45	98. 56

(II)Other receivables

Item	Closing balance	Opening balance
Interest receivable	86,751,089.69	46,909,880.70
Other receivables	36,641,292.57	23,625,120.61
Total	123,392,382.26	70,535,001.31

1. Interest receivable

(1) Classification of interest receivable

Item	Closing balance	Opening balance
Entrusted loan	47,897,499.97	5,348,799.56
Others (loans for shed improvement)	38,853,589.72	41,561,081.14
Total	86,751,089.69	46,909,880.70

(2) Significant overdue interest: none.

2. Other receivables

(1) Classification of other receivables

Categories	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	36,641,292.57	100		
Other receivables that are individually not significant but are individually assessed for impairment				
Total	36,641,292.57	-		-

(Continued)

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	28,625,120.61	100	5,000,000.00	100
Other receivables that are individually not significant but are individually assessed for impairment				
Total	28,625,120.61	-	5,000,000.00	-

(2) Other receivables by ageing:

Ageing	Closing balance			Opening balance		
	Book balance	Rate (%)	Bad-debt provision	Book balance	Rate (%)	Bad-debt provision
Within 1 year (including 1 year)	19,367,792.92	52.86		11,389,720.96	39.79	
1 to 2 years (including 2 years)	3,804,366.40	10.38		3,804,366.40	13.29	
2 to 3 years (including 3 years)	152,133.25	0.42		152,133.25	0.53	
Over 3 years	13,317,000.00	36.34		13,278,900.00	46.39	5,000,000.00
Total	36,641,292.57	100.00		28,625,120.61	100.00	5,000,000.00

(3) Other receivables with provision for bad debts based on a combination of credit risk characteristics

① Other receivables with provision for bad debts based on ageing portfolio

Ageing	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)						
1 to 2 years (including 2 years)						
2 to 3 years (including 3 years)						
3 to 4 years (including 4 years)						
4 to 5 years (including 5 years)				10,000,000.00	50.00	5,000,000.00
Over 5 years						
Total				10,000,000.00	-	5,000,000.00

② Other receivables with provision for bad debts based on the special portfolio

Portfolio name	Closing balance		Opening balance	
	Book balance	Bad-debt provision	Book balance	Bad-debt provision
Deposits and Margin	13,868,900.00		3,868,900.00	
Advances and Imprest	22,772,392.57		14,756,220.61	
Total	36,641,292.57		18,625,120.61	

(4) Top five debtors according to closing balances

Name of debtors	Nature of funds	Closing balance	Ageing	Proportion of total accounts receivable (%)
Beijing Land Preparation and Reserve Center	deposit	10,000,000.00	4 to 5 years	27.29
Wang Zongguo (Beijing Deputy City Centre Staff Turnaround Housing Project -North Zone)	advance payment	4,334,788.43	Up to 1 year	11.83
Beijing Yanbao Investment Co.	deposit	3,654,000.00	3 to 4 years	9.97
Tongzhou Branch of Beijing City Sub-center Investment and Construction Group Co.	prepayment	879,300.00	Up to 1 year	2.40
Beijing New Ao Property Management Co.	deposit	300,000.00	1 to 2 years	0.82
Total		19,168,088.43		52.31

(III)Long-term equity envestments

1.Classification of long-term equity investments

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investments in subsidiaries	5,850,540,828.60	339,573,854.66		6,190,114,683.26
Investment in joint ventures				
Investments in associates				
Subtotal	5,850,540,828.60	339,573,854.66		6,190,114,683.26
Less: provision for impairment of long-term equity investments				
Total	5,850,540,828.60	339,573,854.66		6,190,114,683.26

2. Details of long-term equity investments

Investees	Shareholding ratio	Opening balance	Change in current period	Closing balance
Total		5,850,540,828.60	339,573,854.66	6,190,114,683.26
Beijing Yanbao Investment Co.Ltd.	100%	1,056,720,828.60		1,056,720,828.60
Beijing Yanguang Real Estate Co., Ltd.	62.5%	1,000,000,000.00		1,000,000,000.00
Beijing Yanhua Investment Co.,Ltd.	62.5%	1,000,000,000.00		1,000,000,000.00
Beijing Yanshun Affordable Housing Investment Co.,Ltd	51%	1,020,000,000.00		1,020,000,000.00
Beijing Subsidized Housing Exchange Service Center Co., Ltd.	100%	20,000,000.00		20,000,000.00
Beijing Yandong Public Housing Investment Co.,Ltd	51%	530,000,000.00		530,000,000.00
Beijing Yangu Public Housing Investment Co.,Ltd.	58.30%	350,000,000.00		350,000,000.00
Beijing Yanhuai Public Housing Investment Co.,Ltd.	65%	325,000,000.00		325,000,000.00
Beijing Yanan Public Housing Construction Investment Co.,Ltd	80%	400,000,000.00		400,000,000.00
Beijing Yanfang Public Housing Construction Investment Co.,Ltd	51%	110,000,000.00	150,200,000.00	260,200,000.00
Beijing Yanbei Security Housing Construction Investment Co., Ltd.	66%	38,820,000.00		38,820,000.00
Beijing Yanjing Public Housing Construction Investment Co.,Ltd	60%		120,000,000.00	120,000,000.00
Beijing Yanbao Qinshanshui Asset Management Co. Ltd	100%		69,373,854.66	69,373,854.66

(IV)Operating revenue and operating costs

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
1. Subtotal of main business	2,394,090,597.10	1,822,220,060.11	1,281,387,326.91	900,949,462.31
Reserve housing sales	1,356,626,024.93	1,191,481,376.00	353,081,756.21	343,494,713.10

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
Public rental housing	981,822,827.04	595,117,321.22	874,830,767.71	514,368,114.69
Commercial real estate operations	49,026,521.55	34,757,684.21	52,114,119.40	41,722,923.15
Management service	6,615,223.58	863,678.68	1,360,683.59	1,363,711.37
2. Subtotal of other business	123,690,649.53	180,045.77	180,329,263.86	178,982.69
Interest on entrusted loans	121,199,925.69		146,054,133.46	1,698.11
Loan guarantees	2,124,125.14		34,244,214.68	
Others	366,598.70	180,045.77	30,915.72	177,284.58
Total	2,517,781,246.63	1,822,400,105.88	1,461,716,590.77	901,128,445.00

(V)Investment income

Source of investment income	Current period	Prior period
Income from long-term equity investments accounted for under the cost method	31,158,037.35	10,251,662.82
Total	31,158,037.35	10,251,662.82

XIV. Other Significant Matters Required for Disclosure

None.

XV. Approval of the Financial Statements

The financial statements have been approved by the General Manager's Office of the enterprise.

Beijing Public Housing Center

Nov 30, 2020

BEIJING PUBLIC HOUSING CENTER

Audit Report

Zhongxi Audit（2020）No.00587

ZHONGXI CPAs（SPECIAL GENERAL PARTNERSHIP）

Address: 11/F, Tower A, Xincheng Culture Building, No.11, Chongwenmenwai Street, Dongcheng District, Beijing, China

Postcode:100062

Tel:010-67085873

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E-mail: zhongxi @zhongxicpa.net

Audit Report

Zhongxi Audit [2020] No.00587

To the shareholders of Beijing Public Housing Center:

I. Audit Opinion

We have audited the financial statements of Beijing Public Housing Center ("the Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2019, and the consolidated and parent company income statements, the consolidated and parent company cash flow statements and the consolidated and parent company statements of changes in owners' equity for the year then ended,and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and parent company's financial position as of 31 December 2019, the consolidated and parent company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for the Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Auditing Standards for the Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for

Business Enterprises, and for the design, performance and maintenance of such internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

These charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards for the Chinese Certified Public Accountants 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 expected influence the economic decisions taken based on these financial statements by reasonable users.

As part of an audit in accordance with Auditing Standards for the Chinese Certified Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identified and assessed 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 was sufficient and appropriate to form our opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Understood audit related internal control in order to design audit procedures that were appropriate in the circumstances.

(3) Evaluated the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Concluded on the appropriateness of the directors' application of the going concern basis of accounting. Based on audit evidence obtained, concluded on whether the material uncertainty of events or conditions that may cause cast significant doubt on the Company's ability to continue as a going concern existed. If we concluded that a material uncertainty existed, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or to modify our opinion, if such disclosures were inadequate. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluated the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.

(6) Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We were responsible for the direction, supervision and performance of the group audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance over audit scope, time arrangement and significant audit findings, including any significant deficiencies of internal control that we identified through audit.

Zhongxi CPAS (Special General Partnership)

Beijing, China

Chinese Certificated Public Accountant:

Gong Guo Wei

Chinese Certificated Public Accountant:

Li Guo Sheng

May 8, 2020

Address: 11/F, Tower A, Xincheng Culture Building, No.11, Chongwenmenwai Street, Dongcheng District, Beijing
Tel:010-67085873 Fax:010-67084147 Postcode:100062

Consolidated Balance Sheet

December 31, 2019

Prepared by：BEIJING PUBLIC HOUSING CENTER

Unit：RMB

Item	Note	Closing balance	Opening balance	Item	Note	Closing balance	Opening balance
Current assets:		-	-	Current liabilities:		-	-
Cash at bank and on hand	VIII(I)	9,071,693,067.09	13,022,494,232.32	Short-term borrowings	VIII(XVIII)		2,296,572,647.80
Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses				Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Trade Receivables	VIII(II)	1,575,899,179.67	46,566,742.08	Trade payables	VIII(XIX)	3,597,656,243.80	4,872,378,451.25
Advances to Suppliers	VIII(III)	6,795,768,878.81	8,251,210,955.90	Advances from customers	VIII(XX)	13,244,364,914.13	10,600,728,756.46
Other receivables	VIII(IV)	334,581,788.27	328,160,147.09	Employee benefits payable	VIII(XXI)	1,964,872.54	2,011,541.53
Inventories	VIII(V)	17,563,750,483.51	25,239,836,131.95	Taxes and surcharges payable	VIII(XXII)	268,594,470.83	161,644,386.54
Assets held for sale	VIII(VI)	11,163,998.40		Other payables	VIII(XXIII)	1,132,885,872.27	471,832,906.48
Non-current assets due within a year				liabilities held for sale			
Other current assets	VIII(VII)	673,945,274.66	421,350,343.52	Non-current liabilities due within a year			
Total current assets		36,026,802,670.41	47,309,618,552.86	Other current liabilities	VIII(XXIV)	320,196.20	124,784.83
Non-current assets:		-	-	Total current liabilities		18,245,786,569.77	18,405,293,474.89
Financial assets available for sale	VIII(VIII)	450,160,000.00	477,778,362.50	Non-current liabilities:		-	-
Held-to-maturity investments				Long-term borrowings	VIII(XXV)	45,132,579,799.20	41,681,150,984.80
Long-term receivables	VIII(IX)	31,414,090,034.50	35,344,240,034.50	Bonds payable	VIII(XXVI)	2,474,878,938.23	2,480,604,520.39
long-term equity investments	VIII(X)	8,511,380.74		Long-term payables	VIII(XXVII)	641,352,483.26	1,575,749,577.12
Investment properties	VIII(XI)	30,340,323,555.21	29,908,014,640.35	Long-term employee compensation payable			
Fixed assets	VIII(XII)	264,343,159.40	228,925,195.69	Estimated liabilities			
Construction in progress	VIII(XIII)	17,943,899,034.33		Deferred income			
Productive biological assets				Deferred tax liabilities	VIII(XVII)	50,953.17	21,072.79
Oil and gas assets				Other non-current liabilities			
Intangible assets	VIII(XIV)	32,425,178.12	32,238,249.82	Total non-current liabilities		48,248,862,173.86	45,737,526,155.10
Development expenditure				Total liabilities		66,494,648,743.63	64,142,819,629.99
Goodwill	VIII(XV)	155,669.79	155,669.79	Owners'equity:		-	-
Long-term prepaid expenses	VIII(XVI)	9,726,038.56	796,759.30	Paid-in capital	VIII(XXVIII)	44,717,681,838.34	44,523,209,666.33
Deferred tax assets	VIII(XVII)	86,749,473.12	30,711,763.95	Other equity instruments			
Other non-current assets				Capital reserve			
Total non-current assets		80,550,383,523.77	66,022,860,675.90	Less:treasury stock			
				Other comprehensive income			
				Special reserve			
				Surplus reserve	VIII(XXIX)	199,247,553.86	176,554,122.86
				Undistributed profit	VIII(XXX)	1,474,667,166.69	1,602,759,315.87
				Total owners'equity attributable to the parent company		46,391,596,558.89	46,302,523,105.06
				Minority shareholders' equity		3,690,940,891.66	2,887,136,493.71
				Total owners'equity		50,082,537,450.55	49,189,659,598.77
Total assets		116,577,186,194.18	113,332,479,228.76	Total liabilities and owners' equity		116,577,186,194.18	113,332,479,228.76

Head of unit：金焱　　Responsible person in charge of accounting work：魏莉　　Head of accounting agencies：黄宁之印　　Preparer

Consolidated Income Statement

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	Note	2019	2018
I.Total operating revenue		3,536,837,231.98	1,624,892,509.21
Including : Operating revenue	VIII(XXXI)	3,536,837,231.98	1,624,892,509.21
II.Total operating cost		3,312,349,502.24	1,278,330,181.55
Including : Operating cost	VIII(XXXI)	2,799,780,718.39	1,045,407,181.37
Taxes and surcharges	VIII(XXXII)	97,157,316.83	92,948,454.36
Sales expenses	VIII(XXXIII)	9,629,379.57	16,189,562.72
Administrative expenses	VIII(XXXIII)	189,956,174.15	169,508,248.96
Research and development expenses		3,651,580.34	
Financial expense	VIII(XXXIII)	212,174,332.96	-45,723,265.86
Including : Interest expense		2,011,527,539.84	1,834,747,498.22
Interest income		1,801,765,165.63	1,881,175,629.11
Others			
Add : Other income	VIII(XXXIV)	493,968.83	3,024,451.53
Investment income (loss indicated with"-")	VIII(XXXV)	4,184,902.14	86,181,175.38
Including : Income from investment in associated enterprises and joint ventures		-7,078,619.26	
Income from changes in fair value (loss indicated with"-")			
Asset impairment loss (loss indicated with"-")	VIII(XXXVI)	-10,725,169.02	-2,000,000.00
Asset disposal income (loss indicated with"-")			
III.Operating profit (loss indicated with"-")		218,441,431.69	433,767,954.57
Add : Non-operating income	VIII(XXXVII)	7,167,412.99	18,439,735.41
Including : Government grants		663,809.00	17,677,900.00
Less : Non-operating expenses	VIII(XXXVIII)	2,690,328.36	932,241.86
IV. Gross profit (loss indicated with"-")		222,918,516.32	451,275,448.12
Less : Income tax expense	VIII(XXXIX)	55,141,293.45	110,702,365.68
V.Net profit (loss indicated with"-")		167,777,222.87	340,573,082.44
(I) Classified by ownership			
Net profit attributable to the owner of the parent company		125,620,481.82	311,141,791.77
Minority interest		42,156,741.05	29,431,290.67
(II) Classified by business continuity			
Net profit from continuing operations		167,777,222.87	340,573,082.44
Net profit from discontinued operations			
VI.Amount of other comprehensive net income after tax			
Amount of other comprehensive net income after tax attributable to equity holders of the parent company			
(I) Other comprehensive income that cannot be reclassified into profits and losses			
(II) Other comprehensive income that will be reclassified into profits and losses			
Amount of other comprehensive net income after tax attributable to the minority shareholders			
VII.Total comprehensive income		167,777,222.87	340,573,082.44
Total comprehensive income attributable to the owner of the parent company		125,620,481.82	311,141,791.77
Total comprehensive income attributable to the minority shareholders		42,156,741.05	29,431,290.67
VIII.Earnings per share :		-	-
Basic earnings per share			
Diluted earnings per share			

Head of unit : Responsible person in charge of accounting work : Head of accounting Agencies : Preparer :

Consolidated Cash Flow Statement

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	2019	2018	Item	2019	2018
I.Cash flows from operating activities :	—	—	Net cash paid to acquire subsidiaries and other business entities		
Cash received from the sale of goods or rendering of services	5,222,404,640.29	4,397,209,440.01	Other cash payments relating to investing activities		
Refunds of taxes	25,008,550.46	17,677,900.00	Sub-total of cash outflows from investing activities	8,880,609,332.24	11,737,371,395.75
Other cash receipts relating to operating activities	3,875,890,220.97	1,322,941,883.38	Net cash flows from investing activities	-5,084,689,701.99	429,046,130.96
Sub-total of cash inflows from operating activities	9,123,303,411.72	5,737,829,223.39	III.Cash flows from financing activities :	—	—
Cash paid for goods and services	4,345,160,097.47	4,846,339,052.94	Cash received from capital contributions	360,000,000.00	4,881,920,000.00
Cash paid to and on behalf of employees	276,218,377.47	247,432,712.28	Including : Cash received from capital contributions from minority owners of subsidiary		525,000,000.00
Payments of all type of taxes	292,875,787.42	474,319,381.88	Cash received from borrowings	9,772,682,117.00	10,211,072,647.80
Other cash payments relating to operating activities	2,655,445,282.81	1,074,996,651.24	Other cash receipts relating to financing activities		466,950,000.00
Sub-total of cash outflows from operating activities	7,569,699,545.17	6,643,087,798.34	Sub-total of cash inflows from financing activities	10,132,682,117.00	15,559,942,647.80
Net cash flows from operating activities	1,553,603,866.55	-905,258,574.95	Cash repayments of amounts borrowed	8,472,986,308.48	2,190,768,474.20
II.Cash flows from investing activities :	—	—	Cash paid for distribution of dividends or profits and for interest expenses	2,371,411,138.31	1,974,292,286.72
Cash received from return of investments	3,785,500,000.00	10,436,150,174.72	Including : Dividends and profits paid by a subsidiary to minority shareholders	20,484,668.51	15,733,036.20
Cash received for the receipt of investment income	10,314,394.52	95,891,834.37	Other cash payments relating to financing activities		144,710,716.86
Net cash received from the disposal of fixed assets,intangible assets and other long-term assets			Sub-total of cash outflows from financing activities	10,844,397,446.79	4,309,771,477.78
Net cash received from the disposal of subsidiaries and other business entities			Net cash flows from financing activities	-711,715,329.79	11,250,171,170.02
Other cash receipts relating to investing activities	105,235.73	1,634,375,517.62	IV.Effect of changes in foreign exchange on cash and cash equivalents		
Sub-total of cash inflows from investing activities	3,795,919,630.25	12,166,417,526.71	V.Net increase in cash and cash equivalents	-4,242,801,165.23	10,773,958,726.03
Cash paid to acquire fixed assets,intangible assets and other long-term assets	8,585,119,332.24	6,947,471,395.75	Add : Cash and cash equivalents at the beginning of the period	13,022,494,232.32	2,248,535,506.29
Cash paid to acquire investments	295,490,000.00	4,789,900,000.00	VI.Cash and cash equivalents at the end of the period	8,779,693,067.09	13,022,494,232.32

Head of unit : Responsible person in charge of accounting work : Head of accounting agencies : Preparer :

Consolidated Statement of Changes in Owners' Equity

Prepared by : BEIJING PUBLIC HOUSING CENTER | For the year ended 31 December 2019 | Unit : RMB

2019

Item	Row	Owner's equity attributable to the parent company											Minority shareholders' equity	Total owners'equity
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
			preferred shares	Perpetual bonds	Others									
Column	—	1	2	3	4	5	6	7	8	9	10	11	12	13
I.Balance at the end of the prior year	1	44,523,209,666.33								176,554,122.86	1,602,759,315.87	46,302,523,105.06	2,887,136,493.71	49,189,659,598.77
Add:Changes in accounting policies	2	-	-	-	-	-	-		-	-	-		-	-
Error correction in the prior periods	3	-	-	-	-	-	-	-			-		-	-
Others	4													
II.Balance at the beginning of the current year	5	44,523,209,666.33								176,554,122.86	1,602,759,315.87	46,302,523,105.06	2,887,136,493.71	49,189,659,598.77
III.Changes for the current year(decrease indicated with "-")	6	194,472,172.01								22,693,431.00	-128,092,149.18	89,073,453.83	803,804,397.95	892,877,851.78
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	125,620,481.82	125,620,481.82	42,156,741.05	167,777,222.87
(II)Owners'capital contribution and reduction	8	194,472,172.01										194,472,172.01	786,279,053.09	980,751,225.10
1.Ordinary shares contributed by owners	9	194,472,172.01	-	-	-		-	-	-	-	-	194,472,172.01	786,279,053.09	980,751,225.10
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-			
3.Share-based payments recorded into owners' equity	11		-	-	-		-	-	-	-	-			
4.Others	12		-	-										
(III)Profit distribution	13									22,693,431.00	-253,712,631.00	-231,019,200.00	-24,631,396.19	-255,650,596.19
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	22,693,431.00	-22,693,431.00		-	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	22,693,431.00	-22,693,431.00		-	
Discretionary accumulation	16	-	-	-	-	-	-	-	-				-	
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-			-	
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-231,019,200.00	-231,019,200.00	-24,631,396.19	-255,650,596.19
4.Others	19													
IV.Balance at the end of the current year	20	44,717,681,838.34								199,247,553.86	1,474,667,166.69	46,391,596,558.89	3,690,940,891.66	50,082,537,450.55

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting agencies : 黄宁之印

Preparer :

Consolidated Statement of Changes in Owners ' Equity (Continued)

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	Row	2018												
		Owner's equity attributable to the parent company											Minority shareholders' equity	Total owners'equity
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
			preferred shares	Perpetual bonds	Others									
Column	—	14	15	16	17	18	19	20	21	22	23	24	25	26
I.Balance at the end of the prior year	1	40,166,289,666.33								147,721,600.49	1,355,838,085.92	41,669,849,352.74	2,333,840,387.71	44,003,689,740.45
Add:Changes in accounting policies	2													
Error correction in the prior periods	3													
Others	4										39,075,012.01	39,075,012.01	14,597,851.53	53,672,863.54
II.Balance at the beginning of the current year	5	40,166,289,666.33								147,721,600.49	1,394,913,097.93	41,708,924,364.75	2,348,438,239.24	44,057,362,603.99
III.Changes for the current year(decrease indicated with "-")	6	4,356,920,000.00								28,832,522.37	207,846,217.94	4,593,598,740.31	538,698,254.47	5,132,296,994.78
(I)Total comprehensive income	7										311,141,791.77	311,141,791.77	29,431,290.67	340,573,082.44
(II)Owners'capital contribution and reduction	8	4,356,920,000.00										4,356,920,000.00	525,000,000.00	4,881,920,000.00
1.Ordinary shares contributed by owners	9	4,356,920,000.00										4,356,920,000.00	525,000,000.00	4,881,920,000.00
2.Capital contributed by other equity instrument holders	10													
3.Share-based payments recorded into owners' equity	11													
4.Others	12													
(III)Profit distribution	13									28,832,522.37	-103,295,573.83	-74,463,051.46	-15,733,036.20	-90,196,087.66
1.Appropriation of surplus reserve	14									28,832,522.37	-28,832,522.37			
Including:Statutory accumulation reserve	15									28,832,522.37	-28,832,522.37			
Discretionary accumulation	16													
2.Appropriation of provision for normal risks	17													
3.Distribution to owners	18										-74,468,800.00	-74,468,800.00	-15,733,036.20	-90,201,836.20
4.Others	19										5,748.54	5,748.54		5,748.54
IV.Balance at the end of the current year	20	44,523,209,666.33								176,554,122.86	1,602,759,315.87	46,302,523,105.06	2,887,136,493.71	49,189,659,598.77

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting agencies : 黄宁之印

Preparer :

Balance Sheet of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

December 31, 2019

Unit : RMB

Item	Note	Closing balance	Opening balance	Item	Note	Closing balance	Opening balance
Current assets :		-	-	**Current liabilities:**		-	-
Cash at bank and on hand		4,035,335,200.46	6,867,359,500.65	Short-term borrowings			
Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses				Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Trade Receivables	XIV(I)	1,460,947,211.89	40,852,864.73	Trade payables		2,969,888,002.36	3,591,942,658.12
Advances to Suppliers		2,155,623,450.57	3,788,421,569.79	Advances from customers		10,654,700,833.18	8,625,031,293.44
Other receivables	XIV(II)	70,535,001.31	57,181,267.86	Employee benefits payable		785,282.13	1,076,842.73
Inventories		11,743,366,924.70	23,660,162,515.13	Taxes and surcharges payable		205,353,814.90	138,091,526.39
Assets held for sale				Other payables		499,599,752.31	444,821,141.90
Non-current assets due within a year				liabilities held for sale			
Other current assets		642,793,595.21	305,287,763.18	Non-current liabilities due within a year			
Total current assets		20,108,601,384.14	34,719,265,481.34	Other current liabilities		320,196.20	124,784.83
Non-current assets:		-	-	**Total current liabilities**		14,330,647,881.08	12,801,088,247.41
Financial assets available for sale				**Non-current liabilities:**		-	-
Held-to-maturity investments				Long-term borrowings		41,353,325,034.40	41,526,705,034.40
Long-term receivables		31,414,090,034.50	35,344,240,034.50	Bonds payable		2,474,878,938.23	2,480,604,520.39
long-term equity investments	XIV(III)	5,850,540,828.60	5,276,720,828.60	Long-term payables		83,189,143.08	370,770,736.10
Investment properties		25,838,141,098.40	26,370,688,202.25	Long-term employee compensation payable			
Fixed assets		25,112,852.36	21,079,327.94	Estimated liabilities			
Construction in progress		18,006,259,289.15		Deferred income			
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Intangible assets		31,583,037.44	31,939,258.74	**Total non-current liabilities**		43,911,393,115.71	44,378,080,290.89
Development expenditure				**Total liabilities**		58,242,040,996.79	57,179,168,538.30
Goodwill				**Owners' equity:**		-	-
Long-term prepaid expenses		8,271,648.01		Paid-in capital		44,717,681,838.34	44,523,209,666.33
Deferred tax assets		2,092,701.23	500,000.00	Other equity instruments			
Other non-current assets		3,133,000,000.00	1,400,000,000.00	Capital reserve			
Total non-current assets		84,309,091,489.69	68,445,167,652.03	Less:treasury stock			
				Other comprehensive income			
				Special reserve			
				Surplus reserve		199,247,553.86	176,554,122.86
				Undistributed profit		1,258,722,484.84	1,285,500,805.88
				Total owners'equity		46,175,651,877.04	45,985,264,595.07
Total assets		104,417,692,873.83	103,164,433,133.37	**Total liabilities and owners' equity**		104,417,692,873.83	103,164,433,133.37

Head of unit : 金焱　Responsible person in charge of accounting work : 魏莉　Head of accounting agencies : 黄宁之印　Preparer :

Income Statement of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	Note	2019	2018
I.Total operating revenue		3,256,564,580.41	1,544,132,019.08
Including : Operating revenue	XIV(IV)	3,256,564,580.41	1,544,132,019.08
II.Total operating cost		3,003,973,430.59	1,254,606,891.65
Including : Operating cost	XIV(IV)	2,475,370,257.13	924,115,973.08
Taxes and surcharges		67,332,247.09	86,388,757.80
Sales expenses		291,262.20	5,466,780.38
Administrative expenses		105,419,721.57	104,423,075.56
Research and development expenses		3,651,580.34	
Financial expense		351,908,362.26	134,212,304.83
Including : Interest expense		1,991,006,873.94	1,871,776,484.13
Interest income		1,641,417,569.09	1,738,166,739.25
Others			
Add : Other income		376,514.35	
Investment income (loss indicated with"-")	XIV(V)	38,572,593.28	71,406,037.74
Including : Income from investment in associated enterprises and joint ventures			
Income from changes in fair value (loss indicated with"-")			
Asset impairment loss (loss indicated with"-")		-6,370,804.92	-2,000,000.00
Asset disposal income (loss indicated with"-")			
III.Operating profit (loss indicated with"-")		285,169,452.53	358,931,165.17
Add : Non-operating income		6,286,956.29	18,439,735.24
Including : Government grants			17,677,900.00
Less : Non-operating expenses		1,698,074.71	506,633.93
IV.Gross profit (loss indicated with"-")		289,758,334.11	376,864,266.48
Less : Income tax expense		62,824,024.15	88,539,042.76
V.Net profit (loss indicated with"-")		226,934,309.96	288,325,223.72
(I) Classified by ownership		-	-
Net profit attributable to the owner of the parent company		226,934,309.96	288,325,223.72
Minority interest			
(II) Classified by business continuity		-	-
Net profit from continuing operations		226,934,309.96	288,325,223.72
Net profit from discontinued operations			
VI.Amount of other comprehensive net income after tax			
(I) Other comprehensive income that cannot be reclassified into profits and losses			
(II) Other comprehensive income that will be reclassified into profits and losses			
VII.Total comprehensive income		226,934,309.96	288,325,223.72
VIII.Earnings per share :		-	-
Basic earnings per share			
Diluted earnings per share			

Head of unit : 金焱 Responsible person in charge of accounting work : 赖莉 Head of accounting agencies : 黄宁之印 Preparer :

Cash Flow Statement of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	2019	2018	Item	2019	2018
I.Cash flows from operating activities :	—	—	Cash paid to acquire investments	3,292,000,000.00	3,254,270,000.00
Cash received from the sale of goods or rendering of services	4,097,353,586.64	2,373,323,872.68	Net cash paid to acquire subsidiaries and other business entities	573,820,000.00	892,366,328.60
Refunds of taxes	22,886,979.47	17,677,900.00	Other cash payments relating to investing activities		
Other cash receipts relating to operating activities	3,623,946,786.44	1,030,227,226.64	**Sub-total of cash outflows from investing activities**	10,979,815,818.94	11,018,664,677.67
Sub-total of cash inflows from operating activities	7,744,187,352.55	3,421,228,999.32	**Net cash flows from investing activities**	-5,888,637,989.93	-4,362,510,262.07
Cash paid for goods and services	412,066,650.30	591,244,576.12	**III.Cash flows from financing activities :**	—	—
Cash paid to and on behalf of employees	173,321,878.05	160,785,931.38	Cash received from capital contributions	90,000,000.00	4,356,920,000.00
Payments of all type of taxes	212,398,994.53	353,717,180.71	Cash received from borrowings	8,059,000,000.00	7,445,500,000.00
Other cash payments relating to operating activities	2,004,520,324.81	933,325,645.02	Other cash receipts relating to financing activities		466,950,000.00
Sub-total of cash outflows from operating activities	2,802,307,847.69	2,039,073,333.23	**Sub-total of cash inflows from financing activities**	8,149,000,000.00	12,269,370,000.00
Net cash flows from operating activities	4,941,879,504.86	1,382,155,666.09	Cash repayments of amounts borrowed	8,087,540,358.08	1,503,283,966.20
II.Cash flows from investing activities :	—	—	Cash paid for distribution of dividends or profits and for interest expenses	2,238,725,457.04	1,886,738,129.36
Cash received from return of investments	5,052,500,000.00	4,944,150,174.72	Other cash payments relating to financing activities		96,179,263.90
Cash received for the receipt of investment income	38,572,593.28	77,628,723.26	**Sub-total of cash outflows from financing activities**	10,326,265,815.12	3,486,201,359.46
Net cash received from the disposal of fixed assets,intangible assets and other long-term assets			**Net cash flows from financing activities**	-2,177,265,815.12	8,783,168,640.54
Net cash received from the disposal of subsidiaries and other business entities			**IV.Effect of changes in foreign exchange on cash and cash equivalents**		
Other cash receipts relating to investing activities	105,235.73	1,634,375,517.62	**V.Net increase in cash and cash equivalents**	-3,124,024,300.19	5,802,814,044.56
Sub-total of cash inflows from investing activities	5,091,177,829.01	6,656,154,415.60	Add : Cash and cash equivalents at the beginning of the period	6,867,359,500.65	1,064,545,456.09
Cash paid to acquire fixed assets,intangible assets and other long-term assets	7,113,995,818.94	6,872,028,349.07	**VI.Cash and cash equivalents at the end of the period**	3,743,335,200.46	6,867,359,500.65

Head of unit : Responsible person in charge of accounting work Head of accounting agencies : Preparer

黄宁之印

Statement Of Changes In Owners ' Equity of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	Row	2019										
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners'equity
			preferred shares	Perpetual bonds	Others							
Column	—	1	2	3	4	5			8	9	10	11
I.Balance at the end of the prior year	1	44,523,209,666.33								176,554,122.86	1,285,500,805.88	45,985,264,595.07
Add:Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-
Error correction in the prior periods	3	-	-	-	-	-	-	-	-	-	-	-
Others	4											
II.Balance at the beginning of the current year	5	44,523,209,666.33								176,554,122.86	1,285,500,805.88	45,985,264,595.07
III.Changes for the current year(decrease indicated with "-")	6	194,472,172.01								22,693,431.00	-26,778,321.04	190,387,281.97
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	226,934,309.96	226,934,309.96
(II)Owners'capital contribution and reduction	8	194,472,172.01										194,472,172.01
1.Ordinary shares contributed by owners	9	194,472,172.01						-	-	-	-	194,472,172.01
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-	
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-	
4.Others	12											
(III)Profit distribution	13									22,693,431.00	-253,712,631.00	-231,019,200.00
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	22,693,431.00	-22,693,431.00	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	22,693,431.00	-22,693,431.00	
Discretionary accumulation	16	-	-	-	-	-	-	-	-			
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-		
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-231,019,200.00	-231,019,200.00
4.Others	19											
IV.Balance at the end of the current year	20	44,717,681,838.34								199,247,553.86	1,258,722,484.84	46,175,651,877.04

Head of unit :

Responsible person in charge of accounting work :

Head of accounting agencies : 黄宁之印

Preparer :

Statement Of Changes In Owners ' Equity of the Company (Continued)

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2019

Unit : RMB

Item	Row	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners'equity
			preferred shares	Perpetual bonds	Others							
Column	—	12	13	14	15	16	17	18	19	20	21	22
I.Balance at the end of the prior year	1	40,166,289,666.33								147,721,600.49	1,100,476,904.53	41,414,488,171.35
Add:Changes in accounting policies	2											
Error correction in the prior periods	3											
Others	4											
II.Balance at the beginning of the current year	5	40,166,289,666.33								147,721,600.49	1,100,476,904.53	41,414,488,171.35
III.Changes for the current year(decrease indicated with "-")	6	4,356,920,000.00								28,832,522.37	185,023,901.35	4,570,776,423.72
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	288,325,223.72	288,325,223.72
(II)Owners'capital contribution and reduction	8	4,356,920,000.00										4,356,920,000.00
1.Ordinary shares contributed by owners	9	4,356,920,000.00					-	-	-	-	-	4,356,920,000.00
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-	
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-	
4.Others	12											
(III)Profit distribution	13									28,832,522.37	-103,301,322.37	-74,468,800.00
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	28,832,522.37	-28,832,522.37	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	28,832,522.37	-28,832,522.37	
Discretionary accumulation	16	-	-	-	-	-	-	-	-			
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-		
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-74,468,800.00	-74,468,800.00
4.Others	19											
IV.Balance at the end of the current year	20	44,523,209,666.33								176,554,122.86	1,285,500,805.88	45,985,264,595.07

Head of unit : 金焱 Responsible person in charge of accounting work : 魏莉 Head of accounting agencies : 黄宁之印 Preparer :

北京市保障性住房建设投资中心

Beijing Publicc Housing Center

Notes to the Financial Statements
For the Year Ended 31 December 2019

Ⅰ.Basic Information of the Enterprise

(Ⅰ) Corporate profile

Beijing Publicc Housing Center (hereinafter referred to as "our enterprise" or "the enterprise") is an enterprise owned by the whole people registered and established in Beijing Municipal Administration for Industry and Commerce on June 27, 2011, the unified social credit code is 91110000576880856J. By the end of the reporting period, the basic situation of our enterprise is as follows:

Company name： Beijing Publicc Housing Center

Type of enterprise: Enterprise owned by the whole people

Registered address: Room 1116, A-1, South Street, Xiaobao Village, Songzhuang Town, Tongzhou District, Beijing

Headquarters address: Yanbao Building, Building 2, Yard 59, Yuquan Road, Shijingshan District, Beijing

Legal representative: Jin Yan

Registered capital: RMB36,105,586,554.87, fully invested by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government.

Term of operation: June 27, 2011 solstice long-term

Business scope: investment and financing, acquisition and leasing of government-subsidized housing; To organize the construction of government-subsidized housing; Selling government-subsidized housing after approval by the housing administration department; Real estate development; Property management; Engaged in real estate brokerage business; Technical services. (Enterprises independently choose business projects and carry out business activities according to law; For projects subject to approval according to law, business activities shall be carried out in accordance with the approved contents after being approved by relevant departments; It shall not engage in the business activities of projects prohibited or restricted by this Municipality's industrial policies.)

(II)Scope of the consolidated financial statements

1 . Subsidiaries included in the scope of our enterprise's consolidated financial statements for the reporting period

Name of the subsidiary	Whether included in the scope of consolidated financial statements
Beijing Yanbao Investment Co.Ltd.	Yes
Beijing Yanguang Real Estate Co., Ltd.	Yes
Beijing Yanshun Affordable Housing Investment Co.	Yes
Beijing Yanhua Investment Co.,Ltd.	Yes
Beijing Subsidized Housing Exchange Service Center Co., Ltd.	Yes
Beijing Yandong Public Housing Investment Co.,Ttd	Yes
Beijing Yangu Public Housing Investment Co.,Ltd.	Yes
Beijing Yanhuai Public Housing Investment Co.,Ltd.	Yes
Beijing Yanan Public Housing Construction Investment Co.,Ttd	Yes
Beijing Yanfang Public Housing Construction Investment Co.	Yes
Beijing Yanbei Security Housing Construction Investment Co., Ltd.	Yes

2 . Changes in the scope of the consolidated financial statements during the reporting period

For further details, see "Note VII.(VII) Newly consolidated subjects for the period ".

II . Basis of Preparation of Financial Statements

Our Enterprise prepared financial statements on the basis of going concern, in accordance with the transactions and events actually occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of People's Republic of China, including the basic standards, specific standards, application guidelines, explanations and other relevant provisions of the Accounting Standards for Business Enterprises (hereinafter referred to as " CAS").

III.Statement of Compliance with CAS

The financial statements prepared by the enterprise meet the requirements of the CAS, which presented truthfully and completely for the enterprise's financial position as of 31 December 2019, and financial performance and cash flows for the year then ended.

IV. Significant Accounting Policies and Accounting Estimates

(I)Accounting period

The financial year of the enterprise is calendar year from 1 January to 31 December.

(II)Functional currency

The enterprise's functional currency is CNY, and the currency used in preparing financial statements is CNY.

(III) Basis of accounting and Principle of measurement

According to Accounting Standards for Business Enterprises, the financial statements of the enterprise are prepared using the accrual basis. Except for the basis specified in special instructions, the financial statements use historical cost method. If an asset is impaired, the enterprise recognizes an impairment loss according to relevant accounting standards.

(IV)Business combination

1. Business combination under common control

It is a business combination under common control that all the participating enterprises are under the final control of the same party or the same parties before and after the combination and the control is not temporary. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

Assets and liabilities that the combining party obtains in a business combination shall be measured at the book value of the combined party on the combining date. If the accounting policies adopted by the combined parties are inconsistent with our enterprise, the combining party adjusts them in accordance with the accounting policies of our enterprise on the combining date and recognize them at their adjusted book values on this basis.

The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total par value of the shares issued) is adjusted for the equity premium in capital surplus, and if the equity premium in capital surplus is less than the offset, is adjusted for retained earnings.

All expenses directly related to the business combination, including audit fees, assessment fees and legal service fees paid for the combination, shall be recorded into the current profit and loss when incurred.

Fees and commissions arising from the issuance of equity securities in a business combination are offset against the premium income from equity securities, and if the premium income is less than the offset, retained earnings are offset.

2. Business combination not under common control

It is a business combination not under common control that all the participating enterprises are not under the final control of the same party or the same parties before and after the combination.

Assets paid, liabilities incurred or assumed by the purchaser as consideration for a business combination are measured at fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized in profit or loss for the period.

The purchaser allocates the consolidated cost at the date of purchase and recognizes the fair value of each identifiable asset, liability and contingent liability of the acquiree acquired.

The difference between the purchaser's cost of consolidation greater than the fair value share of the purchaser's identifiable net assets acquired in the consolidation is recognized as goodwill; the difference between the cost of consolidation less than the fair value share of the purchaser's identifiable net assets acquired in the consolidation is reviewed and recognized in profit or loss for the period.

All assets other than intangible assets of the acquiree acquired in a business combination (not limited to assets originally recognized by the acquiree), the economic benefits of which are likely to flow to the enterprise and whose fair value can be measured reliably, are separately recognized and measured at fair value; intangible assets whose fair value can be measured reliably are separately recognized as intangible assets and measured at fair value; each liability, other than contingent liabilities, of the acquired acquiree, where it is probable that the performance of the obligation will result in an outflow of economic benefits from the enterprise and the fair value can be measured reliably, is separately recognized and measured at fair value; contingent liabilities of the acquired acquiree, where the fair value can be measured reliably, are separately recognized as a liability and measured at fair value.

In the initial recognition of the assets of the acquiree acquired in the consolidation, intangible assets owned by the acquiree but not recognized in its financial statements shall be fully identified and judged reasonably, and shall be recognized as intangible assets if they meet one of the following conditions: (1) derived from contractual or other legal rights; (2) can be separated or divided from the acquiree, and can be used for sale, transfer, grant license, lease or exchange, either alone or together with related contracts, assets and liabilities.

Deferred tax assets are not recognized when the purchaser acquires deductible temporary differences of the acquiree in a business combination that do not qualify for recognition as deferred tax assets at the purchase date. If, within 12 months after the purchase date, new or further information is obtained indicating that the relevant circumstances at the purchase date already exist and the economic benefits from the purchaser's deductible temporary differences at the purchase date are expected to be realized, the related deferred tax asset is recognized, and goodwill is reduced, and if goodwill is less than offset, the difference is recognized in profit or loss; other than the above, deferred tax assets related to business combinations are recognized in profit or loss for the period.

For business combination not under common control, intermediary fees such as auditing, legal services, appraisal and consulting and other relevant management expenses incurred by the purchaser for the purpose of the enterprise merger shall be included in the profit and loss for the current period when incurred; transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger shall be included in the initial recognition amount of the equity securities or debt securities.

If the purchaser achieves the business combination not under common control in steps through multiple transactions, the relevant accounting treatment shall be distinguished between the individual financial statements and the consolidated financial statements: (1) In the individual financial statements, the initial investment cost of the investment shall be the sum of the carrying value of the equity investment in the acquiree held before the date of purchase and the new investment cost on the date of purchase; the equity investment in the acquiree held before the date of purchase involves In the case of other comprehensive income, other comprehensive income related to that investment (e.g., the portion of changes in fair value of available-for-sale financial assets recorded in capital surplus, the same below) shall be transferred to current investment income upon disposal of that investment.(2) In the consolidated financial statements, the equity interests of the acquiree held before the date of purchase shall be remeasured according to the fair value of such equity interests at the date of purchase, and the difference between the fair value and its carrying value shall be included in the current investment income; if the equity interests of the acquiree held before the date of purchase involve other comprehensive income, the other comprehensive income related to such equity interests shall be transferred to the current investment income at the date of purchase.

(V) Preparation method of consolidated financial statements

The scope of consolidation in our enterprise's consolidated financial statements is determined on the basis of control, which is defined as the ability of an investor to have power over an investee, to enjoy a variable return by participating in the investee's related activities, and to have the ability to use its power over the investee to affect the amount of its return.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of consolidated financial statements are consistent with those of our enterprise, and if the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of our enterprise, the necessary adjustments are made in preparing the consolidated financial statements in accordance with the accounting policies and accounting periods of our enterprise. For subsidiaries acquired in a business combination not under common control, adjustments are made to their financial statements based on the fair value of their identifiable net assets at the date of purchase. The consolidated financial statements are prepared by our enterprise on the basis of the financial statements of our enterprise and its subsidiaries, based on other relevant information, after adjusting the long-term equity investment in the subsidiaries under the equity method.

The consolidated financial statements offset the impact of internal transactions between our enterprise and each of its subsidiaries and each of the subsidiaries with each other on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, and consolidated statement of changes in equity.

Equity and gains and losses attributable to minority shareholders of a subsidiary are shown separately in the consolidated balance sheet under the heading of equity and in the consolidated income statement under the heading of net income, respectively. The minority shareholders' share of a subsidiary's current losses exceeds the balance resulting from the minority shareholders' share of the subsidiary's opening equity, offsetting the minority shareholders' equity.

During the reporting period, if a subsidiary is added as a result of a business combination under common control, the beginning of the consolidated balance sheet is adjusted; the revenues, expenses and profits of the subsidiary merger from the beginning of the period to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary merger from the beginning of the period to the end of the reporting period are included in the consolidated statement of cash flows, and the related items in the comparative statements are adjusted as if the consolidated reporting entity had been integrated and survived from the time the ultimate controlling party began to exercise control.

During the reporting period, if a subsidiary is added as a result of a business combination not under common control, the beginning of the consolidated balance sheet is not adjusted; the revenues, expenses, and profits of the subsidiary from the date of purchase to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary from the date of purchase to the end of the reporting period are included in the consolidated statement of cash flows. In the case of a business combination that is not under common control through multiple transactions in steps, for the equity interests held by the acquiree before the purchase date, the purchaser remeasures the equity interests according to their fair value on the purchase date, and the difference between the fair value and their carrying value is included in the investment income for the current period. Where other comprehensive income is involved in the equity interest of the acquiree held before the date of purchase, the other comprehensive income related to the equity interest is transferred to the current investment income at the date of purchase.

When a parent company purchases a minority interest in a subsidiary, the difference in the consolidated financial statements between the newly acquired long-term equity investment as a result of the purchase of the minority interest and the share of the subsidiary's net assets calculated on the basis of the newly acquired shareholding that is entitled to the subsidiary's share of net assets calculated continuously from the date of purchase or the date of consolidation shall be adjusted for capital surplus (capital premium or equity premium), and retained earnings shall be adjusted if the capital surplus is insufficient to offset it.

If it is possible to exercise control over an investee that is not under the same control due to additional investment or other reasons, in the consolidated financial statements, the equity interest in the investee held before the purchase date shall be remeasured at the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying value shall be included in the investment income for the current period; if the purchaser's equity interest held before the purchase date involves other comprehensive income, etc. under the equity method of accounting, the other comprehensive income, etc. related to the purchaser's equity interest shall be converted into current income on the purchase date. The purchaser shall disclose in the notes the fair value of the purchaser's equity interest in the purchaser held before the purchase date and the amount of gain or loss arising from the remeasurement at fair value on the purchase date.

When a parent company partially disposes of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal of the long-term equity investment, calculated continuously from the date of purchase or the date of consolidation, in the consolidated financial statements shall be adjusted for capital surplus (capital premium or equity premium), and if the capital surplus is insufficient to offset the capital surplus, retained earnings shall be adjusted.

If control over an investee is lost due to the disposal of a portion of an equity investment, etc., the remaining equity interest shall be remeasured at its fair value at the date of loss of control in preparing the consolidated financial statements. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuous basis from the date of acquisition or the date of consolidation in accordance with the original percentage of ownership, shall be included in investment income in the period when control is lost, and goodwill shall be eliminated. Other comprehensive income related to the equity investment in the original subsidiary shall be transferred to investment income in the period when control is lost.

In the case of the stepwise disposal of an equity investment in a subsidiary through multiple transactions up to the loss of control, if the transactions for the disposal of the equity investment in the subsidiary up to the loss of control are part of a package, the transactions shall be accounted for as one transaction for the disposal of the subsidiary and the loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment prior to the loss of control shall be recognized in other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period in which the loss of control occurs.

The terms, conditions, and economic effects of each transaction in which an equity investment in a subsidiary is disposed of generally indicate that multiple transactions should be accounted for as a package: (1) The transactions were entered into simultaneously or with consideration of their mutual effects. (2) The transactions as a whole are necessary to achieve a complete business result. (3) The occurrence of one transaction is dependent on the occurrence of at least one other transaction. (4) A transaction is uneconomic when considered in isolation, but is economic when considered with other transactions.

(VI)Joint venture arrangements

A joint venture arrangement is an arrangement under the shared control of two or more participants. Shared control means control over an arrangement that is shared in accordance with relevant agreements, and the activities associated with the arrangement are subject to the unanimous consent of the participants sharing control before decisions can be made.

The classification of joint venture arrangements is determined by the rights and obligations that our enterprise has in the joint arrangement. Joint venture arrangements are classified as joint operations and joint ventures.

A joint operation is a joint arrangement in which the joint venturers enjoy the assets related to the arrangement and assume the liabilities related to the arrangement. Our enterprise recognizes the following items relating to its share of the interest in a joint operation and accounts for them in accordance with the provisions of the relevant corporate accounting standards:

1. Recognize assets held separately and assets held jointly in proportion to their share.

2. Recognitize liabilities assumed separately and liabilities assumed jointly in proportion to their share.

3. Recognitize revenue from the sale of its share of the output of the joint operation.

4. Recognize income from joint operations arising from the sale of output in proportion to their share.

5. Recognize expenses incurred separately, as well as expenses incurred in joint operations in proportion to their share.

A joint venture is a joint arrangement in which the joint venturers have rights only to the net assets of the arrangement. Our enterprise accounts for long-term equity investments in joint ventures using the equity method of accounting.

(VII)Criteria for the determination of cash and cash equivalents

In preparing the statement of cash flows, cash is defined as cash on hand and deposits readily available for payment, and cash equivalents are investments that are held for short periods of time, are highly liquid, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(VIII) Foreign currency transactions and translation to the presentation currency

1. Translation methods in case of foreign currency transactions

Upon initial recognition, foreign currency transactions incurred by our enterprise are translated into RMB at the spot exchange rate on the transaction date (usually refers to the midpoint of the foreign exchange rate of the day as announced by the People's Bank of China, the same below).

2. Treatment of foreign currency monetary items and foreign currency non-monetary items at the balance sheet date

Foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from differences between the spot exchange rate at the balance sheet date and the spot exchange rate at initial recognition or the previous balance sheet date are capitalized in the current profit and loss, except for exchange differences arising from foreign currency borrowings related to the acquisition or production of assets eligible for capitalization in accordance with the provisions of Enterprise Accounting Standards No. 17 - Borrowing Costs.

Foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the date of the transaction and do not change their recorded local currency amount.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate at the date of determination of fair value, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss for the current period.

3. Translation methods for foreign currency financial statements

Our enterprise translates its financial statements expressed in foreign currencies into RMB amounts in accordance with the following provisions.

Items of assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; items of equity, except for "undistributed profits", are translated at the spot exchange rate at the time of occurrence.

Items of income and expenses in the income statement are translated using the spot exchange rate (or approximate exchange rate) at the date of the transaction.

Translation differences on foreign currency financial statements resulting from translation in accordance with the above methods are presented separately under the equity item in the balance sheet.

The statement of cash flows expressed in foreign currencies is translated using the spot exchange rate at the date of the cash flow. The effect of changes in exchange rates on cash is presented separately in the statement of cash flows as a reconciling item.

(IX)Financial instruments

1. Classification of financial instruments

(1) Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses, including financial assets held for trading and financial assets designated as measured at fair vaule and whose changes are included in the current profits and losses;

(2) Held-to-maturity investments are non-derivative financial assets with a fixed maturity date, a fixed or determinable recovery amount, and the clear intent and ability of management to hold to maturity;

(3) Loans and receivables, which are non-derivative financial assets with fixed or determinable recovery amounts that are not quoted in active markets, including notes receivable, accounts receivable, interest receivable and other receivables;

(4) Financial assets available for sale, including non-derivative financial assets designated as available-for-sale at initial recognition and financial assets that are not classified elsewhere of our enterprise;

(5) Financial liabilities, including those classified as financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses and other financial liabilities。

2. Recognition and measurement of financial instruments

Financial assets and financial liabilities are initially recognized at fair value. For financial assets and financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses, transaction costs incurred on acquisition are recognized directly in profit or loss for the period. Transaction costs related to other financial assets and other financial liabilities are included in the initial recognition amount. A financial asset is derecognized when the contractual right to receive cash flows from the financial asset is extinguished or substantially all the risks and rewards associated with ownership of the financial asset have been transferred to the transferring party.

Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses and financial assets available for sale are subsequently measured at fair value; investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are measured at cost; and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Changes in the fair value of financial assets that are measured at fair vaule and whose changes are included in the current profits and losses are recognized as gains or losses from changes in fair value; interest or cash dividends received during the period the assets are held are recognized as investment income; on disposal, the difference between the fair value and the amount initially recorded is recognized as an investment gain or loss, with an adjustment to the gain or loss from changes in fair value.

Interest income is recognized on held-to-maturity investments during the period in which they are held using the effective interest method and is included in investment income. The effective interest rate is determined at the time the held-to-maturity investment is acquired and remains unchanged in subsequent periods. On disposal, the difference between the price received and the carrying value of the investment is recognized as investment income.

Loans and receivables are recognized in profit or loss for the period when our enterprise recovers or disposes of the loan, based on the difference between the price obtained and the carrying value of the loan.

Changes in the fair value of available-for-sale financial assets are recognized in equity; interest calculated using the effective interest method during the holding period is recognized in investment income; cash dividends on investments in available-for-sale equity instruments are recognized in investment income when dividends are declared by the investee; upon disposal, the difference between the price received and the carrying value, less the accumulated amount of changes in fair value originally recognized directly in equity, is recognized in investment gains and losses.

Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses are subsequently measured at fair value without deduction of transaction costs that may be incurred in the future upon settlement of the financial liability; except in relation to hedging, changes in the fair value of the financial liability are recognized in fair value through profit or loss.

3. Methodology for determining the fair value of financial assets and financial liabilities

For financial instruments for which active markets exist, fair value is determined using quoted prices in active markets; for financial instruments for which no active markets exist, fair value is determined using valuation techniques that are appropriate under the current circumstances and are supported by sufficiently available data and other information. Valuation techniques include, among others, the market approach and the income approach. When using valuation techniques, inputs are selected that are consistent with the characteristics of the asset or liability that market participants would consider in a transaction involving the underlying asset or liability, with preference given to relevant observable inputs where possible, and unobservable inputs where relevant observable inputs are unavailable or impractical to obtain.

4. Impairment of financial assets (excluding receivables)

Except for financial assets that are measured at fair vaule and whose changes are included in the current profits and losses, our enterprise examines the carrying value of financial assets at the end of the period, and if there is objective evidence that a financial asset is impaired, an impairment provision is made. If the fair value of an available-for-sale financial asset decreases significantly or non-temporarily, the accumulated loss resulting from the decrease in fair value that was originally recognized directly in equity is recognized as an impairment loss. For investments in available-for-sale debt instruments for which an impairment loss has been recognized, if the fair value increases after the period and is objectively related to events occurring after the original impairment loss was recognized, the originally recognized impairment loss is reversed and recognized in profit or loss for the period. For investments in available-for-sale equity instruments for which an impairment loss has been recognized, if the fair value increases after the period and is objectively related to an event occurring after the recognition of the original impairment loss, the original recognized impairment loss is reversed and recognized in equity. Impairment losses incurred on investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are not reversed.

(X)Receivables

Receivables include Trade Receivables, other receivables, etc. Our enterprise uses the allowance method to account for bad debt losses on receivables. At the end of the period, if there is objective evidence that the receivables are impaired, the carrying value of the receivables is written down to their recoverable amount, and the written down amount is recognized as a bad debt loss and charged to current profit or loss.

1. Receivables that are individually significant and for which a separate provision for bad debts has been made

Criteria of individually significant receivables	Over 1 million yuan
Method of provision for bad debts	At the end of the period, receivables with significant individual amounts (including account receivables and other receivables) are first analysed for indications of impairment, and then those that show signs of impairment are individually tested for impairment and a provision for bad debts is made. If there is no indication of impairment or if no impairment is found in the individual tests, the impairment test should be included in a portfolio with similar credit risk characteristics.

2. Provision for bad debts of receivables based on a combination of credit risk characteristics

For receivables that are individually not significan and the individually significant receivables that are not impaired after separate testing, the provision for doubtful accounts for the current period is calculated based on the actual loss rates of the same or similar receivable portfolios with similar credit risk characteristics in prior years, taking into account the current situation to determine the proportion of the provision for bad debts for each portfolio in the current period.

The enterprise classifies its receivables into two portfolios based on similar credit risk characteristics, the percentage and method of provision for bad debts in each portfolio are as follows:

(1) The special events portfolio, classified by the credit risk characteristics of the debtor unit, includes: receivables temporarily advanced by the enterprise and ultimately resolved by coordination with relevant governmental authorities; receivables involved in historical issues arising from governmental causes; receivables for which there is evidence of ultimate recovery in full; and receivables from affiliated enterprises over which there is a controlling or significant influence. It is highly unlikely that bad debt losses will be incurred on such receivables, and no provision for bad debts is made.

(2) Ageing portfolio of receivables, other than the special events portfolio and individual receivables for which a provision for bad debts has been made. The enterprise makes provision for bad debts for this portfolio of receivables based on an ageing analysis, and based on actual conditions and historical experience, the percentage of provision for bad debts for each age group is as follows:

using aging analysis method for allowance for doubtful accounts

Ageing of receivables	Percentage of provision for bad debts (%)
Within 1 year (including 1 year)	0.00
1-2 years (including 2 years)	0.00
2-3years (including 3years)	0.00
3-4years (including 4years)	20.00
4-5years (including 5years)	50.00
Over 5 years	100.00

3. Receivables for which the individual amounts are not material but for which a separate provision for bad debts has been made

For receivables that are not individually significant, if there are indications of impairment such as excessive ageing, disputes with the debtor or serious financial difficulties of the debtor, resulting in a provision for bad debts that cannot truly reflect the recoverable amount of the receivable if the provision is made in accordance with established ratios, the provision for bad debts is made using the individual determination method.

(X Ⅰ)Inventories

1. Classification of Inventories

Inventories are classified as raw materials, material purchases, materials in transit, working materials (including packaging, low value consumables, etc.), stock goods (including finished goods, purchased goods, homemade semi-finished goods, etc.), work-in-progress, issued goods, consigned goods, development products and development costs.

2. Method of valuation of inventories acquired and issued

Inventories are valued at actual cost when acquired and at the weighted average method when issued. The individual valuation method is used to determine the cost of inventories issued for inventories that cannot be substituted for use, inventories purchased or manufactured specifically for a specific purpose and services rendered.

Inventory acquired by a debtor in a debt restructuring to offset debt is valued at the fair value of the inventory.

Where the non-monetary asset exchange has commercial substance and the fair value of the received assets or surrendered assets can be measured reliably, the received inventory exchanged for non-monetary assets is normally recorded at the fair value of the surrendered asset, unless there is strong evidence that the fair value of the received asset is more reliable; where the non-monetary asset exchange does not meet the above-mentioned criteria, the cost of the received inventory is measured at the carrying value of the surrendered asset and the related tax payable.

Inventories acquired by absorption of enterprises under common control are valued at the book value of the merged party; inventories acquired by absorption of enterprises not under common control are valued at fair value.

3. Amortization method for low-value consumables and packaging materials: use of the

one-time amortization method.

4. Inventory system for inventories: perpetual inventory system.

5. Recognition criteria and method of provision for decline in value of inventories

At the balance sheet date, our enterprise's inventory is measured at the lower of cost or net realizable value. On the basis of a comprehensive inventory of its inventory, the enterprise makes provision for a decline in the value of its inventory if the cost of the inventory is higher than its net realizable value due to deterioration, a continuous decline in market price with no prospect of recovery in the foreseeable future, total or partial obsolescence, product replacement, etc., and is charged to profit or loss for the period. Our enterprise makes provision for decline in value of inventories according to individual items of inventories, but for certain inventories with similar purpose and related to the product series produced and sold in the same region, and it is practically difficult to distinguish them from other items of the product series for valuation, the provision for decline in value of inventories is combined; for inventories with large quantities and low unit prices, provision for decline in value of inventories is made according to the type of inventory.

Net realizable value is the estimated selling price of inventories less estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of merchandise inventory is the estimated selling price less the estimated selling expenses and relevant taxes; the net realizable value of material inventory is the estimated selling price of finished goods less the estimated costs to be incurred to completion, estimated selling expenses and relevant taxes; and the net realizable value of inventory held for the execution of sales contracts or service contracts is calculated on the basis of the contract price. If the enterprise holds more inventory than the quantity ordered under the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

Our enterprise determines the net realizable value of its inventories at the balance sheet date. If the factors that influenced the previous write-down of inventory value have disappeared, the write-down amount is restored and reversed within the amount of the original provision for inventory decline, and the reversed amount is recognized in the current profit and loss.

6. The methods of accounting for development land, maintenance fund, quality guarantee deposit and public supporting facilities costs for the enterprise and its real estate enterprises are

as follows:

Development land: development land is accounted for in the "Inventory - development costs" account;

Maintenance fund: in accordance with the provisions of the Regulations on Property Management promulgated by the State Council, to be paid by the homebuyer in accordance with the regulations;

Quality guarantee deposit: the quality guarantee deposit is set aside according to a certain proportion of the construction unit's project payment, included in "other payable", to be accepted and paid to the construction unit when there is no quality problem within the agreed warranty period;

Public supporting facilities costs: public supporting facilities are public supporting projects such as schools, etc., as well as public supporting facilities fees charged by government departments, and the expenses incurred are included in "development costs", which are apportioned and accounted for according to cost accounting objects and cost items.

(X II)Long-term equity investments

1. Determination of investment costs

(1) Long-term equity investments resulting from business combinations

Business combination under common control: Where an enterprise pays cash, transfers non-cash assets or assumes debt, or issues equity securities as merger consideration, the initial investment cost of the long-term equity investment is set at the share of the book value of the equity of the merged party on the date of the merger. The difference between the initial investment cost of the long-term equity investment and the payment of the merger consideration is adjusted for the equity premium in the capital reserve; if the equity premium in the capital reserve is not sufficient to offset the equity premium, the retained earnings is adjusted. If the merging parties issue equity securities as the merger consideration, the initial investment cost of the long-term equity investment shall be determined on the date of merger based on the share of the book value of the consolidated party's equity in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued as capital stock shall be adjusted for capital surplus; if the capital surplus is insufficient to offset the capital surplus, retained earnings shall be adjusted.

Business combination not under common control: the enterprise is treated as the initial investment cost of a long-term equity investment based on the cost of the combination determined at the date of purchase. The cost of consolidation is the fair value of assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control of the acquiree on the date of purchase. Transaction costs for equity securities or debt securities issued by the purchaser as merger consideration are included in the initial recognition amount of the equity securities or debt securities. For business combinations not under common control that are achieved in steps through multiple transactions, the sum of the carrying value of the equity investment in the acquiree held prior to the purchase date and the cost of the new investment on the purchase date is used as the initial investment cost of that investment. Our enterprise records the contingent consideration agreed to in the merger agreement as part of the transfer consideration for the business combination at its fair value on the date of purchase as part of the cost of the business combination.

Auditing, legal services, appraisal and consulting fees and other related management fees incurred by the merging parties or purchasers in connection with the business combination are recognized in profit or loss when incurred.

(2) Long-term equity investments acquired in other ways

The initial investment cost of a long-term equity investment acquired by paying cash is based on the actual purchase price paid. The initial investment cost includes fees, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by issuing equity securities is based on the fair value of the equity securities issued.

Provided that the non-monetary asset exchange has commercial substance and the fair value of the received assets or surrendered assets can be measured reliably, the initial investment cost of the long-term equity investment received for non-monetary asset exchange is determined on the basis of the fair value of the surrendered assets, unless there is conclusive evidence that the fair value of the received assets is more reliable; for non-monetary asset exchange that does not meet the above requirements, the initial investment cost of the received long-term equity investment is determined on the basis of the book value of the surrendered assets and the relevant taxes and fees payable.

The initial investment cost of a long-term equity investment acquired through debt restructuring is determined on the basis of fair value.

2. Subsequent measurement and recognition of profit or Loss

(1) Long-term equity investments accounted for under the cost method

Long-term equity investments in subsidiaries in which our enterprise has a controlling interest are accounted for using the cost method of accounting.

Under the cost method, the long-term equity investment is valued at initial investment cost, and the current investment income is recognized on the basis of entitlement to cash dividends or profits declared by the investee, except for cash dividends or profits declared but not yet paid by the investee included in the price or consideration actually paid at the time the investment is acquired.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments in jointly controlled joint ventures or associates with significant influence are accounted for under the equity method.

If the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment, the difference is charged to current profit or loss, and the cost of the long-term equity investment is adjusted.

For long-term equity investments accounted for using the equity method of accounting, the profit and loss of the current investment shall be recognized according to the share of the net profit and loss of the investee that should be enjoyed or shared. The net loss incurred by the investee is recognized to the extent that the carrying value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the investee are written down to zero, but the investment loss continues to be recognized and accounted for as a projected liability if our enterprise has an additional loss obligation and meets the conditions for recognition of a projected liability as set forth in the Contingencies Code. Other changes in shareholders' equity of the investee other than net profit or loss, in the case where the enterprise's shareholding ratio remains unchanged, the portion of the equity interest enjoyed or shared according to the shareholding ratio is directly recorded in capital surplus. Profits or cash dividends distributed by the investee unit are reduced by the carrying value of the long-term equity investment in accordance with the enterprise's share when the distribution is declared. Unrealized gains and losses from internal transactions between our enterprise and the investee are offset against the portion enjoyed by our enterprise in accordance with its proportional shareholding and are recognized as investment gains and losses on this basis. Losses from internal transactions between our enterprise and its investees, including those attributable to asset impairment losses, shall not be offset against corresponding unrealized losses.

3. Basis for determining control, common control and significant influence over the investee

Control means that the investor has power over the investee, enjoys a variable return through participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its return.

Common control means control over an arrangement that is shared in accordance with relevant agreements and where the activities associated with the arrangement are decided upon with the unanimous consent of the participants sharing control.

Significant influence is the power to participate in decision-making about the financial and operating policies of an enterprise, but not to control or share control with other parties over the formulation of those policies.

In determining whether control or significant influence can be exercised over an investee, potential voting factors such as current convertible debentures, current executable warrants, etc. of the investee held by the investing enterprise and other parties should be considered.

4. Impairment test method and impairment provision method

At the balance sheet date, long-term equity investments should be checked for indications of impairment and, if there are indications of impairment, their recoverable amount should be estimated. When the recoverable amount is less than its carrying amount, an asset impairment provision should be made for the difference and charged to current profit or loss.

Impairment losses on long-term equity investments, once recognized, are not reversed in subsequent accounting periods.

5. Disposal of long-term equity investments

If control over the investee is lost due to the disposal of a portion of the equity investment, etc., and the remaining equity interest after disposal is able to exercise common control or exercise significant influence over the investee in the preparation of the individual financial statements, the equity method of accounting shall be adopted, and the remaining equity interest shall be adjusted as if the equity method of accounting had been applied from the time of acquisition; if common control over the investee is lost due to the disposal of a portion of the equity investment, etc. or significant influence, the remaining equity after disposal shall be changed to the accounting treatment in accordance with the relevant provisions of Enterprise Accounting Standards No. 22 - Recognition and Measurement of Financial Instruments. The difference between the fair value and the carrying value of the remaining equity interest at the date of loss of control, common control or significant influence shall be recognized in profit or loss for the current period.

When disposing of long-term equity investments, the difference between the book value and the actual purchase price shall be included in the profit and loss of the current period. For long-term equity investments accounted for under the equity method of accounting, when disposing of such investments, the same basis as that for the direct disposal of the relevant assets or liabilities by the investee shall be used for the accounting treatment of the portion originally included in other comprehensive income on a proportional basis.

(X III)Investment properties

Investment properties is real estate held to earn rent or capital appreciation, or both, including leased land use rights, land use rights held with the intention of being transferred at an increased value, leased buildings.

Our enterprise's investment properties is recorded at its cost; the cost of purchased investment property includes the purchase price, relevant taxes and fees and other expenses directly attributable to the asset; the cost of self-constructed investment property consists of the necessary expenses incurred before the construction of the asset reaches its predetermined usable state.

Our enterprise uses the cost model for subsequent measurement of investment properties and depreciates or amortizes buildings and land use rights over their estimated useful lives and net salvage value rates. The estimated useful lives, net residual values and annual depreciation (amortization) rates of investment properties are as follows:

Category	Estimated useful lives(year)	Estimated net residual values rates	Annual depreciation (amortization) rates (%)
Building	50	5%	1.90

When the use of investment property is changed to owner-occupation, our enterprise converts the investment property into fixed assets or intangible assets from the date of the change. When the use of real estate for personal use is changed to earning rent or capital appreciation, our enterprise converts the fixed assets or intangible assets into investment real estate as of the date of the change. When the conversion occurs, the book value before the conversion is taken as the recorded value after the conversion.

At the balance sheet date, our enterprise estimates the recoverable amount of investment properties that have indications of impairment, and recognizes an impairment loss if the recoverable amount is less than their carrying value. Once an impairment loss on investment properties is recognized, it is not reversed.

When an investment property is disposed of, or permanently withdrawn from use and no economic benefits are expected from its disposal, recognition of the investment property is derecognized. The amount of disposal proceeds from the sale, transfer, scrapping or destruction of investment property, after deducting its book value and relevant taxes, is recognized in profit or loss for the current period.

(XIV)Fixed assets

1. Criteria for recognition of fixed assets

The fixed assets of the enterprise are tangible assets held for the production of goods, provision of services, leasing or management and with a useful life of more than one fiscal year. The conditions for recognition of fixed assets include: (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; (2) the cost of the fixed asset can be measured reliably.

2. Initial measurement of fixed assets

Our enterprise's fixed assets are initially measured at cost.

(1) The cost of purchased fixed assets, including the purchase price, related taxes and fees,

transportation, handling, installation and professional services attributable to the fixed asset before it is brought into its intended use.

(2) The cost of a self-constructed fixed asset consists of the necessary expenditure incurred in constructing the asset until it is ready for its intended use.

(3) The cost of fixed assets invested by the investor is determined in accordance with the value agreed upon in the investment contract or agreement, unless the value agreed upon in the contract or agreement is not fair.

(4) The costs of fixed assets acquired in non-monetary asset exchanges, debt restructuring, business combinations and finance leases are determined in accordance with the relevant provisions of Business Accounting Standard No. 7 - Non-Monetary Asset Exchanges, Business Accounting Standard No. 12 - Debt Restructuring, Business Accounting Standard No. 20 - Business Combinations and Business Accounting Standard No. 21 - Leases, respectively.

3. Classification of fixed assets

The fixed assets of our enterprise are classified as follows: buildings and structures, machinery and equipment, transportation equipment, and others.

4. Depreciation of fixed assets

The fixed assets of our enterprise are depreciated using the average method over their useful lives. The annual depreciation rates for various types of fixed assets are as follows:

Type of fixed assets	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Public rental housing assets	50 年	5	1.9
Commercial assets	35 年	5	2.7143
Self-occupied office buildings	20 年	5	4.75
Machinery and equipment	10 年	0	10
Transportation equipment	4 年	0	25
Operational furniture	5 年	0	20
Operational appliances	3 年	0	33.333
Office furniture	5 年	0	20
Electronic equipment	3 年	0	33.333
Other equipments	5 年	0	20

Depreciation of fixed assets for which provision for impairment has been made: Fixed assets for which provision for impairment has been made are depreciated at their original cost less their estimated net residual value, the amount of depreciation and provision for impairment, and their remaining useful life.

Fixed assets that have reached their intended use but have not yet been finalized are costed at their estimated value and depreciated; after finalization, the original provisional value value is adjusted to the actual cost, but no adjustment is made to the depreciated amount.

5. Recognition criteria and method of provision for impairment of fixed assets

At the balance sheet date, fixed assets should be checked for indications that they may be impaired, and their recoverable amount should be estimated if there are indications of impairment. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and charged to current profit or loss. The estimated recoverable amount of an asset is based on a single asset, or if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of an asset group is determined based on the asset group to which the asset belongs.

Impairment losses on fixed assets, once recognized, are not reversed in subsequent accounting periods.

6. Treatment of subsequent expenditures on fixed assets

Subsequent expenditure on fixed assets mainly includes repair expenditure, renewal and reconstruction expenditure, repair costs, renovation expenditure, etc.for the fixed assets in the use of the process. The accounting treatment is as follows: the subsequent expenditure on the renewal and reconstruction of fixed assets, which meets the conditions for recognition of fixed assets, is included in the cost of fixed assets, if there is replaced part, its book value should be deducted； fixed asset repair costs, etc., that do not meet the conditions for recognition of fixed assets are charged to the profit and loss of the period in which they are incurred; fixed asset renovation costs, when they meet the conditions for recognition of fixed assets, are accounted for in a separate line item within "Fixed Assets" and depreciated separately using the averaging method over the shorter of the two renovation periods and the useful lives of the fixed assets.

Improvement expenses incurred on fixed assets leased under operating leases are capitalized as long-term amortization expense and amortized on a reasonable basis.

7. Finance leased fixed assets

See note IV(ＸＸIV) for the basis for recognition and valuation of finance leased fixed assets.

Method of depreciation for finance leased fixed assets: The enterprise adopts a depreciation policy consistent with that for its own fixed assets to depreciate finance leased fixed assets. Where it is reasonably certain that ownership of the leased asset can be obtained at the expiry of the lease term, depreciation is provided over the useful life of the leased asset; where it is not reasonably certain that ownership of the leased asset can be obtained at the expiry of the lease term, depreciation is provided over the shorter of the lease term and the useful life of the leased asset.

(X V)Construction in progress

1. Type of construction in progress

The construction in progress of our enterprise is accounted for by the classification of projects.

2. Criteria and time at which construction in progress is carried forward to fixed assets

The fixed assets of our enterprise are recorded at the value of all expenditures incurred before the construction of the asset reaches its intended useable state. If the construction in progress has reached the intended useable state, but the final accounts for completion have not yet been processed, from the date it reaches the intended useable state, it will be transferred to fixed assets at the estimated value according to the project budget, cost or the actual cost of the project, and the depreciation of fixed assets will be charged according to the depreciation policy for fixed assets of the enterprise, and the original provisional value will be adjusted according to the actual cost after the final accounts for completion have been processed, but no adjustment will be made to the original depreciated value.

3.Impairment testing of construction in progress and impairment provision methodology

At the end of the period, a determination is made as to whether there is an indication that construction in progress may be impaired. Where there is an indication of impairment of construction in progress, the recoverable amount of the construction in progress is estimated. Where there is an indication that a construction in progress may be impaired, the enterprise estimates its recoverable amount on the basis of individual construction in progress. Where it is difficult for the enterprise to estimate the recoverable amount of an individual construction in progress, the enterprise determines the recoverable amount of the asset group to which the construction in progress.

The recoverable amount is determined on the basis of the higher of the fair value of construction in progress, net of disposal costs, and the present value of the projected future cash flows from construction in progress.

When the recoverable amount of construction in progress is less than its book value, the book value of construction in progress is written down to its recoverable amount, and the written down amount is recognized as an impairment loss in construction in progress and recorded in the current profit and loss, and the corresponding provision for impairment of construction in progress is made.

Impairment losses on construction in progress, once recognized, are not reversed in subsequent accounting periods.

(X VI) Borrowing cost

1. Recognition principle for capitalization of borrowing cost

Capitalization of borrowing cost can only begin when the following conditions are also meet:

(1) Expenditure on the asset has been incurred.

(2) borrowing cost has been incurred.

(3) Construction or production activities necessary to bring the asset to its intended use or saleable condition have begun.

2. Period in which borrowing cost is capitalized

Capitalization period, which is the period from the point at which capitalization of borrowing cost begins to the point at which capitalization ceases, excluding the period at which capitalization of borrowing cost is suspended.

The capitalization of borrowing cost is suspended when there is an abnormal interruption in the acquisition or production of assets eligible for capitalization, and the interruption lasts for more than three consecutive months. borrowing cost incurred during the interruption is recognized as an expense and charged to profit or loss until the acquisition or production of the asset is restarted. The capitalization of borrowing cost continues when the interruption is necessary to bring the assets acquired or produced that qualify for capitalization to their intended use or saleable condition.

borrowing cost ceases to be capitalized when the assets that qualify for capitalization are acquired or produced to their intended use or saleable condition. Loan cost incurred after the assets eligible for capitalization have reached their intended use or saleable condition is recognized in profit or loss as it is incurred.

3. The method for calculating the capitalized amount of Borrowing cost

During the capitalization period, the amount of interest (including amortization of discount or premium) capitalized in each accounting period shall be determined according to the following provisions:

(1) Where a special loan is borrowed for the purpose of acquiring or producing assets eligible for capitalization, the amount is determined as the interest expense actually incurred during the period of the special loan, less interest income earned by depositing unused borrowed funds with a bank or investment income earned by making temporary investments.

(2)If the general borrowings are occupied for the purpose of purchasing, constructing or producing assets eligible for capitalization, the enterprise shall calculate the amount of interest to be capitalized on the general borrowings according to the weighted average of the cumulative asset expenditures in excess of the portion of the specialized borrowings multiplied by the capitalization rate of the general borrowings taken up.The capitalization rate is determined based on the weighted average interest rate of general borrowings.

Where there is a discount or premium on a borrowing, the amount of the discount or premium to be amortized for each accounting period is determined in accordance with the effective interest method, and t the amount of interest for each period shall be adjusted. During the capitalization period, the amount of interest capitalized for each accounting period shall not exceed the amount of interest actually incurred on the related borrowings during the period.

Ancillary costs incurred on specialized borrowings, which are incurred before the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred, and those incurred after the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred, and those incurred after the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred.

The amount incurred is recognized as an expense and charged to profit or loss for the period. Ancillary costs incurred on general borrowings are recognized as an expense in the profit or loss for the period in which they are incurred, based on the amounts incurred.

Borrowing costs, such as interest, incurred by the real estate enterprise for the purpose of borrowing funds for the development of real estate projects are charged to the cost of the development products before the completion of the development products and to the profit and loss of the current period after the completion of the development products.

(XVII)Intangible assets

1. The method of valuation of intangible assets

Intangible assets are initially measured at cost as they are acquired.

The cost of an acquired intangible asset includes the purchase price, related taxes and fees, and other expenses directly attributable to bringing the asset to its intended use. Where the purchase price of an intangible asset is deferred beyond normal credit terms and is essentially financing in nature, the cost of the intangible asset is determined on the basis of the present value of the purchase price.

The intangible asset used by the debtor to offset the debt is acquired through debt restructuring, and its book value is determined on the basis of the fair value of the intangible asset, and the difference between the book value of the restructured debt and the fair value of the intangible asset used to offset the debt is recorded into the current profit and loss;

Under the premise that the non-monetary assets exchange has commercial substance and the fair value of the assets exchanged or the exchanged asset can be measured reliably, the intangible assets exchanged for non-monetary assets are recorded at the fair value of the exchanged asset, unless there is conclusive evidence that the fair value of the assets exchanged is more reliable; If the non-monetary assets exchange does not meet the above requirements, the carrying value of the assets and the relevant taxes and fees that should be paid shall be taken as the cost of the intangible assets, and the profits and losses shall not be recognized.

Intangible assets acquired by way of merger by absorption of enterprises under the same control are valued at their book value at the merged party; Intangible assets acquired by way of merger by absorption of enterprises not under the same control are valued at their fair value.

The cost of an internally self-developed intangible asset includes the cost of materials and labor used in developing the intangible asset, registration fees, amortization of other patents and concessions used in the development process, interest charges to meet capitalization conditions, and other direct costs incurred in bringing the intangible asset to its intended use.

2. Method and period for amortization of intangible assets

The useful life of an intangible asset is determined at the time of acquisition. Intangible assets with finite useful lives are amortized over their useful lives using the straight-line method; intangible assets that cannot be foreseen to bring economic benefits to the enterprise are regarded as intangible assets with indefinite useful lives and are not amortized. At the end of each year, the Company reviews the estimated useful lives of intangible assets with finite useful lives and the amortization method, and the estimated useful lives of intangible assets with indefinite useful lives are reviewed for each accounting period, and if there is evidence that the useful lives of intangible assets are finite, the useful lives are estimated and amortized over the estimated useful lives.

3. Provision for impairment of intangible assets

Intangible assets are examined at the balance sheet date for indications that they may be impaired. If there is an obvious indication of impairment, the intangible asset should be tested for impairment and its recoverable amount estimated. If there is an indication that an intangible asset may be impaired, the enterprise estimates its recoverable amount on the basis of a single intangible asset. Where it is difficult for an enterprise to estimate the recoverable amount of an individual asset, the recoverable amount of the intangible asset group is determined on the basis of the asset group to which the intangible asset belongs.

The recoverable amount is determined based on the higher of the fair value of the intangible asset, net of disposal costs, and the present value of the intangible asset's expected future cash flows.

When the recoverable amount of an intangible asset is less than its book value, the book value of the intangible asset is written down to its recoverable amount, and the written down amount is recognized as an impairment loss on the intangible asset, which is recognized in profit or loss for the current period, and the corresponding intangible asset impairment provision shall be set aside at the same time.

Once the impairment loss of intangible assets is recognized, it will not be reversed in subsequent accounting periods.

4. Conditions for recognition of development expenditure as an intangible asset

The expenditure of internal research and development project is divided into research stage expenditure and development stage expenditure. Expenditures in the research phase shall be charged to current profits and losses when incurred; Expenditures in the development stage are recognized as intangible assets when they meet the following conditions:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) With the intent to complete the intangible asset and use or sell it;

(3) The means by which the intangible asset generates economic benefits, including by demonstrating the existence of a market for the product produced by the use of the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally.

(4) The availability of sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset.

(5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

(XVIII)Goodwill

The initial cost of goodwill resulting from a merger of businesses not under common control is the difference between the cost of the merger over the share of the fair value of the purchaser's identifiable net assets acquired in the merger.

Goodwill is transferred out of the asset group or portfolio to which it relates when it is disposed of and recognized in profit or loss for the period.

Goodwill is tested for impairment at least annually at the end of the year. In the impairment test of the relevant asset group or portfolio containing goodwill, if there is an indication of impairment of the asset group or portfolio related to goodwill, first conduct an impairment test on the asset group or portfolio that does not contain goodwill, calculate the recoverable amount, and compare it with the relevant book value, and recognize the corresponding impairment loss; then conduct an impairment test on the asset group or portfolio containing goodwill , comparing the carrying value of these underlying asset groups or combinations of asset groups (including the carrying value portion of the goodwill assessed) with their recoverable amounts, and recognizing an impairment loss on goodwill if the recoverable amount of the underlying asset group or combination of asset groups is less than its carrying value.

Goodwill impairment losses are recognized in profit or loss when incurred and are not reversed in subsequent accounting periods.

(XIX)Long-term prepaid expenses

The long-term prepaid expenses are expenses which have been paid but will be amortized within the period over one year, including operating leased fixed assets improvements expenses,etc. If the long-term amortization charge does not benefit future accounting periods, the full amortized value of the charge is transferred to the current profit and loss.

(XX)Employee benefits

Employee benefits is classified as short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term benefits, in the accounting period in which employees provide services for the enterprise, is recognized as a liability and included in the current profit and loss or the cost of related assets. It mainly includes wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance premiums, work injury insurance premiums and maternity insurance premiums, housing fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans and other short-term remuneration.

2. Post-employment benefits are categorized into defined contribution plans and defined benefit plans. For defined contribution plans, the amount of contributions due under the defined contribution plan is recognized as a liability in profit or loss or the cost of the related asset during the accounting period in which the employee rendered service to the enterprise. For defined benefit plans, the defined benefit plan benefit obligation is determined in accordance with the expected cumulative benefit enterprise method and is attributed to the period in which the employee rendered the service; the service cost, net interest on the net liability or net assets of the defined benefit plan is charged to current profit or loss or the cost of the related assets; and the change resulting from the remeasurement of the net liability or net assets of the defined benefit plan is charged to other comprehensive income and no reversal to profit or loss is permitted in subsequent accounting periods.

3. The employee compensation liability arising from termination benefits is reasonably expected and recognized in accordance with the terms of the severance plan and is recorded in

profit or loss for the period.

4. Other long-term employee benefits include all employee compensation other than short-term compensation, post-employment benefits and termination benefits, specifically long-term compensated absences, long-term disability benefits, and long-term profit-sharing plans (or long-term bonus plans). If eligible for a defined contribution plan, it is treated in accordance with the defined contribution plan; if eligible for a defined benefit plan, the net liability or net asset for other long-term employee benefits is recognized and measured in accordance with the defined benefit plan.

(X X I)Bonds payable

1. The valuation of bonds payable and amortization of premium and discounts

The bonds payable are valued at the actual issue price; The difference between the total issue price and the total par value of the bonds is treated as a premium or discount on the bonds and amortized over the life of the bonds at the time of interest accrual on a straight-line basis and is treated in accordance with the principle of treatment of borrowing costs.

2. Accrued interest on bonds payable

The accrued interest shall be accrued on a regular basis based on the face value of the bonds payable and the prescribed interest rate, and shall be charged to the project cost or the current financial expense respectively according to the treatment principle of the capitalization of borrowing costs.

(X X II)Estimated liabilities

1. Principle for recognition of estimated liabilities

Liabilities are recognized when the following conditions are also met for operations relating to contingencies such as foreign guarantees, pending litigation or arbitration, product quality warranties, redundancy plans, loss contracts, restructuring obligations, fixed asset abandonment obligations, etc.

(1) The obligation is a present obligation of the enterprise;

(2) The fulfillment of this obligation is likely to lead to the outflow of economic benefits from the enterprise;

(3) The amount of the obligation can be measured reliably.

2 . Measurement of Estimated liabilities

The estimated liabilities are initially measured at the best estimate of the expenditure required to settle the present obligation. The best estimate where there is a continuous range of expenditure requirements and where within that range, the probabilities of various outcomes are equal is determined at the midpoint of the range; otherwise, the best estimate is determined as follows:

(1) Where the contingency relates to a single item, the best estimate is determined on the basis of the most likely amount to occur.

(2) Where contingencies involve more than one item, the best estimate is based on a range of probabilities and the probability of their occurrence.

Where an enterprise expects to be compensated in whole or in part by a third party or other party in order to pay off its estimated liabilities, the amount of compensation shall be recognized separately as an asset to the extent that it is virtually certain to be received. The amount of compensation recognized does not exceed the book value of the anticipated liability recognized.

(X X III)Income

1 . The method of recognizing income from selling goods

Income from the sale of goods is recognized when the following conditions are also met:

(1) The enterprise has transferred to the purchaser the principal risks and rewards of ownership of the commodity.

(2) The enterprise has neither retained the right of continued management normally associated with ownership nor exercised effective control over the goods sold.

(3) The amount of income can be reliably measured.

(4) It is probable that the relevant economic benefits will flow to the enterprise.

(5) Relevant, incurred or to be incurred costs can be measured reliably.

2. The method of recognizing the income from providing labor services

If the result of the transaction of providing services can be estimated reliably at the balance sheet date, the income of providing services shall be recognized according to the percentage of completion method.

Where the outcome of a service rendering transaction cannot be estimated reliably at the balance sheet date, it is treated respectively as follows:

(1) If the labor costs already incurred are expected to be compensated, revenue from the provision of labor services is recognized at the amount of the labor costs already incurred, and the labor costs are carried forward at the same amount.

(2) If the labor costs already incurred are not expected to be compensated, the labor costs already incurred are included in the profit and loss of the current period, and no labor service revenue is recognized.

3. Method of recognizing income from the right to use the transferred assets

Income from the right to use the transferred assets, including interest income, royalty income, etc., is recognized when the following conditions are also met:

(1) The economic benefits associated with the transaction are capable of flowing to the enterprise.

(2) The amount of income can be measured reliably.

4. Method of recognizing the principal operating income of the enterprise

(1) Income from the sale of guaranteed housing: When the sales contract is signed, the procedures for the transfer of the housing are completed and the conditions for the processing of the warrant for the guaranteed property are met, the costs related to the property can be reliably measured, and the buyer's payment certificate is obtained, the income is recognized at the price stipulated in the sales contract.

(2) Income from resettlement housing business: According to the government's policy of demolition and resettlement, the demolition or vacating resettlement housing business is entrusted to be developed and the government bears the development cost, income is recognized at the cost amount to be borne by the government when the development of resettlement housing is completed and accepted, when the houses are delivered to users according to the arrangement of the government's demolition and resettlement plan, and when invoices are issued at the price specified by the government.

(3) Public rental income: the realization of rental income from housing is recognized when the date and amount of rental payment by the lessee is stipulated in the contract or agreement

with the lessee.

(4) Property management income: The realization of property management income is recognized when property management services have been provided, economic benefits related to property management services can flow into the enterprise, and costs related to property management services can be reliably measured.

(X X IV)Construction contracts

1. When the outcome of a construction contract can be estimated reliably at the balance sheet date, contract income and costs are recognized under the percentage of completion method.

The outcome of a fixed cost contract can be estimated reliably on the basis that (1) The total contract income can be measured reliably; (2) It is probable that the economic benefits associated with the contract will flow to the enterprise; (3) The contract costs actually incurred can be clearly distinguished and measured reliably; and (4) The progress towards completion of the contract and the costs still to be incurred to complete the contract can be determined reliably.

The outcome of a cost-plus contract can be estimated reliably based on the determination that (1) It is probable that the economic benefits associated with the contract will flow to the enterprise and (2) The contract costs actually incurred can be clearly distinguished and measured reliably.

2. Where the outcome of a construction contract cannot be estimated reliably at the balance sheet date, contract income is recognized on the basis of actual contract costs incurred in the period in which they are recoverable, as follows: when contract costs are recoverable, contract income is recognized on the basis of actual contract costs incurred in the period in which they are recoverable and contract costs are recognized as contract costs; when contract costs are unlikely to be recoverable, contract costs are recognized as contract costs in the period in which they are incurred and contract income is not recognized.

3. The method of determining progress towards contract completion

(1) Cumulative actual contract costs incurred as a percentage of total projected contract costs. Formula: Contract completion schedule = cumulative actual contract costs incurred ÷ total projected contract costs × 100%.

(2) Percentage of completed contractual work as a percentage of total projected contractual work. Formula: Contract completion schedule = contract work completed ÷ total projected contract work × 100%.

(3) The progress of completion as actually measured by scientific methods on site by a professional.

(X X V)Government subsidies

1 . The conditions for the recognition of government grants

Government grants can only be confirmed if the following conditions are met simultaneously:

(1) Enterprises can meet the conditions attached to government subsidies;

(2) Enterprises can receive government subsidies.

2 . The measurement of government subsidies

(1) If the government subsidies are monetary assets, they shall be measured at the amount received or receivable. If the government subsidies are non-monetary assets, they shall be measured in accordance with the fair value; If the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

(2) The government subsidy related to assets shall be offset against the carrying value of the asset or recognized as deferred income. Where deferred income is recognized, it should be charged to profit or loss over the useful life of the relevant asset in a reasonable and systematic manner. The government subsidy measured at nominal amounts are directly recognized in profit or loss for the current period.

(3)The government subsidies related to income shall be accounted for on a case-by-case basis; if they are used to compensate the enterprise for relevant costs or losses in future periods, they are recognized as deferred income and charged to profit or loss or eliminated in the period in which the relevant costs or losses are recognized; if they are used to compensate the enterprise for relevant costs or losses already incurred, they are charged directly to profit or loss or eliminated in the period in which the relevant costs are recognized.

(4) The government subsidies that contain both the asset-related part and the income-related part, different parts shall be distinguished for separate accounting treatment; if it is difficult to distinguish, the whole should be classified as income-related government subsidies.

(5) The government subsidies subsidies related to the day-to-day activities of the enterprise should be included in other income or offset against relevant costs and expenses in accordance with the substance of economic operations; government subsidies not related to the day-to-day activities of the enterprise should be included in non-operating income and expenditure.

(6) If the finance allocates the discounted interest funds to the lending bank, and the lending

bank provides the loan to the enterprise at the policy preferential interest rate, the enterprise shall take the actual amount of loan received as the book value of the loan and calculate the relevant borrowing fees according to the principal amount of the loan and such policy preferential interest rate. If the finance allocates the discounted interest rate directly to the enterprise, the enterprise shall offset the corresponding discounted interest rate against the relevant borrowing costs.

(7) If the recognized government subsidy needs to be returned, accounting treatment shall be carried out in the case of the current instalment that needs to be returned: if the carrying value of the relevant assets is written off at the initial recognition, the carrying value of the assets shall be adjusted; If there is a related deferred income, the carrying balance of the related deferred income shall be written off, and the excess part shall be recorded into the current profit and loss; Under other circumstances, it shall be directly recorded into the current profits and losses.

3 . Presentation of government subsidies

The recognized government subsidy shall be separately presented in the income statement under a separate line item "other income" above the line item "operating profit".

(X X VI) Deferred tax assets and Deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized for temporary differences arising between the carrying amounts of certain items of assets and liabilities and their tax bases, and for temporary differences between the carrying amounts and tax bases of items that are not recognized as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Deferred tax assets are recognized as temporary differences to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized to offset the taxable losses and tax credits in future years.

At the balance sheet date, the carrying amount of the deferred tax asset recognized is reviewed and the deferred tax asset is written down to the extent that it is probable that sufficient taxable income will not be available in future periods to allow the deferred tax asset to be offset. To the extent that it is probable that sufficient taxable income will be available, the amount of the write-down is reversed.

(X X VII) Leases

Leases are classified as finance leases and operating leases. Leases in which all the risks and rewards associated with ownership of the asset are substantially transferred to the lessee are finance leases, while other leases are operating leases.

1. Accounting for operating leases

(1) Lease payments made for leased assets are amortized on a straight-line basis over the entire lease term without deduction of the rent-free period and are charged to current expense. The initial direct costs paid in connection with the lease transaction are charged to current expense.

(2) Lease payments received for leasing an asset are amortized on a straight-line basis over the entire lease term without deducting the rent-free period and recognized as lease income. Initial direct costs paid in connection with the lease transaction are expensed in the current period; if significant, they are capitalized and amortized over the entire lease term on the same basis as lease revenue recognition.

2.Accounting for finance leases

(1) Financing leased-in assets: on the lease commencement date, the enterprise takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset, the minimum lease payment as the book value of the long-term payables, and the difference as the unrecognized financing expenses.

The effective interest rate method is adopted to amortize the unrecognized financing expenses during the asset lease period and record them into financial expenses. The initial direct expenses incurred by the enterprise are included in the value of the leased asset.

(2) Financing leased-out assets: On the lease commencement date, the enterprise recognizes the difference between the sum of the receivable finance lease, unsecured residual value and its present value as unrealized financing income, and recognizes it as lease income in each period when the rent is received in the future. The initial direct expenses incurred by the enterprise in connection with the leasing transaction shall be included in the initial measurement of the financial leasing receivables, and the amount of income recognized during the leasing period shall be reduced.

(X X VIII) Non-current assets or disposal group held for sale

1. Criteria for non-current assets or disposal groups held for sale

Non-current assets that also meet the following conditions shall be recognized as non-current assets or disposal groups held for sale:

(1) The enterprise has made a resolution on the sale of the asset;

(2) The enterprise has signed an irrevocable transfer agreement with the other party;

(3) The transfer of the asset will be completed within one year.

2. Accounting treatment of non-current assets or disposal groups held for sale

Non-current assets classified as holding for sale and assets in the holding for Sale disposal group (excluding financial assets and deferred income tax assets) shall not be depreciated or amortized and shall be presented at the lower of book value and fair value minus disposal expenses. The amount of fair value minus disposal expense less than the original book value is recognized as an asset impairment loss.

(X X IX) Fair value measurement

Fair value is the price that market participants pay to receive or transfer a liability from the sale of an asset in an orderly transaction on the measurement date.

According to the nature of the transaction and the characteristics of the relevant assets or liabilities, the enterprise judges whether the fair value is equal to the transaction price. The primary valuation techniques used to measure the fair value of an underlying asset or liability are the market, income or cost approach.

(X X X) The method of accounting for income taxes

Accounting for corporate income tax is based on the balance sheet debt method.

V.Explanations of Changes in Accounting Policies and Accounting Estimates and Correction of Errors

(I) Changes in accounting policies

The enterprise prepares the financial statements of 2019 in accordance with the financial statement format stipulated in the Notice of the Ministry of Finance on Revising and Issuing the Format of General Corporate Financial Statements of 2019 (Accounting [2019] No.6), and the accounting policy change adopts the retroactive adjustment method. The main reporting items involving adjustments are as follows:

1.Consolidated financial statement

Original statement items and amount		New statement items and amount	
Notes receivable and trade receivables	46,566,742.08	Notes receivable	
		trade receivables	46,566,742.08
Notes payable and trade payables	4,872,378,451.25	Notes payable	
		trade payables	4,872,378,451.25

2.Financial Statements of parent company

Original statement items and amount		New statement items and amount	
Notes receivable and trade receivables	40,852,864.73	Notes receivable	
		trade receivables	40,852,864.73
Notes payable and trade payables	3,591,942,658.12	Notes payable	
		trade payables	3,591,942,658.12

Except for item changes presented in the above statements, this changes in accounting policy have no impact on the financial position and operating results of the Company in 2018.

（II） Changes in accounting estimates

There were no changes in accounting estimates in the reporting period.

（III） Corrections of significant accounting errors

There were no corrections of material accounting errors during the reporting period.

（IV） Other adjustments

The financial statements are consolidated to offset 120,847,055.78 yuan of the temporary differences in related party transactions of the previous year, and the deferred income tax assets are compensated 30,211,763.95 yuan (including 15,466,504.47 yuan in 2018). The subsidiary, Beijing Yanguang Real Estate Co., LTD., has realized sales revenue and carried forward operating costs since 2016. According to the settlement audit results of The Nanyuan Project, the multi-transferred operating costs of the project in previous years (including 2,042,343.48 yuan in 2018) are retroactively adjusted in this year. The items in the financial statements relating to adjustments are as follows:

1 . Consolidated balance sheet (opening balance)

Item	Amount before adjustment (yuan)	Adjustment amount (yuan)	Adjusted amount (yuan)
Inventories	25,185,890,316.39	53,945,815.56	25,239,836,131.95
Including: Development product	4,556,510,504.48	53,945,815.56	4,610,456,320.04
Deferred income tax assets	500,000.00	30,211,763.95	30,711,763.95
Taxes and surcharges payable	148,157,932.65	13,486,453.89	161,644,386.54
Including: Taxes payable	147,418,491.79	13,486,453.89	160,904,945.68
Undistributed profit	1,547,260,450.89	55,498,864.98	1,602,759,315.87
Minority shareholders' equity	2,871,964,233.07	15,172,260.64	2,887,136,493.71

2 . Consolidated income Statement (Prior-year amount)

Item	Amount before adjustment (yuan)	Adjustment amount (yuan)	Adjusted amount (yuan)
Operating cost	1,047,449,524.85	-2,042,343.48	1,045,407,181.37
Taxes and surcharges	125,658,284.28	-14,955,918.60	110,702,365.68
Net profit	323,574,820.36	16,998,262.08	340,573,082.44
Including:net profit attributable to the owner of the parent company	294,717,938.80	16,423,852.97	311,141,791.77
Minority interest	28,856,881.56	574,409.11	29,431,290.67

VI. Taxes

(I) Major taxes and tax rates

Tax	Basis of taxation	Tax rate	
		2019	2018
Value-added tax (VAT)	The output tax shall be calculated on the basis of the income from sales of goods and taxable services calculated in accordance with the tax law, and the difference is the value-added tax payable after deducting the input tax allowed to be deducted in the current period.	16%, 10%, 6% before April 1, 2019. 13%, 9 %, 6% from April 1, 2019.	17%, 11%, 6 % before May 1, 2018. 16 %, 10 %, 6 % from May 1, 2018.
City maintenance and construction tax	Actual VAT payments	7%	7%
Education surtax	Actual VAT payments	3%	3%
Local Education surtax	Actual VAT payments	2%	2%
Corporate income tax	Taxable income	25%	25%

(II)Preferential tax policies and relevant approvals

1 . According to The Notice of the Ministry of Finance and the State Administration of Taxation No. 61 of 2019, the land used during the construction period of public rental housing and the land occupied after the completion of public rental housing are exempted from urban land use tax;The construction and management of public rental housing shall be exempted from stamp duty; The purchase of housing as public rental housing is exempted from deed tax and stamp duty; Exempt public rental housing from property tax; Rental income derived from the operation of public rental housing is exempted from value-added tax.

2 . According to the Notice of the Ministry of Finance and the State Administration of

Taxation on Comprehensively Promoting the Pilot Project of Replacing Business Tax with Value added Tax, Annex 3, Article 1 (19), Item 7 of Caishui [2016] No.36, the interest income obtained from the unified loan business is exempted from Value-added Tax preference. The enterprise filed the application with the State Taxation Bureau of Haidian District, Beijing on March 29, 2017, with the exemption period starting from May 1, 2016.

VII. Business Combination and Consolidated Financial Statements

(I)The subsidiaries included in the consolidated statements for the current period

No.	Name	Level	Type	Registered address/ place of business	Business nature	Paid-in capital (ten thousand yuan)	Proportion of shares (%)	Proportion of voting rights (%)	Investment (ten thousand yuan)	Acquisition Method
1	Beijing Yanbao Investment Co.Ltd.	2	1	Beijing	affordable housing	105,672.0828	100.00	100.00	105,672.0828	1
2	Beijing Yanxin Commercial Investment Management Co.Ltd.	3	1	Beijing	Investment management	2,000.00	100.00	100.00	2,000.00	1
3	Beijing Yanfeng Engineering Project Management Co.Ltd.	3	1	Beijing	Project management	1,000.00	100.00	100.00	1,000.00	1
4	Beijing Yanguang Real Estate Co., Ltd.	2	1	Beijing	affordable housing	160,000.00	62.50	62.50	100,000.00	1
5	Beijing Tianliren Real Estate Development Co.,Ltd.	3	1	Beijing	Real estate development	4,500.00	100.00	100.00	4,500.00	3
6	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	2	1	Beijing	affordable housing	200,000.00	51.00	51.00	102,000.00	1
7	Beijing Yanhua Investment Co.,Ltd.	2	1	Beijing	affordable housing	160,000.00	62.50	62.50	100,000.00	1
8	Beijing Subsidized Housing Exchange Service Center Co., Ltd.	2	1	Beijing	Brokerage of the real estate	2,000.00	100.00	100.00	2,000.00	1
9	Beijing Yandong Public Housing Investment Co.,Ttd	2	1	Beijing	affordable housing	104,627.9053	51.00	51.00	53,000.00	1
10	Beijing Yangu Public Housing Investment Co.,Ltd.	2	1	Beijing	affordable housing	60,000.00	58.30	58.30	35,000.00	1
11	Beijing Yanhuai Public Housing Investment Co.,Ltd.	2	1	Beijing	affordable housing	50,000.00	65.00	65.00	32,500.00	1
12	Beijing Yanan Public Housing Construction Investment Co.,Ttd	2	1	Beijing	affordable housing	50,000.00	80.00	80.00	40,000.00	1
13	Beijing Yanfang Public Housing Construction Investment Co.,Ttd	2	1	Beijing	affordable housing	36,000.00	51.00	51.00	11,000.00	1
14	Beijing Yanbei Security Housing Construction Investment Co., Ltd.	2	1	Beijing	affordable housing	5,882.00	66.00	66.00	3,882.00	1

Note: Type of enterprise: 1. Domestic non-financial subsidiary; 2. Domestic financial subsidiary; 3. Overseas subsidiaries; 4. public institutions, 5. infrastructure units.
Acquisition methods: 1. Investment establishment; 2. Business merger under the same control; 3. Business merger under different control; 4. The other.

(II) Reasons that the tarent has control of the investee when it owns less than half of the voting rights over the investee

None.

(III) Reasons that the parent has no control of the investee when it directly owns or indirectly owns through other subsidiaries more than half of the voting rights over the investee

None.

(IV)Information about significant non-wholly-owned subsidiaries

1 . Shareholding and equity of minority shareholders

No.	Subsidiary name	Proportion of shares held by minority shareholders (%)	Current profit and loss attributable to minority shareholders	Dividends paid to minority shareholders in the current period	Accumulated minority equity at the end of the period
1	Beijing Yanguang Real Estate Co., Ltd.	37.5	19,132,402.09	11,387,451.91	730,166,282.79
2	Beijing Yanhua Investment Co.,Ltd.	37.5	10,514,716.10	5,760,413.99	629,799,658.50
3	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	49.00	3,066,259.54	5,097,782.49	1,006,239,324.19
4	Beijing Yandong Public Housing Investment Co.,Ttd	49.00	3,349,059.62		521,678,608.69
	Total		36,062,437.35	22,245,648.39	2,887,883,874.17

2 . Major financial information of significant non-wholly-owned subsidiaries

Item	Current Amount			
	Beijing Yanguang Real Estate Co., Ltd.	Beijing Yanhua Investment Co.,Ltd.	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	Beijing Yandong Public Housing Investment Co.,Ttd
Current assets	5,214,308,420.06	2,412,008,213.70	3,395,980,703.86	509,928,239.80
Non-current assets	43,230,385.37	389,595.97	3,281,406,909.29	551,178,576.63
Total assets	5,257,538,805.43	2,412,397,809.67	6,677,387,613.15	1,061,106,816.43
Current liabilities	104,730,775.58	380,415,702.74	2,718,155,854.95	3,808,262.12
Non-current liabilities	3,205,697,942.42	352,516,350.93	1,905,682,117.00	
Total liabilities	3,310,428,718.00	732,932,053.67	4,623,837,971.95	3,808,262.12

Item	Current Amount			
	Beijing Yanguang Real Estate Co., Ltd.	Beijing Yanhua Investment Co.,Ltd.	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	Beijing Yandong Public Housing Investment Co.,Ttd
Operating income	255,202,567.83	21,031,189.17	204,813,393.86	6,325,579.84
Net profit	51,019,738.90	28,039,242.94	6,257,672.53	6,834,815.55
Total comprehensive income	51,019,738.90	28,039,242.94	6,257,672.53	6,834,815.55
Cash flows from operating activities	-3,293,263,717.52	-693,191,662.77	366,811,003.12	5,901,548.18

Continue:

Item	Last Term Amount			
	Beijing Yanguang Real Estate Co., Ltd.	Beijing Yanhua Investment Co.,Ltd.	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	Beijing Yandong Public Housing Investment Co.,Ttd
Current assets	2,251,498,226.34	3,228,647,236.44	2,647,703,791.65	504,069,781.16
Non-current assets	45,424,895.24	3,235,453,788.41	444,925.09	37,115,290.83
Total assets	2,296,923,121.58	6,464,101,024.85	2,648,148,716.74	541,185,071.99
Current liabilities	184,419,358.31	2,851,959,468.05	2,867,423.88	4,519,491.83
Non-current liabilities	226,506,237.98	1,554,445,950.40	978,493,675.83	
Total liabilities	410,925,596.29	4,406,405,418.45	981,361,099.71	4,519,491.83
Operating income	60,786,170.05	57,873,241.35	3,443,396.13	125,815.36
Net profit	5,801,638.92	17,055,695.29	31,841,496.20	6,633,861.07
Total comprehensive income	5,801,638.92	17,055,695.29	31,841,496.20	6,633,861.07
Cash flows from operating activities	-43,945,779.56	577,259,615.28	-601,269,751.79	1,142,127.13

(V)Treatment of the parent company's preparation of consolidated financial statements where the accounting periods of the subsidiary and the parent company differ.

None.

(VI) Former subsidiaries that are not consolidated in current Year

None.

(VII) Entities that are newly consolidated in current Year

The newly consolidated Entities in current year include Beijing Yanfang Public Housing Construction Investment Co., Ltd. and Beijing Yanbei Security Housing Construction and Investment Co., LTD., both of which are invested and established this year. The net assets at the end of the year and the net profits of the current year are as follows:

No.	Subsidiary name	Net assets at year end	Net profit for the current year
1	Beijing Yanfang Public Housing Construction Investment Co., Ltd.	358,691,195.52	-1,308,804.48
2	Beijing Yanbei Security Housing Construction and Investment Co., LTD.	58,869,245.90	49,245.90

(Ⅷ) Business combinations under common control in current year

None.

(IX) Business combinations not under common control in current year

None.

(Ⅹ)Reverse acquisition in current year

None.

(ⅩⅠ) Mergers in current year

None.

(ⅩⅡ)Significant restrictions on the use of the assets of the enterprise group and the repayment of the debts of the enterprise group by a subsidiary

None.

(ⅩⅢ)Relevant information of structured subjects included in the scope of consolidated financial statements

None.

(ⅩⅣ)Changes in the parent's ownership interest in a subsidiary

None.

(ⅩⅤ)Situations in which a subsidiary's ability to transfer funds to the parent is severely restricted

None.

Ⅷ. Notes to Items in the Consolidated Financial Statements

Unless otherwise noted, the beginning of the year refers to 1 January 2019, the end of the year refers to 31 December 2019, the previous period refers to 2018 and the current period refers to 2019; all amounts are in RMB yuan unless otherwise noted.

(I)Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	16,516.33	18,271.10
Bank deposits	9,071,676,550.76	13,022,475,961.22
Other cash balances		
Total	9,071,693,067.09	13,022,494,232.32
Including: Total amount placed overseas		

(II)Trade receivables

1 . Classification of trade receivables

Species	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion(%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	1,579,269,984.59	100.00	3,370,804.92	100.00
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	1,579,269,984.59	100.00	3,370,804.92	100.00

(Continued)

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	46,566,742.08	100.00		

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	46,566,742.08	100.00		

2 . Trade receivable with provision for bad debts based on a combination of credit risk characteristics

(1) Trade receivable with provision for bad debts based on aging analysis method

Aging	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)	1,560,123,977.21			32,464,104.07		
1-2 years (including 2 years)	6,533,283.94			6,771,180.98		
2-3 years (including 3 years)	5,281,266.41			3,537,023.63		
3-4 years (including 4 years)	3,537,023.63	20.00	707,404.73	2,262,066.42		
4-5 years (including 5 years)	2,262,066.42	50.00	1,131,033.21	1,532,366.98		
Over 5 years	1,532,366.98	100.00	1,532,366.98			
Total	1,579,269,984.59	-	3,370,804.92	46,566,742.08	-	

(2) Trade receivable with provision for bad debts based on the special portfolio:

None.

3 . Top five debtors according to closing balances

Debtor name	Closing balance	The proportion of the total accounts receivable (%)
Chaoyang District Coke Plant Government Resettlement Housing Project	1,420,025,762.08	89.92
Beijing Xicheng District Affordable Housing Operation and Management Co.	107,490,799.35	6.81
Public Rental Housing Tenants of Jian Gong Shuanghe Home	9,226,335.85	0.58
Tenants of Qingxiu City	5,929,921.35	0.38
Tenants of 7 Jing Yuan Road Public Rental Housing Project	5,445,918.55	0.34
Total	1,548,118,737.18	98.03

(III)Advances to suppliers

1. Advances to suppliers are shown by age

Item	Closing balance		Opening balance	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year (including 1 year)	1,315,128,604.63	19.35	5,013,009,938.94	60.75
1-2 years (including 2 years)	3,644,738,895.95	53.63	2,755,421,727.85	33.39
2-3 years (including 3 years)	1,363,477,165.24	20.06	264,163,302.96	3.20
Over 3 years	472,424,212.99	6.96	218,615,986.15	2.66
Total	6,795,768,878.81	100.00	8,251,210,955.90	100.00

2. Large Advances to suppliers with ending account age of more than 1 year

Debt unit	Closing balance	Aging	Cause of outstanding balance
Beijing Science and Education Housing Cooperative	2,429,307,281.00	1 to 2 years	Not yet handed over
Beijing Freddie Tianrui Xin Yang Real Estate Development Co.	178,362,424.75	1 to 2 years	Not yet handed over
	1,057,932,932.00	2 to 3 years	Not yet handed over
Beijing Ximbotailai Real Estate Development Co.	164,956,123.80	1 to 2 years	Not yet handed over
	167,298,300.00	2 to 3 years	Not yet handed over
	167,298,300.00	3 to 4 years	Not yet handed over
Beijing Chengjian Real Estate Development Co.	374,616,082.00	1 to 2 years	Not yet handed over
Beijing Shoukai Zhongsheng Real Estate Co.	173,538,091.60	1 to 2 years	Not yet handed over
	85,987,342.70	2 to 3 years	Not yet handed over
Beijing Shoukai Renxin Real Estate Co.	47,958,993.23	2 to 3 years	Not yet handed over
	165,991,261.01	Over 3 years	Not yet handed over
Beijing Huazheng Real Estate Development Co.	145,246,601.30	1 to 2 years	Not yet handed over
Beijing Xiangye Real Estate Co.	9,933,066.25	1 to 2 years	Not yet handed over
	69,000,000.00	Over 3 years	Not yet handed over
Total	5,237,426,799.64	—	—

3. Top five advances to suppliers classified by debtors at year end

Debtor name	Closing balance	The proportion of the total advance to suppliers (%)
Beijing Science and Education Housing Cooperative	2,429,393,691.00	35.75
Beijing Freddie Tianrui Xin Yang Real Estate Development Co.	1,236,295,356.75	18.19
Beijing Chengjian Real Estate Development Co.	715,846,950.00	10.53

Debtor name	Closing balance	The proportion of the total advance to suppliers (%)
Beijing Ximbotailai Real Estate Development Co.	560,170,206.00	8.24
Beijing Shougang Renxin Real Estate Co.	259,525,434.30	3.82
Total	5,201,231,638.05	76.53

(IV)Other receivables

Other receivables by item

Item	Closing balance	Opening balance
Interest receivable	41,561,081.14	15,242,811.20
Dividends receivable		
Other receivables	293,020,707.13	312,917,335.89
Total	334,581,788.27	328,160,147.09

Other receivables by ageing

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Bad-debt provision	Book balance	Proportion (%)	Bad-debt provision
Within 1 year (including 1 year)	56,873,368.24	16.75		29,782,289.92	9.02	
1-2 years (including 2 years)	5,538,052.05	1.63		58,553,110.57	17.73	
2-3 years (including 3 years)	48,829,633.90	14.38		229,976,939.60	69.66	
Over 3 years	228,340,734.08	67.24	5,000,000.00	11,847,807.00	3.59	2,000,000.00
Total	339,581,788.27	100.00	5,000,000.00	330,160,147.09	100.00	2,000,000.00

1.Interest receivable

(1) Classification of Interest receivable

Item	Closing balance	Opening balance
Fixed time deposit		
Entrusted loans		
Other (loans for shed improvement)	41,561,081.14	15,242,811.20
Total	41,561,081.14	15,242,811.20

(2) Significant overdue interest

None.

2.Other receivables

(1) Classification of other receivables

Species	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	298,020,707.13	100.00	5,000,000.00	100.00
Other receivables that are individually not significant but are individually assessed for impairment				
Total	298,020,707.13	100.00	5,000,000.00	100.00

(Continued)

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	314,917,335.89	100.00	2,000,000.00	100.00
Other receivables that are individually not significant but are individually assessed for impairment				
Total	314,917,335.89	100.00	2,000,000.00	100.00

(2) Aging analysis of other receivables:

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Bad-debt provision	Book balance	Proportion (%)	Bad-debt provision
Within 1 year (including 1 year)	15,312,287.10	5.14		14,539,478.72	4.62	
1-2 years (including 2 years)	5,538,052.05	1.86		58,553,110.57	18.59	
2-3 years (including 3 years)	48,829,633.90	16.38		229,976,939.60	73.03	
Over 3 years	228,340,734.08	76.62	5,000,000.00	11,847,807.00	3.76	2,000,000.00
Total	298,020,707.13	100.00	5,000,000.00	314,917,335.89	100	2,000,000.00

(3) Other receivables with provisioned for bad debts based on a combination of credit risk characteristics

① Other receivables with provision for bad debts based on ageing portfolio

Aging	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)	1,761,668.00			1,777,968.14		
1-2 years (including 2 years)	537,725.00			100,000.00		
2-3 years (including 3 years)						
3-4 years (including 4 years)				10,000,000.00	20.00	2,000,000.00
4-5 years (including 5 years)	10,000,000.00	50.00	5,000,000.00			
Over 5 years						
Total	12,299,393.00	-	5,000,000.00	11,877,968.14	-	2,000,000.00

② Other receivables with provision for bad debts based on the special portfolio

Portfolio name	Closing balance		Opening balance	
	Book balance	Bad-debt provision	Book balance	Bad-debt provision
Receivables temporarily paid by the enterprise and finally settled by the relevant government departments: Receivables for the project of withdrawing from the simply-equipped building around Tiantan	268,378,844.64		271,413,079.88	
Deposits and cash deposit portfolio	7,978,393.25		6,837,078.38	
Provisions and suspense portfolio	9,364,076.24		24,789,209.49	
Total	285,721,314.13		303,039,367.75	

Note: The receivables for the project of withdrawing from the simply-equipped building around Tiantan include:

A. The payment for the housing resources and usage fees for the vacating ruling on the the turnover housing with special financial funds,that will be settled and collected with special financial funds according to the usage of the housing at the final settlement of the vacating project of the simple buildings around Tiantan, and no provision for bad debts will be made.

B. The property and heating fees advanced on behalf of the Company to vacate the adjudicated turnaround housing are to be settled and recovered based on usage after the development unit transfers the housing to the users in accordance with the prescribed procedures, and no provision for bad debts is made.

(4) Provision for bad debts recovered or reversed

None.

(5) Other receivables actually written off in the current period

None.

(6) Top five debtors according to closing balances

Debtor name	Nature of money	Closing balance	Aging	Proportion of other receivables (%)
The receivables for the project of withdrawing from the simply-equipped building around Tiantan	disbursements	704,405.26	Within 1 year (including 1 year)	0.24
		411,204.65	1-2 years (including 2 years)	0.14
		48,599,500.65	2-3 years (including 3 years)	16.31
		218,663,734.08	More than 3 years	73.37
Beijing Land Preparation and Reserve Center	Cash deposit	10,000,000.00	4-5 years	3.36
Wang Zongguo (Beijing Deputy City Centre Staff Turnaround Housing Project -North Zone)	disbursements	5,071,823.11	Within 1 year	1.70
Beijing Liantuo Auto Leasing Co.	Car rental deposit	1,842,907.00	Over 5 years	0.62
Beijing Junhebeinian Real Estate Development Co.	Cash deposit	660,000.00	1-2 years	0.22
Total		285,953,574.75		95.96

(7) Other receivables whose recognition is terminated by the transfer of financial assets

None.

(8) Transfer of other receivables (e.g., securitization, factoring, etc.), amounts of assets and liabilities that continue to be involved in formation

None.

(V) Inventories

1.Inventory classification

Item	Closing balance		
	Book balance	Falling price reserves	Book value
Development cost	10,487,297,564.43		10,487,297,564.43
Development product	7,076,452,919.08		7,076,452,919.08
Total	17,563,750,483.51		17,563,750,483.51

(Continued)

Item	Opening balance		
	Book balance	Falling price reserves	Book value
Development cost	20,629,379,811.91		20,629,379,811.91
Development product	4,610,456,320.04		4,610,456,320.04
Total	25,239,836,131.95		25,239,836,131.95

2.The capitalization of borrowing costs included in the Closing balance of inventories

The capitalized amount of borrowing expense included in the Closing balance of inventory (development cost) is RMB1,841,832.08.

3.Completed and unsettled assets formed by the final construction contract: None.

4.No provision for decline in value of inventories at the end of the period as there was no decline in value of inventories.

(VI)Assets held for sale

Item	Closing book balance	Provision for impairment losses	Closing book value
Beijing Real Estate Trading Market Co.	15,518,362.50	4,354,364.10	11,163,998.40
Total	15,518,362.50	4,354,364.10	11,163,998.40

Note: The subsidiary, Beijing Yanbao Investment Co., Ltd. holds 11.1% of the equity of Beijing Real Estate Trading Market Co., LTD., and has signed the Equity Transfer Intention Agreement with Beijing Real Estate Exchange Co., LTD. This year. According to the Asset Appraisal Report No. 50 [2019] issued by Beijing Kezhiyuan Asset Appraisal Co., LTD., the book value of the equity held by Beijing Yanbao Investment Co., Ltd. is 11,163,998.40 yuan, and the impairment provision is 4,354,364.10 yuan. By April 20, 2020, the transaction has been completed and the state-owned assets of the enterprise trading certificate issued by Beijing Property Exchange has been obtained.

(VII)Other current assets

Item	Closing balance	Opening balance
The amount of input VAT payable to be deducted (including the tax pre-paid in summary tax)	655,313,533.09	419,228,771.69
Refundable corporate income tax		2,121,571.83
Pending VAT refunds	18,631,741.57	
Total	673,945,274.66	421,350,343.52

(Ⅷ)Financial assets available for sale

1.Situation of Financial assets available for sale

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	450,160,000.00		450,160,000.00
Including: Measured at fair value			
Measured at cost	450,160,000.00		450,160,000.00
Others			
Total	450,160,000.00		450,160,000.00

(Continued)

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	477,778,362.50		477,778,362.50
Including: Measured at fair value			
Measured at cost	477,778,362.50		477,778,362.50
Others			
Total	477,778,362.50		477,778,362.50

2.Financial assets available for sale measured at cost

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Equity in Beijing Residential Industrialization Group Co.	50,000,000.00			50,000,000.00
Equity in Beijing Real Estate Market Co.	15,518,362.50		15,518,362.50	
Equity in Beijing Northcontrol Construction Development Co.	12,100,000.00		12,100,000.00	
Equity in Beijing Rural Commercial Bank	400,160,000.00			400,160,000.00
Total	477,778,362.50			450,160,000.00

(IX)Long-term Receivables

Item	Closing balance		
	Book balance	Bad debt provision	Book value
Finance lease payment			
Sales of goods by instalments			
Installment payments for services rendered			
Unified loan and repayment of loans	31,414,090,034.50		31,414,090,034.50
Total	31,414,090,034.50		31,414,090,034.50

(Continued)

Item	Opening balance		
	Book balance	Bad debt provision	Book value
Finance lease payment			
Sales of goods by instalments			
Installment payments for services rendered			
Unified loan and repayment of loans	35,344,240,034.50		35,344,240,034.50
Total	35,344,240,034.50		35,344,240,034.50

Details of Unified loan and repayment of loans:

Item	Closing balance	Opening balance
Beijing Mentougou Mining and Shantytown Construction Center	6,691,740,034.50	7,521,240,034.50
Beijing Fengtai District Housing Management Center	3,033,600,000.00	3,300,000,000.00
China Railway Construction and Land Limited	7,590,000,000.00	9,990,000,000.00
Beijing Tianjie Group Co.	3,100,000,000.00	3,300,000,000.00
Beijing Tenglida Real Estate Development and Management Company	901,000,000.00	995,000,000.00
Beijing Xiaoyuehe Science and Technology Park Co.	3,784,750,000.00	3,835,000,000.00
Beijing Guangan Rongsheng Investment Co.	6,313,000,000.00	6,403,000,000.00
Total	31,414,090,034.50	35,344,240,034.50

(X)Long-term Equity Investments

1.Classification of long-term equity investments

Item	Opening balance	Increase in the current period	Investment gains and losses recognized under the equity method	Closing balance
Investment in subsidiaries				
Investment in joint ventures				
Investment in associated companies		15,590,000.00	7,078,619.26	8,511,380.74
Subtotal		15,590,000.00	7,078,619.26	8,511,380.74
Less: impairment provision for long-term equity investments				
Total		15,590,000.00	7,078,619.26	8,511,380.74

2.Details of long-term equity investment

Investee	Shareholding ratio	Cost of investment	Opening balance	Increase in the current period	Investment gains and losses recognized under the equity method	Closing balance
Total		15,590,000.00		15,590,000.00	-7,078,619.26	8,511,380.74
Beijing Northcontrol Construction Development Co.	20%	12,100,000.00		12,100,000.00	-6,009,173.94	6,090,826.06
Beijing Jianbaoyuan Asset Management Co.	30%	3,000,000.00		3,000,000.00	-579,445.32	2,420,554.68
Yanbaochai Life (Beijing) Community Services Ltd.	49%	490,000.00		490,000.00	-490,000.00	

(X I)Investment Properties

1 . Investment properties measured at cost

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I .Total original book value	31,297,808,626.58	1,022,659,984.18		32,320,468,610.76
Including: buildings	31,297,808,626.58	1,022,659,984.18		32,320,468,610.76
Land usage right				
II . Total accumulated depreciation (amortization)	1,389,793,986.23	590,351,069.32		1,980,145,055.55
Including: buildings	1,389,793,986.23	590,351,069.32		1,980,145,055.55
Land usage right				
III.Total net book value	29,908,014,640.35	-	-	30,340,323,555.21
Including: buildings	29,908,014,640.35	-	-	30,340,323,555.21
Land usage right				
IV. Total cumulative amount of impairment provision				
Including: buildings				
Land usage right				
V.Total book value	29,908,014,640.35	-	-	30,340,323,555.21
Including: buildings	29,908,014,640.35	-	-	30,340,323,555.21
Land usage right				

Note: The enterprise's investment properties are measured using the cost model.

2 . The book value and reasons of the investment properties without the certificate of ownership

Item	Ending original value of assets	Ending accumulated depreciation	Ending book value of assets
Dayangfang Public Rental Housing, Chaoyang District	22,583,835.00	3,794,570.88	18,789,264.12
Yanbao Huihong Home Public Rental Project	732,391,638.91	33,623,123.51	698,768,515.40
Yanbao-Guogongzhuang Home Park Public Housing Project	1,751,810,664.88	53,018,624.79	1,698,792,040.09
Shijingshan Jingyuan Home Public Rental Project	1,106,410,005.49	151,248,933.43	955,161,072.06
Yanbao Longquan Home Public Rental Project	586,173,671.02	42,502,064.57	543,671,606.45
Guanzhuang North Erli Public Rental Housing Project	146,436,000.00	12,056,564.00	134,379,436.00
Yanbao Maquanying Public Rental Housing Project	1,835,154,525.53	105,363,972.47	1,729,790,553.06
Xuanwu District Guan'anmen Railway Residential Community Low-rent Housing Project	31,589,102.00	2,475,539.80	29,113,562.20
Longyue Jiayuan Public Rental Housing Project in Fangshan District	129,166,470.00	12,270,814.80	116,895,655.20
Yuefu Home Public Rental Housing Project	430,888,293.81	16,317,232.20	414,571,061.61
Lohas Park Public Rental Housing Project	227,630,484.35	5,759,452.96	221,871,031.39
Shuiwan Homes Public Rental Housing Project	207,833,559.82	6,236,211.70	201,597,348.12
Haidian District Xindian Homes Public Rental Housing Project	974,524,164.13	95,736,962.89	878,787,201.24
Yi Jing Yuan Public Rental Housing Project	496,477,859.26	16,829,023.42	479,648,835.84
Yanbao Shuangqiao Public Housing Project	1,114,880,119.88	75,406,803.05	1,039,473,316.83
Total	9,793,950,394.08	632,639,894.47	9,161,310,499.61

Note: The main reason is that the developer's early procedures are not complete and do not have the property rights transfer registration handling conditions.

(X II)Fixed Assets

Item	Closing balance	Opening balance
Fixed assets	264,343,159.40	228,925,195.69
Liquidation of fixed assets		
Total	264,343,159.40	228,925,195.69

1.Situation of fixed assets

Category	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Total original book value	273,935,767.79	49,970,249.52	296,000.00	323,610,017.31
Including: Land assets				
Houses and Buildings	242,366,922.91	31,054,275.66		273,421,198.57
Machinery and equipment	14,000.00			14,000.00
Transport machine	2,394,312.00		296,000.00	2,098,312.00
Electronic equipment	20,327,524.49	7,866,272.85		28,193,797.34
Office equipment	2,487,018.71	53,228.14		2,540,246.85
Others	6,345,989.68	10,996,472.87		17,342,462.55
Ⅱ.Total accumulated depreciation	45,010,572.10	14,256,285.81		59,266,857.91
Including: Land assets	—	—	—	—
Houses and Buildings	19,995,274.15	9,962,965.47		29,958,239.62
Machinery and equipment		2,099.93		2,099.93
Transport machine	1,735,708.44	154,914.16		1,890,622.60
Electronic equipment	16,605,609.24	2,577,237.77		19,182,847.01
Office equipment	1,882,918.02	278,844.18		2,161,762.20
Others	4,791,062.25	1,280,224.30		6,071,286.55
Ⅲ.Total net book value	228,925,195.69	—	—	264,343,159.40
Including: Land assets		—	—	
Houses and Buildings	222,371,648.76	—	—	243,462,958.95
Machinery and equipment	14,000.00	—	—	11,900.07
Transport machine	658,603.56	—	—	207,689.40
Electronic equipment	3,721,915.25	—	—	9,010,950.33
Office equipment	604,100.69	—	—	378,484.65
Others	1,554,927.43	—	—	11,271,176.00
Ⅳ.Total impairment provision				
Including: Land assets	—	—	—	—
Houses and Buildings				
Machinery and equipment				
Transport machine				
Electronic equipment				
Office equipment				
Others				
Ⅴ.Total book value	228,925,195.69	—	—	264,343,159.40
Including: Land assets		—	—	
Houses and Buildings	222,371,648.76	—	—	243,462,958.95

Category	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Machinery and equipment	14,000.00	—	—	11,900.07
Transport machine	658,603.56	—	—	207,689.40
Electronic equipment	3,721,915.25	—	—	9,010,950.33
Office equipment	604,100.69	—	—	378,484.65
Others	1,554,927.43	—	—	11,271,176.00

2.The situation of in which fixed assets are temporarily idle

None.

3.The situation of fixed assets for which certificates of title have not been completed

None.

4.Liquidation of fixed assets

None.

(X III)Construction in Progress

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Self-built public rental housing		17,943,899,034.33		17,943,899,034.33
Others				
Total		17,943,899,034.33		17,943,899,034.33

Note: The increase in self-built public housing in the current period is primarily due to an adjustment of RMB 14,363,693,239.78 from development cost accounting to accounting for public housing in progress.

(X IV)Intangible Assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I .Total original price	38,562,229.10	4,935,618.02		43,497,847.12
Including: software	38,562,229.10	4,935,618.02		43,497,847.12
II .Total accumulated amortization	6,323,979.28	4,748,689.72		11,072,669.00
Including: software	6,323,979.28	4,748,689.72		11,072,669.00
III.Total amount of impairment provision				
Including: software				
IV.Total book value	32,238,249.82	—	—	32,425,178.12
Including: software	32,238,249.82	—	—	32,425,178.12

(X V)Goodwill

Name of the investee or the matters forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Formation of Beijing Yanguang Property Company Limited's purchase of 100% equity interest in Beijing Tianliren Real Estate Development Company Limited in 2015	155,669.79			155,669.79
Total	155,669.79			155,669.79

(X VI)Long-term prepaid expenses

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decrease	Closing balance	Reasons for other decrease
Renovation costs	796,759.30	1,555,502.93	897,871.68		1,454,390.55	
Organization expenses		12,407,472.01	4,135,824.00		8,271,648.01	
Total	796,759.30	13,962,974.94	5,033,695.68		9,726,038.56	

(X VII)Deferred tax assets and Deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets/ liabilities	Deductible/taxable temporary difference	Deferred tax assets/ liabilities	Deductible/taxable temporary difference
Ⅰ.Deferred tax assets	86,749,473.12	346,997,892.42	30,711,763.95	122,847,055.78
Provision for impairment of assets	3,181,292.26	12,725,169.02	500,000.00	2,000,000.00
Combined offset of operating income and inventory	63,819,092.56	255,276,370.22	15,096,818.39	60,387,273.55
Combined offset of operating income and construction in progress	15,590,063.71	62,360,254.82	15,114,945.56	60,459,782.23
Accrued expenses - land value added tax	4,159,024.59	16,636,098.36		
Ⅱ.Deferred tax liabilities	50,953.17	203,812.68	21,072.79	84,291.19
Differences between fixed asset depreciation accounting and taxation	50,953.17	203,812.68	21,072.79	84,291.19

(X VIII)Short-term borrowings

1. Classification of short-term borrowings

Borrowing category	Closing balance	Opening balance
Guaranteed loans		2,296,572,647.80
Total		2,296,572,647.80

2 . Overdue short-term borrowings

:None.

(XIX) Trade payables

1 . Situation of trade payables

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	1,205,710,959.62	2,472,278,955.29
1-2 years (including 2 years)	1,258,192,725.16	1,051,285,617.80
2-3 years (including 3 years)	583,593,604.20	682,884,219.63
More than 3 years	550,158,954.82	665,929,658.53
Total	3,597,656,243.80	4,872,378,451.25

2 . Significant trade payables aged more than one year at the end of the period:

Name of creditor	Closing balance	Reasons for outstanding
Beijing Haidian District Housing Authority	482,559,900.00	No settlement
Beijing Auto City Investment Management Co.	326,053,142.17	No settlement
Beijing Jingtou Yintai Real Estate Co.	239,889,292.53	No settlement
Beijing Guang'an Rongda Real Estate Co.	227,829,968.50	No settlement
Beijing Tiancheng Housing Cooperative	97,883,890.20	No settlement
Beijing Linhe Jingsheng Real Estate Development Co.	76,884,695.00	No settlement
Beijing Jingtou Xingye Real Estate Co.	70,581,758.18	No settlement
Beijing Jun Yang Xin Ye Real Estate Co.	60,794,339.73	No settlement
Evergrande Real Estate Group Beijing Ltd.	57,748,002.76	No settlement
Beijing Shuangqiao Farm Co.	56,223,884.47	No settlement
Real Estate Development and Operation Department of Beijing Construction Engineering Group Co.	46,368,878.60	No settlement
Beijing Yuxin Real Estate Development Co.	42,399,161.70	No settlement
Beijing Rebea Architecture & Decoration Engineering Co.	35,590,581.30	No settlement
Beijing Chengjian Construction Engineering Co.	31,496,436.20	No settlement
China Xinxing Construction Engineering Corporation	26,417,388.38	No settlement
Beijing City Construction Vanke Tianyun Real Estate Co.	25,492,779.60	No settlement
Beijing Haikai Real Estate Group Co.	24,224,482.64	No settlement
Beijing Zhengde Xinghe Real Estate Development Co.	22,585,477.50	No settlement
Jiangsu Province Suzhong Construction Group Co.	21,134,395.73	No settlement
Total	1,972,158,455.19	—

(X X)Advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	3,005,708,013.71	3,471,193,853.08
More than 1 year	10,238,656,900.42	7,129,534,903.38
Total	13,244,364,914.13	10,600,728,756.46

Significant advances from customers more than one year old at the end of the period:

Name of creditor or project	Closing balance	Reason for not carried forward
Olympic 5 housing project	4,703,343,196.44	Not yet handed over
Sales price of condominiums	1,622,746,730.00	No settlement
Renjoy Residence Limited Home Ownership Conversion Project	1,487,154,962.00	Not yet handed over
Yuexihui Limited Conversion Home Ownership Project	486,256,213.00	Not yet handed over
Arin West Project	484,997,500.00	Not yet handed over
Takai II Resettlement Housing Project	351,273,177.00	Not yet handed over
Somerset Home Project	159,099,100.00	Not yet handed over
Jhuangchang Resettlement Housing Project (Lot 1)	133,130,571.43	Not yet handed over
Mentougou Longquan Home Public Rental Housing Project	124,420,631.37	Not yet handed over
Sales price for targeted housing	92,453,807.20	No settlement
Creek City Homes Housing Project (West Chenjiaying Road)	74,542,864.00	Not yet handed over
Shuangheyuan Project	66,154,677.70	Not yet handed over
BBMG Taiheyuan Resettlement Housing Project	64,024,500.00	Not yet handed over
Total	9,849,597,930.14	—

(X X I)Employee benefits payable

1. Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term employee benefits	1,628,345.59	246,352,305.03	246,475,837.85	1,504,812.77
II. Post-employment benefits – defined contribution plan	383,195.94	32,640,463.56	32,563,599.73	460,059.77
III. Termination benefits		370,000.00	370,000.00	
IV. Other benefits due within one year				
Total	2,011,541.53	279,362,768.59	279,409,437.58	1,964,872.54

2 . Short-term employee benefits

Item	Opening balance	Increase in the current period
Ⅰ.Salaries, bonuses, allowances and allowances		193,745,839.11
Ⅱ.Employee services and benefits		11,666,414.66
Ⅲ.Social insurance premium	216,879.83	17,695,276.01
Including: Medical insurance premium	193,643.00	15,839,813.61
Industrial injury insurance premium	7,745.58	671,279.77
Birth insurance premium	15,491.25	1,184,182.63
Others		
Ⅳ.Housing provident fund		17,947,759.36
Ⅴ.Trade union funds and staff education funds	1,411,465.76	5,297,015.89
Ⅵ.Short paid absence from work		
Ⅶ.Short-term profits sharing plan		
Ⅷ.Other Short-term compensation		
Total	1,628,345.59	246,352,305.03

(Continued)

Item	Decrease in the current period	Closing balance
Ⅰ.Salaries, bonuses, allowances and allowances	193,745,839.11	
Ⅱ.Employee services and benefits	11,666,414.66	
Ⅲ.Social insurance premium	17,594,521.05	317,634.79
Including: Medical insurance premium	15,750,462.91	282,993.70
Industrial injury insurance premium	667,023.79	12,001.56
Birth insurance premium	1,177,034.35	22,639.53
Others		
Ⅳ.Housing provident fund	17,947,759.36	
Ⅴ.Trade union funds and staff education funds	5,521,303.67	1,187,177.98
Ⅵ.Short paid absence from work		
Ⅶ.Short-term profits sharing plan		
Ⅷ.Other Short-term compensation		
Total	246,475,837.85	1,504,812.77

3 . Defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Basic endowment insurance	367,713.46	24,925,845.12	24,855,406.42	438,152.16
Ⅱ.Unemployment insurance expense	15,482.48	1,163,626.00	1,157,200.87	21,907.61
Ⅲ.Enterprise annuity payment		6,550,992.44	6,550,992.44	
Total	383,195.94	32,640,463.56	32,563,599.73	460,059.77

(X X II)Taxes and surcharge payable

Item	Opening balance	Payable in the current period
Value-added tax	10,018,652.36	112,780,514.33
City maintenance and construction tax	1,038,435.04	7,272,522.05
Education surtax	445,680.02	3,312,319.54
Local education surtax	293,760.84	2,208,212.98
Land value increment tax	114,733,754.86	19,782,927.45
House Property Tax		51,897,556.48
Land use tax		514,187.59
Corporate income tax	28,980,991.69	111,149,122.24
Individual income tax	4,089,599.75	8,561,925.92
Stamp duty	2,043,498.10	4,017,275.22
Vehicle and vessel use tax		400.00
Deed tax	13.88	80,909,715.87
Environmental tax		7,386,536.93
Water resources tax		72,979.00
Total	161,644,386.54	409,866,195.60

(Continued)

Item	Paid in the current period	Closing balance
Value-added tax	52,324,445.88	70,474,720.81
City maintenance and construction tax	3,416,452.51	4,894,504.58
Education surtax	1,657,932.15	2,100,067.41
Local education surtax	1,101,928.88	1,400,044.94
Land value increment tax	16,108,602.67	118,408,079.64
House Property Tax	51,897,556.48	
Land use tax	514,187.59	
Corporate income tax	80,392,213.91	59,737,900.02
Individual income tax	10,040,323.89	2,611,201.78
Stamp duty	5,696,710.28	364,063.04
Vehicle and vessel use tax	400.00	
Deed tax	72,363,737.49	8,545,992.26
Environmental tax	7,328,640.58	57,896.35
Water resources tax	72,979.00	
Total	302,916,111.31	268,594,470.83

(X X III)Other payables

Item	Closing balance	Opening balance
Accrual interest payable	82,227,276.88	53,813,224.59
Dividends payable	3,197,600.80	
Other payables	1,047,460,994.59	418,019,681.89
Total	1,132,885,872.27	471,832,906.48

1 . Accrual interest payable

Item	Closing balance	Opening balance
Interests of long-term borrowings with interests payable by installment and principal payable upon maturity	59,690,564.51	26,212,481.09
Interest on corporate bonds	22,536,712.37	27,600,743.50
Total	82,227,276.88	53,813,224.59

2 . Dividends payable

Shareholder's name	Closing balance	Opening balance
State-owned Assets Supervision and Administration Commission of the People's Government of Shunyi District, Beijing	2,841,300.00	
Beijing Huairou State-owned Assets Management Co.	126,953.48	
State-owned Assets Supervision and Administration Commission of the People's Government of Pinggu District, Beijing	229,347.32	
Total	3,197,600.80	

3 . Other payables

(1) Other payables by nature of payment

Item	Closing balance	Opening balance
Collection of housing maintenance fund	61,445,127.05	34,286,938.00
Collection of payment for docking house	379,099,977.55	
Collection of housing deed tax	23,186,505.86	
Cash deposit	200,646,057.10	45,828,448.42
Rental bond	143,240,538.47	127,026,778.42
Housing deposit	201,290,000.00	201,290,000.00
Compensation for vacated house	1,130,263.30	1,112,267.80
Resident turnover fee	159,741.00	166,158.00
Other collection	1,906,612.37	728,680.64
Others	35,356,171.89	7,580,410.61
Total	1,047,460,994.59	418,019,681.89

(2) Significant other payables older than one year at the end of the period

Name of creditor	Closing balance	Reason for outstanding
Beijing Dongju Tianhua Investment Co.	200,000,000.00	Deposit
Beijing Railway Transportation Construction Management Co.	29,500,000.00	Margin
Beijing Apex Investment Co.	5,900,544.31	Tenancy deposit
Beijing Taihe Real Estate Co.	5,505,311.25	Margin
Beijing City Construction and Real Estate Development Co.	2,805,086.70	No settlement
Total	243,710,942.26	—

(X X IV)Other current liabilities

Item	Closing balance	Opening balance
VAT output tax to be deducted	320,196.20	124,784.83
Total	320,196.20	124,784.83

(X X V)Long-term borrowings

Item	Closing balance	Opening balance	Interest rate range (%)
Pledged loans	31,414,090,034.40	35,344,240,034.40	4.145-4.995
Mortgage loans	283,500,000.00	285,240,000.00	4.90
Guaranteed loans	2,006,572,647.80		4.41
Credit loans	11,428,417,117.00	6,051,670,950.40	4.41-6.80
Total	45,132,579,799.20	41,681,150,984.80	

(X X VI)Bonds payable

1.Bonds payable

Item	Closing balance	Opening balance
2014 Corporate Bond of Beijing Public Housing Center	2,474,878,938.23	2,480,604,520.39
Total	2,474,878,938.23	2,480,604,520.39

Note: Our enterprise issued corporate bonds in 2014, with an issue date of October 15, 2014, an issue amount of RMB 2.5 billion and a bond term of 15 years.

2.Change in bonds payable

ten thousand yuan

Bond name	Face value	Issuing date	Maturity of bond	Issuance amount
2014 Corporate Bond of Beijing Public Housing Center	¥100	2014.10.15	15years	250,000.00
Total				250,000.00

(Continued) ten thousand yuan

Bond name	Opening balance	Current Issue	Interest is withdrawn at face value	Amortization of premiums and discounts	Current reimbursement	Closing balance
2014 Corporate Bond of Beijing Public Housing Center	248,060.45		13,250.00	572.56	13,250.00	247,487.89
Total	248,060.45		13,250.00	572.56	13,250.00	247,487.89

(X X VII)Long-term payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term payables				
Special payables	1,575,749,577.12	9,827,548.52	944,224,642.38	641,352,483.26
Total	1,575,749,577.12	9,827,548.52	944,224,642.38	641,352,483.26

Details of special payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Total	1,575,749,577.12	9,827,548.52	944,224,642.38	641,352,483.26
Decommissioning project in Xuanxibei area	226,506,237.98		20,808,295.56	205,697,942.42
Decommissioning project of simple buildings around Tiantan	978,472,603.04	9,827,548.52	635,834,753.80	352,465,397.76
Beijing Taihu Public Rental Housing Projectt	155,900,602.67		77,623,362.73	78,277,239.94
The Public Rental Housing project of Coking Plant in Chaoyan District, Beijing	105,947,403.75		105,928,558.32	18,845.43
Beijing Baiwanzi public rental housing project	108,922,729.68		104,029,671.97	4,893,057.71

(X X VIII)Paid-in capital

Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government	44,523,209,666.33	100	194,472,172.01		44,717,681,838.34	100
Total	44,523,209,666.33	100	194,472,172.01		44,717,681,838.34	100

The increase of RMB 194,472,172.01 for the period is as follows:

1. RMB 90,000,000.00 allocated by the Beijing Municipal Finance Bureau to the capital fund.

2. The Beijing Municipal Finance Bureau transferred 179 sets of vacant properties in 32 locations, and increased the capital by RMB 104,472,172.01 according to the value determined in the transfer documents.

(X X IX)Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	176,554,122.86	22,693,431.00		199,247,553.86
Discretionary surplus reserve				
Reserve fund				
Enterprise development fund				
Return of profits on investment				
Others				
Total	176,554,122.86	22,693,431.00		199,247,553.86

Note: The increase in surplus for the year is 10% of the parent company's net profit for the year.

(X X X)Undistributed profits

Item	Current amount	Last term amount
Opening balance	1,602,759,315.87	1,394,913,097.93
Increase in the current period	125,620,481.82	311,147,540.31
Including: Transfer of current net profit	125,620,481.82	311,141,791.77
Other adjustment factors		5,748.54
Decrease in the current period	253,712,631.00	103,301,322.37
Including: Appropriation to surplus reserve	22,693,431.00	28,832,522.37
Appropriation to general risk reserve		
Cash dividends distributed during the period	231,019,200.00	74,468,800.00
Other reductions		
Closing balance	1,474,667,166.69	1,602,759,315.87

(X X X I)Operating revenue and operating costs

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
1 . Subtotal of main business	3,536,642,194.51	2,799,601,735.70	1,624,696,017.27	1,045,264,736.93
Reserve housing sales	2,100,272,013.63	1,922,672,866.51	466,054,647.39	289,802,535.17
Public rental housing	1,322,139,172.81	819,430,817.97	1,066,952,377.64	686,010,672.00

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
Commercial real estate operations	83,299,453.71	49,319,903.35	82,001,907.05	66,507,406.33
Management service	30,926,049.78	8,178,147.87	9,687,085.19	2,944,123.43
Operation of loose rental reserve housing	5,504.58			
2 . Subtotal of other business	195,037.47	178,982.69	196,491.94	142,444.44
Others	195,037.47	178,982.69	196,491.94	142,444.44
Total	3,536,837,231.98	2,799,780,718.39	1,624,892,509.21	1,045,407,181.37

(X X X II)Taxes and surcharges

Item	Current amount	Last term amount
Business tax	-225,712.05	435,697.27
City maintenance and construction tax	7,444,016.37	3,164,969.94
Education surcharge	3,386,137.92	1,310,677.81
Local education surcharge	2,257,425.22	873,785.15
Land value added tax	19,454,751.22	36,817,462.02
Property tax	51,832,231.46	41,058,641.98
Land use tax	513,899.59	399,467.60
Stamp duty	5,035,800.52	4,553,341.34
Vehicle use tax	400.00	
Environmental tax	7,385,387.58	4,334,411.25
Water resource tax	72,979.00	
Total	97,157,316.83	92,948,454.36

(X X X III)Salling expenses, administrative expenses, financial expense

1.Salling expenses

Item	Current amount	Last term amount
Employee remuneration	1,326,958.55	1,141,389.63
Sales service charge	291,262.20	5,586,184.48
Office expenses	4,910,305.76	4,266,570.24
Depreciation expenses	12,935.42	18,844.10
Heating costs	2,763,964.54	4,682,370.14
Property fee		285,733.12
Real estate registration fees		124,480.00
Marketing and promotion costs		16,779.96
Others	323,953.10	67,211.05
Total	9,629,379.57	16,189,562.72

2.Administrative expenses

Item	Current amount	Last term amount
Employee remuneration	119,219,915.43	91,043,694.72
Insurance premiums	2,507,110.01	2,278,591.46
Depreciation expenses	11,669,530.92	11,916,976.00
Repair costs	168,603.76	109,402.84
Amortization of intangible assets	3,941,139.93	2,899,018.22
Amortization of long-outstanding costs	716,205.00	52,706.56
Amortization of low-value consumables	160,753.01	124,408.52
Operating hospitality	232,745.90	105,128.40
Travel costs	984,004.13	446,208.55
Office expenses	5,826,532.60	13,992,183.44
Utility costs	1,515,424.67	1,247,283.20
Rental fee	9,312,516.79	12,596,447.69
Litigation expenses		1,030,897.89
Agency fees for hiring an intermediary	6,369,644.76	5,848,208.07
Consultancy fee	3,961,231.07	1,343,547.17
Sewage charge	637,092.15	566,096.05
Transport costs	591,192.54	573,563.73
Communications costs	124,582.81	94,734.99
Labour protection fee	72,063.16	170,370.80
Conference costs	396,755.74	1,627,622.70
Publicity costs	758,123.49	2,388,583.65
Labor cost	415,615.61	522,853.48
Information costs	7,680,321.11	5,142,648.86
Property fee	406,506.98	212,155.00
Heating costs		183,828.55
Cleaning fee	429,553.36	384,926.91
Renovation costs	2,116,749.66	5,930,879.40
Technical service fees	3,888,800.19	2,357,195.23
Funding for party organizations	1,555,890.58	1,183,146.68
Disability pension	2,004,656.78	1,665,771.18
Others	2,292,912.01	1,469,169.02
Total	189,956,174.15	169,508,248.96

3.Financial expense

Item	Current amount	Last term amount
Interest expense	2,011,527,539.84	1,834,747,498.22
Less: Interest income	1,801,765,165.63	1,881,175,629.11
Financial institution fees	2,409,036.97	704,865.03
Others	2,921.78	
Total	212,174,332.96	-45,723,265.86

(X X X IV)Other income

Item	Current amount	Last term amount
Government grant-public housing project facial recognition system		3,000,000.00
Reimbursement of personal income tax charges	36,994.11	24,451.53
Value added tax input credit	22,657.86	
Haidian District Social Security Center to return unemployment insurance, etc.	376,514.35	
Job security allowance	57,802.51	
Total	493,968.83	3,024,451.53

(X X X V)Investment income

Source of investment income	Current amount	Last term amount
Income from long-term equity investments accounted for under the cost method	949,126.88	
Income from long-term equity investments accounted for under the equity method	-7,078,619.26	
Investment income from available-for-sale financialassets, etc.	10,314,394.52	6,348,992.62
Redemption proceeds from the purchase of financial products held to maturity		79,832,182.76
Total	4,184,902.14	86,181,175.38

(X X X VI)Asset impairment losses

Item	Current amount	Last term amount
Bad debt loss	-10,725,169.02	-2,000,000.00
Total	-10,725,169.02	-2,000,000.00

(X X X VII)Non-operating income

Item	Current amount	Last term amount	Amounts included in current non-recurring gains and losses
Government grants	663,809.00	17,677,900.00	663,809.00
Compensation for breach of contract	6,477,306.23	761,835.24	6,477,306.23
Income from fines	1,000.00		1,000.00
Others	25,297.76	0.17	25,297.76
Total	7,167,412.99	18,439,735.41	7,167,412.99

Details of government grants:

Item	Current amount	Last term amount
Haidian District Development and Reform Commission fiscal tax incentives		17,677,900.00
Xicheng District Development and Reform Commission incentives	600,000.00	
Government tax incentives	63,809.00	
Total	663,809.00	17,677,900.00

(X X X VIII)Non-operating expenses

Item	Current amount	Last term amount	Amounts included in current non-recurring gains and losses
External donations expenditure	2,033,744.84	400,000.00	2,033,744.84
Forfeiture and late payment expenses	10,961.50	426,219.14	10,961.50
Others	645,622.02	106,022.72	645,622.02
Total	2,690,328.36	932,241.86	2,690,328.36

(X X X IX)Income tax expense

1.Income tax expense

Item	Current amount	Last term amount
Current income tax expense	111,149,122.24	126,647,797.36
Deferred income tax adjustments	-56,007,828.79	-15,945,431.68
Total	55,141,293.45	110,702,365.68

2.Process of adjusting accounting profit and income tax expense

Item	Current amount
Total profits	222,918,516.32
Income tax expense at applicable or applicable rates	55,729,629.08
Impact of different tax rates applied to subsidiaries	
Effect of adjustments to prior periods' income taxes	7,367.85

Item	Current amount
Effect of non-taxable income	-10,452,092.13
Effect of non-deductible costs, expenses and losses	123,320.93
Effect of the use of deductible losses on deferred tax assets not recognized in prior periods	
Effect of deductible temporary differences or deductible losses on unrecognized deferred tax assets for the period	9,733,067.72
Others	
Income tax expense	55,141,293.45

(XL)Loan cost

Item	Current amount
Amount of loan cost capitalized during the period	208,477,892.68

Note: The amount of loan costs capitalized by our enterprise during the period represents the interest costs incurred by our enterprise during the period for specific borrowings during the construction period for self-built or acquired projects.

(XLI)Leases

1.Financial lease

None.

2 . Operating lease

(1) Status of assets leased out:

Types	Closing balance	Opening balance
Investment properties	30,340,323,555.21	29,908,014,640.35
Total	30,340,323,555.21	29,908,014,640.35

(2) Significant leased-in assets:

None.

(XLII)Consolidated cash flow statement

1. To reconcile net profit to cash flows from operating activities

Supplementary information	Current amount	Last term amount
1. To reconcile net profit to cash flows from operating activities:		
Net profit attributable to owners of parent company	125,620,481.82	311,141,791.77
Minority gains and losses	42,156,741.05	29,431,290.67
Add: Assets impairment losses	10,725,169.02	2,000,000.00

Supplementary information	Current amount	Last term amount
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	604,607,355.13	528,329,584.54
Amortization of intangible assets	4,748,689.720	2,091,468.43
Amortization of long-outstanding costs	5,033,695.68	143,539.90
Losses on disposal of fixed assets, intangible assets and other long-lived assets (with a "-" to the gain)		
Fixed asset write-off losses (with a "-" to the gain)		
Loss on changes in fair value (with a "-" to the gain)		
Finance costs (with a "-" to the gain)	437,391,419.27	228,438,617.85
Investment loss (with a "-" to the gain)	-4,184,902.14	-86,181,175.38
Decrease in deferred tax assets (increase indicated by a "-")	-56,037,709.17	-500,000.00
Increase in deferred income tax liabilities (decrease indicated by a -)	29,880.38	21,072.79
Decrease in inventories (increase indicated by a "-")	7,676,085,648.44	-6,826,101,274.34
Decrease in operating receivables (increase indicated by a "-")	-9,721,638,345.33	3,484,412,391.38
Increase in operating payables (decrease indicated by a "-")	2,429,065,742.68	1,421,514,117.44
Others		
Net cash flows from operating activities	1,553,603,866.55	-905,258,574.95
2. Significant investing and financing activities that do not involve cash receipts or disbursements.		
Debt-to-capital conversions		
Convertible bonds maturing within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents.		
Closing balance of cash	8,779,693,067.09	13,022,494,232.32
Less: Cash balance at the beginning of the year	13,022,494,232.32	3,613,535,506.29
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-4,242,801,165.23	9,408,958,726.03

2. Net cash from Acquisition or disposal of subsidiaries during the reporting period

None.

3. Composition of cash and cash equivalents

Item	Current amount	Last term amount
I. Cash	8,779,693,067.09	13,022,494,232.32
Including: Cash on hand	16,516.33	18,271.10
Bank deposits readily available for payment	8,779,676,550.76	13,022,475,961.22

Item	Current amount	Last term amount
Funds in other currencies readily available for payment		
Central bank deposits available for payment		
Deposits in interbank accounts		
Unbundling of interbank funds		
II. Cash equivalents		
Including: investments in bonds maturing within three months		
III. Cash and cash equivalents	8,779,693,067.09	13,022,494,232.32
Including: use of restricted cash and cash equivalents		

(XLIII) Assets with restricted ownership or use rights

Item	Closing balance	Reason for restriction
Monetary funds	292,000,000.00	Our enterprise signed the *Unit Customer Large Deposit Certificate Agreement* with Bank of Beijin Co.,LTD. Economic and Technological Development Area Branch on 26 November 2019, to deposit RMB 292,000,000.00 into our enterprise's account number 20000017318600027719069 in the Bank, for a term of 3 years, not earlier withdrawal.
Investment properties	453,190,379.63	Pursuant to the *Mortgage Contract* between our enterprise and Bank of Communications Co. Beijing Guangyuan Branch, our enterprise registered the real estate with the Beijing Municipal Planning and Land Resources Management Commission on November 8, 2018, and mortgaged the public rental housing of Wenlong Home in Haidian District to Bank of Communications Co. Beijing Youth Road Branch, with the secured amount of RMB 340,000,000.00. On December 31, 2019, the carrying value of the public rental housing in Haidian District Wenlong Home was RMB 453,190,379.63 (the original price of the investment property was RMB 499,938,651.25 and the accumulated depreciation was RMB 46,748,271.62), and the balance of bank borrowings was RMB 283,500,000.00.

IX. Interests in Other Entities

(I)Subsidiaries

Name	Business location	Registered place	Nature of business	Shareholding (%)		Acquisition Method
				directly	indirectly	
Beijing Yanbao Investment Co.Ltd.	Beijing	Beijing	affordable housing	100.00		Investment establishment
Beijing Yanguang Real Estate Co., Ltd.	Beijing	Beijing	affordable housing	62.50		Investment establishment
Beijing Yanshun Affordable Housing Investment Co.	Beijing	Beijing	affordable housing	51.00		Investment establishment
Beijing Yanhua Investment Co.,Ltd.	Beijing	Beijing	affordable housing	62.50		Investment establishment

Name	Business location	Registered place	Nature of business	Shareholding (%)		Acquisition Method
				directly	indirectly	
Beijing Subsidized Housing Exchange Service Center Co., Ltd.	Beijing	Beijing	Real Estate Brokerage	100.00		Investment establishment
Beijing Yandong Public Housing Investment Co.,Ttd	Beijing	Beijing	affordable housing	51.00		Investment establishment
Beijing Yangu Public Housing Investment Co.,Ltd.	Beijing	Beijing	affordable housing	58.30		Investment establishment
Beijing Yanhuai Public Housing Investment Co.,Ltd.	Beijing	Beijing	affordable housing	65.00		Investment establishment
Beijing Yanan Public Housing Construction Investment Co.,Ttd	Beijing	Beijing	affordable housing	80.00		Investment establishment
Beijing Yanfang Public Housing Construction Investment Co.	Beijing	Beijing	affordable housing	51.00		Investment establishment
Beijing Yanbei Security Housing Construction Investment Co., Ltd.	Beijing	Beijing	affordable housing	66.00		Investment establishment

(II)Joint ventures and associated enterprises

Name	Registered place	Registered capital	Shareholding (%)	Nature of business
1. Joint ventures				
2. Associated enterprises				
Beijing Northcontrol Construction Development Co.	Beijing	RMB 50 million	20.00	House construction
Beijing Jianbaoyuan Asset Management Co.	Beijing	RMB 20 million	30.00	Business services
Yanbaochai Life (Beijing) Community Services Co..	Beijing	RMB 10 million	49.00	real estate industry

(III)Interests in structured entities not included in the scope of the consolidated financial statements

None.

X. Contingencies

As of the end of the reporting period, our enterprise had 140 outstanding lawsuits, involving an amount of RMB 12,935,332.18, which belonged to 140 contract disputes, of which our enterprise was the plaintiff in 138 cases and the defendant in 2 cases.

Other than that, the enterprise had no contingencies that needed to be explained in the notes to the financial statements.

At the end of the reporting period, our enterprise had no material contingencies arising from the provision of debt guarantees for other entities or pending litigation.

X Ⅰ. Events after the Reporting Period

As of the date of approval of this financial report, our enterprise has no material post-balance sheet events requiring disclosure.

X Ⅱ. Relationships and Transactions with Related Parties

(Ⅰ)Investors to the enterprise

Name of the Investor	Registered place	Nature of business	Proportion of shareholding (%)	Proportion of voting rights (%)
State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government	Beijing	State-owned assets supervision and management	100.00	100.00

(Ⅱ)Subsidiaries of the enterprise

For details, see "NoteⅨ (Ⅰ)".

(Ⅲ)Joint ventures and associated enterprises of the enterprise

For details, see "NoteⅨ (Ⅱ)".

(Ⅳ)Related transactions

None.

(Ⅴ)Related party transactions

None.

X Ⅲ.Information that Helps Users of the Financial Statements to Assess the enterprise's Objectives, Policies and Processes for Managing Capital

The primary objective of our enterprise's capital management is to ensure the enterprise 's ability to continue as a going concern and to maintain healthy capital ratios to support business growth and maximize shareholder value. Our enterprise manages its capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, our enterprise may apply for new capital injections from its shareholders. There have been no changes to the enterprise's capital management objectives, policies or procedures for FY2018 and FY2019. Our enterprise monitors capital using a balance sheet ratio, which is as follows based on the balance sheet date:

Item	2018	2019
Asset-liability ratio	56.60%	57.04%

X IV. Notes to Major Items in Financial Statements of the Parent

(All amounts are in RMB Yuan unless otherwise indicated)

(I)Trade receivable

1 . Trade receivable classification disclosure

Categories	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	1,464,318,016.81	100.00	3,370,804.92	100.00
Trade receivables that are individually not significant but are individually assessed for impairment				
Total amount	1,464,318,016.81	100.00	3,370,804.92	100.00

(Continued)

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	40,852,864.73	100.00		
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	40,852,864.73	100.00		

2 . Trade receivable with provision for bad debts based on a combination of credit risk

characteristics

(1) Trade receivable with provision for bad debts based on aging analysis method

Ageing	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)	1,445,172,009.43			32,031,493.13		
1 to 2 years (including 2 years)	6,533,283.94			1,489,914.57		
2 to 3 years (including 3 years)	5,281,266.41			3,537,023.63		
3 to 4 years (including 4 years)	3,537,023.63	20.00	707,404.73	2,262,066.42		
4 to 5 years (including 5 years)	2,262,066.42	50.00	1,131,033.21	1,532,366.98		
Over 5 years	1,532,366.98	100.00	1,532,366.98			
Total	1,464,318,016.81	-	3,370,804.92	40,852,864.73	-	

(2) Trade receivable with provision for bad debts based on the special portfolio:

None.

3 . Top five debtors according to closing balances

Name of the debtor	Closing balance	Proportion of total accounts receivable (%)
Chaoyang District Coke Plant Government Relocation Project	1,420,025,762.08	96.98
Public Rental Housing Tenants of Jian Gong Shuanghe Home	9,226,335.85	0.63
Tenants of Qingxiu City	5,929,921.35	0.40
Tenants of 7 Jing Yuan Road Public Rental Housing Project	5,445,918.55	0.37
Tenants of Beijing Shijingshan Sino-Ocean Qingshanshui Public Rental Housing Project	1,430,265.08	0.10
Total	1,442,058,202.91	98. 48

(II)Other receivables

Other receivables by project

Item	Closing balance	Opening balance
Interest receivable	46,909,880.70	17,173,158.37
Other receivables	23,625,120.61	40,008,109.49
Total	70,535,001.31	57,181,267.86

Other receivables by ageing

Ageing	Closing balance			Opening balance		
	Book balance	Rate (%)	Bad-debt provision	Book balance	Rate (%)	Bad-debt provision
Within 1 year (including 1 year)	58,299,601.66	77.18		28,617,346.01	48.36	
1 to 2 years (including 2 years)	3,804,366.40	5.04		9,721,496.54	16.43	
2 to 3 years (including 3 years)	152,133.25	0.20		10,837,525.31	18.31	
Over 3 years	13,278,900.00	17.58	5,000,000.00	10,004,900.00	16.91	2,000,000.00
Total	75,535,001.31	100.00	5,000,000.00	59,181,267.86	100.00	2,000,000.00

1. Interest receivable

(1) Classification of interest receivable

Item	Closing balance	Opening balance
Entrusted loan	5,348,799.56	1,930,347.17
Others (loans for shed improvement)	41,561,081.14	15,242,811.20
Total	46,909,880.70	17,173,158.37

(2) Significant overdue interest: None.

2. Other receivables

(1) Classification of other receivables

Categories	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	28,625,120.61	100.00	5,000,000.00	10.58
Other receivables that are individually not significant but are individually assessed for impairment				
Total	28,625,120.61	-	5,000,000.00	-

(Continued)

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	42,008,109.49	100.00	2,000,000.00	4.76
Other receivables that are individually not significant but are individually assessed for impairment				
Total	42,008,109.49	-	2,000,000.00	

(2) Other receivables by ageing:

Ageing	Closing balance			Opening balance		
	Book balance	Rate (%)	Bad-debt provision	Book balance	Rate (%)	Bad-debt provision
Within 1 year (including 1 year)	11,389,720.96	39.79		11,444,187.64	27.24	
1 to 2 years (including 2 years)	3,804,366.40	13.29		9,721,496.54	23.14	
2 to 3 years (including 3 years)	152,133.25	0.53		10,837,525.31	25.80	
Over 3 years	13,278,900.00	46.39	5,000,000.00	10,004,900.00	23.82	2,000,000.00
Total	28,625,120.61	100.00	5,000,000.00	42,008,109.49	100.00	2,000,000.00

(3) Other receivables that are individually significant and individually assessed for impairment

None.

(4) Other receivables with provision for bad debts based on a combination of credit risk characteristics

① Other receivables with provision for bad debts based on ageing portfolio

Ageing	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
Within 1 year (including 1 year)						
1 to 2 years (including 2 years)						
2 to 3 years (including 3 years)						
3 to 4 years (including 4 years)				10,000,000.00	20.00	2,000,000.00

Ageing	Closing balance			Opening balance		
	Book balance	Proportion of accrual (%)	Bad-debt provision	Book balance	Proportion of accrual (%)	Bad-debt provision
4 to 5 years (including 5 years)	10,000,000.00	50.00	5,000,000.00			
Over 5 years						
Total	10,000,000.00	-	5,000,000.00	10,000,000.00	-	2,000,000.00

② Other receivables with provision for bad debts based on the special portfolio

Portfolio name	Closing balance		Opening balance	
	Book balance	Bad-debt provision	Book balance	Bad-debt provision
Deposits and Margin	3,868,900.00		3,868,900.00	
Advances and Imprest	14,756,220.61		28,139,209.49	
Total	18,625,120.61		32,008,109.49	

(5) Other receivables for which a separate provision for bad debts has been made although the individual amounts are immaterial

None.

(6) Provision for bad debts recovered or reversed

None.

(7) Status of other receivables actually written off during the period

None.

(8) Top five debtors according to closing balances

Name of debtors	Nature of funds	Closing balance	Ageing	Proportion of total accounts receivable (%)
Beijing Land Preparation and Reserve Center	deposit	10,000,000.00	4 to 5 years	34.93
Wang Zongguo (Beijing Deputy City Centre Staff Turnaround Housing Project -North Zone)	advance payment	5,071,823.11	Up to 1 year	17.72
Beijing Yanbao Investment Co.	deposit	3,564,000.00	3 to 4 years	12.45
Nanjing Weiyou Business Information Consulting Co.	prepayment	537,767.40	1 to 2 years	1.88
Beijing New Ao Property Management Co.	deposit	300,000.00	1 to 2 years	1.05
Total		19,473,590.51		68.03

(9) Derecognition of other receivables due to transfer of financial assets

None.

(10) Other receivable transfers

None.

(III)Long-term equity envestments

1.Classification of long-term equity investments

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investments in subsidiaries	5,276,720,828.60	573,820,000.00		5,850,540,828.60
Investment in joint ventures				
Investments in associates				
Subtotal	5,276,720,828.60	573,820,000.00		5,850,540,828.60
Less: provision for impairment of long-term equity investments				
Total	5,276,720,828.60	573,820,000.00		5,850,540,828.60

2. Details of long-term equity investments

Investees	Shareholding ratio	Opening balance	Change in current period	Closing balance
Total		5,276,720,828.60	573,820,000.00	5,850,540,828.60
Beijing Yanbao Investment Co.Ltd.	100%	1,056,720,828.60		1,056,720,828.60
Beijing Yanguang Real Estate Co., Ltd.	62.5%	1,000,000,000.00		1,000,000,000.00
Beijing Yanhua Investment Co.,Ltd.	62.5%	1,000,000,000.00		1,000,000,000.00
Beijing Yanshun Affordable Housing Investment Co.	51%	1,020,000,000.00		1,020,000,000.00
Beijing Subsidized Housing Exchange Service Center Co., Ltd.	100%	20,000,000.00		20,000,000.00
Beijing Yandong Public Housing Investment Co.,Ttd	51%	530,000,000.00		530,000,000.00
Beijing Yangu Public Housing Investment Co.,Ltd.	58.30%	350,000,000.00		350,000,000.00
Beijing Yanhuai Public Housing Investment Co.,Ltd.	65%	100,000,000.00	225,000,000.00	325,000,000.00
Beijing Yanan Public Housing Construction Investment Co.,Ttd	80%	200,000,000.00	200,000,000.00	400,000,000.00
Beijing Yanfang Public Housing Construction Investment Co.	51%		110,000,000.00	110,000,000.00
Beijing Yanbei Security Housing Construction Investment Co., Ltd.	66%		38,820,000.00	38,820,000.00

(IV)Operating revenue and operating costs

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
1. Subtotal of main business	3,019,982,945.45	2,475,191,274.44	1,481,549,546.06	923,973,528.64
Reserve housing sales	1,737,226,293.57	1,693,598,104.68	405,331,220.78	223,118,178.20
Public rental housing	1,211,414,936.16	729,338,054.54	1,008,993,275.47	644,005,266.24
Commercial real estate operations	71,341,715.72	52,255,115.22	65,238,545.23	55,161,430.28
Management service			1,986,504.58	1,688,653.92
2. Subtotal of other business	236,581,634.96	178,982.69	62,582,473.02	142,444.44
Interest on entrusted loans	192,397,006.55	1,698.11	60,818,047.63	142,444.44
Loan guarantees	44,153,712.69		1,630,676.89	
Others	30,915.72	177,284.58	133,748.50	
Total	3,256,564,580.41	2,475,370,257.13	1,544,132,019.08	924,115,973.08

(V)Investment income

Source of investment income	Current amount	Last term amount
Income from long-term equity investments accounted for under the cost method	38,572,593.28	23,167,116.33
Income from Purchasing financial products		48,238,921.41
Total	38,572,593.28	71,406,037.74

(VI)Supplementary information to the statement of cash flows

1．To reconcile net profit to cash flow from operating activities

Supplementary information	Current amount	Last term amount
1. To reconcile net profit to cash flows from operating activities:		
Net income	226,934,309.96	288,325,223.72
Add: Assets impairment losses	6,370,804.92	2,000,000.00
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	516,308,800.62	488,395,305.10
Amortization of intangible assets	4,693,675.72	2,074,864.27
Amortization of long-outstanding costs	4,135,824.00	
Losses on disposal of fixed assets, intangible assets and other long-lived assets (with a "-" to the gain)		
Fixed asset write-off losses (with a "-" to the gain)		
Loss on changes in fair value (with a "-" to the gain)		
Finance costs (with a "-" to the gain)	416,008,869.79	288,865,439.09
Investment loss (with a "-" to the gain)	-38,572,593.28	-71,406,037.74

Supplementary information	Current amount	Last term amount
Decrease in deferred tax assets (increase indicated by a "-")	-1,592,701.23	-500,000.00
Increase in deferred income tax liabilities (decrease indicated by a -)		
Decrease in inventories (increase indicated by a "-")	11,916,795,590.43	-6,119,569,166.02
Decrease in operating receivables (increase indicated by a "-")	-9,930,762,709.74	6,425,633,643.87
Increase in operating payables (decrease indicated by a "-")	1,821,559,633.67	78,336,393.80
Others		
Net cash flows from operating activities	4,941,879,504.86	1,382,155,666.09
2. Significant investing and financing activities that do not involve cash receipts or disbursements.		
Debt-to-capital conversions		
Convertible bonds maturing within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents.		
Closing balance of cash	3,743,335,200.46	6,867,359,500.65
Less: Cash balance at the beginning of the year	6,867,359,500.65	1,064,545,456.09
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-3,124,024,300.19	5,802,814,044.56

2 . Net cash from Acquisition or disposal of subsidiaries during the reporting period

None.

3 . Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	3,743,335,200.46	6,867,359,500.65
Including: Cash on hand	1,627.90	7,880.80
Bank deposits readily available for payment	3,743,333,572.56	6,867,351,619.85
Funds in other currencies readily available for payment		
Central bank deposits available for payment		
Deposits in interbank accounts		
Unbundling of interbank funds		
II. Cash equivalents		
Including: investments in bonds maturing within three months		
III. Cash and cash equivalents	3,743,335,200.46	6,867,359,500.65
Including: use of restricted cash and cash equivalents		

X V. Other Significant Matters Requiring Disclosure

None.

X VI. Approval of the Financial Statements

The financial statements for the year are reported with the approval of the General Manager's Office of our enterprise.

Beijing Public Housing Center

May 8, 2020

BEIJING PUBLIC HOUSING CENTER

Audit Report

Zhongxi Audit（2019）No. 0479

ZHONGXI CPAs（SPECIAL GENERAL PARTNERSHIP）

Address: 11/F, Tower A, Xincheng Culture Building, No.11, Chongwenmenwai Street, Dongcheng District, Beijing, China

Postcode:100062

Tel:010-67085873

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E-mail: zhongxi @zhongxicpa.net

Audit Report

Zhongxi Audit [2019] No. 0479

To the shareholders of Beijing Public Housing Center:

I. Audit Opinion

We have audited the financial statements of Beijing Public Housing Center ("the Company"), which comprise the consolidated and parent company balance sheets as at 31 December 2018, and the consolidated and parent company income statements, the consolidated and parent company cash flow statements and the consolidated and parent company statements of changes in owners'equity for the year then ended,and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company present fairly, in all material respects, the consolidated and parent company's financial position as of 31 December 2018, the consolidated and parent company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for the Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Auditing Standards for the Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of the Company is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for

Business Enterprises, and for the design, performance and maintenance of such internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

These charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes an audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Auditing Standards for the Chinese Certified Public Accountants 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 expected influence the economic decisions taken based on these financial statements by reasonable users.

As part of an audit in accordance with Auditing Standards for the Chinese Certified Public Accountants, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identified and assessed 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 was sufficient and appropriate to form our opinion. The risk of not detecting a material misstatement resulting from fraud was higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Understood audit related internal control in order to design audit procedures that were appropriate in the circumstances.

(3) Evaluated the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Concluded on the appropriateness of the directors' application of the going concern basis of accounting. Based on audit evidence obtained, concluded on whether the material uncertainty of events or conditions that may cause cast significant doubt on the Company's ability to continue as a going concern existed. If we concluded that a material uncertainty existed, we were required to draw attention in our auditor's report to the related disclosures in the financial statements or to modify our opinion, if such disclosures were inadequate. Our conclusions were based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluated the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represented the underlying transactions and events in a manner that achieved fair presentation.

(6) Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We were responsible for the direction, supervision and performance of the group audit. We remained solely responsible for our audit opinion.

We communicated with those charged with governance over audit scope, time arrangement and significant audit findings, including any significant deficiencies of internal control that we identified through audit.

Zhongxi CPAS (Special General Partnership)

Beijing, China

Chinese Certificated Public Accountant:

Gong Guo Wei

Chinese Certificated Public Accountant:

Li Guo Sheng

May 8, 2020

Consolidated Balance Sheet

December 31, 2018

Prepared by：BEIJING PUBLIC HOUSING CENTER

Unit：RMB

Item	Note	December 31,2018	January 1, 2018	December 31,2017
Current assets:		-	-	
Cash at bank and on hand	VIII(I)	13,022,494,232.32	2,248,535,506.29	2,248,535,506.29
Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses				
Derivative financial assets				
Notes receivable & trade receivables	VIII(II)	46,566,742.08	54,040,330.01	54,040,330.01
Advances to Suppliers	VIII(III)	8,251,210,955.90	11,477,474,586.18	11,477,474,586.18
Other receivables	VIII(IV)	328,160,147.09	364,885,066.02	364,885,066.02
Inventories	VIII(V)	25,185,890,316.39	18,622,968,793.87	18,622,968,793.87
Assets held for sale				
Non-current assets due within a year				
Other current assets	VIII(VI)	421,350,343.52	9,161,614,673.81	9,161,614,673.81
Total current assets		47,255,672,737.30	41,929,518,956.18	41,929,518,956.18
Non-current assets:		-	-	
Financial assets available for sale	VIII(VII)	477,778,362.50	65,518,362.50	65,518,362.50
Held-to-maturity investments				
Long-term receivables	VIII(VIII)	35,344,240,034.50	32,312,240,034.50	32,312,240,034.50
long-term equity investments				
Investment properties	VIII(IX)	29,906,014,640.35	22,268,676,452.29	22,268,676,452.29
Fixed assets	VIII(X)	228,925,195.69	253,514,596.36	253,514,596.36
Construction in progress				
Productive biological assets				
Oil and gas assets				
Intangible assets	VIII(XI)	32,238,249.82	14,392,719.65	14,392,719.65
Development expenditure				
Goodwill	VIII(XII)	155,669.79	155,669.79	155,669.79
Long-term prepaid expenses	VIII(XIII)	796,759.30		
Deferred tax assets	VIII(XIV)	500,000.00		
Other non-current assets				
Total non-current assets		65,992,648,911.95	54,914,497,835.09	54,914,497,835.09
Total assets		113,248,321,649.25	96,844,016,791.27	96,844,016,791.27

Item	Note	December 31,2018	January 1, 2018	December 31,2017
Current liabilities:		-	-	
Short-term borrowings	VIII(XV)	2,296,572,647.80		
Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses				
Derivative financial liabilities				
Notes payable & trade payables	VIII(XVI)	4,872,378,451.25	4,555,952,873.06	4,555,952,873.06
Advances from customers	VIII(XVII)	10,600,728,756.46	7,854,226,604.98	7,854,226,604.98
Employee benefits payable	VIII(XVIII)	2,011,541.53	4,225,314.40	4,225,314.40
Taxes and surcharges payable	VIII(XIX)	148,157,932.65	328,829,039.82	334,606,548.71
Other payables	VIII(XX)	471,832,906.48	443,507,370.23	443,507,370.23
Liabilities held for sale				
Non-current liabilities due within a year				
Other current liabilities	VIII(XXI)	124,784.83		
Total current liabilities		18,391,807,021.00	13,186,741,202.49	13,192,518,711.38
Non-current liabilities:		-	-	
Long-term borrowings	VIII(XXII)	41,681,150,984.80	35,957,419,459.00	35,957,419,459.00
Bonds payable	VIII(XXIII)	2,480,604,520.39	2,479,316,700.50	2,479,316,700.50
Long-term payables	VIII(XXIV)	1,575,749,577.12	1,216,849,688.83	1,216,849,688.83
Long-term employee compensation payable				
Estimated liabilities				
Deferred income				
Deferred tax liabilities	VIII(XIV)	21,072.79		
Other non-current liabilities				
Total non-current liabilities		45,737,526,155.10	39,653,585,848.33	39,653,585,848.33
Total liabilities		64,129,333,176.10	52,840,327,050.82	52,846,104,559.71
Owners' equity:		-	-	-
Paid-in capital	VIII(XXV)	44,523,209,666.33	40,166,289,666.33	40,166,289,666.33
Other equity instruments				
Capital reserve				
Less:treasury stock				
Other comprehensive income				
Special reserve				
Surplus reserve	VIII(XXVI)	176,554,122.86	147,721,600.49	147,143,849.60
Undistributed profit	VIII(XXVII)	1,547,260,450.89	1,355,838,085.92	1,350,838,327.92
Total owners'equity attributable to the parent company		46,247,024,240.08	41,669,849,352.74	41,664,071,843.85
Minority shareholders' equity		2,871,964,233.07	2,333,840,387.71	2,333,840,387.71
Total owners'equity		49,118,988,473.15	44,003,689,740.45	43,997,912,231.56
Total liabilities and owners' equity		113,248,321,649.25	96,844,016,791.27	96,844,016,791.27

Head of unit：金森　　Responsible person in charge of accounting work：魏莉　　Head of accounting agencies：　　Preparer：

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印宁

Consolidated Income Statement

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2018

Unit : RMB

Item	Note	2018	2017
I.Total operating revenue		1,624,892,509.21	2,685,052,495.81
Including : Operating revenue	VIII(XXVIII)	1,624,892,509.21	2,685,052,495.81
II.Total operating cost		1,282,372,525.03	2,358,087,746.03
Including : Operating cost	VIII(XXVIII)	1,047,449,524.85	1,799,290,025.88
Taxes and surcharges	VIII(XXIX)	92,948,454.36	190,482,430.17
Sales expenses	VIII(XXX)	16,189,562.72	9,638,682.34
Administrative expenses	VIII(XXX)	169,508,248.96	147,457,043.44
Research and development expenses			
Financial expense	VIII(XXX)	-45,723,265.86	211,219,564.20
Including : Interest expense		1,895,174,319.46	1,640,293,392.63
Interest income		1,881,175,629.11	1,429,710,012.10
Asset impairment loss	VIII(XXXI)	2,000,000.00	
Others			
Add : Other income	VIII(XXXII)	3,024,451.53	44,701.70
Investment income (loss indicated with"-")	VIII(XXXIII)	86,181,175.38	330,411,753.24
Including : Income from investment in associated enterprises and joint ventures			
Income from changes in fair value (loss indicated with"-")			
Asset disposal income (loss indicated with"-")			
III.Operating profit (loss indicated with"-")		431,725,611.09	657,421,204.72
Add : Non-operating income	VIII(XXXIV)	18,439,735.41	19,638,860.57
Including : Government grants		17,677,900.00	12,147,232.39
Less : Non-operating expenses	VIII(XXXV)	932,241.86	1,290,678.85
IV. Gross profit (loss indicated with"-")		449,233,104.64	675,769,386.44
Less : Income tax expense	VIII(XXXVI)	125,658,284.28	181,192,481.96
V.Net profit (loss indicated with"-")		323,574,820.36	494,576,904.48
(I) Classified by ownership		-	-
Net profit attributable to the owner of the parent company		294,717,938.80	419,493,302.67
Minority interest		28,856,881.56	75,083,601.81
(II) Classified by business continuity		-	-
Net profit from continuing operations		323,574,820.36	494,576,904.48
Net profit from discontinued operations			
VI.Amount of other comprehensive net income after tax			
Amount of other comprehensive net income after tax attributable to equity holders of the parent company			
(I) Other comprehensive income that cannot be reclassified into profits and losses			
(II) Other comprehensive income that will be reclassified into profits and losses			
Amount of other comprehensive net income after tax attributable to the minority shareholders			
VII.Total comprehensive income		323,574,820.36	494,576,904.48
Total comprehensive income attributable to the owner of the parent company		294,717,938.80	419,493,302.67
Total comprehensive income attributable to the minority		28,856,881.56	75,083,601.81
VIII.Earnings per share :		-	-
Basic earnings per share			
Diluted earnings per share			

Head of unit : Responsible person in charge of accounting work : Head of accounting Agencies : Preparer :

Consolidated Cash Flow Statement

For the year ended 31 December 2018

Prepared by : BEIJING PUBLIC HOUSING CENTER

Unit : RMB

Item	2018	2017	Item	2018	2017
I.Cash flows from operating activities :	—	—	Net cash paid to acquire subsidiaries and other business entities		
Cash received from the sale of goods or rendering of services	4,397,209,440.01	[illegible]	Other cash payments relating to investing activities		101,188.50
Refunds of taxes	17,677,900.00	207,951.73	Sub-total of cash outflows from investing activities	11,737,371,395.75	57,388,557,507.86
Other cash receipts relating to operating activities	1,322,941,883.38	619,159,436.26	Net cash flows from investing activities	429,046,130.96	-4,535,875,634.68
Sub-total of cash inflows from operating activities	5,737,829,223.39	6,187,867,540.23	III.Cash flows from financing activities :	—	—
Cash paid for goods and services	4,846,339,052.94	3,318,107,683.07	Cash received from capital contributions	4,881,920,000.00	3,088,350,000.00
Cash paid to and on behalf of employees	247,432,712.28	182,555,401.78	Including : Cash received from capital contributions from minority owners of subsidiary	525,000,000.00	300,000,000.00
Payments of all type of taxes	474,319,381.88	329,887,589.28	Cash received from borrowings	10,211,072,647.80	3,603,565,247.40
Other cash payments relating to operating activities	1,074,996,651.24	1,163,052,032.39	Other cash receipts relating to financing activities	466,950,000.00	
Sub-total of cash outflows from operating activities	6,643,087,798.34	4,993,602,706.52	Sub-total of cash inflows from financing activities	15,559,942,647.80	6,691,915,247.40
Net cash flows from operating activities	-905,258,574.95	1,194,264,833.71	Cash repayments of amounts borrowed	2,190,768,474.20	6,075,419,554.60
II.Cash flows from investing activities :	—	—	Cash paid for distribution of dividends or profits and for interest expenses	1,974,292,286.72	1,808,472,115.36
Cash received from return of investments	10,436,150,174.72	51,066,254,765.50	Including : Dividends and profits paid by a subsidiary to minority shareholders	15,733,036.20	13,983,380.68
Cash received for the receipt of investment income	95,891,834.37	391,395,080.56	Other cash payments relating to financing activities	144,710,716.86	
Net cash received from the disposal of fixed assets,intangible assets and other long-term assets			Sub-total of cash outflows from financing activities	4,309,771,477.78	7,883,891,669.96
Net cash received from the disposal of subsidiaries and other business entities			Net cash flows from financing activities	11,250,171,170.02	-1,191,976,422.56
Other cash receipts relating to investing activities	1,634,375,517.62	1,395,032,027.12	IV.Effect of changes in foreign exchange on cash and cash equivalents		
Sub-total of cash inflows from investing activities	12,166,417,526.71	52,852,681,873.18	V.Net increase in cash and cash equivalents	10,773,958,726.03	-4,533,587,223.53
Cash paid to acquire fixed assets,intangible assets and other long-term assets	6,947,471,395.75	9,457,196,319.36	Add : Cash and cash equivalents at the beginning of the period	2,248,535,506.29	6,782,122,729.82
Cash paid to acquire investments	4,789,900,000.00	47,931,260,000.00	VI.Cash and cash equivalents at the end of the period	13,022,494,232.32	2,248,535,506.29

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting Agencies :

Preparer : 黄之宁印

Consolidated Statement of Changes in Owners ' Equity

For the year ended 31 December 2018

Prepared by : BEIJING PUBLIC HOUSING CENTER

Unit : RMB

Item	Row	2018												
		Owners' equity attributable to the parent company											Minority shareholders' equity	Total owners'equity
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
			preferred shares	Perpetual bonds	Others									
Column	—	1	2	3	4	5	6	7	8	9	10	11	12	13
I.Balance at the end of the prior year	1	40,166,289,666.33								147,721,600.49	1,355,838,085.92	41,669,849,352.74	2,333,840,387.71	44,003,689,740.45
Add:Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Error correction in the prior periods	3	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	4													
II.Balance at the beginning of the current year	5	40,166,289,666.33								147,721,600.49	1,355,838,085.92	41,669,849,352.74	2,333,840,387.71	44,003,689,740.45
III.Changes for the current year(decrease indicated with "-")	6	4,356,920,000.00								28,832,522.37	191,422,364.97	4,577,174,887.34	538,123,845.36	5,115,298,732.70
(I)Total comprehensive income	7	-	-	-	-	-	-	-	-	-	294,717,938.80	294,717,938.80	28,856,881.56	323,574,820.36
(II)Owners'capital contribution and reduction	8	4,356,920,000.00										4,356,920,000.00	525,000,000.00	4,881,920,000.00
1.Ordinary shares contributed by owners	9	4,356,920,000.00					-	-	-	-	-	4,356,920,000.00	525,000,000.00	4,881,920,000.00
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-			
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-			
4.Others	12													
(III)Profit distribution	13									28,832,522.37	-103,295,573.83	-74,463,051.46	-15,733,036.20	-90,196,087.66
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	28,832,522.37	-28,832,522.37		-	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	28,832,522.37	-28,832,522.37		-	
Discretionary accumulation	16	-	-	-	-	-	-	-	-				-	
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-			-	
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-74,468,800.00	-74,468,800.00	-15,733,036.20	-90,201,836.20
4.Others	19										5,748.54	5,748.54		5,748.54
IV.Balance at the end of the current year	20	44,523,209,666.33								176,554,122.86	1,547,260,450.89	46,247,024,240.08	2,871,964,233.07	49,118,988,473.15

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting Agencies : 黄宁之印

Preparer :

Consolidated Statement of Changes in Owners' Equity (Continued)

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2018

Unit : RMB

Item	Row	2017												
		Owner's equity attributable to the parent company											Minority shareholders' equity	Total owners'equity
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Subtotal		
			preferred shares	Perpetual bonds	Others									
Column	—	14	15	16	17	18	[illegible]	[illegible]	21	22	23	24	25	26
I.Balance at the end of the prior year	1	36,105,586,554.87								113,481,859.52	1,054,633,524.22	37,273,701,938.61	1,972,740,166.58	39,246,442,105.19
Add:Changes in accounting policies	2													
Error correction in the prior periods	3													
Others	4													
II.Balance at the beginning of the current year	5	36,105,586,554.87								113,481,859.52	1,054,633,524.22	37,273,701,938.61	1,972,740,166.58	39,246,442,105.19
III.Changes for the current year(decrease indicated with "-")	6	4,060,703,111.46								34,239,740.97	301,204,561.70	4,396,147,414.13	361,100,221.13	4,757,247,635.26
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	419,493,302.67	419,493,302.67	75,083,601.81	494,576,904.48
(II)Owners'capital contribution and reduction	8	4,060,703,111.46										4,060,703,111.46	300,000,000.00	4,360,703,111.46
1.Ordinary shares contributed by owners	9	4,060,703,111.46					-	-	-	-	-	4,060,703,111.46	300,000,000.00	4,360,703,111.46
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-			
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-			
4.Others	12													
(III)Profit distribution	13									34,239,740.97	-118,288,740.97	-84,049,000.00	-13,983,380.68	-98,032,380.68
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	34,239,740.97	-34,239,740.97		-	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	34,239,740.97	-34,239,740.97		-	
Discretionary accumulation	16	-	-	-	-	-	-	-	-				-	
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-			-	
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-84,049,000.00	-84,049,000.00	-13,983,380.68	-98,032,380.68
4.Others	19													
IV.Balance at the end of the current year	20	40,166,289,666.33								147,721,600.49	1,355,838,085.92	41,669,849,352.74	2,333,840,387.71	44,003,689,740.45

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting Agencies : 黄宁之印

Preparer :

Balance Sheet of the Company

Prepared by：BEIJING PUBLIC HOUSING CENTER

December 31, 2018

Unit：RMB

Item	Note	December 31,2018	January 1, 2018	December 31,2017	Item	Note	December 31,2018	January 1, 2018	December 31,2017
Current assets:		-	-	-	Current liabilities:		-	-	-
Cash at bank and on hand		6,867,359,500.65	1,064,545,456.09	1,064,545,456.09	Short-term borrowings				
Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses					Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses				
Derivative financial assets					Derivative financial liabilities				
Notes receivable & trade receivables	XIII(I)	40,852,864.73	54,040,330.01	54,040,330.01	Notes payable & trade payables		3,591,942,658.12	4,335,360,999.66	4,335,360,999.66
Advances to Suppliers		3,788,421,569.79	8,746,858,330.14	8,746,858,330.14	Advances from customers		8,625,031,293.44	7,703,479,516.28	7,703,479,516.28
Other receivables	XIII(II)	57,181,267.86	93,142,445.81	93,142,445.81	Employee benefits payable		1,076,842.73	307,279.58	307,279.58
Inventories		23,660,162,515.13	17,540,593,349.11	17,540,593,349.11	Taxes and surcharges payable		138,091,526.39	257,733,824.48	263,511,333.37
Assets held for sale					Other payables		444,821,141.90	425,870,233.61	425,870,233.61
Non-current assets due within a year					liabilities held for sale				
Other current assets		305,287,763.18	4,781,617,048.29	4,781,617,048.29	Non-current liabilities due within a year				
Total current assets		34,719,265,481.34	32,280,796,959.45	32,280,796,959.45	Other current liabilities		124,784.83		
Non-current assets:		-	-	-	Total current liabilities		12,801,088,247.41	12,722,751,853.61	12,728,529,362.50
Financial assets available for sale					Non-current liabilities:		-	-	-
Held-to-maturity investments					Long-term borrowings		41,526,705,034.40	35,584,489,000.60	35,584,489,000.60
Long-term receivables		35,344,240,034.50	32,312,240,034.50	32,312,240,034.50	Bonds payable		2,480,604,520.39	2,479,316,700.50	2,479,316,700.50
long-term equity investment	XIII(III)	5,276,720,828.60	4,384,354,500.00	4,384,354,500.00	Long-term payables		370,770,736.10		
Investment properties		26,370,688,202.25	21,790,963,375.41	21,790,963,375.41	Long-term employee compensation payable				
Fixed assets		21,079,327.94	18,369,635.04	18,369,635.04	Estimated liabilities				
Construction in progress					Deferred income				
Productive biological assets					Deferred tax liabilities				
Oil and gas assets					Other non-current liabilities				
Intangible assets		31,939,258.74	14,321,221.66	14,321,221.66	Total non-current liabilities		44,378,080,290.89	38,063,805,701.10	38,063,805,701.10
Development expenditure					Total liabilities		57,179,168,538.30	50,786,557,554.71	50,792,335,063.60
Goodwill					Owners' equity:		-	-	-
Long-term prepaid expenses					Paid-in capital		44,523,209,666.33	40,166,289,666.33	40,166,289,666.33
Deferred tax assets		500,000.00			Other equity instruments				
Other non-current assets		1,400,000,000.00	1,400,000,000.00	1,400,000,000.00	Capital reserve				
Total non-current assets		68,445,167,652.03	59,920,248,766.61	59,920,248,766.61	Less:treasury stock				
					Other comprehensive income				
					Special reserve				
					Surplus reserve		176,554,122.86	147,721,600.49	147,143,849.60
					Undistributed profit		1,285,500,805.88	1,100,476,904.53	1,095,277,146.53
					Total owners'equity		45,985,264,595.07	41,414,488,171.35	41,408,710,662.46
Total assets		103,164,433,133.37	92,201,045,726.06	92,201,045,726.06	Total liabilities and owners' equity		103,164,433,133.37	92,201,045,726.06	92,201,045,726.06

Head of unit：金焱 Responsible person in charge of accounting work：魏莉 Head of accounting Agencies：黄宁之印 Preparer：

Income Statement of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2018

Unit : RMB

Item	Note	2018	2017
I.Total operating revenue		1,544,132,019.08	1,725,273,307.65
Including : Operating revenue	XIII(IV)	1,544,132,019.08	1,725,273,307.65
II.Total operating cost		1,256,606,891.65	1,552,347,782.61
Including : Operating cost	XIII(IV)	924,115,973.08	1,045,040,932.36
Taxes and surcharges		86,388,757.80	180,333,411.86
Sales expenses		5,466,780.38	
Administrative expenses		104,423,075.56	97,070,441.56
Research and development expenses			
Financial expense		134,212,304.83	229,902,996.83
Including : Interest expense		1,871,776,484.13	1,651,958,663.19
Interest income		1,738,166,739.25	1,422,649,682.85
Asset impairment loss		2,000,000.00	
Others			
Add : Other income			
Investment income (loss indicated with"-")	XIII(V)	71,406,037.74	256,711,445.91
Including : Income from investment in associated enterprises and joint ventures			
Income from changes in fair value (loss indicated with"-")			
Asset disposal income (loss indicated with"-")			
III.Operating profit (loss indicated with"-")		358,931,165.17	429,636,970.95
Add : Non-operating income		18,439,735.24	19,621,622.38
Including : Government grants		17,677,900.00	12,138,028.40
Less : Non-operating expenses		506,633.93	236,620.79
IV. Gross profit (loss indicated with"-")		376,864,266.48	449,021,972.54
Less : Income tax expense		88,539,042.76	106,624,562.82
V.Net profit (loss indicated with"-")		288,325,223.72	342,397,409.72
(I) Net profit from continuing operations (loss indicated with"-")		288,325,223.72	342,397,409.72
(II) Net profit from discontinued operations (loss indicated with"-")			
VI.Amount of other comprehensive net income after tax			
(I) Other comprehensive income that cannot be reclassified into profits and losses			
(II) Other comprehensive income that will be reclassified into profits and losses			
VII.Total comprehensive income		288,325,223.72	342,397,409.72
VIII.Earnings per share :		-	-
Basic earnings per share			
Diluted earnings per share			

Head of unit : Responsible person in charge of accounting work : Head of accounting agencie Preparer :

Cash Flow Statement of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2018

Unit : RMB

Item	2018	2017	Item	2018	2017
I.Cash flows from operating activities :	—	—	Cash paid to acquire investments	3,254,270,000.00	37,068,260,000.00
Cash received from the sale of goods or rendering of services	2,373,323,872.68	4,560,547,924.11	Net cash paid to acquire subsidiaries and other business entities	892,366,328.60	1,314,354,500.00
Refunds of taxes	17,677,900.00	207,951.73	Other cash payments relating to investing activities		101,188.50
Other cash receipts relating to operating activities	1,030,227,226.64	190,971,871.40	Sub-total of cash outflows from investing activities	11,018,664,677.67	46,025,367,655.10
Sub-total of cash inflows from operating activities	3,421,228,999.32	4,751,727,747.24	Net cash flows from investing activities	-4,362,510,262.07	-3,388,927,434.54
Cash paid for goods and services	591,244,576.12	2,387,004,063.69	III.Cash flows from financing activities :	—	—
Cash paid to and on behalf of employees	160,785,931.38	129,430,894.24	Cash received from capital contributions	4,356,920,000.00	2,788,350,000.00
Payments of all type of taxes	353,717,180.71	175,586,121.55	Cash received from borrowings	7,445,500,000.00	3,230,634,789.00
Other cash payments relating to operating activities	933,325,645.02	65,670,282.04	Other cash receipts relating to financing activities	466,950,000.00	
Sub-total of cash outflows from operating activities	2,039,073,333.23	2,757,691,361.52	Sub-total of cash inflows from financing activities	12,269,370,000.00	6,018,984,789.00
Net cash flows from operating activities	1,382,155,666.09	1,994,036,385.72	Cash repayments of amounts borrowed	1,503,283,966.20	5,775,419,554.60
II.Cash flows from investing activities :	—	—	Cash paid for distribution of dividends or profits and for interest expenses	1,886,738,129.36	1,785,956,547.19
Cash received from return of investments	4,944,150,174.72	40,928,254,765.50	Other cash payments relating to financing activities	96,179,263.90	
Cash received for the receipt of investment income	77,628,723.28	313,153,427.94	Sub-total of cash outflows from financing activities	3,486,201,359.46	7,561,376,101.79
Net cash received from the disposal of fixed assets,intangible assets and other long-term assets			Net cash flows from financing activities	8,783,168,640.54	-1,542,391,312.79
Net cash received from the disposal of subsidiaries and other business entities			IV.Effect of changes in foreign exchange on cash and cash equivalents		
Other cash receipts relating to investing activities	1,634,375,517.62	1,395,032,027.12	V.Net increase in cash and cash equivalents	5,802,814,044.56	-2,937,282,361.61
Sub-total of cash inflows from investing activities	6,656,154,415.60	42,636,440,220.56	Add : Cash and cash equivalents at the beginning of the period	1,064,545,456.09	4,001,827,817.70
Cash paid to acquire fixed assets,intangible assets and other long-term assets	6,872,028,349.07	7,642,651,986.60	VI.Cash and cash equivalents at the end of the period	6,867,359,500.65	1,064,545,456.09

Head of unit : 金焱　　Responsible person in charge of accounting work : 魏莉　　Head of accounting Agencies : 黄宁之印　　Preparer :

Statement of Changes in Owners' Equity of the Company

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2018

Unit : RMB

Item	Row	2018										
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners'equity
			preferred shares	Perpetual bonds	Others							
Column	—	1	2	3	4	5	6	7	8	9	10	11
I.Balance at the end of the prior year	1	40,166,289,666.33								147,721,600.49	1,100,476,904.53	41,414,488,171.35
Add:Changes in accounting policies	2	-	-	-	-	-	-	-	-	-	-	-
Error correction in the prior periods	3	-	-	-	-	-	-	-	-	-	-	-
Others	4											
II.Balance at the beginning of the current year	5	40,166,289,666.33								147,721,600.49	1,100,476,904.53	41,414,488,171.35
III.Changes for the current year(decrease indicated with "-")	6	4,356,920,000.00								28,832,522.37	185,023,901.35	4,570,776,423.72
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	288,325,223.72	288,325,223.72
(II)Owners'capital contribution and reduction	8	4,356,920,000.00										4,356,920,000.00
1.Ordinary shares contributed by owners	9	4,356,920,000.00					-	-	-	-	-	4,356,920,000.00
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-	
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-	
4.Others	12											
(III)Profit distribution	13									28,832,522.37	-103,301,322.37	-74,468,800.00
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	28,832,522.37	-28,832,522.37	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	28,832,522.37	-28,832,522.37	
Discretionary accumulation	16	-	-	-	-	-	-	-	-			
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-		
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-74,468,800.00	-74,468,800.00
4.Others	19											
IV.Balance at the end of the current year	20	44,523,209,666.33								176,554,122.86	1,285,500,805.88	45,985,264,595.07

Head of unit : Responsible person in charge of accounting work : Head of accounting agencies : Preparer :

黄宁之印

Statement of Changes in Owners'Equity of The Company (Continued)

Prepared by : BEIJING PUBLIC HOUSING CENTER

For the year ended 31 December 2018

Unit : RMB

Item	Row	2017										
		Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total owners'equity
			preferred shares	Perpetual bonds	Others							
Column	—	12	13	14	15	16	17	18	19	20	21	22
I.Balance at the end of the prior year	1	36,105,586,554.87								113,481,859.52	876,368,235.78	37,095,436,650.17
Add:Changes in accounting policies	2											
Error correction in the prior periods	3											
Others	4											
II.Balance at the beginning of the current year	5	36,105,586,554.87								113,481,859.52	876,368,235.78	37,095,436,650.17
III.Changes for the current year(decrease indicated with "-")	6	4,060,703,111.46								34,239,740.97	224,108,668.75	4,319,051,521.18
(I)Total comprehensive income	7	-	-	-	-	-	-		-	-	342,397,409.72	342,397,409.72
(II)Owners'capital contribution and reduction	8	4,060,703,111.46										4,060,703,111.46
1.Ordinary shares contributed by owners	9	4,060,703,111.46					-	-	-	-	-	4,060,703,111.46
2.Capital contributed by other equity instrument holders	10						-	-	-	-	-	
3.Share-based payments recorded into owners' equity	11						-	-	-	-	-	
4.Others	12											
(III)Profit distribution	13									34,239,740.97	-118,288,740.97	-84,049,000.00
1.Appropriation of surplus reserve	14	-	-	-	-	-	-	-	-	34,239,740.97	-34,239,740.97	
Including:Statutory accumulation reserve	15	-	-	-	-	-	-	-	-	34,239,740.97	-34,239,740.97	
Discretionary accumulation	16	-	-	-	-	-	-	-	-			
2.Appropriation of provision for normal risks	17	-	-	-	-	-	-	-	-	-		
3.Distribution to owners	18	-	-	-	-	-	-	-	-	-	-84,049,000.00	-84,049,000.00
4.Others	19											
IV.Balance at the end of the current year	20	40,166,289,666.33								147,721,600.49	1,100,476,904.53	41,414,488,171.35

Head of unit : 金焱

Responsible person in charge of accounting work : 魏莉

Head of accounting agencies : 黄宁之印

Preparer :

Beijing Publicc Housing Center

Notes to the Financial Statements
For the Year Ended 31 December 2018

Ⅰ.Basic Information of the Enterprise

Beijing Publicc Housing Center (hereinafter referred to as "our enterprise" or "the enterprise") is an enterprise owned by the whole people registered and established in Beijing Municipal Administration for Industry and Commerce on June 27, 2011, the unified social credit code is 91110000576880856J. By the end of the reporting period, the basic situation of our enterprise is as follows:

Company name: Beijing Publicc Housing Center

Type of enterprise: Enterprise owned by the whole people

Registered address: Room 1116, A-1, South Street, Xiaobao Village, Songzhuang Town, Tongzhou District, Beijing

Headquarters address: Yanbao Building, Building 2, Yard 59, Yuquan Road, Shijingshan District, Beijing

Legal representative: Jin Yan

Registered capital: RMB36,105,586,554.87, fully invested by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government.

Term of operation: June 27, 2011 solstice long-term

Business scope: investment and financing, acquisition and leasing of government-subsidized housing; To organize the construction of government-subsidized housing; Selling government-subsidized housing after approval by the housing administration department; Real estate development; Property management; Engaged in real estate brokerage business; Technical services. (Enterprises independently choose business projects and carry out business activities according to law; For projects subject to approval according to law, business activities shall be carried out in accordance with the approved contents after being approved by relevant departments; It shall not engage in the business activities of projects prohibited or restricted by this Municipality's industrial policies.)

Ⅱ. Basis of Preparation of Financial Statements

Our Enterprise prepared financial statements on the basis of going concern, in accordance with the transactions and events actually occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of People's Republic of China, including the basic standards, specific standards, application guidelines, explanations and other relevant provisions of the Accounting Standards for Business Enterprises (hereinafter referred to as " CAS").

Ⅲ.Statement of Compliance with CAS

The financial statements prepared by the enterprise meet the requirements of the CAS, which presented truthfully and completely for the enterprise's financial position as of 31 December 2018, and financial performance and cash flows for the year then ended.

Ⅳ. Significant Accounting Policies and Accounting Estimates

(Ⅰ)Accounting period

The financial year of the enterprise is calendar year from 1 January to 31 December.

(Ⅱ)Functional currency

The enterprise's functional currency is CNY, and the currency used in preparing financial statements is CNY.

(Ⅲ) Basis of accounting and Principle of measurement

According to Accounting Standards for Business Enterprises, the financial statements of the enterprise are prepared using the accrual basis. Except for the basis specified in special instructions, the financial statements use historical cost method. If an asset is impaired, the enterprise recognizes an impairment loss according to relevant accounting standards.

(Ⅳ)Business combination

1. Business combination under common control

It is a business combination under common control that all the participating enterprises are under the final control of the same party or the same parties before and after the combination and the control is not temporary. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

Assets and liabilities that the combining party obtains in a business combination shall be measured at the book value of the combined party on the combining date. If the accounting policies adopted by the combined parties are inconsistent with our enterprise, the combining party adjusts them in accordance with the accounting policies of our enterprise on the combining date and recognize them at their adjusted book values on this basis.

The difference between the book value of the net assets acquired in the merger and the book value of the merger consideration paid (or the total par value of the shares issued) is adjusted for the equity premium in capital surplus, and if the equity premium in capital surplus is less than the offset, is adjusted for retained earnings.

All expenses directly related to the business combination, including audit fees, assessment fees and legal service fees paid for the combination, shall be recorded into the current profit and loss when incurred.

Fees and commissions arising from the issuance of equity securities in a business combination are offset against the premium income from equity securities, and if the premium income is less than the offset, retained earnings are offset.

2. Business combination not under common control

It is a business combination not under common control that all the participating enterprises are not under the final control of the same party or the same parties before and after the combination.

Assets paid, liabilities incurred or assumed by the purchaser as consideration for a business combination are measured at fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized in profit or loss for the period.

The purchaser allocates the consolidated cost at the date of purchase and recognizes the fair value of each identifiable asset, liability and contingent liability of the acquiree acquired.

The difference between the purchaser's cost of consolidation greater than the fair value share of the purchaser's identifiable net assets acquired in the consolidation is recognized as goodwill; the difference between the cost of consolidation less than the fair value share of the purchaser's identifiable net assets acquired in the consolidation is reviewed and recognized in profit or loss for the period.

All assets other than intangible assets of the acquiree acquired in a business combination (not limited to assets originally recognized by the acquiree), the economic benefits of which are likely to flow to the enterprise and whose fair value can be measured reliably, are separately recognized and measured at fair value; intangible assets whose fair value can be measured reliably are separately recognized as intangible assets and measured at fair value; each liability, other than contingent liabilities, of the acquired acquiree, where it is probable that the performance of the obligation will result in an outflow of economic benefits from the enterprise and the fair value can be measured reliably, is separately recognized and measured at fair value; contingent liabilities of the acquired acquiree, where the fair value can be measured reliably, are separately recognized as a liability and measured at fair value.

In the initial recognition of the assets of the acquiree acquired in the consolidation, intangible assets owned by the acquiree but not recognized in its financial statements shall be fully identified and judged reasonably, and shall be recognized as intangible assets if they meet one of the following conditions: (1) derived from contractual or other legal rights; (2) can be separated or divided from the acquiree, and can be used for sale, transfer, grant license, lease or exchange, either alone or together with related contracts, assets and liabilities.

Deferred tax assets are not recognized when the purchaser acquires deductible temporary differences of the acquiree in a business combination that do not qualify for recognition as deferred tax assets at the purchase date. If, within 12 months after the purchase date, new or further information is obtained indicating that the relevant circumstances at the purchase date already exist and the economic benefits from the purchaser's deductible temporary differences at the purchase date are expected to be realized, the related deferred tax asset is recognized, and goodwill is reduced, and if goodwill is less than offset, the difference is recognized in profit or loss; other than the above, deferred tax assets related to business combinations are recognized in profit or loss for the period.

For business combination not under common control, intermediary fees such as auditing, legal services, appraisal and consulting and other relevant management expenses incurred by the purchaser for the purpose of the enterprise merger shall be included in the profit and loss for the current period when incurred; transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger shall be included in the initial recognition amount of the equity securities or debt securities.

If the purchaser achieves the business combination not under common control in steps through multiple transactions, the relevant accounting treatment shall be distinguished between the individual financial statements and the consolidated financial statements: (1) In the individual financial statements, the initial investment cost of the investment shall be the sum of the carrying value of the equity investment in the acquiree held before the date of purchase and the new investment cost on the date of purchase; the equity investment in the acquiree held before the date of purchase involves In the case of other comprehensive income, other comprehensive income related to that investment (e.g., the portion of changes in fair value of available-for-sale financial assets recorded in capital surplus, the same below) shall be transferred to current investment income upon disposal of that investment.(2) In the consolidated financial statements, the equity interests of the acquiree held before the date of purchase shall be remeasured according to the fair value of such equity interests at the date of purchase, and the difference between the fair value and its carrying value shall be included in the current investment income; if the equity interests of the acquiree held before the date of purchase involve other comprehensive income, the other comprehensive income related to such equity interests shall be transferred to the current investment income at the date of purchase.

(V) Preparation method of consolidated financial statements

The scope of consolidation in our enterprise's consolidated financial statements is determined on the basis of control, which is defined as the ability of an investor to have power over an investee, to enjoy a variable return by participating in the investee's related activities, and to have the ability to use its power over the investee to affect the amount of its return.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of consolidated financial statements are consistent with those of our enterprise, and if the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of our enterprise, the necessary adjustments are made in preparing the consolidated financial statements in accordance with the accounting policies and accounting periods of our enterprise. For subsidiaries acquired in a business combination not under common control, adjustments are made to their financial statements based on the fair value of their identifiable net assets at the date of purchase. The consolidated financial statements are prepared by our enterprise on the basis of the financial statements of our enterprise and its subsidiaries, based on other relevant information, after adjusting the long-term equity investment in the subsidiaries under the equity method.

The consolidated financial statements offset the impact of internal transactions between our enterprise and each of its subsidiaries and each of the subsidiaries with each other on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, and consolidated statement of changes in equity.

Equity and gains and losses attributable to minority shareholders of a subsidiary are shown separately in the consolidated balance sheet under the heading of equity and in the consolidated income statement under the heading of net income, respectively. The minority shareholders' share of a subsidiary's current losses exceeds the balance resulting from the minority shareholders' share of the subsidiary's opening equity, offsetting the minority shareholders' equity.

During the reporting period, if a subsidiary is added as a result of a business combination under common control, the beginning of the consolidated balance sheet is adjusted; the revenues, expenses and profits of the subsidiary merger from the beginning of the period to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary merger from the beginning of the period to the end of the reporting period are included in the consolidated statement of cash flows, and the related items in the comparative statements are adjusted as if the consolidated reporting entity had been integrated and survived from the time the ultimate controlling party began to exercise control.

During the reporting period, if a subsidiary is added as a result of a business combination not under common control, the beginning of the consolidated balance sheet is not adjusted; the revenues, expenses, and profits of the subsidiary from the date of purchase to the end of the reporting period are included in the consolidated income statement; the cash flows of the subsidiary from the date of purchase to the end of the reporting period are included in the consolidated statement of cash flows. In the case of a business combination that is not under common control through multiple transactions in steps, for the equity interests held by the acquiree before the purchase date, the purchaser remeasures the equity interests according to their fair value on the purchase date, and the difference between the fair value and their carrying value is included in the investment income for the current period. Where other comprehensive income is involved in the equity interest of the acquiree held before the date of purchase, the other comprehensive income related to the equity interest is transferred to the current investment income at the date of purchase.

When a parent company purchases a minority interest in a subsidiary, the difference in the consolidated financial statements between the newly acquired long-term equity investment as a result of the purchase of the minority interest and the share of the subsidiary's net assets calculated on the basis of the newly acquired shareholding that is entitled to the subsidiary's share of net assets calculated continuously from the date of purchase or the date of consolidation shall be adjusted for capital surplus (capital premium or equity premium), and retained earnings shall be adjusted if the capital surplus is insufficient to offset it.

If it is possible to exercise control over an investee that is not under the same control due to additional investment or other reasons, in the consolidated financial statements, the equity interest in the investee held before the purchase date shall be remeasured at the fair value of the equity interest at the purchase date, and the difference between the fair value and its carrying value shall be included in the investment income for the current period; if the purchaser's equity interest held before the purchase date involves other comprehensive income, etc. under the equity method of accounting, the other comprehensive income, etc. related to the purchaser's equity interest shall be converted into current income on the purchase date. The purchaser shall disclose in the notes the fair value of the purchaser's equity interest in the purchaser held before the purchase date and the amount of gain or loss arising from the remeasurement at fair value on the purchase date.

When a parent company partially disposes of a long-term equity investment in a subsidiary without loss of control, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal of the long-term equity investment, calculated continuously from the date of purchase or the date of consolidation, in the consolidated financial statements shall be adjusted for capital surplus (capital premium or equity premium), and if the capital surplus is insufficient to offset the capital surplus, retained earnings shall be adjusted.

If control over an investee is lost due to the disposal of a portion of an equity investment, etc., the remaining equity interest shall be remeasured at its fair value at the date of loss of control in preparing the consolidated financial statements. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuous basis from the date of acquisition or the date of consolidation in accordance with the original percentage of ownership, shall be included in investment income in the period when control is lost, and goodwill shall be eliminated. Other comprehensive income related to the equity investment in the original subsidiary shall be transferred to investment income in the period when control is lost.

In the case of the stepwise disposal of an equity investment in a subsidiary through multiple transactions up to the loss of control, if the transactions for the disposal of the equity investment in the subsidiary up to the loss of control are part of a package, the transactions shall be accounted for as one transaction for the disposal of the subsidiary and the loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment prior to the loss of control shall be recognized in other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period in which the loss of control occurs.

The terms, conditions, and economic effects of each transaction in which an equity investment in a subsidiary is disposed of generally indicate that multiple transactions should be accounted for as a package: (1) The transactions were entered into simultaneously or with consideration of their mutual effects. (2) The transactions as a whole are necessary to achieve a complete business result. (3) The occurrence of one transaction is dependent on the occurrence of at least one other transaction. (4) A transaction is uneconomic when considered in isolation, but is economic when considered with other transactions.

(VI)Joint venture arrangements

A joint venture arrangement is an arrangement under the shared control of two or more participants. Shared control means control over an arrangement that is shared in accordance with relevant agreements, and the activities associated with the arrangement are subject to the unanimous consent of the participants sharing control before decisions can be made.

The classification of joint venture arrangements is determined by the rights and obligations that our enterprise has in the joint arrangement. Joint venture arrangements are classified as joint operations and joint ventures.

A joint operation is a joint arrangement in which the joint venturers enjoy the assets related to the arrangement and assume the liabilities related to the arrangement. Our enterprise recognizes the following items relating to its share of the interest in a joint operation and accounts for them in accordance with the provisions of the relevant corporate accounting standards:

1. Recognize assets held separately and assets held jointly in proportion to their share.

2. Recognitize liabilities assumed separately and liabilities assumed jointly in proportion to their share.

3. Recognitize revenue from the sale of its share of the output of the joint operation.

4. Recognize income from joint operations arising from the sale of output in proportion to their share.

5. Recognize expenses incurred separately, as well as expenses incurred in joint operations in proportion to their share.

A joint venture is a joint arrangement in which the joint venturers have rights only to the net assets of the arrangement. Our enterprise accounts for long-term equity investments in joint ventures using the equity method of accounting.

(VII)Criteria for the determination of cash and cash equivalents

In preparing the statement of cash flows, cash is defined as cash on hand and deposits readily available for payment, and cash equivalents are investments that are held for short periods of time, are highly liquid, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(VIII) Foreign currency transactions and translation to the presentation currency

1. Translation methods in case of foreign currency transactions

Upon initial recognition, foreign currency transactions incurred by our enterprise are translated into RMB at the spot exchange rate on the transaction date (usually refers to the midpoint of the foreign exchange rate of the day as announced by the People's Bank of China, the same below).

2. Treatment of foreign currency monetary items and foreign currency non-monetary items at the balance sheet date

Foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from differences between the spot exchange rate at the balance sheet date and the spot exchange rate at initial recognition or the previous balance sheet date are capitalized in the current profit and loss, except for exchange differences arising from foreign currency borrowings related to the acquisition or production of assets eligible for capitalization in accordance with the provisions of Enterprise Accounting Standards No. 17 - Borrowing Costs.

Foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the date of the transaction and do not change their recorded local currency amount.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate at the date of determination of fair value, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss for the current period.

3. Translation methods for foreign currency financial statements

Our enterprise translates its financial statements expressed in foreign currencies into RMB amounts in accordance with the following provisions.

Items of assets and liabilities in the balance sheet are translated at the spot exchange rate at the balance sheet date; items of equity, except for "undistributed profits", are translated at the spot exchange rate at the time of occurrence.

Items of income and expenses in the income statement are translated using the spot exchange rate (or approximate exchange rate) at the date of the transaction.

Translation differences on foreign currency financial statements resulting from translation in accordance with the above methods are presented separately under the equity item in the balance sheet.

The statement of cash flows expressed in foreign currencies is translated using the spot exchange rate at the date of the cash flow. The effect of changes in exchange rates on cash is presented separately in the statement of cash flows as a reconciling item.

(IX)Financial instruments

1. Classification of financial instruments

(1) Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses, including financial assets held for trading and financial assets designated as measured at fair vaule and whose changes are included in the current profits and losses;

(2) Held-to-maturity investments are non-derivative financial assets with a fixed maturity date, a fixed or determinable recovery amount, and the clear intent and ability of management to hold to maturity;

(3) Loans and receivables, which are non-derivative financial assets with fixed or determinable recovery amounts that are not quoted in active markets, including notes receivable, accounts receivable, interest receivable and other receivables;

(4) Financial assets available for sale, including non-derivative financial assets designated as available-for-sale at initial recognition and financial assets that are not classified elsewhere of our enterprise;

(5) Financial liabilities, including those classified as financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses and other financial liabilities。

2. Recognition and measurement of financial instruments

Financial assets and financial liabilities are initially recognized at fair value. For financial assets and financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses, transaction costs incurred on acquisition are recognized directly in profit or loss for the period. Transaction costs related to other financial assets and other financial liabilities are included in the initial recognition amount. A financial asset is derecognized when the contractual right to receive cash flows from the financial asset is extinguished or substantially all the risks and rewards associated with ownership of the financial asset have been transferred to the transferring party.

Financial assets that are measured at fair vaule and whose changes are included in the current profits and losses and financial assets available for sale are subsequently measured at fair value; investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are measured at cost; and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Changes in the fair value of financial assets that are measured at fair vaule and whose changes are included in the current profits and losses are recognized as gains or losses from changes in fair value; interest or cash dividends received during the period the assets are held are recognized as investment income; on disposal, the difference between the fair value and the amount initially recorded is recognized as an investment gain or loss, with an adjustment to the gain or loss from changes in fair value.

Interest income is recognized on held-to-maturity investments during the period in which they are held using the effective interest method and is included in investment income. The effective interest rate is determined at the time the held-to-maturity investment is acquired and remains unchanged in subsequent periods. On disposal, the difference between the price received and the carrying value of the investment is recognized as investment income.

Loans and receivables are recognized in profit or loss for the period when our enterprise recovers or disposes of the loan, based on the difference between the price obtained and the carrying value of the loan.

Changes in the fair value of available-for-sale financial assets are recognized in equity; interest calculated using the effective interest method during the holding period is recognized in investment income; cash dividends on investments in available-for-sale equity instruments are recognized in investment income when dividends are declared by the investee; upon disposal, the difference between the price received and the carrying value, less the accumulated amount of changes in fair value originally recognized directly in equity, is recognized in investment gains and losses.

Financial liabilities that are measured at fair vaule and whose changes are included in the current profits and losses are subsequently measured at fair value without deduction of transaction costs that may be incurred in the future upon settlement of the financial liability; except in relation to hedging, changes in the fair value of the financial liability are recognized in fair value through profit or loss.

3. Methodology for determining the fair value of financial assets and financial liabilities

For financial instruments for which active markets exist, fair value is determined using quoted prices in active markets; for financial instruments for which no active markets exist, fair value is determined using valuation techniques that are appropriate under the current circumstances and are supported by sufficiently available data and other information. Valuation techniques include, among others, the market approach and the income approach. When using valuation techniques, inputs are selected that are consistent with the characteristics of the asset or liability that market participants would consider in a transaction involving the underlying asset or liability, with preference given to relevant observable inputs where possible, and unobservable inputs where relevant observable inputs are unavailable or impractical to obtain.

4. Impairment of financial assets (excluding receivables)

Except for financial assets that are measured at fair vaule and whose changes are included in the current profits and losses, our enterprise examines the carrying value of financial assets at the end of the period, and if there is objective evidence that a financial asset is impaired, an impairment provision is made. If the fair value of an available-for-sale financial asset decreases significantly or non-temporarily, the accumulated loss resulting from the decrease in fair value that was originally recognized directly in equity is recognized as an impairment loss. For investments in available-for-sale debt instruments for which an impairment loss has been recognized, if the fair value increases after the period and is objectively related to events occurring after the original impairment loss was recognized, the originally recognized impairment loss is reversed and recognized in profit or loss for the period. For investments in available-for-sale equity instruments for which an impairment loss has been recognized, if the fair value increases after the period and is objectively related to an event occurring after the recognition of the original impairment loss, the original recognized impairment loss is reversed and recognized in equity. Impairment losses incurred on investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are not reversed.

(X)Receivables

Receivables include Trade Receivables, other receivables, etc. Our enterprise uses the allowance method to account for bad debt losses on receivables. At the end of the period, if there is objective evidence that the receivables are impaired, the carrying value of the receivables is written down to their recoverable amount, and the written down amount is recognized as a bad debt loss and charged to current profit or loss.

1. Receivables that are individually significant and for which a separate provision for bad debts has been made

Criteria of individually significant receivables	Over 1 million yuan
Method of provision for bad debts	At the end of the period, receivables with significant individual amounts (including account receivables and other receivables) are first analysed for indications of impairment, and then those that show signs of impairment are individually tested for impairment and a provision for bad debts is made. If there is no indication of impairment or if no impairment is found in the individual tests, the impairment test should be included in a portfolio with similar credit risk characteristics.

2. Provision for bad debts of receivables based on a combination of credit risk characteristics

For receivables that are individually not significan and the individually significant receivables that are not impaired after separate testing, the provision for doubtful accounts for the current period is calculated based on the actual loss rates of the same or similar receivable portfolios with similar credit risk characteristics in prior years, taking into account the current situation to determine the proportion of the provision for bad debts for each portfolio in the current period.

Our enterprise classifies receivables into a deposit portfolio and an ageing portfolio based on similar credit risk characteristics, and the percentage and method of provision for bad debts in each portfolio are as follows:

(1) A deposit portfolio, the probability of bad debt losses on such receivables is minimal , no provision for bad debt is made。

(2) An ageing portfolio, other than the deposit portfolio and individual receivables for which bad debt provision is made. Our enterprise makes provision for bad debts for this portfolio of receivables based on an ageing analysis, and based on actual conditions and historical experience, the percentage of provision for bad debts for each age group is as follows:

Ageing of receivables	Percentage of provision for bad debts (%)
Within 1 year (including 1 year)	0.00

Ageing of receivables	Percentage of provision for bad debts (%)
1-2 years (including 2 years)	0.00
2-3years (including 3years)	0.00
3-4years (including 4years)	20.00
4-5years (including 5years)	50.00
Over 5 years	100.00

3. Receivables for which the individual amounts are not material but for which a separate provision for bad debts has been made

For receivables that are not individually significant, if there are indications of impairment such as excessive ageing, disputes with the debtor or serious financial difficulties of the debtor, resulting in a provision for bad debts that cannot truly reflect the recoverable amount of the receivable if the provision is made in accordance with established ratios, the provision for bad debts is made using the individual determination method.

(X I)Inventories

1. Classification of Inventories

Inventories are classified as raw materials, material purchases, materials in transit, working materials (including packaging, low value consumables, etc.), stock goods (including finished goods, purchased goods, homemade semi-finished goods, etc.), work-in-progress, issued goods, consigned goods, development products and development costs.

2. Method of valuation of inventories acquired and issued

Inventories are valued at actual cost when acquired and at the weighted average method when issued. The individual valuation method is used to determine the cost of inventories issued for inventories that cannot be substituted for use, inventories purchased or manufactured specifically for a specific purpose and services rendered.

Inventory acquired by a debtor in a debt restructuring to offset debt is valued at the fair value of the inventory.

Where the non-monetary asset exchange has commercial substance and the fair value of the received assets or surrendered assets can be measured reliably, the received inventory exchanged for non-monetary assets is normally recorded at the fair value of the surrendered asset, unless there is strong evidence that the fair value of the received asset is more reliable;

where the non-monetary asset exchange does not meet the above-mentioned criteria, the cost of the received inventory is measured at the carrying value of the surrendered asset and the related tax payable.

Inventories acquired by absorption of enterprises under common control are valued at the book value of the merged party; inventories acquired by absorption of enterprises not under common control are valued at fair value.

3. Amortization method for low-value consumables and packaging materials: use of the one-time amortization method.

4. Inventory system for inventories: perpetual inventory system.

5. Recognition criteria and method of provision for decline in value of inventories

At the balance sheet date, our enterprise's inventory is measured at the lower of cost or net realizable value. On the basis of a comprehensive inventory of its inventory, the enterprise makes provision for a decline in the value of its inventory if the cost of the inventory is higher than its net realizable value due to deterioration, a continuous decline in market price with no prospect of recovery in the foreseeable future, total or partial obsolescence, product replacement, etc., and is charged to profit or loss for the period. Our enterprise makes provision for decline in value of inventories according to individual items of inventories, but for certain inventories with similar purpose and related to the product series produced and sold in the same region, and it is practically difficult to distinguish them from other items of the product series for valuation, the provision for decline in value of inventories is combined; for inventories with large quantities and low unit prices, provision for decline in value of inventories is made according to the type of inventory.

Net realizable value is the estimated selling price of inventories less estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of merchandise inventory is the estimated selling price less the estimated selling expenses and relevant taxes; the net realizable value of material inventory is the estimated selling price of finished goods less the estimated costs to be incurred to completion, estimated selling expenses and relevant taxes; and the net realizable value of inventory held for the execution of sales contracts or service contracts is calculated on the basis of the contract price. If the enterprise holds more inventory than the quantity ordered under the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

Our enterprise determines the net realizable value of its inventories at the balance sheet date. If the factors that influenced the previous write-down of inventory value have disappeared, the write-down amount is restored and reversed within the amount of the original provision for inventory decline, and the reversed amount is recognized in the current profit and loss.

6. The methods of accounting for development land, maintenance fund, quality guarantee deposit and public supporting facilities costs for the enterprise and its real estate enterprises are as follows:

Development land: development land is accounted for in the "Inventory - development costs" account;

Maintenance fund: in accordance with the provisions of the Regulations on Property Management promulgated by the State Council, to be paid by the homebuyer in accordance with the regulations;

Quality guarantee deposit: the quality guarantee deposit is set aside according to a certain proportion of the construction unit's project payment, included in "other payable", to be accepted and paid to the construction unit when there is no quality problem within the agreed warranty period;

Public supporting facilities costs: public supporting facilities are public supporting projects such as schools, etc., as well as public supporting facilities fees charged by government departments, and the expenses incurred are included in "development costs", which are apportioned and accounted for according to cost accounting objects and cost items.

(X II)Long-term equity investments

1. Determination of investment costs

(1) Long-term equity investments resulting from business combinations

Business combination under common control: Where an enterprise pays cash, transfers non-cash assets or assumes debt, or issues equity securities as merger consideration, the initial investment cost of the long-term equity investment is set at the share of the book value of the equity of the merged party on the date of the merger. The difference between the initial investment cost of the long-term equity investment and the payment of the merger consideration is adjusted for the equity premium in the capital reserve; if the equity premium in the capital reserve is not sufficient to offset the equity premium, the retained earnings is adjusted. If the merging parties issue equity securities as the merger consideration, the initial investment cost of the long-term equity investment shall be determined on the date of merger based on the share of the book value of the consolidated party's equity in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued as capital stock shall be adjusted for capital surplus; if the capital surplus is insufficient to offset the capital surplus, retained earnings shall be adjusted.

Business combination not under common control: the enterprise is treated as the initial investment cost of a long-term equity investment based on the cost of the combination determined at the date of purchase. The cost of consolidation is the fair value of assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser to obtain control of the acquiree on the date of purchase. Transaction costs for equity securities or debt securities issued by the purchaser as merger consideration are included in the initial recognition amount of the equity securities or debt securities. For business combinations not under common control that are achieved in steps through multiple transactions, the sum of the carrying value of the equity investment in the acquiree held prior to the purchase date and the cost of the new investment on the purchase date is used as the initial investment cost of that investment. Our enterprise records the contingent consideration agreed to in the merger agreement as part of the transfer consideration for the business combination at its fair value on the date of purchase as part of the cost of the business combination.

Auditing, legal services, appraisal and consulting fees and other related management fees incurred by the merging parties or purchasers in connection with the business combination are recognized in profit or loss when incurred.

(2) Long-term equity investments acquired in other ways

The initial investment cost of a long-term equity investment acquired by paying cash is based on the actual purchase price paid. The initial investment cost includes fees, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by issuing equity securities is based on the fair value of the equity securities issued.

Provided that the non-monetary asset exchange has commercial substance and the fair value of the received assets or surrendered assets can be measured reliably, the initial investment cost of the long-term equity investment received for non-monetary asset exchange is determined on the basis of the fair value of the surrendered assets, unless there is conclusive evidence that the fair value of the received assets is more reliable; for non-monetary asset exchange that does not meet the above requirements, the initial investment cost of the received long-term equity investment is determined on the basis of the book value of the surrendered assets and the relevant taxes and fees payable.

The initial investment cost of a long-term equity investment acquired through debt restructuring is determined on the basis of fair value.

2. Subsequent measurement and recognition of profit or Loss

(1) Long-term equity investments accounted for under the cost method

Long-term equity investments in subsidiaries in which our enterprise has a controlling interest are accounted for using the cost method of accounting.

Under the cost method, the long-term equity investment is valued at initial investment cost, and the current investment income is recognized on the basis of entitlement to cash dividends or profits declared by the investee, except for cash dividends or profits declared but not yet paid by the investee included in the price or consideration actually paid at the time the investment is acquired.

(2) Long-term equity investments accounted for under the equity method

Long-term equity investments in jointly controlled joint ventures or associates with significant influence are accounted for under the equity method.

If the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value share of the investee's identifiable net assets at the time of investment, the difference is charged to current profit or loss, and the cost of the long-term equity investment is adjusted.

For long-term equity investments accounted for using the equity method of accounting, the profit and loss of the current investment shall be recognized according to the share of the net profit and loss of the investee that should be enjoyed or shared. The net loss incurred by the investee is recognized to the extent that the carrying value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the investee are written down to zero, but the investment loss continues to be recognized and accounted for as a projected liability if our enterprise has an additional loss obligation and meets the conditions for recognition of a projected liability as set forth in the Contingencies Code. Other changes in shareholders' equity of the investee other than net profit or loss, in the case where the enterprise's shareholding ratio remains unchanged, the portion of the equity interest enjoyed or shared according to the shareholding ratio is directly recorded in capital surplus. Profits or cash dividends distributed by the investee unit are reduced by the carrying value of the long-term equity investment in accordance with the enterprise's share when the distribution is declared. Unrealized gains and losses from internal transactions between our enterprise and the investee are offset against the portion enjoyed by our enterprise in accordance with its proportional shareholding and are recognized as investment gains and losses on this basis. Losses from internal transactions between our enterprise and its investees, including those attributable to asset impairment losses, shall not be offset against corresponding unrealized losses.

3. Basis for determining control, common control and significant influence over the investee

Control means that the investor has power over the investee, enjoys a variable return through participation in the investee's related activities, and has the ability to use its power over the investee to influence the amount of its return.

Common control means control over an arrangement that is shared in accordance with relevant agreements and where the activities associated with the arrangement are decided upon with the unanimous consent of the participants sharing control.

Significant influence is the power to participate in decision-making about the financial and operating policies of an enterprise, but not to control or share control with other parties over the formulation of those policies.

In determining whether control or significant influence can be exercised over an investee potential voting factors such as current convertible debentures, current executable warrants, etc. of the investee held by the investing enterprise and other parties should be considered.

4. Impairment test method and impairment provision method

At the balance sheet date, long-term equity investments should be checked for indications of impairment and, if there are indications of impairment, their recoverable amount should be estimated. When the recoverable amount is less than its carrying amount, an asset impairment provision should be made for the difference and charged to current profit or loss.

Impairment losses on long-term equity investments, once recognized, are not reversed in subsequent accounting periods.

5. Disposal of long-term equity investments

If control over the investee is lost due to the disposal of a portion of the equity investment, etc., and the remaining equity interest after disposal is able to exercise common control or exercise significant influence over the investee in the preparation of the individual financial statements, the equity method of accounting shall be adopted, and the remaining equity interest shall be adjusted as if the equity method of accounting had been applied from the time of acquisition; if common control over the investee is lost due to the disposal of a portion of the equity investment, etc. or significant influence, the remaining equity after disposal shall be changed to the accounting treatment in accordance with the relevant provisions of Enterprise Accounting Standards No. 22 - Recognition and Measurement of Financial Instruments. The difference between the fair value and the carrying value of the remaining equity interest at the date of loss of control, common control or significant influence shall be recognized in profit or loss for the current period.

When disposing of long-term equity investments, the difference between the book value and the actual purchase price shall be included in the profit and loss of the current period. For long-term equity investments accounted for under the equity method of accounting, when disposing of such investments, the same basis as that for the direct disposal of the relevant assets or liabilities by the investee shall be used for the accounting treatment of the portion originally included in other comprehensive income on a proportional basis.

(X III)Investment properties

Investment properties is real estate held to earn rent or capital appreciation, or both, including leased land use rights, land use rights held with the intention of being transferred at an increased value, leased buildings.

Our enterprise's investment properties is recorded at its cost; the cost of purchased investment property includes the purchase price, relevant taxes and fees and other expenses directly attributable to the asset; the cost of self-constructed investment property consists of the necessary expenses incurred before the construction of the asset reaches its predetermined usable state.

Our enterprise uses the cost model for subsequent measurement of investment properties and depreciates or amortizes buildings and land use rights over their estimated useful lives and net salvage value rates. The estimated useful lives, net residual values and annual depreciation (amortization) rates of investment properties are as follows:

Category	Estimated useful lives(year)	Estimated net residual values rates	Annual depreciation (amortization) rates (%)
Building	50	5%	1.90

When the use of investment property is changed to owner-occupation, our enterprise converts the investment property into fixed assets or intangible assets from the date of the change. When the use of real estate for personal use is changed to earning rent or capital appreciation, our enterprise converts the fixed assets or intangible assets into investment real estate as of the date of the change. When the conversion occurs, the book value before the conversion is taken as the recorded value after the conversion.

At the balance sheet date, our enterprise estimates the recoverable amount of investment properties that have indications of impairment, and recognizes an impairment loss if the recoverable amount is less than their carrying value. Once an impairment loss on investment properties is recognized, it is not reversed.

When an investment property is disposed of, or permanently withdrawn from use and no economic benefits are expected from its disposal, recognition of the investment property is derecognized. The amount of disposal proceeds from the sale, transfer, scrapping or destruction of investment property, after deducting its book value and relevant taxes, is recognized in profit or loss for the current period.

(X IV)Fixed assets

1. Criteria for recognition of fixed assets

The fixed assets of the enterprise are tangible assets held for the production of goods, provision of services, leasing or management and with a useful life of more than one fiscal year. The conditions for recognition of fixed assets include: (1) it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; (2) the cost of the fixed asset can be measured reliably.

2. Initial measurement of fixed assets

Our enterprise's fixed assets are initially measured at cost.

(1) The cost of purchased fixed assets, including the purchase price, related taxes and fees, transportation, handling, installation and professional services attributable to the fixed asset before it is brought into its intended use.

(2) The cost of a self-constructed fixed asset consists of the necessary expenditure incurred in constructing the asset until it is ready for its intended use.

(3) The cost of fixed assets invested by the investor is determined in accordance with the value agreed upon in the investment contract or agreement, unless the value agreed upon in the contract or agreement is not fair.

(4) The costs of fixed assets acquired in non-monetary asset exchanges, debt restructuring, business combinations and finance leases are determined in accordance with the relevant provisions of Business Accounting Standard No. 7 - Non-Monetary Asset Exchanges, Business Accounting Standard No. 12 - Debt Restructuring, Business Accounting Standard No. 20 - Business Combinations and Business Accounting Standard No. 21 - Leases, respectively.

3. Classification of fixed assets

The fixed assets of our enterprise are classified as follows: buildings and structures, machinery and equipment, transportation equipment, and others.

4. Depreciation of fixed assets

The fixed assets of our enterprise are depreciated using the average method over their useful lives. The annual depreciation rates for various types of fixed assets are as follows:

Type of fixed assets	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Public rental housing assets	50 年	5	1.9
Commercial assets	35 年	5	2.7143
Self-occupied office buildings	20 年	5	4.75
Machinery and equipment	10 年	0	10
Transportation equipment	4 年	0	25

Type of fixed assets	Useful life	Residual value rate (%)	Annual depreciation rate (%)
Operational furniture	5年	0	20
Operational appliances	3年	0	33.333
Office furniture	5年	0	20
Electronic equipment	3年	0	33.333
Other equipments	5年	0	20

Depreciation of fixed assets for which provision for impairment has been made: Fixed assets for which provision for impairment has been made are depreciated at their original cost less their estimated net residual value, the amount of depreciation and provision for impairment, and their remaining useful life.

Fixed assets that have reached their intended use but have not yet been finalized are costed at their estimated value and depreciated; after finalization, the original provisional value value is adjusted to the actual cost, but no adjustment is made to the depreciated amount.

5. Recognition criteria and method of provision for impairment of fixed assets

At the balance sheet date, fixed assets should be checked for indications that they may be impaired, and their recoverable amount should be estimated if there are indications of impairment. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment is made for the difference and charged to current profit or loss. The estimated recoverable amount of an asset is based on a single asset, or if it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of an asset group is determined based on the asset group to which the asset belongs.

Impairment losses on fixed assets, once recognized, are not reversed in subsequent accounting periods.

6. Treatment of subsequent expenditures on fixed assets

Subsequent expenditure on fixed assets mainly includes repair expenditure, renewal and reconstruction expenditure, repair costs, renovation expenditure, etc.for the fixed assets in the use of the process. The accounting treatment is as follows: the subsequent expenditure on the renewal and reconstruction of fixed assets, which meets the conditions for recognition of fixed assets, is included in the cost of fixed assets, if there is replaced part, its book value should be deducted; fixed asset repair costs, etc., that do not meet the conditions for recognition of fixed assets are charged to the profit and loss of the period in which they are incurred; fixed asset renovation costs, when they meet the conditions for recognition of fixed assets, are accounted for in a separate line item within "Fixed Assets" and depreciated separately using the averaging method over the shorter of the two renovation periods and the useful lives of the fixed assets.

Improvement expenses incurred on fixed assets leased under operating leases are capitalized as long-term amortization expense and amortized on a reasonable basis.

7. Finance leased fixed assets

See note Ⅳ(ⅩⅩⅣ) for the basis for recognition and valuation of finance leased fixed assets.

Method of depreciation for finance leased fixed assets: The enterprise adopts a depreciation policy consistent with that for its own fixed assets to depreciate finance leased fixed assets. Where it is reasonably certain that ownership of the leased asset can be obtained at the expiry of the lease term, depreciation is provided over the useful life of the leased asset; where it is not reasonably certain that ownership of the leased asset can be obtained at the expiry of the lease term, depreciation is provided over the shorter of the lease term and the useful life of the leased asset.

(ⅩⅤ)Construction in progress

1. Type of construction in progress

The construction in progress of our enterprise is accounted for by the classification of projects.

2. Criteria and time at which construction in progress is carried forward to fixed assets

The fixed assets of our enterprise are recorded at the value of all expenditures incurred before the construction of the asset reaches its intended useable state. If the construction in progress has reached the intended useable state, but the final accounts for completion have not yet been processed, from the date it reaches the intended useable state, it will be transferred to fixed assets at the estimated value according to the project budget, cost or the actual cost of the project, and the depreciation of fixed assets will be charged according to the depreciation policy for fixed assets of the enterprise, and the original provisional value will be adjusted according to the actual cost after the final accounts for completion have been processed, but no adjustment will be made to the original depreciated value.

3.Impairment testing of construction in progress and impairment provision methodology

At the end of the period, a determination is made as to whether there is an indication that construction in progress may be impaired. Where there is an indication of impairment of construction in progress, the recoverable amount of the construction in progress is estimated. Where there is an indication that a construction in progress may be impaired, the enterprise estimates its recoverable amount on the basis of individual construction in progress. Where it is difficult for the enterprise to estimate the recoverable amount of an individual construction in progress, the enterprise determines the recoverable amount of the asset group to which the construction in progress.

The recoverable amount is determined on the basis of the higher of the fair value of construction in progress, net of disposal costs, and the present value of the projected future cash flows from construction in progress.

When the recoverable amount of construction in progress is less than its book value, the book value of construction in progress is written down to its recoverable amount, and the written down amount is recognized as an impairment loss in construction in progress and recorded in the current profit and loss, and the corresponding provision for impairment of construction in progress is made.

Impairment losses on construction in progress, once recognized, are not reversed in subsequent accounting periods.

(X VI) Borrowing cost

1. Recognition principle for capitalization of borrowing cost

Capitalization of borrowing cost can only begin when the following conditions are also meet:

(1) Expenditure on the asset has been incurred.

(2) borrowing cost has been incurred.

(3) Construction or production activities necessary to bring the asset to its intended use or saleable condition have begun.

2. Period in which borrowing cost is capitalized

Capitalization period, which is the period from the point at which capitalization of borrowing cost begins to the point at which capitalization ceases, excluding the period at which capitalization of borrowing cost is suspended.

The capitalization of borrowing cost is suspended when there is an abnormal interruption in the acquisition or production of assets eligible for capitalization, and the interruption lasts for more than three consecutive months. borrowing cost incurred during the interruption is recognized as an expense and charged to profit or loss until the acquisition or production of the asset is restarted. The capitalization of borrowing cost continues when the interruption is necessary to bring the assets acquired or produced that qualify for capitalization to their intended use or saleable condition.

borrowing cost ceases to be capitalized when the assets that qualify for capitalization are acquired or produced to their intended use or saleable condition. Loan cost incurred after the assets eligible for capitalization have reached their intended use or saleable condition is recognized in profit or loss as it is incurred.

3. The method for calculating the capitalized amount of Borrowing cost

During the capitalization period, the amount of interest (including amortization of discount or premium) capitalized in each accounting period shall be determined according to the following provisions:

(1) Where a special loan is borrowed for the purpose of acquiring or producing assets eligible for capitalization, the amount is determined as the interest expense actually incurred during the period of the special loan, less interest income earned by depositing unused borrowed funds with a bank or investment income earned by making temporary investments.

(2)If the general borrowings are occupied for the purpose of purchasing, constructing or producing assets eligible for capitalization, the enterprise shall calculate the amount of interest to be capitalized on the general borrowings according to the weighted average of the cumulative asset expenditures in excess of the portion of the specialized borrowings multiplied by the capitalization rate of the general borrowings taken up.The capitalization rate is determined based on the weighted average interest rate of general borrowings.

Where there is a discount or premium on a borrowing, the amount of the discount or premium to be amortized for each accounting period is determined in accordance with the effective interest method, and t the amount of interest for each period shall be adjusted. During the capitalization period, the amount of interest capitalized for each accounting period shall not exceed the amount of interest actually incurred on the related borrowings during the period.

Ancillary costs incurred on specialized borrowings, which are incurred before the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred, and those incurred after the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred, and those incurred after the capitalization-eligible assets acquired or produced are ready for their intended use or sale, are capitalized to the cost of the capitalization-eligible assets as they are incurred. The amount incurred is recognized as an expense and charged to profit or loss for the period. Ancillary costs incurred on general borrowings are recognized as an expense in the profit or loss for the period in which they are incurred, based on the amounts incurred.

Borrowing costs, such as interest, incurred by the real estate enterprise for the purpose of borrowing funds for the development of real estate projects are charged to the cost of the development products before the completion of the development products and to the profit and loss of the current period after the completion of the development products.

(XVII)Intangible assets

1. The method of valuation of intangible assets

Intangible assets are initially measured at cost as they are acquired.

The cost of an acquired intangible asset includes the purchase price, related taxes and fees, and other expenses directly attributable to bringing the asset to its intended use. Where the purchase price of an intangible asset is deferred beyond normal credit terms and is essentially financing in nature, the cost of the intangible asset is determined on the basis of the present value of the purchase price.

The intangible asset used by the debtor to offset the debt is acquired through debt restructuring, and its book value is determined on the basis of the fair value of the intangible asset, and the difference between the book value of the restructured debt and the fair value of the intangible asset used to offset the debt is recorded into the current profit and loss;

Under the premise that the non-monetary assets exchange has commercial substance and the fair value of the assets exchanged or the exchanged asset can be measured reliably, the intangible assets exchanged for non-monetary assets are recorded at the fair value of the exchanged asset, unless there is conclusive evidence that the fair value of the assets exchanged is more reliable; If the non-monetary assets exchange does not meet the above requirements, the carrying value of the assets and the relevant taxes and fees that should be paid shall be taken as the cost of the intangible assets, and the profits and losses shall not be recognized.

Intangible assets acquired by way of merger by absorption of enterprises under the same control are valued at their book value at the merged party; Intangible assets acquired by way of merger by absorption of enterprises not under the same control are valued at their fair value.

The cost of an internally self-developed intangible asset includes the cost of materials and labor used in developing the intangible asset, registration fees, amortization of other patents and concessions used in the development process, interest charges to meet capitalization conditions, and other direct costs incurred in bringing the intangible asset to its intended use.

2. Method and period for amortization of intangible assets

The useful life of an intangible asset is determined at the time of acquisition. Intangible assets with finite useful lives are amortized over their useful lives using the straight-line method; intangible assets that cannot be foreseen to bring economic benefits to the enterprise are regarded as intangible assets with indefinite useful lives and are not amortized. At the end of each year, the Company reviews the estimated useful lives of intangible assets with finite useful lives and the amortization method, and the estimated useful lives of intangible assets with indefinite useful lives are reviewed for each accounting period, and if there is evidence that the useful lives of intangible assets are finite, the useful lives are estimated and amortized over the estimated useful lives.

3. Provision for impairment of intangible assets

Intangible assets are examined at the balance sheet date for indications that they may be impaired. If there is an obvious indication of impairment, the intangible asset should be tested for impairment and its recoverable amount estimated. If there is an indication that an intangible asset may be impaired, the enterprise estimates its recoverable amount on the basis of a single intangible asset. Where it is difficult for an enterprise to estimate the recoverable amount of an individual asset, the recoverable amount of the intangible asset group is determined on the basis of the asset group to which the intangible asset belongs.

The recoverable amount is determined based on the higher of the fair value of the intangible asset, net of disposal costs, and the present value of the intangible asset's expected future cash flows.

When the recoverable amount of an intangible asset is less than its book value, the book value of the intangible asset is written down to its recoverable amount, and the written down amount is recognized as an impairment loss on the intangible asset, which is recognized in profit or loss for the current period, and the corresponding intangible asset impairment provision shall be set aside at the same time.

Once the impairment loss of intangible assets is recognized, it will not be reversed in subsequent accounting periods.

4. Conditions for recognition of development expenditure as an intangible asset

The expenditure of internal research and development project is divided into research stage expenditure and development stage expenditure. Expenditures in the research phase shall be charged to current profits and losses when incurred; Expenditures in the development stage are recognized as intangible assets when they meet the following conditions:

(1) It is technically feasible to complete the intangible asset so that it can be used or sold;

(2) With the intent to complete the intangible asset and use or sell it;

(3) The means by which the intangible asset generates economic benefits, including by demonstrating the existence of a market for the product produced by the use of the intangible asset or the existence of a market for the intangible asset itself, and the usefulness of the intangible asset if it is to be used internally.

(4) The availability of sufficient technical, financial and other resources to support the completion of the development of the intangible asset and the ability to use or sell the intangible asset.

(5) The expenditure attributable to the development phase of the intangible asset can be measured reliably.

(X Ⅷ)Goodwill

The initial cost of goodwill resulting from a merger of businesses not under common control is the difference between the cost of the merger over the share of the fair value of the purchaser's identifiable net assets acquired in the merger.

Goodwill is transferred out of the asset group or portfolio to which it relates when it is disposed of and recognized in profit or loss for the period.

Goodwill is tested for impairment at least annually at the end of the year. In the impairment test of the relevant asset group or portfolio containing goodwill, if there is an indication of impairment of the asset group or portfolio related to goodwill, first conduct an impairment test on the asset group or portfolio that does not contain goodwill, calculate the recoverable amount, and compare it with the relevant book value, and recognize the corresponding impairment loss; then conduct an impairment test on the asset group or portfolio containing goodwill , comparing the carrying value of these underlying asset groups or combinations of asset groups (including the carrying value portion of the goodwill assessed) with their recoverable amounts, and recognizing an impairment loss on goodwill if the recoverable amount of the underlying asset group or combination of asset groups is less than its carrying value.

Goodwill impairment losses are recognized in profit or loss when incurred and are not reversed in subsequent accounting periods.

(XIX)Long-term prepaid expenses

The long-term prepaid expenses are expenses which have been paid but will be amortized within the period over one year, including operating leased fixed assets improvements expenses,etc. If the long-term amortization charge does not benefit future accounting periods, the full amortized value of the charge is transferred to the current profit and loss.

(XX)Employee benefits

Employee benefits is classified as short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term benefits, in the accounting period in which employees provide services for the enterprise, is recognized as a liability and included in the current profit and loss or the cost of related assets. It mainly includes wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance premiums, work injury insurance premiums and maternity insurance premiums, housing fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans and other short-term remuneration.

2. Post-employment benefits are categorized into defined contribution plans and defined benefit plans. For defined contribution plans, the amount of contributions due under the defined contribution plan is recognized as a liability in profit or loss or the cost of the related asset during the accounting period in which the employee rendered service to the enterprise. For defined benefit plans, the defined benefit plan benefit obligation is determined in accordance with the expected cumulative benefit enterprise method and is attributed to the period in which the

employee rendered the service; the service cost, net interest on the net liability or net assets of the defined benefit plan is charged to current profit or loss or the cost of the related assets; and the change resulting from the remeasurement of the net liability or net assets of the defined benefit plan is charged to other comprehensive income and no reversal to profit or loss is permitted in subsequent accounting periods.

3. The employee compensation liability arising from termination benefits is reasonably expected and recognized in accordance with the terms of the severance plan and is recorded in profit or loss for the period.

4. Other long-term employee benefits include all employee compensation other than short-term compensation, post-employment benefits and termination benefits, specifically long-term compensated absences, long-term disability benefits, and long-term profit-sharing plans (or long-term bonus plans). If eligible for a defined contribution plan, it is treated in accordance with the defined contribution plan; if eligible for a defined benefit plan, the net liability or net asset for other long-term employee benefits is recognized and measured in accordance with the defined benefit plan.

(X X I)Bonds payable

1. The valuation of bonds payable and amortization of premium and discounts

The bonds payable are valued at the actual issue price; The difference between the total issue price and the total par value of the bonds is treated as a premium or discount on the bonds and amortized over the life of the bonds at the time of interest accrual on a straight-line basis and is treated in accordance with the principle of treatment of borrowing costs.

2. Accrued interest on bonds payable

The accrued interest shall be accrued on a regular basis based on the face value of the bonds payable and the prescribed interest rate, and shall be charged to the project cost or the current financial expense respectively according to the treatment principle of the capitalization of borrowing costs.

(X X II)Estimated liabilities

1 . Principle for recognition of estimated liabilities

Liabilities are recognized when the following conditions are also met for operations relating to contingencies such as foreign guarantees, pending litigation or arbitration, product quality warranties, redundancy plans, loss contracts, restructuring obligations, fixed asset abandonment obligations, etc.

(1) The obligation is a present obligation of the enterprise;

(2) The fulfillment of this obligation is likely to lead to the outflow of economic benefits from the enterprise;

(3) The amount of the obligation can be measured reliably.

2 . Measurement of Estimated liabilities

The estimated liabilities are initially measured at the best estimate of the expenditure required to settle the present obligation. The best estimate where there is a continuous range of expenditure requirements and where within that range, the probabilities of various outcomes are equal is determined at the midpoint of the range; otherwise, the best estimate is determined as follows:

(1) Where the contingency relates to a single item, the best estimate is determined on the basis of the most likely amount to occur.

(2) Where contingencies involve more than one item, the best estimate is based on a range of probabilities and the probability of their occurrence.

Where an enterprise expects to be compensated in whole or in part by a third party or other party in order to pay off its estimated liabilities, the amount of compensation shall be recognized separately as an asset to the extent that it is virtually certain to be received. The amount of compensation recognized does not exceed the book value of the anticipated liability recognized.

(X X III)Income

1 . The method of recognizing income from selling goods

Income from the sale of goods is recognized when the following conditions are also met:

(1) The enterprise has transferred to the purchaser the principal risks and rewards of ownership of the commodity.

(2) The enterprise has neither retained the right of continued management normally associated with ownership nor exercised effective control over the goods sold.

(3) The amount of income can be reliably measured.

(4) It is probable that the relevant economic benefits will flow to the enterprise

(5) Relevant, incurred or to be incurred costs can be measured reliably.

2. The method of recognizing the income from providing labor services

If the result of the transaction of providing services can be estimated reliably at the balance sheet date, the income of providing services shall be recognized according to the percentage of completion method.

Where the outcome of a service rendering transaction cannot be estimated reliably at the balance sheet date, it is treated respectively as follows:

(1) If the labor costs already incurred are expected to be compensated, revenue from the provision of labor services is recognized at the amount of the labor costs already incurred, and the labor costs are carried forward at the same amount.

(2) If the labor costs already incurred are not expected to be compensated, the labor costs already incurred are included in the profit and loss of the current period, and no labor service revenue is recognized.

3. Method of recognizing income from the right to use the transferred assets

Income from the right to use the transferred assets, including interest income, royalty income, etc., is recognized when the following conditions are also met:

(1) The economic benefits associated with the transaction are capable of flowing to the enterprise.

(2) The amount of income can be measured reliably.

4. Method of recognizing the principal operating income of the enterprise

(1) Real estate sales revenue: Realization of sales revenue is recognized when the property is completed and accepted, the sales contract is signed, the buyer's payment certificate is obtained and the property is handed over to the buyer. For the entrusted development projects that meet the conditions of "Enterprise Accounting Standards - Construction Contracts", the corresponding sales revenue is recognized according to the percentage of completion method, and the percentage of completion is determined in proportion to the amount of work completed.

(2) Property rental income: the realization of rental income is recognized based on the date and amount of rental payment by the lessee as specified in the contract or agreement with the lessee.

(3) Property management income: The realization of property management income is recognized when property management services have been provided, economic benefits related to property management services can flow into the enterprise, and costs related to property management services can be reliably measured.

(X XIV)Construction contracts

1. When the outcome of a construction contract can be estimated reliably at the balance sheet date, contract income and costs are recognized under the percentage of completion method.

The outcome of a fixed cost contract can be estimated reliably on the basis that (1) The total contract income can be measured reliably; (2) It is probable that the economic benefits associated with the contract will flow to the enterprise; (3) The contract costs actually incurred can be clearly distinguished and measured reliably; and (4) The progress towards completion of the contract and the costs still to be incurred to complete the contract can be determined reliably.

The outcome of a cost-plus contract can be estimated reliably based on the determination that (1) It is probable that the economic benefits associated with the contract will flow to the enterprise and (2) The contract costs actually incurred can be clearly distinguished and measured reliably.

2. Where the outcome of a construction contract cannot be estimated reliably at the balance sheet date, contract income is recognized on the basis of actual contract costs incurred in the period in which they are recoverable, as follows: when contract costs are recoverable, contract income is recognized on the basis of actual contract costs incurred in the period in which they are recoverable and contract costs are recognized as contract costs; when contract costs are unlikely to be recoverable, contract costs are recognized as contract costs in the period in which they are incurred and contract income is not recognized.

3. The method of determining progress towards contract completion

(1) Cumulative actual contract costs incurred as a percentage of total projected contract costs. Formula: Contract completion schedule = cumulative actual contract costs incurred ÷ total projected contract costs × 100%.

(2) Percentage of completed contractual work as a percentage of total projected contractual work. Formula: Contract completion schedule = contract work completed ÷ total projected contract work × 100%.

(3) The progress of completion as actually measured by scientific methods on site by a professional.

(XXV)Government subsidies

1．The conditions for the recognition of government grants

Government grants can only be confirmed if the following conditions are met simultaneously:

(1) Enterprises can meet the conditions attached to government subsidies;

(2) Enterprises can receive government subsidies.

2．The measurement of government subsidies

(1) If the government subsidies are monetary assets, they shall be measured at the amount received or receivable. If the government subsidies are non-monetary assets, they shall be measured in accordance with the fair value; If the fair value cannot be obtained reliably, it shall be measured at the nominal amount.

(2) The government subsidy related to assets shall be offset against the carrying value of the asset or recognized as deferred income. Where deferred income is recognized, it should be charged to profit or loss over the useful life of the relevant asset in a reasonable and systematic manner. The government subsidy measured at nominal amounts are directly recognized in profit or loss for the current period.

(3)The government subsidies related to income shall be accounted for on a case-by-case basis: if they are used to compensate the enterprise for relevant costs or losses in future periods, they are recognized as deferred income and charged to profit or loss or eliminated in the period in which the relevant costs or losses are recognized; if they are used to compensate the enterprise for relevant costs or losses already incurred, they are charged directly to profit or loss or eliminated in the period in which the relevant costs are recognized.

(4) The government subsidies that contain both the asset-related part and the income-related part, different parts shall be distinguished for separate accounting treatment; if it is difficult to distinguish, the whole should be classified as income-related government subsidies.

(5) The government subsidies subsidies related to the day-to-day activities of the enterprise should be included in other income or offset against relevant costs and expenses in

accordance with the substance of economic operations; government subsidies not related to the day-to-day activities of the enterprise should be included in non-operating income and expenditure.

(6) If the finance allocates the discounted interest funds to the lending bank, and the lending bank provides the loan to the enterprise at the policy preferential interest rate, the enterprise shall take the actual amount of loan received as the book value of the loan and calculate the relevant borrowing fees according to the principal amount of the loan and such policy preferential interest rate. If the finance allocates the discounted interest rate directly to the enterprise, the enterprise shall offset the corresponding discounted interest rate against the relevant borrowing costs.

(7) If the recognized government subsidy needs to be returned, accounting treatment shall be carried out in the case of the current instalment that needs to be returned: if the carrying value of the relevant assets is written off at the initial recognition, the carrying value of the assets shall be adjusted; If there is a related deferred income, the carrying balance of the related deferred income shall be written off, and the excess part shall be recorded into the current profit and loss; Under other circumstances, it shall be directly recorded into the current profits and losses.

3 . Presentation of government subsidies

The recognized government subsidy shall be separately presented in the income statement under a separate line item "other income" above the line item "operating profit".

(X X VI)Deferred tax assets and Deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognized for temporary differences arising between the carrying amounts of certain items of assets and liabilities and their tax bases, and for temporary differences between the carrying amounts and tax bases of items that are not recognized as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Deferred tax assets are recognized as temporary differences to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be utilized to offset the taxable losses and tax credits in future years.

At the balance sheet date, the carrying amount of the deferred tax asset recognized is reviewed and the deferred tax asset is written down to the extent that it is probable that sufficient taxable income will not be available in future periods to allow the deferred tax asset to be offset. To the extent that it is probable that sufficient taxable income will be available, the amount of the write-down is reversed.

(X X VII)Leases

Leases are classified as finance leases and operating leases. Leases in which all the risks and rewards associated with ownership of the asset are substantially transferred to the lessee are finance leases, while other leases are operating leases.

1. Accounting for operating leases

(1) Lease payments made for leased assets are amortized on a straight-line basis over the entire lease term without deduction of the rent-free period and are charged to current expense. The initial direct costs paid in connection with the lease transaction are charged to current expense.

(2) Lease payments received for leasing an asset are amortized on a straight-line basis over the entire lease term without deducting the rent-free period and recognized as lease income. Initial direct costs paid in connection with the lease transaction are expensed in the current period; if significant, they are capitalized and amortized over the entire lease term on the same basis as lease revenue recognition.

2.Accounting for finance leases

(1) Financing leased-in assets: on the lease commencement date, the enterprise takes the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset, the minimum lease payment as the book value of the long-term payables, and the difference as the unrecognized financing expenses.

The effective interest rate method is adopted to amortize the unrecognized financing expenses during the asset lease period and record them into financial expenses. The initial direct expenses incurred by the enterprise are included in the value of the leased asset.

(2) Financing leased-out assets: On the lease commencement date, the enterprise recognizes the difference between the sum of the receivable finance lease, unsecured residual value and its present value as unrealized financing income, and recognizes it as lease income in each period when the rent is received in the future. The initial direct expenses incurred by the enterprise in connection with the leasing transaction shall be included in the initial measurement of the financial leasing receivables, and the amount of income recognized during the leasing period shall be reduced.

(XXVIII)Non-current assets or disposal group held for sale

1. Criteria for non-current assets or disposal groups held for sale

Non-current assets that also meet the following conditions shall be recognized as non-current assets or disposal groups held for sale:

(1) The enterprise has made a resolution on the sale of the asset;

(2) The enterprise has signed an irrevocable transfer agreement with the other party;

(3) The transfer of the asset will be completed within one year.

2. Accounting treatment of non-current assets or disposal groups held for sale

Non-current assets classified as holding for sale and assets in the holding for Sale disposal group (excluding financial assets and deferred income tax assets) shall not be depreciated or amortized and shall be presented at the lower of book value and fair value minus disposal expenses. The amount of fair value minus disposal expense less than the original book value is recognized as an asset impairment loss.

(XXIX)Fair value measurement

Fair value is the price that market participants pay to receive or transfer a liability from the sale of an asset in an orderly transaction on the measurement date.

According to the nature of the transaction and the characteristics of the relevant assets or liabilities, the enterprise judges whether the fair value is equal to the transaction price. The primary valuation techniques used to measure the fair value of an underlying asset or liability are the market, income or cost approach.

(XXX)The method of accounting for income taxes

Accounting for corporate income tax is based on the balance sheet debt method.

V.Explanations of Changes in Accounting Policies and Accounting Estimates and Correction of Errors

(I) Changes in accounting policies

The enterprise prepares the financial statements of 2018 in accordance with the financial statement format stipulated in the Notice of the Ministry of Finance on Revising and Issuing the Format of General Corporate Financial Statements of 2018 (Accounting [2018] No.15), and the accounting policy change adopts the retroactive adjustment method. The main reporting items involving adjustments are as follows:

1.Consolidated financial statement

Original statement items and amount		New statement items and amount	
Interest receivable	39,983,398.07	Other receivables	364,885,066.02
Other receivables	324,901,667.95		
Interest payable	72,551,776.31	Other payables	443,507,370.23
Other payables	370,955,593.92		

2.Financial Statements of parent company

Original statement items and amount		New statement items and amount	
Interest receivable	39,983,398.07	Other receivables	364,885,066.02
Other receivables	324,901,667.95		
Interest payable	72,551,776.31	Other payables	443,507,370.23
Other payables	370,955,593.92		

Except for the impact of the above changes, this change in accounting policy will have no impact on the total assets, total liabilities, net assets and net profit of the Company for the current period and before the change in accounting policy.

(II) Changes in accounting estimates

There were no changes in accounting estimates in the reporting period.

(III) Corrections of significant accounting errors

During the reporting period, the overprovision of income tax in 2017 is corrected, and the amount affecting the financial statement of 2017 is as follows:

1.Consolidated financial statements

Item	Amount before adjustment(yuan)	Adjustment amount (yuan)	Adjusted amount (yuan)
Taxes and surcharges payable	334,606,548.71	-5,777,508.89	328,829,039.82
Including: Taxes payable	333,196,953.80	-5,777,508.89	327,419,444.91
Surplus reserve	147,143,849.60	577,750.89	147,721,600.49
Including:Statutory accumulation reserve	147,143,849.60	577,750.89	147,721,600.49
Undistributed profit	1,350,638,327.92	5,199,758.00	1,355,838,085.92
Income tax expense	186,969,990.85	-5,777,508.89	181,192,481.96

2.Financial statements of the parent company

Item	Amount before adjustment(yuan)	Adjustment amount (yuan)	Adjusted amount (yuan)
Taxes and surcharges payable	263,511,333.37	-5,777,508.89	257,733,824.48
Including: Taxes payable	262,477,203.97	-5,777,508.89	256,699,695.08
Surplus reserve	147,143,849.60	577,750.89	147,721,600.49
Including:Statutory accumulation reserve	147,143,849.60	577,750.89	147,721,600.49
Undistributed profit	1,095,277,146.53	5,199,758.00	1,100,476,904.53
Income tax expense	112,402,071.71	-5,777,508.89	106,624,562.82

VI. Taxes

(I) Major Taxes and Tax Rates

tax	Basis of taxation	Tax rate
Added-value tax(VAT)	Taxable VAT income	Interest income 6%; rental income 11% before June 1, 2018, 10% from June 1, 2018,; sales revenue 17% before June 1, 2018, 16% from June 1, 2018.
Land value increment tax	Added value	The transfer of old houses as public rental housing, rehabilitated resettlement housing, low-cost housing and affordable housing, and the value added does not exceed 20% of the deducted project amount, is exempt from land value-added tax.
City maintenance and construction tax	Actual VAT payments	7%
Education surtax	Actual VAT payments	3%
Local Education surtax	Actual VAT payments	2%
Corporate income tax	Taxable income	25%

(II)Preferential tax policies and relevant approvals

1 . According to The Notice of the Ministry of Finance and the State Administration of Taxation No. 61 of 2019, the land used during the construction period of public rental housing and the land occupied after the completion of public rental housing are exempted from urban land use tax;The construction and management of public rental housing shall be exempted from stamp duty; The purchase of housing as public rental housing is exempted from deed tax and stamp duty; Exempt public rental housing from property tax; Rental income derived from the operation of public rental housing is exempted from value-added tax.

2 . According to the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Project of Replacing Business Tax with Value added Tax, Annex 3, Article 1 (19), Item 7 of Caisui [2016] No.36, the interest income obtained from the unified loan business is exempted from Value-added Tax preference. The enterprise filed the application with the State Taxation Bureau of Haidian District, Beijing on March 29, 2017, with the exemption period starting from May 1, 2016.

VII. Business Combination and Consolidated Financial Statements

(I)The subsidiaries included in the consolidated statements for the current period

No.	Name	Level	Type	Registered place / business location	Nature of business	Paid-in capital (ten thousand yuan)	Proportion of shares (%)	Proportion of voting rights (%)	Investment (ten thousand yuan)	Acquisition Method
1	Beijing Yanbao Investment Co.Ltd.	2	1	Beijing	affordable housing	105,672.0828	100.00	100.00	105,672.0828	1
2	Beijing Yanxin Commercial Investment Management Co.Ltd.	3	1	Beijing	Investment management	2,000.00	100.00	100.00	2,000.00	1
3	Beijing Yanfeng Engineering Project Management Co.Ltd.	3	1	Beijing	Project management	1,000.00	100.00	100.00	1,000.00	1
4	Beijing Yanguang Real Estate Co., Ltd.	2	1	Beijing	affordable housing	160,000.00	62.50	62.50	100,000.00	1
5	Beijing Tianliren Real Estate Development Co.,Ltd.	3	1	Beijing	Real estate development	4,500.00	100.00	100.00	4,500.00	3
6	Beijing Yanshun Affordable Housing Investment Co.,Ltd.	2	1	Beijing	affordable housing	200,000.00	51.00	51.00	102,000.00	1
7	Beijing Yanhua Investment Co.,Ltd.	2	1	Beijing	affordable housing	160,000.00	62.50	62.50	100,000.00	1
8	Beijing Subsidized Housing Exchange Service Center Co., Ltd.	2	1	Beijing	Brokerage of the real estate	2,000.00	100.00	100.00	2,000.00	1
9	Beijing Yandong Public Housing Investment Co.,Ttd	2	1	Beijing	affordable housing	53,000.00	51.00	51.00	53,000.00	1
10	Beijing Yangu Public Housing Investment Co.,Ltd.	2	1	Beijing	affordable housing	60,000.00	58.30	58.30	35,000.00	1
11	Beijing Yanhuai Public Housing Investment Co.,Ltd.	2	1	Beijing	affordable housing	27,500.00	65.00	65.00	10,000.00	1
12	Beijing Yanan Public Housing Construction Investment Co.,Ttd	2	1	Beijing	affordable housing	30,000.00	80.00	80.00	20,000.00	1

Note: Type of enterprise: 1. Domestic non-financial subsidiary; 2. Domestic financial subsidiary;3. Overseas subsidiaries; 4. public institutions, 5. infrastructure units.

Acquisition methods: 1. Investment establishment; 2. Business merger under the same control; 3. Business merger under different control; 4. The other.

(II) Reasons that the tarent has control of the investee when it owns less than half of the voting rights over the investee

None.

(III) Reasons that the parent has no control of the investee when it directly owns or

indirectly owns through other subsidiaries more than half of the voting rights over the investee

None.

(IV)Information about significant non-wholly-owned subsidiaries

1 . Shareholding and equity of minority shareholders

No.	Subsidiary name	Proportion of shares held by minority shareholders (%)	Current profit and loss attributable to minority shareholders	Dividends paid to minority shareholders in the current period	Accumulated minority equity at the end of the period
1	Beijing YanGuang Real Estate Co.,Ltd	37.5	2,175,614.60	9,079,072.58	707,249,071.98
2	Beijing Yanhua Investment Co.,Ltd	37.5	8,357,290.69	4,890,946.87	1,008,270,847.14
3	Beijing YanShun Affordable Housing Investment Co.,Ltd	49.00	11,940,561.08	1,757,268.21	625,045,356.39
4	Beijing Yandong Public Housing Investment Co., Ttd	49.00	3,250,591.92		3,266,134.28
5	Beijing Yangu Public Housing Investment Co.,Ltd.	41.70	2,215,916.11		252,215,916.11
6	Beijing Yanhuai Public Housing Investment Co.,Ltd.	35.00	674,632.04		175,674,632.04
7	Beijing Yanan Public Housing Construction Investment Co.,Ltd	20.00	242,275.13		100,242,275.13
	Total		28,856,881.57	15,727,287.66	2,871,964,233.07

2 . Major financial information of significant non-wholly-owned subsidiaries

Item	Current Amount			
	Beijing Yanguang Real Estate Co.,Ltd	Beijing Yanhua Investment Co.,Ltd	Beijing Yanshun Affordable Housing Investment Co.,Ltd	Beijing Yandong Public Housing Investment Co.,Ltd
Current assets	2,251,498,226.34	3,228,647,236.44	2,647,703,791.65	504,069,781.16
Non-current assets	45,424,895.24	3,235,453,788.41	444,925.09	37,115,290.83
Total assets	2,296,923,121.58	6,464,101,024.85	2,648,148,716.74	541,185,071.99
Current liabilities	184,419,358.31	2,851,959,468.05	2,867,423.88	4,519,491.83
Non-current liabilities	226,506,237.98	1,554,445,950.40	978,493,675.83	
Total liabilities	410,925,596.29	4,406,405,418.45	981,361,099.71	4,519,491.83
Operating income	60,786,170.05	57,873,241.35	3,443,396.13	125,815.36
Net profit	5,801,638.92	17,055,695.29	31,841,496.20	6,633,861.07

Item	Current Amount			
	Beijing Yanguang Real Estate Co.,Ltd	Beijing Yanhua Investment Co.,Ltd	Beijing Yanshun Affordable Housing Investment Co.,Ltd	Beijing Yandong Public Housing Investment Co.,Ltd
Total comprehensive income	5,801,638.92	17,055,695.29	31,841,496.20	6,633,861.07
Cash flows from operating activities	-43,945,779.56	577,259,615.28	-601,269,751.79	1,142,127.13

Continue:

Item	Last term amount			
	Beijing Yanguang Real Estate Co.,Ltd	Beijing Yanhua Investment Co.,Ltd	Beijing Yanshun Affordable Housing Investment Co.,Ltd	Beijing Yandong Public Housing Investment Co.,Ltd
Current assets	2,345,456,441.30	2,688,754,810.48	3,708,664,864.51	529,860,176.66
Non-current assets	316,849.71	543,463.98	272,875,322.72	239,767.70
Total assets	2,345,773,291.01	2,689,298,274.46	3,981,540,187.23	530,099,944.36
Current liabilities	272,190,113.11	4,992,847.57	154,988,293.49	56,493.55
Non-current liabilities	169,176,431.32	1,044,673,257.51	1,775,930,458.40	
Total liabilities	441,366,544.43	1,049,666,105.08	1,930,918,751.89	56,493.55
Operating income	954,826,096.44	2,227,797.11	15,875,800.49	
Net profit	134,507,253.92	17,355,735.37	36,968,608.26	43,450.81
Total comprehensive income	134,507,253.92	17,355,735.37	36,968,608.26	43,450.81
Cash flows from operating activities	881,908,639.53	-1,244,614,893.85	-242,465,462.87	54,727.05

(V)Treatment of the parent company's preparation of consolidated financial statements where the accounting periods of the subsidiary and the parent company differ.

None.

(VI) Former subsidiaries that are not consolidated in current Year

None.

(VII) Entities that are newly consolidated in current Year

The newly incorporated Entities in this year include Beijing Yangu Affordable Housing Construction Investment Co., LTD., Beijing Yanhuai Affordable Housing Investment Co., LTD., and Beijing Yanan Affordable Housing Construction and Investment Co., LTD., all of which are invested and established this year. The net assets at the end of the year and the net profits of the current year are as follows:

No	Subsidiary name	Net assets at year end	Net profit for the current year
1	Beijing Yangu Public Housing Investment Co. ,Ltd.	605,313,947.50	5,313,947.50
2	Beijing Yanhuai Public Housing Investment Co.,Ltd	276,927,520.12	1,927,520.12
3	Beijing Yanan Public Housing Construction Investment Co.,Ltd	301,211,375.67	1,211,375.67

(Ⅷ) Business combinations under common control in current year

None.

(IX) Business combinations not under common control in current year

None.

(X)Reverse acquisition in current year

None.

(X Ⅰ) Mergers in current year

None.

(X Ⅱ)Significant restrictions on the use of the assets of the enterprise group and the repayment of the debts of the enterprise group by a subsidiary

None.

(X Ⅲ)Relevant information of structured subjects included in the scope of consolidated financial statements

None.

(X Ⅳ)Changes in the parent's ownership interest in a subsidiary

None.

(X Ⅴ)Situations in which a subsidiary's ability to transfer funds to the parent is severely restricted

None.

Ⅷ. Notes to Items in the Consolidated Financial Statements

Unless otherwise noted, the beginning of the year refers to 1 January 2018, the end of the year refers to 31 December 2018, the previous period refers to 2017 and the current period refers to 2018; all amounts are in RMB yuan unless otherwise noted.

(I) Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	18,271.10	26,494.58
Bank deposits	13,022,475,961.22	2,248,509,011.71
Other cash balances		
Total	13,022,494,232.32	2,248,535,506.29
Including: Total amount placed overseas		

(II)Notes receivable & trade receivables

Species	Closing balance	Opening balance
Notes receivable		
Trade receivables	46,566,742.08	54,040,330.01
Total	46,566,742.08	54,040,330.01

Including: Trade receivables

Species	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	46,566,742.08	100.00		
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	46,566,742.08	—		

(Continued)

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	54,040,330.01	100.00		
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	54,040,330.01	—		

1.Trade receivables with significant individual amounts at the end of the period for which a separate provision for bad debts has been made

None.

2.Trade receivables with provision for bad debts based on a combination of credit risk characteristics

①Trade receivables with provision for bad debts based on aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	45,076,827.51	96.80		32,606,740.64	60.34	
1-2 years (including 2 years)	1,489,914.57	3.20		21,433,589.37	39.66	
2-3 years (including 3 years)						
3-4 years (including 4 years)						
4-5 years (including 5 years)						
Over 5 years						
Total	46,566,742.08	100.00		54,040,330.01	100.00	

②Trade receivables for which other combinations of provisions for bad debts are used

None.

3.Single item Trade receivables with no significant amount but a single item drawing bad debt provision

None.

4.Provision for bad debts recovered or reversed

None.

5.Status of Trade receivables actually written off during the period

None.

6.Top five debtors according to closing balances

Debtor name	Closing balance	The proportion of the total accounts receivable (%)
Public Rental Housing Tenants of Jiangong Shuanghe Home	9,005,933.67	19.34
Beijing City Consruction Real Estate Development Co.	8,376,961.56	17.99
Tenants of Qingxiu City	7,223,167.44	15.51
Tenants of 7 JingYuan Road Public Rental Housing Project	5,185,485.11	11.14
Tenants of Beijing Shijingshan Sino-Ocean Qingshanshui Public Rental Housing Project	1,589,238.43	3.41
Total	31,380,786.21	67.39

7.Trade receivables whose recognition is terminated by the transfer of financial assets

None.

8.Transfer of Trade receivables (e.g., securitization, factoring, etc.), Amounts of assets and liabilities that continue to be involved in formation

None.

(III)Advances to suppliers

1.Advances to suppliers are shown by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Bad-debt provision	Book balance	Proportion (%)	Bad-debt provision
Within 1 year (including 1 year)	5,013,009,938.94	60.75		6,922,458,857.55	60.31	
1-2 years (including 2 years)	2,755,421,727.85	33.39		401,546,179.33	3.50	
2-3 years (including 3 years)	264,163,302.96	3.20		691,165,054.49	6.02	
Over 3 years	218,615,986.15	2.66		3,462,304,494.81	30.17	
Total	8,251,210,955.90	100.00		11,477,474,586.18	100.00	

2.Large Advances to suppliers with ending account age of more than 1 year

Debt unit	Closing balance	Aging	Cause of outstanding balance
Beijing Fanditianruixinyang Real Estate Development Co.	1,057,932,932.00	1 to 2 years	Not yet handed over
Beijing City Construction Xingshun Real Estate Development Co.	799,061,473.10	1 to 2 years	Not yet handed over
Beijing Xinbotailai Real Estate Development Co.	167,298,300.00	1 to 2 years	Not yet handed over
	167,298,300.00	2 to 3 years	
Beijing BBMG Real Estate Development Group Co.	277,484,508.00	1 to 2 years	Not yet handed over
Beijing Tianzhiying Real Estate Co.	241,307,761.50	1 to 2 years	Not yet handed over
Beijing Shoukairenxin Real Estate Co.	47,958,993.23	1 to 2 years	Not yet handed over
	165,991,261.01	Over 3 years	
Total	2,924,333,528.84		

3. Top five advances to suppliers classified by debtors at year end

Debtor name	Closing balance	The proportion of the total advance to suppliers (%)
Beijing Science and Education Housing Cooperative	2,429,307,281.00	29.44
Beijing Fanditianruixinyang Real Estate Development Co.	1,236,295,356.75	14.98
Beijing City Construction Xingshun Real Estate Development Co.	916,788,649.50	11.11
Beijing BBMG Real Estate Development Group Co.	766,127,096.47	9.29
Beijing Wuyi Real Estate Development Co.	591,256,778.14	7.17
Total	5,939,775,161.86	71.99

(IV)Other receivables

Item	Closing balance	Opening balance
Interest receivable	15,242,811.20	39,983,398.07
Dividends receivable		
Other receivables	312,917,335.89	324,901,667.95
Total	328,160,147.09	364,885,066.02

1.Interest receivable

(1) Classification of Interest receivable

Item	Closing balance	Opening balance
Fixed time deposit		
Entrusted loans		
Bond investment		
Other (loans for shed improvement)	15,242,811.20	39,983,398.07
Total	15,242,811.20	39,983,398.07

(2) Significant overdue interest

None.

2.Other receivables

Species	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	314,917,335.89	100.00	2,000,000.00	0.64
Other receivables that are individually not significant but are individually assessed for impairment				
Total	314,917,335.89	-	2,000,000.00	-

(Continued)

Species	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	324,901,667.95	100.00		
Other receivables that are individually not significant but are individually assessed for impairment				
Total	324,901,667.95	-		

Other accounts receivable by ageing analysis:

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Bad-debt provision	Book balance	Proportion (%)	Bad-debt provision
Within 1 year (including 1 year)	14,539,478.72	4.62		81,953,461.45	25.22	
1-2 years (including 2 years)	58,553,110.57	18.59		231,042,950.50	71.11	
2-3 years (including 3 years)	229,976,939.60	73.03		10,058,449.00	3.10	
Over 3 years	11,847,807.00	3.76	2,000,000.00	1,846,807.00	0.57	
Total	314,917,335.89	100.00	2,000,000.00	324,901,667.95	100.00	

(1) Other receivables with significant individual amounts at the end of the period for which a separate provision for bad debts has been made

None.

(2) Other receivables provisioned for bad debts based on a combination of credit risk characteristics

① Other receivables with provision for bad debts based on ageing portfolio

Aging	Closing balance			Opening balance		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	13,263,478.72	4.23		78,228,791.45	24.50	
1-2 years (including 2 years)	58,458,890.57	18.75		231,042,350.50	72.35	
2-3 years (including 3 years)	229,976,339.60	73.78		10,057,449.00	3.15	
3-4 years (including 4 years)	10,000,000.00	3.24	2,000,000.00			
4-5 years (including 5 years)						
Over 5 years						
Total	311,698,708.89	100.00	2,000,000.00	319,328,590.95	100.00	

② Other receivables with provision for bad debts based on the special portfolio

Portfolio name	Closing balance		Opening balance	
	Book balance	Bad-debt provision	Book balance	Bad-debt provision
Deposit portfolio	3,218,627.00		5,573,077.00	
Total	3,218,627.00		5,573,077.00	

(3) Other receivables for which a separate provision for bad debts was made at the end of the period, although the individual amounts were not significant

None.

(4) Provision for bad debts recovered or reversed

None.

(5) Other receivables actually written off in the current period

None.

(6) Top five debtors according to closing balances

Debtor name	Nature of money	Book balance	Aging	Proportion of other receivables (%)
Beijing Jiayuan Investment Management Co.	disbursements	15,598,846.36	1-2yeara	4.95
		135,195,141.00	2-3years	42.93
Beijing City Construction and Real Estate Development Co.	disbursements	296,118.29	1-2years	0.09
		86,911,115.29	2-3years	27.60
Beijing Jiayuan Investment Management Co.	Use of premises	22,452,660.00	1-2years	7.13
China Xinxing Construction Engineering Corporation	disbursements	3,114,504.29	1-2years	0.99
		7,141,014.67	2-3years	2.27
Beijing Land Preparation and Reserve Center	Cash deposit	10,000,000.00	3-4years	3.18
Total		280,709,399.90		89.14

(7) Other receivables whose recognition is terminated by the transfer of financial assets

None.

(8) Transfer of other receivables (e.g., securitization, factoring, etc.), Amounts of assets and liabilities that continue to be involved in formation

None.

(9) Receivables involving government subsidies

None.

(V)Inventories

1.Inventory classification

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Development cost	20,629,379,811.91		20,629,379,811.91	17,067,871,781.61		17,067,871,781.61
Development product	4,556,510,504.48		4,556,510,504.48	1,555,097,012.26		1,555,097,012.26
Other						
Total	25,185,890,316.39		25,185,890,316.39	18,622,968,793.87		18,622,968,793.87

2.The capitalization of borrowing costs included in the Closing balance of inventories

The capitalized amount of borrowing expense included in the Closing balance of inventory (development cost) is RMB58,505,756.94.

3.Completed and unsettled assets formed by the final construction contract

None.

(VI)Other current assets

Item	Closing balance	Opening balance
Bank financial products		9,077,580,000.00
The amount of input VAT payable to be deducted (including the tax pre-paid in summary tax)	419,228,771.69	84,034,673.81
Refundable corporate income tax	2,121,571.83	
Oteners		
Total	421,350,343.52	9,161,614,673.81

(VII)Financial assets available for sale

1.Situation of financial assets available for sale

Item	Closing balance		
	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	477,778,362.50		477,778,362.50
Including: Measured at fair value			
Measured at cost	477,778,362.50		477,778,362.50
Others			
Total	477,778,362.50		477,778,362.50

(Continued)

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	65,518,362.50		65,518,362.50
Including: Measured at fair value			
Measured at cost	65,518,362.50		65,518,362.50
Others			
Total	65,518,362.50		65,518,362.50

2.Financial assets available for sale measured at cost at the end of the period

Item	Book balance	Provision for impairment	Book value
Equity in Beijing Residential Industrialization Group Co.	50,000,000.00		50,000,000.00
Equity in Beijing Real Estate Market Co.	15,518,362.50		15,518,362.50
Equity in Beijing Northcontrol Construction Development Co.	12,100,000.00		12,100,000.00
Equity in Beijing Rural Commercial Bank	400,160,000.00		400,160,000.00
Total	477,778,362.50		477,778,362.50

(VIII)Long-term receivables

Item	Closing balance			Opening balance		
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value
Finance lease payment						
Sales of goods by instalments						
Installment payments for services rendered						
Unified loan and repayment of loans	35,344,240,034.50		35,344,240,034.50	32,312,240,034.50		32,312,240,034.50
Total	35,344,240,034.50		35,344,240,034.50	32,312,240,034.50		32,312,240,034.50

Details of Unified loan and repayment of loans:

Item	Closing balance	Opening balance
Beijing Mentougou Mining and Shantytown Construction Center	7,521,240,034.50	8,197,240,034.50
Beijing Fengtai District Housing Management Center	3,300,000,000.00	3,300,000,000.00
China Railway Construction and Land Limited	9,990,000,000.00	6,082,000,000.00
Beijing Tianjie Group Co.	3,300,000,000.00	3,450,000,000.00
Beijing Tenglida Real Estate Development and Management Company	995,000,000.00	1,015,000,000.00
Beijing Xiaoyuehe Science and Technology Park Co.	3,835,000,000.00	3,860,000,000.00
Beijing Guangan Rongsheng Investment Co.	6,403,000,000.00	6,408,000,000.00
Total	35,344,240,034.50	32,312,240,034.50

(IX)Investment properties

1.Investment properties measured at cost

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Total original book value	23,138,684,083.67	8,159,124,542.91		31,297,808,626.58
Including: buildings	23,138,684,083.67	8,159,124,542.91		31,297,808,626.58
Land usage right				
Ⅱ. Total accumulated depreciation (amortization)	870,007,631.38	519,786,354.85		1,389,793,986.23
Including: buildings	870,007,631.38	519,786,354.85		1,389,793,986.23
Land usage right				
Ⅲ.Total net book value	22,268,676,452.29		-	29,908,014,640.35
Including: buildings	22,268,676,452.29		-	29,908,014,640.35
Land usage right				
Ⅳ. Total cumulative amount of impairment provision				
Including: buildings				
Land usage right				
Ⅴ.Total book value	22,268,676,452.29		-	29,908,014,640.35
Including: buildings	22,268,676,452.29		-	29,908,014,640.35
Land usage right				

Note: The enterprise's investment properties are measured using the cost model.

2.The book value and reasons of the investment properties without the certificate of ownership

Item	Ending Origina lvalue of assets	Ending accumulated depreciation	Ending book value of assets
Dayangfang Public Rental Housing, Chaoyang District	22,583,835.00	3,370,729.20	19,213,105.80
Yanbao Huihong Home Public Rental Project	732,391,638.91	19,710,611.99	712,681,026.92
Yanbao-Guogongzhuang Home Park Public Housing Project	1,751,810,664.88	19,564,359.18	1,732,246,305.70
Shijingshan Jingyuan Home Public Rental Project	1,106,410,005.49	130,117,932.91	976,292,072.58
Yanbao Longquan Home Public Rental Project	586,173,671.02	31,171,456.61	555,002,214.41
Guanzhuang North Erli Public Rental Housing Project	146,436,000.00	9,274,280.00	137,161,720.00
Yanbao Maquanying Public Rental Housing Project	1,835,154,525.53	69,171,603.95	1,765,982,921.58

Item	Ending Origina lvalue of assets	Ending accumulated depreciation	Ending book value of assets
Xuanwu District Guan'anmen Railway Residential Community Low-rent Housing Project	31,589,102.00	1,874,795.68	29,714,306.32
Longyue Jiayuan Public Rental Housing Project in Fangshan District	129,166,470.00	9,816,651.84	119,349,818.16
Yuefu Home Public Rental Housing Project	430,888,293.81	8,186,877.58	422,701,416.23
Lohas Park Public Rental Housing Project	227,630,484.35	6,123,978.07	221,506,506.28
Shuiwan Homes Public Rental Housing Project	207,833,559.82	3,948,449.92	203,885,109.90
Haidian District Xindian Homes Public Rental Housing Project	974,524,164.13	76,945,674.31	897,578,489.82
Yi Jing Yuan Public Rental Housing Project	496,477,859.26	9,433,079.33	487,044,779.93
Yanbao Shuangqiao Public Housing Project	1,114,880,119.88	51,812,934.05	1,063,067,185.83
Total	9,793,950,394.08	450,523,414.62	9,343,426,979.46

Note: The main reason is that the developer's early procedures are not complete and do not have the property rights transfer registration handling conditions.

(X)Fixed Assets

Item	Closing balance	Opening balance
Fixed assets	228,925,195.69	253,514,596.36
Liquidation of fixed assets		
Total	228,925,195.69	253,514,596.36

1.Situation of fixed assets

Category	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Total original book value	289,981,938.77	56,422,610.02	72,468,781.00	273,935,767.79
Including: Land assets				
Houses and Buildings	263,111,746.88	51,723,957.03	72,468,781.00	242,366,922.91
Machinery and equipment		14,000.00		14,000.00
Transport machine	2,394,312.00			2,394,312.00
Electronic equipment	17,145,761.93	3,181,762.56		20,327,524.49
Office equipment	2,297,151.60	189,867.11		2,487,018.71
Others	5,032,966.36	1,313,023.32		6,345,989.68
Ⅱ.Total accumulated depreciation	36,467,342.41	8,543,229.69		45,010,572.10
Including: Land assets	—	—	—	—
Houses and Buildings	15,383,366.68	4,611,907.47		19,995,274.15
Machinery and equipment				
Transport machine	1,361,982.79	373,725.65		1,735,708.44

Category	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Electronic equipment	14,173,437.67	2,432,171.57		16,605,609.24
Office equipment	1,502,871.32	380,046.70		1,882,918.02
Others	4,045,683.95	745,378.30		4,791,062.25
III.Total net book value	253,514,596.36	—	—	228,925,195.69
Including: Land assets		—	—	
Houses and Buildings	247,728,380.20	—	—	222,371,648.76
Machinery and equipment		—	—	14,000.00
Transport machine	1,032,329.21	—	—	658,603.56
Electronic equipment	2,972,324.26	—	—	3,721,915.25
Office equipment	794,280.28	—	—	604,100.69
Others	987,282.41	—	—	1,554,927.43
IV.Total impairment provision				
Including: Land assets	—	—	—	—
Houses and Buildings				
Machinery and equipment				
Transport machine				
Electronic equipment				
Office equipment				
Others				
V.Total book value	253,514,596.36	—	—	228,925,195.69
Including: Land assets		—	—	
Houses and Buildings	247,728,380.20	—	—	222,371,648.76
Machinery and equipment		—	—	14,000.00
Transport machine	1,032,329.21	—	—	658,603.56
Electronic equipment	2,972,324.26	—	—	3,721,915.25
Office equipment	794,280.28	—	—	604,100.69
Others	987,282.41	—	—	1,554,927.43

2.The situation of in which fixed assets are temporarily idle

None.

3.The situation of fixed assets for which certificates of title have not been completed

None.

4.Liquidation of fixed assets

None.

(X I)Intangible Assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I.Total original price	18,625,230.50	19,936,998.60		38,562,229.10
Including: software	18,625,230.50	19,936,998.60		38,562,229.10
II.Total accumulated amortization	4,232,510.85	2,091,468.43		6,323,979.28
Including: software	4,232,510.85	2,091,468.43		6,323,979.28
III.Total amount of impairment provision				
Including: software				
IV.Total book value	14,392,719.65			32,238,249.82
Including: software	14,392,719.65			32,238,249.82

(X II)Goodwill

Name of the investee or the matters forming goodwill	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Formation of Beijing Yanguang Property Company Limited's purchase of 100% equity interest in Beijing Tianliren Real Estate Development Company Limited in 2015	155,669.79			155,669.79
Total	155,669.79			155,669.79

(X III)Long-term Prepaid Expenses

Item	Opening balance	Increase in the current period	Amortization in the current period	Other decrease	Closing balance	Reasons for other decrease
Renovation costs		940,299.20	143,539.90		796,759.30	
Total		940,299.20	143,539.90		796,759.30	

(X IV)Deferred tax assets and deferred tax liabilities

Item	Closing balance		Opening balance	
	Deferred tax assets/ liabilities	Deductible/ taxable temporary difference	Deferred tax assets/ liabilities	Deductible/taxable temporary difference
I.Deferred tax assets	500,000.00	2,000,000.00		
Provision for impairment of assets	500,000.00	2,000,000.00		
II.Deferred tax liabilities	21,072.79	84,291.19		
Differences between fixed asset depreciation accounting and taxation	21,072.79	84,291.19		

(X V)Short-term borrowings

1.Classification of short-term borrowings

borrowings category	Closing balance	Opening balance
Guaranteed loan	2,296,572,647.80	
Total	2,296,572,647.80	

2 . Overdue short-term borrowings

None.

(X VI)Notes payable & Trade payables

Category	Closing balance	Opening balance
Notes payable		
Trade payable	4,872,378,451.25	4,555,952,873.06
Total	4,872,378,451.25	4,555,952,873.06

Including: Situation of trade payables

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	2,472,278,955.29	3,040,125,450.65
1-2 years (including 2 years)	1,051,285,617.80	846,299,147.61
2-3 years (including 3 years)	682,884,219.63	124,726,189.38
Over 3 years	665,929,658.53	544,802,085.42
Total	4,872,378,451.25	4,555,952,873.06

Significant trade payables aged more than one year at the end of the period:

Name of creditor	Closing balance	Reasons for outstanding
Jiangsu Province Suzhong Construction Group Co.	168,079,372.00	No settlement
China Xinxing Construction Engineering Corporation	142,761,052.16	No settlement
Beijing Tiancheng Housing Cooperative	97,883,890.20	No settlement
Beijing Haikai Real Estate Group Co.	72,503,914.57	No settlement
Beijing Jiayuan Jingda Real Estate Development Co.	68,403,771.00	No settlement
Beijing Jun Yang Xin Ye Real Estate Co.	60,794,339.73	No settlement
Beijing Shuangqiao Farm Co.	56,223,884.47	No settlement
Real Estate Development and Operation Department of Beijing Construction Engineering Group Co.	46,368,878.60	No settlement
Beijing Municipal Bureau of Land Resources	46,053,900.00	No settlement
Beijing Urban Construction Group Co.	30,596,854.04	No settlement
Beijing Oriental Ruiping Real Estate Development Co.	23,567,729.13	No settlement
Beijing Tianheng LOHAS City Real Estate Co.	19,899,374.40	No settlement

Name of creditor	Closing balance	Reasons for outstanding
Hutchison Land Holdings Limited	19,007,754.00	No settlement
Beijing Sumitomo Group Co.	18,824,995.00	No settlement
Beijing Runtong Hongye Real Estate Development Co.	18,264,455.00	No settlement
Beijing Zhuheng Construction & Engineering Consultants Co.	16,652,864.00	No settlement
Beijing Yicheng Municipal Engineering Co.	15,165,144.69	No settlement
Beijing Lu Wangxing Electrical Equipment Installation Co.	14,751,900.00	No settlement
Beijing Xinyuan Real Estate Co.	14,640,000.00	No settlement
Huatong design consultancy engineering limited	11,062,100.00	No settlement
Evergrande Real Estate Group Beijing Ltd.	10,322,764.00	No settlement
Total	971,828,936.99	—

(XVII) Advances from customers

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	3,471,193,853.08	7,782,289,007.95
Over 1 year	7,129,534,903.38	71,937,597.03
Total	10,600,728,756.46	7,854,226,604.98

Significant advances from customers more than one year old at the end of the period:

Name of creditor or project	Closing balance	Reason for not carried forward
Olympic 5 housing project	4,590,738,313.00	Not yet handed over
Yanjoy Residence Project	1,049,249,200.00	Not yet handed over
Yuexihui Project	423,634,440.00	Not yet handed over
Jincheng Yu Ya Court Condominium Project	140,903,320.00	Not yet handed over
Creek City Homes Housing Project (West Chenjiaying Road)	76,163,362.00	Not yet handed over
BBMG Taiheyuan Resettlement Housing Project	70,562,850.00	Not yet handed over
Transformation of dilapidated houses in Xiaowayao Dongli, Fengtai District (Huijingyuan)	68,248,999.00	Not yet handed over
Songjiazhuang Homes Housing Project	19,021,472.00	Not yet handed over
Total	6,438,521,956.00	—

(XVIII)Employee benefits payable

1 . Employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term employee benefits	4,000,436.74	219,855,491.73	222,227,582.88	1,628,345.59
II. Post-employment benefits – defined contribution plan	224,877.66	29,548,026.07	29,389,707.79	383,195.94
III. Termination benefits		115,000.00	115,000.00	

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅳ. Other benefits due within one year				
Ⅴ.Others				
Total	4,225,314.40	249,518,517.80	251,732,290.67	2,011,541.53

2 . Short-term employee benefits

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Salaries, bonuses, allowances and allowances	3,306,796.24	172,996,249.26	176,303,045.50	
Ⅱ.Employee services and benefits		11,246,272.71	11,246,272.71	
Ⅲ.Social insurance premium	117,755.89	14,492,584.44	14,393,460.50	216,879.83
Including: medical insurance premium	105,170.48	13,045,766.82	12,957,294.30	193,643.00
Industrial injury insurance premium	4,195.15	482,271.27	478,720.84	7,745.58
Birth insurance premium	8,390.26	964,546.35	957,445.36	15,491.25
Others				
Ⅳ.Housing provident fund	368.00	14,677,536.00	14,677,904.00	
Ⅴ.Trade union funds and staff education funds	575,516.61	6,442,849.32	5,606,900.17	1,411,465.76
Ⅵ.Short paid absence from work				
Ⅶ.Short-term profit sharing plan				
Ⅸ.Other Short-term compensation				
Total	4,000,436.74	219,855,491.73	222,227,582.88	1,628,345.59

3. Defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Ⅰ.Basic endowment insurance	216,429.82	22,903,883.79	22,752,600.15	367,713.46
Ⅱ.Unemployment insurance expense	8,447.84	964,345.07	957,310.43	15,482.48
Ⅲ.Enterprise annuity payment		5,679,797.21	5,679,797.21	
Total	224,877.66	29,548,026.07	29,389,707.79	383,195.94

(XIX)Taxes and surcharge payable

Item	Opening balance	Payable in the current period	Paid in the current period	Closing balance
Value-added tax	16,565,140.17	30,554,140.57	37,100,628.38	10,018,652.36
City maintenance and construction tax	1,983,025.09	3,050,501.31	3,995,091.36	1,038,435.04
Education surtax	847,772.35	1,259,841.32	1,661,933.65	445,680.02
Local education surtax	561,822.56	839,894.17	1,107,955.89	293,760.84
Land value increment tax	166,311,174.99	36,817,462.02	88,394,882.15	114,733,754.86
House Property Tax		41,201,885.81	41,201,877.81	8.00

Item	Opening balance	Payable in the current period	Paid in the current period	Closing balance
Land use tax		399,803.31	399,803.31	
Corporate income tax	104,656,853.62	126,137,211.49	215,299,527.31	15,494,537.80
Individual income tax	7,013,091.01	14,658,072.60	17,581,563.86	4,089,599.75
Stamp duty	135,368.60	5,109,989.30	3,201,867.80	2,043,490.10
Deed tax	30,754,791.43	44,921,800.14	75,676,577.69	13.88
Environmental tax		4,334,411.25	4,334,411.25	
Total	328,829,039.82	309,285,013.29	489,956,120.46	148,157,932.65

(X X)Oteher payables

Item	Closing balance	Opening balance
Accrual interest payable	53,813,224.59	72,551,776.31
Dividends payable		
Other payables	418,019,681.89	370,955,593.92
Total	471,832,906.48	443,507,370.23

1.Accrual interest payable

Item	Closing balance	Opening balance
Interests of long-term borrowings with interests payable by installment and principal payable upon maturity	26,212,481.09	44,962,735.33
Interest on corporate bonds	27,600,743.50	27,589,040.98
Total	53,813,224.59	72,551,776.31

2 . Oteher payables

(1) Other payables by nature of payment

Item	Closing balance	Opening balance
Collection of housing maintenance fund	34,286,938.00	43,356,218.97
Cash deposit	45,801,198.42	14,239,285.65
Rental bond	126,916,425.57	94,837,161.34
Housing deposit	201,290,000.00	201,140,000.00
Compensation for vacated house	1,112,267.80	2,175,642.80
Resident turnover fee	166,158.00	6,693,609.00
Others	8,446,694.10	8,513,676.16
Total	418,019,681.89	370,955,593.92

(2)Significant other payables older than one year at the end of the period

Name of creditor	Closing balance	Reasons for outstanding
Beijing Dongju Tianhua Investment Co.	200,000,000.00	No settlement
Beijing Tianheng Zhengyu Investment Development Co.	9,054,848.00	No settlement
Beijing Apex Investment Co.	5,900,544.31	Tenancy deposit
Beijing Taihe Real Estate Co.	5,505,311.25	No settlement
Beijing City Construction and Real Estate Development Co.	2,805,086.70	No settlement
Ocean Retirement Management Ltd.	2,000,000.00	Tenancy deposit
Deposits for purchase (multiple individuals)	1,140,000.00	No settlement
China Council for the Promotion of International Trade, Shijingshan District Branch	1,100,000.00	Tenancy deposit
China Electronic Devices Industry Co.	650,000.00	Tenancy deposit
China Broadcast Media Technology Co.	550,000.00	Tenancy deposit
Beijing Zhongrui Electronic Systems Engineering Design Institute Co.	540,000.00	Tenancy deposit
Beijing Baiminghong Technology Co.	55,000.00	No settlement
Total	229,300,790.26	

(X X I)Other current liabilities

Item	Closing balance	Opening balance
VAT output tax to be deducted	124,784.83	
Total	124,784.83	

(X X II)Long-term borrowings

Item	Closing balance	Opening balance	interest rate range (%)
Pledged loan	35,344,240,034.40	32,696,579,000.60	4.145-4.995
Mortgage loan	285,240,000.00	856,500,000.00	4.90
Credit loan	6,051,670,950.40	2,404,340,458.40	4.41-6.80
Total	41,681,150,984.80	35,957,419,459.00	

(X X III)Bonds payable

1.Bonds payable

Item	Closing balance	Opening balance
2014 Corporate Bond of Beijing Public Housing Center	2,480,604,520.39	2,479,316,700.50
Total	2,480,604,520.39	2,479,316,700.50

2.Change in bonds payable

Ten thousand yuan

Bond name	Face value	Issuing date	Maturity of bond	issuance amount
2014 Corporate Bond of Beijing Public Housing Center	¥100	2014.10.15	15years	250,000.00
Total				250,000.00

continue: Ten thousand yuan

Bond name	Opening balance	Current Issue	Interest is withdrawn at face value	Amortization of premiums and discounts	Current reimbursement	Closing balance
2014 Corporate Bond of Beijing Public Housing Center	247,931.67		13,251.17	128.78	13,251.17	248,060.45
Total	247,931.67		13,251.17	128.78	13,251.17	248,060.45

(X X IV)Long-term payables

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Long-term payables				
Special account payable	1,216,849,688.83	479,036,473.99	258,704,013.37	1,575,749,577.12
Total	1,216,849,688.83	479,036,473.99	258,704,013.37	1,575,749,577.12

Details of special accounts payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Total	1,216,849,688.83	617,603,901.66	258,704,013.37	1,575,749,577.12
Decommissioning project in Xuanxibei area	169,176,431.32	138,567,427.67	81,237,621.01	226,506,237.98
Public housing project facial recognition system	3,000,000.00		3,000,000.00	
Decommissioning project of simple buildings around Tiantan	1,044,673,257.51	12,086,473.99	78,287,128.46	978,472,603.04
Beijing Taihu Public Rental Housing Projectt		166,950,000.00	11,049,397.33	155,900,602.67
The Public Rental Housing project of Coking Plant in Chaoyan District, Beijing		180,000,000.00	74,052,596.25	105,947,403.75
Beijing Baiwanzi public rental housing project		120,000,000.00	11,077,270.32	108,922,729.68

(XXV)Paid-in capital

Investor	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government	40,166,289,666.33	100.00	4,356,920,000.00		44,523,209,666.33	100.00
Total	40,166,289,666.33	100.00	4,356,920,000.00		44,523,209,666.33	100.00

(XXVI)Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	147,721,600.49	28,832,522.37		176,554,122.86
Discretionary surplus reserve				
Others				
Total	147,721,600.49	28,832,522.37		176,554,122.86

Note: The increase in surplus for the year is 10% of the parent company's net profit for the year.

(XXVII)Undistributed profits

Item	Current amount	Last term amount
Opening balance	1,355,838,085.92	1,054,633,524.22
Increase in the current period	294,723,687.34	419,493,302.67
Including: Transfer of current net profit	294,717,938.80	419,493,302.67
Other adjustment factors	5,748.54	
Decrease in the current period	103,301,322.37	117,710,990.08
Including: Appropriation to surplus reserve	28,832,522.37	33,661,990.08
Appropriation to general risk reserve		
Cash dividends distributed during the period	74,468,800.00	84,049,000.00
Closing balance	1,547,260,450.89	1,355,838,085.92

(XXVIII)Operating revenue and perating costs

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
1. Subtotal of main business	1,624,696,017.27	1,047,307,080.41	2,678,857,899.91	1,799,335,975.69
Reserve housing sales	466,054,647.39	291,844,878.65	1,916,362,581.55	1,300,467,464.54
Public rental housing	1,066,952,377.64	686,010,672.00	707,777,952.21	458,158,367.44

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
Commercial real estate operations	82,001,907.05	66,507,406.33	48,569,338.08	40,338,214.42
Management service	9,687,085.19	2,944,123.43	6,148,028.07	371,929.29
2 . Subtotal of other business	196,491.94	142,444.44	6,194,595.90	-45,949.81
Others	196,491.94	142,444.44	6,194,595.90	-45,949.81
Total	1,624,892,509.21	1,047,449,524.85	2,685,052,495.81	1,799,290,025.88

(X X IX) Taxes and surcharges

Item	Current amount	Last term amount
Business tax	435,697.27	4,325,537.77
City maintenance and construction tax	3,164,969.94	5,527,994.09
Education surcharge	1,310,677.81	2,404,537.95
Local education surcharge	873,785.15	1,603,071.47
Land value added tax	36,817,462.02	148,517,526.62
Property tax	41,058,641.98	24,359,856.57
Land use tax	399,467.60	593,798.51
Stamp duty	4,553,341.34	3,149,707.19
Vehicle use tax		400.00
Environmental tax	4,334,411.25	
Total	92,948,454.36	190,482,430.17

(X X X)Salling expenses, Administrative expenses, Financial expense

1.Salling expenses

Item	Current amount	Last term amount
Employee remuneration	1,141,389.63	772,324.82
Office expenses	4,266,570.24	2,546,865.52
Depreciation expenses	18,844.10	20,433.56
Communications costs		28,000.00
Transport costs	301.80	1,580.00
Property fee	285,733.12	
Heating costs	4,682,370.14	1,754,696.54
Real estate registration fees	124,480.00	
Advisory and consultancy fees	2,250.00	4,080.00
Sales service charge	5,586,184.48	4,510,701.90
Marketing and promotion costs	16,779.96	
Others	64,659.25	
Total	16,189,562.72	9,638,682.34

2.Administrative expenses

Item	Current amount	Last term amount
Employee remuneration	91,043,694.72	86,192,042.73
Insurance premiums	2,278,591.46	2,530,178.38
Depreciation expenses	11,916,976.00	12,143,677.18
Repair costs	109,402.84	160,066.00
Amortization of intangible assets	2,899,018.22	1,370,107.47
Amortization of long-outstanding costs	52,706.56	
Amortization of low-value consumables	124,408.52	688,035.90
Operating hospitality	105,128.40	470,147.02
Travel costs	446,208.55	587,583.04
Office expenses	13,992,183.44	6,751,184.07
Utility costs	1,247,283.20	949,023.78
Rental fee	12,596,447.69	12,844,912.76
Litigation expenses	1,030,897.89	1,005.00
Agency fees for hiring an intermediary	5,848,208.07	3,529,771.70
Consultancy fee	1,343,547.17	2,297,357.78
Sewage charge	2,133.00	
Transport costs	566,096.05	945,306.23
Communications costs	573,563.73	1,840,770.14
Labour protection fee	94,734.99	166,044.16
Conference costs	170,370.80	50,631.07
Publicity costs	1,627,622.70	455,343.09
Labor cost	2,388,583.65	2,293,346.56
Information costs	522,853.48	82,379.10
Property fee	5,142,648.86	5,523,387.56
Heating costs	212,155.00	317,664.56
Subject fee	183,828.55	346,755.31
Postage	19,303.93	1,550.26
Cleaning fee	384,926.91	204,494.73
Renovation costs	5,930,879.40	1,623,430.70
Membership fee	2,000.00	102,000.00
Author's remuneration	10,090.00	29,720.00
Technical service fees	2,357,195.23	964,900.94
Disability pension	1,665,771.18	1,135,336.42
Activity funding	270,269.82	173,867.73
Gas bill	141,122.49	26,548.67

Item	Current amount	Last term amount
Design and production costs	187,443.39	
Funding of party organization activities	104,431.89	
Funding for party organizations	1,183,146.68	
Others	732,374.50	658,473.40
Total	169,508,248.96	147,457,043.44

3.Financial expense

Item	Current amount	Last term amount
Interest expense	1,834,747,498.22	1,640,293,392.63
Less: Interest income	1,881,175,629.11	1,429,710,012.10
Exchange gain or loss		
Others	704,865.03	636,183.67
Total	-45,723,265.86	211,219,564.20

(X X X I)Asset impairment losses

Item	Current amount	Last term amount
Bad debt loss	2,000,000.00	
Total	2,000,000.00	

(X X X II)Other income

Item	Current amount	Last term amount
Government grant-public housing project facial recognition system	3,000,000.00	
Reimbursement of personal income tax charges	24,451.53	44,701.70
Others		
Total	3,024,451.53	44,701.70

(X X X III)Investment income

Source of investment income	Current amount	Last term amount
Investment income from the disposal of long-term equity investments		1,280,386.64
Investment income from available-for-sale financial assets, etc.	6,348,992.62	
Redemption proceeds from the purchase of financial products held to maturity	79,832,182.76	329,131,366.60
Total	86,181,175.38	330,411,753.24

(X X X IV)Non-operating income

Item	Current amount	Last term amount	Amounts included in current non-recurring gains and losses
Government grants	17,677,900.00	12,147,232.39	17,677,900.00
Compensation for breach of contract	761,835.24	7,491,628.18	761,835.24
Others	0.17		0.17
Total	18,439,735.41	19,638,860.57	18,439,735.41

Details of government grants:

Item	Current amount	Last term amount
Haidian District Development and Reform Commission fiscal tax incentives	17,677,900.00	
Beijing Ultra-Low Energy Building Demonstration Project award money in 2016-2017		12,138,028.40
Beijing Shunyi District Social Insurance Business Management Center steady job subsidies in 2016		9,203.99
Total	17,677,900.00	12,147,232.39

(X X X V)Non-operating expenses

Item	Current amount	Last term amount	Amounts included in current non-recurring gains and losses
External donations expenditure	400,000.00	1,159,000.00	400,000.00
Forfeiture and late payment expenses	426,219.14	131,678.85	426,219.14
Others	106,022.72		106,022.72
Total	932,241.86	1,290,678.85	932,241.86

(X X X VI)Income tax expense

1.Income tax expense

Item	Current amount	Last term amount
Current income tax expense	126,137,211.49	181,192,481.96
Deferred income tax adjustments	-478,927.21	
Others		
Total	125,658,284.28	181,192,481.96

2.Process of adjusting accounting profit and income tax expense

Item	Current amount
Total profits	449,233,104.64
Income tax expense at applicable or applicable rates	112,308,276.15
Impact of different tax rates applied to subsidiaries	
Effect of adjustments to prior periods' income taxes	

Item	Current amount
Effect of non-taxable income	-7,379,027.24
Effect of non-deductible costs, expenses and losses	191,996.81
Effect of the use of deductible losses on deferred tax assets not recognized in prior periods	
Effect of deductible temporary differences or deductible losses on unrecognized deferred tax assets for the period	
Others (consolidated offsetting total profit of RMB82,148,154.25)	20,537,038.56
Income tax expense	125,658,284.28

(X X X VII)Loan cost

Item	Current amount
Amount of loan cost capitalized during the period	105,371,366.61

Note: The amount of loan costs capitalized by our enterprise during the period represents the interest costs incurred by our enterprise during the period for specific borrowings during the construction period for self-built or acquired projects.

(X X X VIII)Leases

1.Financial lease

None.

2.Operating lease

(1) Status of assets leased out:

Types	Closing balance	Opening balance
Investment properties	29,908,014,640.35	22,268,676,452.29
Total	29,908,014,640.35	22,268,676,452.29

(2) Significant leased-in assets:

None.

(X X X IX)Consolidated cash flow statement

1. To reconcile net profit to cash flows from operating activities

Supplementary information	Current amount	Last term amount
1. To reconcile net profit to cash flows from operating activities:		
Net profit attributable to owners of parent company	294,717,938.80	419,493,302.67
Minority gains and losses	28,856,881.56	75,083,601.81
Add: Assets impairment losses	2,000,000.00	
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	528,329,584.54	376,293,837.89

Supplementary information	Current amount	Last term amount
Amortization of intangible assets	2,091,468.43	1,370,107.47
Amortization of long-outstanding costs	143,539.90	
Losses on disposal of fixed assets, intangible assets and other long-lived assets (with a "-" to the gain)		
Fixed asset write-off losses (with a "-" to the gain)		
Loss on changes in fair value (with a "-" to the gain)		
Finance costs (with a "-" to the gain)	228,438,617.85	257,589,399.98
Investment loss (with a "-" to the gain)	-86,181,175.38	-330,411,753.24
Decrease in deferred tax assets (increase indicated by a "-")	-500,000.00	-
Increase in deferred income tax liabilities (decrease indicated by a -)	21,072.79	-
Decrease in inventories (increase indicated by a "-")	-6,562,921,522.52	-1,158,263,550.48
Decrease in operating receivables (increase indicated by a "-")	3,270,462,137.14	-1,926,129,833.12
Increase in operating payables (decrease indicated by a "-")	1,389,282,881.94	3,479,239,720.73
Others		
Net cash flows from operating activities	-905,258,574.95	1,194,264,833.71
2. Significant investing and financing activities that do not involve cash receipts or disbursements.		
Debt-to-capital conversions		
Convertible bonds maturing within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents.		
Closing balance of cash	13,022,494,232.32	2,248,535,506.29
Less: Cash balance at the beginning of the year	2,248,535,506.29	6,782,122,729.82
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	10,773,958,726.03	-4,533,587,223.53

2 Net cash from Acquisition or disposal of subsidiaries during the reporting period

None.

3.Composition of cash and cash equivalents

Item	Current amount	Last term amount
I. Cash	13,022,494,232.32	2,248,535,506.29
Including: Cash on hand	18,271.10	26,494.58
Bank deposits readily available for payment	13,022,475,961.22	2,248,509,011.71
Funds in other currencies readily available for payment		
Central bank deposits available for payment		
Deposits in interbank accounts		
Unbundling of interbank funds		

Item	Current amount	Last term amount
II. Cash equivalents		
Including: investments in bonds maturing within three months		
III. Cash and cash equivalents	13,022,494,232.32	2,248,535,506.29
Including: use of restricted cash and cash equivalents		

(XL) Assets with restricted ownership or use rights

Item	Closing balance	Reason for restriction
Investment properties	462,688,200.95	Pursuant to the *Mortgage Contract* between our enterprise and Bank of Communications Co. Beijing Guangyuan Branch, our enterprise registered the real estate with the Beijing Municipal Planning and Land Resources Management Commission on November 8, 2018, and mortgaged the public rental housing of Wenlong Home in Haidian District to Bank of Communications Co. Beijing Youth Road Branch, with the secured amount of RMB340,000,000.00. On December 31,2018, the carrying value of the public rental housing in Wenlongjia, Haidian District was RMB 462,688,200.95 (the original price of the investment property was RMB 499,938,651.25, with accumulated depreciation of RMB 37,250,450.30), and the balance of bank borrowings was RMB 285,240,000.00.

IX. Contingencies

As of the end of the reporting period, our enterprise and its subsidiaries had 97 outstanding lawsuits involving an amount of RMB9,589,630.52, all of which were lease contract disputes in which our enterprise and its subsidiaries were the plaintiffs.

Other than that, the enterprise had no contingencies that needed to be explained in the notes to the financial statements.

X. Events after the Reporting Period

As of the date of approval of this financial report, our enterprise has no material post-balance sheet events requiring disclosure.

X I . Relationships and Transactions with Related Parties

(I) Investors to the enterprise

Name of the Investor	Registered place	Nature of business	Proportion of shareholding (%)	Proportion of voting rights (%)
State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government	Beijing	State-owned assets supervision and management	100.00	100.00

(II)Subsidiaries of the enterprise

For details,see "Notes VII(I)".

(III)Joint ventures and associated enterprises of the enterprise

None.

(IV)Related transactions

None.

(V)Related party transactions

None.

X II .Information that Helps Users of the Financial Statements to Assess the enterprise's Objectives, Policies and Processes for Managing Capital

The primary objective of our enterprise's capital management is to ensure the enterprise 's ability to continue as a going concern and to maintain healthy capital ratios to support business growth and maximize shareholder value. Our enterprise manages its capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, our enterprise may apply for new capital injections from its shareholders. There have been no changes to the enterprise's capital management objectives, policies or procedures for FY2017 and FY2018. Our enterprise monitors capital using a balance sheet ratio, which is as follows based on the balance sheet date:

Item	2017	2018
Asset-liability ratio	54.56%	56.63%

X III. Notes to Major Items in Financial Statements of the Parent

(I) Notes receivable and trade receivables

Categories	Closing balance	Opening balance
Notes receivable		
Trade receivables	40,852,864.73	54,040,330.01
Total	40,852,864.73	54,040,330.01

Including: Trades receivable

Categories	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	40,852,864.73	100.00		
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	40,852,864.73	—		

(Continued)

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Trade receivables that are individually significant and individually assessed for impairment				
Trade receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	54,040,330.01	100.00		
Trade receivables that are individually not significant but are individually assessed for impairment				
Total	54,040,330.01	—		

(1) Trades receivable for which the individual amounts are significant and for which a separate provision for bad debts has been made

None.

(2) Trades receivable with provision for bad debts based on a combination of credit risk characteristics

①Trades receivables with provision for bad debts based on ageing portfolio

Ageing	Closing balance			Opening balance		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Rate (%)		Amount	Rate (%)	
Within 1 year	39,362,950.16	96.35		32,606,740.64	60.37	
1 to 2 years	1,489,914.57	3.65		21,433,589.37	39.63	
Over 3 years						
Total	40,852,864.73	100.00		54,040,330.01	100.00	

②Trade receivables with provision for bad debts based on the special portfolio

None.

(3)Receivables for which a single provision for bad debts was made at the end of the period, although the individual amounts were not significant

None.

(4)Provision for bad debts recovered or reversed

None.

(5)Status of Trades receivable actually written off during the period

None.

(6) Top five debtors according to closing balances

Name of the debtor	Closing balance	Proportion of total Trades receivable (%)
Public Rental Housing Tenants of Jiangong Shuanghe Home	9,005,933.67	22.04
Beijing City Consruction Real Estate Development Co.	8,376,961.56	20.51
Tenants of Qingxiu City	7,223,167.44	17.68
Tenants of 7 JingYuan Road Public Rental Housing Project	5,185,485.11	12.69
Tenants of Beijing Shijingshan Sino-Ocean Qingshanshui Public Rental Housing Project	1,589,238.43	3.89
Total	31,380,786.21	76.81

(7)Derecognition of Trades receivable due to transfer of financial assets

None.

(8)Transfer of receivables (e.g., securitization, factoring, etc.), continued involvement in the amount of assets and liabilities formed

None.

(II)Other receivables

Item	Closing balance	Opening balance
Interest receivable	17,173,158.37	41,913,745.28
Dividends receivable		
Other receivables	40,008,109.49	51,228,700.53
Total	57,181,267.86	93,142,445.81

1.Interest Receivable

(1) Classification of interest receivable

Item	Closing balance	Opening balance
Time deposit		
Entrusted loan	1,930,347.17	1,930,347.21
Bond investment		
Others (loans for shed improvement)	15,242,811.20	39,983,398.07
Total	17,173,158.37	41,913,745.28

(2) Significant overdue interest

None.

2.Other Receivables

Categories	Closing balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are individually significant and individually assessed for impairment				
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	42,008,109.49	100.00	2,000,000.00	4.76
Other receivables that are individually not significant but are individually assessed for impairment				
Total	42,008,109.49	-	2,000,000.00	-

(Continued)

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are individually significant and individually assessed for impairment				

Categories	Opening balance			
	Book balance		Bad-debt provision	
	Amount	Rate (%)	Amount	Rate (%)
Other receivables that are collectively assessed for impairment as in a group of receivables of shared credit risk characteristics	51,228,700.53	100.00		
Other receivables that are individually not significant but are individually assessed for impairment				
Total	51,228,700.53	-		

Other receivables by ageing:

Ageing	Closing balance			Opening balance		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Rate (%)		Amount	Rate (%)	
Within 1 year	11,444,187.64	27.24		29,276,784.32	57.15	
1 to 2 years	9,721,496.54	23.14		11,947,016.21	23.32	
2 to 3 years	10,837,525.31	25.80		10,004,900.00	19.53	
3 to 4 years	10,004,900.00	23.82	2,000,000.00			
4 to 5 years						
Over 5 years						
Total	42,008,109.49	100.00	2,000,000.00	51,228,700.53	100.00	

(1) Other receivables that are individually significant and for which a separate provision for bad debts has been made

None.

(2) Other receivables with provision for bad debts based on a combination of credit risk characteristics

① Other receivables with provision for bad debts based on ageing portfolio

Ageing	Closing balance			Opening balance		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Amount	Rate (%)		Amount	Rate (%)	
Within 1 year	11,144,187.64	26.72		29,276,784.32	57.15	
1 to 2 years	9,721,496.54	23.31		11,947,016.21	23.32	
2 to 3 years	10,837,525.31	25.99		10,000,000.00	19.53	
3 to 4 years	10,000,000.00	23.98	2,000,000.00			
4 to 5 years						
Over 5 years						
Total	41,703,209.49	100.00	2,000,000.00	51,223,800.53	100.00	

② Other receivables with provision for bad debts based on the special portfolio

Portfolio name	Closing balance		Opening balance	
	Book balance	Bad-debt provision	Book balance	Bad-debt provision
Deposit portfolio	304,900.00		4,900.00	
Total	304,900.00		4,900.00	

(3) Other receivables for which a separate provision for bad debts has been made although the individual amounts are immaterial

None.

(4) Provision for bad debts recovered or reversed

None.

(5) Status of other receivables actually written off during the period

None.

(6) Top five debtors according to closing balances

Name of debtors	Nature of funds	Closing balance	Ageing	Proportion of total accounts receivable (%)
China Xinxing Construction Engineering Corporation	Advance payment	3,114,504.29	Up to 1 year	24.41
		7,141,014.67	1 to 2 years	
Beijing Land Preparation and Reserve Center	Bail	10,000,000.00	3 to 4 years	23.80
China XinxingBaoxin Construction Corporation	Advance payment	1,128,769.18	1 to 2 years	13.61
		4,591,768.40	2 to 3 years	
Beijing Urban-Rural Construction Group Co.	Advance payment	445,216.65	Up to 1 year	10.99
		1,198,946.44	1 to 2 years	
		2,971,756.91	2 to 3 years	
Beijing Yanbao Investment Co.	Bail	3,274,000.00	2 to 3 years	7.79
Total		33,865,976.54		80.62

(7) Derecognition of other receivables due to transfer of financial assets

None.

(8) Other receivable transfers (e.g., securitization, factoring, etc.) that continue to involve the amount of assets and liabilities created

None.

(9) Receivables related to government grants

None.

(III)Long-term equity investments

1.Classification of long-term equity investments

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investments in subsidiaries	4,384,354,500.00	892,366,328.60		5,276,720,828.60
Investment in joint ventures				
Investments in associates				
Subtotal	4,384,354,500.00	892,366,328.60		5,276,720,828.60
Less: provision for impairment of long-term equity investments				
Total	4,384,354,500.00	892,366,328.60		5,276,720,828.60

2. Details of long-term equity investments

Investees	Shareholding ratio	Opening balance	Change in current period	Closing balance
Total		4,384,354,500.00	892,366,328.60	5,276,720,828.60
I. Subsidiaries		4,384,354,500.00	892,366,328.60	5,276,720,828.60
Beijing Yanbao Investment Co.,Ltd	100%	814,354,500.00	242,366,328.60	1,056,720,828.60
Beijing Yanguang Real Estate Co.,Ltd	62.5%	1,000,000,000.00		1,000,000,000.00
Beijing Yanhua Investment Co.,Ltd	62.5%	1,000,000,000.00		1,000,000,000.00
Beijing Yanshun Affordable Housing Investment Co.,Ltd	51%	1,020,000,000.00		1,020,000,000.00
Beijing Subsidized Housing Exchange Service Center Co.,Ltd	100%	20,000,000.00		20,000,000.00
Beijing Yandong Public Housing Construction Investment Co.,Ltd	51%	530,000,000.00		530,000,000.00
Beijing Yangu Public Housing Construction Investment Co.,Ltd	58.3%		350,000,000.00	350,000,000.00
Beijing Yanhuai Public Housing Investment Co.,Ltd	65%		100,000,000.00	100,000,000.00
Beijing Yanan Public Housing Construction Investment Co.,Ltd	80%		200,000,000.00	200,000,000.00
II. Joint ventures				
III. Associated enterprises				

(IV)Operating revenue and operating costs

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
1. Subtotal of main operations	1,481,549,546.06	923,973,528.64	1,692,136,707.51	1,041,870,908.85
Reserve sales	405,331,220.78	223,118,178.20	961,871,116.81	544,064,017.28
Public rental housing	1,008,993,275.47	644,005,266.24	692,460,615.89	450,229,957.51
Commercial real estate operations	65,238,545.23	55,161,430.28	37,804,974.81	47,576,934.06

Item	Current amount		Last term amount	
	Revenue	Costs	Revenue	Costs
Management service	1,986,504.58	1,688,653.92		
2. Subtotal of other operations	62,582,473.02	142,444.44	33,136,600.14	3,170,023.51
Interest on entrusted loans	60,818,047.63	142,444.44	25,843,313.99	-86,724.31
Others	1,764,425.39		7,293,286.15	3,256,747.82
Total	1,544,132,019.08	924,115,973.08	1,725,273,307.65	1,045,040,932.36

(V)Investment Income

Source of investment income	Current amount	Last term amount
Income from long-term equity investments accounted for under the cost method	23,167,116.33	21,757,067.23
Investment income from the disposal of financial products	48,238,921.41	234,954,378.68
Total	71,406,037.74	256,711,445.91

(VI)Supplementary information to the statement of cash flows

1. To reconcile net profit to cash flow from operating activities

Supplementary information	Current amount	Last term amount
1.To reconcile net profit to cash flows from operating activities:		
Net income	288,325,223.72	342,397,409.72
Add: Assets impairment losses	2,000,000.00	
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	488,395,305.10	362,029,503.79
Amortization of intangible assets	2,074,864.27	1,366,848.70
Amortization of long-outstanding costs		
Losses on disposal of fixed assets, intangible assets and other long-lived assets (with a "-" to the gain)		
Fixed asset write-off losses (with a "-" to the gain)		
Loss on changes in fair value (with a "-" to the gain)		
Finance costs (with a "-" to the gain)	288,865,439.09	257,589,399.98
Investment loss (with a "-" to the gain)	-71,406,037.74	-256,711,445.91
Decrease in deferred tax assets (increase indicated by a "-")	-500,000.00	
Increase in deferred income tax liabilities (decrease indicated by a -)		
Decrease in inventories (increase indicated by a "-")	-6,119,569,166.02	-2,641,484,907.11
Decrease in operating receivables (increase indicated by a "-")	6,425,633,643.87	-1,645,815,795.81
Increase in operating payables (decrease indicated by a "-")	78,336,393.80	5,574,665,372.36
Others		
Net cash flows from operating activities	1,382,155,666.09	1,994,036,385.72
2. Significant investing and financing activities that do not involve cash receipts or disbursements.		

Supplementary information	Current amount	Last term amount
Debt-to-capital conversions		
Convertible bonds maturing within one year		
Fixed assets leased in under finance leases		
3. Net changes in cash and cash equivalents.		
Closing balance of cash	6,867,359,500.65	1,064,545,456.09
Less: Cash balance at the beginning of the year	1,064,545,456.09	4,001,827,817.70
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	5,802,814,044.56	-2,937,282,361.61

2. Net cash from Acquisition or disposal of subsidiaries during the reporting period

None.

3.Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	6,867,359,500.65	1,064,545,456.09
Including: Cash on hand	7,880.80	3,797.50
Bank deposits readily available for payment	6,867,351,619.85	1,064,541,658.59
Funds in other currencies readily available for payment		
Central bank deposits available for payment		
Deposits in interbank accounts		
Unbundling of interbank funds		
II. Cash equivalents		
Including: investments in bonds maturing within three months		
III. Cash and cash equivalents	6,867,359,500.65	1,064,545,456.09
Including: use of restricted cash and cash equivalents		

X IV.Other significant matters requiring disclosure

None.

X V.Approval of the financial statements

The financial statements for the year are reported with the approval of the General Manager's Office of our enterprise.

Beijing Public Housing Center

March 20, 2019

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