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Notice to Hong Kong investors: *The Issuer confirms that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.*

PUBLICATION OF OFFERING CIRCULAR

Rudong County Tongtai Investment Group Co., Ltd.
(incorporated in the People’s Republic of China with limited liability)
(the “Issuer”)

U.S.\$50,000,000 5.5 % Bonds due 2022 (the “Bonds”)

(Stock Code: 40677)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

**AMC Wanhai
Securities Limited**

**China Galaxy
International
Securities (Hong
Kong) Co., Limited**

**Vision Capital
International
Holdings Limited**

**Soochow Securities
International
Brokerage Limited**

Joint Lead Managers and Joint Bookrunners

Central Wealth Securities Investment Limited

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 30 April 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) only and have been listed on the Stock Exchange on that basis.

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 Rudong County Tongtai Investment Group Co., Ltd., and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

By order of the Board
Rudong County Tongtai Investment Group Co., Ltd.
Gu Cuihua
Chairman and Director

Hong Kong, 10 May 2021

As at the date of this announcement, the directors of Rudong County Tongtai Investment Group Co., Ltd. are Mr. Gu Cuihua, Mr. Liu Jun, Mr. Shi Yieng and Mr. Zhang Jie.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE THE UNITED STATES.

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

Confirmation of Your Representation: This Offering Circular is being sent to you at your request and by accepting the email and accessing the attached Offering Circular, you shall be deemed to represent to AMC Wanhai Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, Vision Capital International Holdings Limited, Soochow Securities International Brokerage Limited and Central Wealth Securities Investment Limited (the “**Joint Lead Managers**”) and Rudong County Tongtai Investment Group Co., Ltd. (如東縣通泰投資集團有限公司) (the “**Company**” or the “**Issuer**”) that (1) you and any customers you represent are not located in the United States (as defined under Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)), (2) the e-mail address that you gave to the Issuer and the Trustee and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Joint Lead Managers, the Trustee, the Agents or the Issuer (in each case as defined in the attached Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Issuer will provide a hard copy version to you upon request.

***MiFID II product governance/Professional investors and ECPs only target market:** solely for the purposes of each 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 Bond (a “**distributor**”) should take into consideration the manufacturers’ 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 manufacturers’ target market assessment) and determining appropriate distribution channels.*

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

Restrictions: The attached document is in preliminary form and is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein. You are reminded that the information in the attached Offering Circular is not complete and may be changed.

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 HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer of the securities or the Joint Lead Managers, the Trustee or the Agents to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

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

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RUDONG COUNTY TONGTAI INVESTMENT GROUP CO., LTD.

(如東縣通泰投資集團有限公司)

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

U.S.\$50,000,000 5.5 PER CENT. BONDS DUE 2022

Rudong County Tongtai Investment Group Co., Ltd. (如東縣通泰投資集團有限公司) (the “**Issuer**” or the “**Company**”) proposes to issue U.S.\$50,000,000 5.5 per cent. bonds due 2022 (the “**Bonds**”). The Issuer is a state-owned enterprise of the People's Republic of China (“**PRC**”). However, no PRC governmental entity has any payment or other obligations under the Bonds 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 solely by virtue of the Issuer being a state-owned enterprise of the PRC. The Bonds are solely to be repaid by the Issuer and the respective obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person.

The Bonds will bear interest on their outstanding principal amount from and including 7 May 2021 (the “**Issue Date**”) at the rate of 5.5 per cent. per annum, payable in arrear on 6 May 2022. All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made without set-off or counterclaim and free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of 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, to the extent described under “*Terms and Conditions of the Bonds — Taxation*”.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 6 May 2022. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time, on giving not less than 30 nor more than 60 days' notice, in the event of certain changes affecting taxes of Hong Kong or the PRC. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons*”. The Bonds may be redeemed at the option of the holders at 100% of their principal amount, together with accrued interest, upon the occurrence of a Change of Control (as defined in the Conditions). See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Change of Control*”.

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the listing of, and permission to deal in, 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 Hong Kong Stock Exchange) (“**Professional Investors**”) only. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited 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.

The Hong Kong Stock Exchange 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 Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Group or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange 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.

Investing in the Bonds involves certain risks. See “*Risk Factors*” beginning on page 10 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds has 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 (as defined in Regulation S under the Securities Act (“**Regulation S**”)). The Bonds are being offered only outside the United States in reliance on Regulation S.

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

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).

The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves and the payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. The denomination of the Bonds will be U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.

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 of, 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.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

AMC Wanhai
Securities Limited

China Galaxy
International Securities
(Hong Kong) Co., Limited

Vision Capital
International
Holdings Limited

Soochow Securities
International
Brokerage Limited

Joint Lead Manager and Joint Bookrunner

Central Wealth Securities Investment Limited

Offering Circular dated 30 April 2021

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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 OR ANY OF ITS RESPECTIVE SUBSIDIARIES OR THE GROUP OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, 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 Offering Circular. This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer, having made all reasonable enquiries, confirms that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisers.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer, having made all reasonable enquiries, confirms, to the best of its knowledge and belief that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the “**Group**”) and the Bonds, which is material in the context of the issue and offering of the Bonds; (ii) the statements contained herein relating to the Issuer, the Group and the Bonds are in every material respect true and accurate and not misleading and there are no other material facts in relation to the Issuer, the Group and the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading; and (iii) the statements of intention, opinion and belief or expectation contained in this Offering Circular with regard to the Issuer and the Group are honestly and reasonably made or held, have been reached after considering all relevant circumstances.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and 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 circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan and the People’s Republic of China, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers. 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 Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers to subscribe for or purchase any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers 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 their respective affiliates, directors, officers, employees, representatives, agents or advisers. To the fullest extent permitted by law, the Issuer, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers do not accept any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers or on its behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, representatives, agents and advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Offering Circular or any statement herein. None of the Joint Lead Managers, the Trustee or any Agent or their respective affiliates, directors, officers, employees, representatives, agents or advisers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of 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 any Agent or their respective affiliates, directors, officers, employees, representatives, agents or advisers. 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 Group, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with its investigation of the accuracy of such information or its investment decision.

All non-company specific statistics and data relating to the Group’s industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. The Issuer believes that the sources of this information are appropriate for such information and has taken reasonable care in extracting and reproducing such information. The Issuer has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, this information

has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee and the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers and none of the Issuer, the Joint Lead Managers, the Trustee and the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Offering Circular to “China” or the “PRC” are to the People’s Republic of China and, for the purpose of this Offering Circular only, exclude Hong Kong, Macau and Taiwan, all references to “Macau” are to the Macau Special Administrative Region of the People’s Republic of China and all references to “Hong Kong” are to the Hong Kong Special Administrative Region of the People’s Republic of China. “PRC government” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

Unless otherwise specified or the context requires, references herein to “Renminbi” or “RMB” are to the lawful currency of the PRC, references herein to “Hong Kong dollars”, “HK\$” or “HKD” are to the lawful currency of Hong Kong and references herein to “U.S. dollars”, “U.S.\$” or “USD” are to the lawful currency of the United States of America.

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

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

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

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meanings set out below.

“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會), now known as China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (“CBIRC”)
“Company” or “Issuer”	Rudong County Tongtai Investment Group Co., Ltd. (如東縣通泰投資集團有限公司)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“GDP”	gross domestic product
“Group”	the Issuer and its subsidiaries taken as a whole
“MOC”	Ministry of Construction of the PRC
“MOF”	Ministry of Finance of the PRC
“MOFCOM”	The Ministry of Commerce of the People’s Republic of China
“MOHURD”	Ministry of Housing and Urban-Rural Development of the PRC, formerly known as Ministry of Construction of the PRC

“NDRC”	National Development and Reform Commission of the People’s Republic of China
“PBOC”	The People’s Bank of China, the central bank of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC or its competent local counterparts;
“SASAC”	State-owned Assets Supervision and Administration of the State Council
“SAT”	State Administration of Taxation of the PRC
“State Council”	State Council of the PRC
“%”	per cent.

PRESENTATION OF FINANCIAL INFORMATION

The Issuer

The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020 included in this Offering Circular have been prepared and presented in accordance with PRC GAAP and have been audited by Zhongxinghua Certified Public Accountants LLP.

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 Significant Differences between PRC GAAP and IFRS*”.

FORWARD-LOOKING STATEMENTS

The Issuer has made forward-looking statements in this Offering Circular regarding, among other things, the Group's financial conditions, future expansion plans and business strategy. These forward-looking statements are based on the Group's current expectations about future events. Although the Issuer believes that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the risks inherent to the industry in which the Group operates;
- the ability of the Group to successfully implement its business plans and strategies;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group's business prospects and capital expenditure plans;
- the actions and developments of the Group's competitors;
- the Group's financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- the regulatory environment of the industry in general;
- general political and economic conditions, including those of the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the control of the Group;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the performance of the obligations and undertakings of third party contractors engaged by the Group;
- changes in global economic conditions, including conditions arising from the COVID-19 pandemic that has affected China, the United States, and other parts of the world; and
- additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this Offering Circular.

The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan” and similar expressions are intended to identify a number of these forward-looking statements. The Issuer undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the Issuer’s and the Group’s actual results could differ materially from those anticipated in these forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantees of future performance and some of which may not materialize or may change.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its management’s view only as at the date of this Offering Circular. The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer or the Group could differ materially from those anticipated in these forward-looking statements.

SUMMARY

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

OVERVIEW

The Issuer is a state-owned enterprise located in the Rudong County, Nantong City, Jiangsu Province. Under the request for instructions in the Rudong County People’s Government of Juegang Town [2013] no. 32 document (如東縣掘港鎮人民政府掘政示[2013]32號文件) and as approved and replied under the Rudong County People’s Government Office [2013] application no. 732 document (如東縣人民政府辦公室[2013]請字732號辦文單) and the County Finance Bureau of Rudong County [2013] no. 362 office document (如東縣財政局縣級[2013]362號辦文單), the Issuer was incorporated on 24 October 2013 and registered with the Nantong Rudong Administration for Industry and Commerce with an initial registered capital of RMB50 million paid in cash. The registered capital of the Issuer was further increased with cash payment to RMB450 million, RMB950 million and RMB1,400 million in September 2016, November 2016 and November 2018, respectively.

Over the years, the Group has been tasked to implement the Rudong County municipal government’s plans and is the primary investment, financing and operating platform for urban infrastructure construction, operation and management of specialized parks in Rudong County. In recent years, the Group has also been exploring opportunities and expanding its business scope including non-securities equity investment, agricultural project development and construction, rural infrastructure development and construction, house acquisition and labor services, land consolidation, reclamation and development, crop plantation, planting, wholesale and retail of flower and seedling, wholesale and retail of building materials, mechanical and electrical equipment, development, leasing and sales of real estates, property management services, greening and landscaping, investment and development of projects permitted by national industrial policies.

Through years of strategic operation and development, the Group primarily focuses on four principal business segments, through the subsidiaries of the Issuer, including (i) segment of urban construction and development, mainly in real estate development, major project development and landscaping of urban network, (ii) segment of park construction and management, mainly in operation and maintenance of various specialised parks, (iii) segment of investment and capital operation and management, mainly in equity investment in projects of high-tech and emerging industries and (iv) segment of modern services, mainly in the operation and management of various specialised markets and commercial buildings.

As at the date of this Offering Circular, the registered capital of the Group is RMB1,400.0 million. The Group is directly owned by the Investment Management Office of Rudong County (如東縣投資管理辦公室) (being the governmental entity responsible for development of Rudong County).

As at 31 December 2018, 2019 and 2020, the Group’s total assets amounted to RMB14,030.5 million, RMB14,584.0 million and RMB17,311.3 million, respectively. For the years ended 31 December 2018, 2019 and 2020, the Group recorded operating income of RMB1,129.6 million, RMB1,227.9 million and RMB924.8 million respectively. For the same periods, the Group had net profit of RMB143.5 million, RMB145.9 million and RMB192.6 million, respectively.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below distinguish itself from its competitors and are important to the success and future development of the Group:

- Well positioned to benefit from the geographical and strategic location and importance and economic growth of Rudong County, Nantong City;
- Strong support from the Rudong County municipal government;
- Diverse financing channels;
- Synergies achieved through diversified business segments; and
- Dedicated senior management with strong credentials and extensive experience in relevant industries.

BUSINESS STRATEGIES

The Group's objective is to solidify its position as a leading state-owned investment and financing platform in Rudong County and further expand its business operations into financial and other strategic emerging industries. The Group intends to implement the following strategies to achieve this objective:

- Actively continue to focus on urban construction and development in Rudong County;
- Achieve appropriate diversification and synergistic development;
- Continue to develop diversified financing channels to maintain well-capitalised growth;
- Continue to improve the Group's corporate governance system;
- Continue to adhere to prudent financial management with stringent risk control; and
- Continue to attract, retain and motivate skilled and talented employees.

RECENT DEVELOPMENT

The COVID-19 Outbreak

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where the Group has significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. The COVID-19 outbreak has affected the Group's business operation and financial condition. However, the PRC central and local governments have taken various measures to manage cases and reduce potential spread and impact of infection, and further introduced various policies to boost the economy and stimulate the local property markets. Since March 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which the Group may be affected. The Group cannot assure you that the Group's business, financial condition and results of operations will not be materially and adversely affected. For details, please see "*Risk Factors — Risks relating to the Group and its business — Macro-economic factors have had and may continue to have a material adverse effect upon the Group's business, financial condition and results of operations*", "*Risk Factors — Risks relating to the PRC — PRC economic, political and social conditions, as well as government policies, could affect the Group's business*" and "*Risk Factors — Risks relating to the PRC — The national and regional economies in the PRC and the global capital markets may be adversely affected by natural disasters, acts of God and occurrence of epidemics, including the COVID-19 pandemic*".

Issuance of Corporate Bonds in PRC

In June 2020 the Issuer issued RMB140 million onshore corporate bonds and in September 2020 it further issued RMB660 million onshore corporate bonds, each with a two-years term respectively.

In December 2020, the Issuer issued RMB600 million special bonds for integration and development rural industries (農村產業融合發展專項債券) guaranteed by Jiangsu Re-Guarantee Group Co. Ltd. (江蘇省信用再擔保集團有限公司) with a seven-years term.

SUMMARY OF THE OFFERING

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

Issuer	Rudong County Tongtai Investment Group Co., Ltd. (如東縣通泰投資集團有限公司).
Issue	U.S.\$50,000,000 5.5 per cent. Bonds due 2022.
Issue Price	100 per cent.
Form and Denomination	The Bonds will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Interest	The Bonds bear interest on their outstanding principal amount from and including 7 May 2021 at the rate of 5.5 per cent. per annum, payable in arrear on 6 May 2022.
Issue Date	7 May 2021.
Maturity Date	6 May 2022.
Status of the Bonds	The Bonds constitute direct, general and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> 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.
Events of Default	Upon the occurrence of certain events described under “ <i>Terms and Conditions of the Bonds — Events of Default</i> ”, the Trustee at its discretion may, and if so requested in writing by Bondholders of at least one-quarter of the aggregate principal amount of the Bonds outstanding or if so directed by an Extraordinary Resolution of the Bondholders, shall (subject to the Trustee having been indemnified and/or pre-funded and/or secured to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued and unpaid interest without further action or formality.

Taxation

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

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate applicable on 30 April 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make such deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, subject to certain exceptions. See “*Terms and Conditions of the Bonds — Taxation*”.

Scheduled Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 6 May 2022, subject as provided in Condition 6 (*Payments*).

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 (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 (but not including) the date fixed for redemption in such notice, if, immediately before giving such notice, the Issuer satisfies the Trustee that (A) the Issuer has or will become obliged to pay Additional Amounts (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 30 April 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons*”.

Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an **"Option Redemption Notice"**) to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, the Issuer may in its absolute discretion and at any time prior to the Maturity Date redeem the Bonds, in whole or in part, at their principal amount, together with interest accrued to (but not including) the redemption date specified in the Option Redemption Notice and unpaid. Where the Bonds are being redeemed in part, each Bond shall be redeemed in the proportion which the aggregate principal amount of the outstanding Bonds to be redeemed bears to the aggregate principal amount of outstanding Bonds on the redemption date as specified in the Option Redemption Notice. See *"Terms and Conditions of the Bonds — Redemption at the Option of the Issuer"*.

Redemption for Change of Control

At any time following the occurrence of a Change of Control, 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 100% of their principal amount, together with interest accrued to, but excluding, such Put Settlement Date). See *"Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Change of Control"*.

Further Issues

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 Issue Date, the issue price, the first payment of interest, and the timing for completion of the Foreign Debt Registration and the making of the notifications in respect thereof) so as to form a single series with the Bonds. See *"Terms and Conditions of the Bonds — Further Issues"*.

Governing Law and Jurisdiction

Hong Kong law.
Exclusive jurisdiction of the Hong Kong courts.

Trustee

China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

**Principal Paying Agent,
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 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 as described in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.
ISIN	XS2297487188
Common Code	229748718
Legal Entity Identifier of the Issuer	6556001Q376UTUQE7257

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following table sets forth the summary consolidated financial information of the Issuer as at and for the periods indicated.

The Issuer's audited consolidated financial statements for the years ended 31 December 2018, 2019 and 2020 (which have been audited by Zhongxinghua Certified Public Accountants LLP) have been prepared and presented in Chinese in accordance with PRC GAAP.

The selected financial information of the Issuer as at and for the years ended 2018, 2019 and 2020 have been derived from the English translation of such audited consolidated financial statements. The English translation of such audited and unaudited consolidated financial statements, the auditors' reports and the related notes (the "Financial Statement Translation") have been included elsewhere in this Offering Circular.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates has independently verified or checked the accuracy of the Financial Statement Translation and can give no assurance that the information contained in the Financial Statement Translation is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Issuer.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Financial Statement Translation included elsewhere in this Offering Circular. Historical results of the Issuer are not necessarily indicative of results that may be achieved for any future period.

The audited consolidated financial statements of the Group as at and for the years ended 31 December 2018, 2019 and 2020 have been prepared in accordance with the PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Accordingly, potential investors must exercise caution when using such consolidated financial statements to evaluate the Issuer's financial condition and results of operations. For a summary of certain differences, see "Summary of Significant Differences between PRC GAAP and IFRS."

SUMMARY CONSOLIDATED BALANCE SHEET

	Year ended 31 December		
	2018	2019	2020
	(RMB)	(RMB)	(RMB)
Current assets:			
Cash at bank and on hand	2,755,165,866.16	1,611,828,385.72	2,528,590,228.14
Bills receivable	–	–	842,903.00
Accounts receivable	2,384,503,487.27	2,476,910,100.95	2,052,262,786.24
Prepayments	3,607,515.46	1,685,360.53	479,795,448.68
Other receivables	1,864,341,395.72	2,350,366,233.40	3,682,597,883.67
Inventories	3,775,624,911.19	3,995,868,201.38	3,231,925,631.41
Other current assets	1,256,566,026.30	1,471,998,839.28	58,520,417.25
Total current assets	12,039,809,202.10	11,908,657,121.26	12,034,535,298.39
Non-current assets:			
Available-for-sale financial assets	–	–	466,901,528.00
Long-term equity investments	206,903,840.52	345,006,187.66	222,711,138.32
Investment properties	942,272,835.19	1,421,474,614.00	3,513,951,434.32
Fixed assets	186,102,851.59	234,780,976.06	307,004,187.48
Construction in progress	560,837,416.22	269,717,770.17	297,561,503.37
Intangible assets	70,185,266.48	66,547,435.32	63,780,191.36
Long-term deferred expenses	–	–	69,873,125.75
Deferred income tax assets	24,409,110.41	28,566,818.48	20,732,168.83
Other non-current assets	–	309,254,974.00	314,254,260.00
Total non-current assets	1,990,711,320.41	2,570,521,512.03	5,276,769,537.43
TOTAL ASSETS	14,030,520,522.51	14,584,005,896.95	17,311,304,835.82
Current liabilities:			
Short-term loans	471,200,000.00	545,000,000.00	628,400,000.00
Bills payable	1,250,000,000.00	990,000,000.00	940,010,000.00
Accounts payable	795,824,342.91	730,409,903.35	360,236,816.74
Advances from customers	1,027,420.30	7,011,930.96	11,166,192.59
Employees benefits payable	469,646.46	1,089,599.00	1,041,569.21
Taxes payable	426,129,398.29	573,378,586.86	630,830,982.61
Other payables	349,725,780.27	369,475,656.37	298,262,853.44
Non-current liabilities due within one year	851,000,000.00	855,917,012.19	2,677,030,000.00
Total current liabilities	4,145,376,588.23	4,072,282,688.73	5,546,978,414.59
Non-current liabilities:			
Long-term loans	2,892,025,100.00	2,831,564,800.00	3,281,024,500.00
Debentures payable	1,889,118,076.37	2,089,442,820.20	1,585,580,479.07
Long-term payables	–	312,328,087.81	443,820,101.27
Deferred tax liabilities	–	2,407,980.57	223,998,869.50
Total non-current liabilities	4,781,143,176.37	5,235,743,688.58	5,534,423,949.84
TOTAL LIABILITIES	8,926,519,764.60	9,308,026,377.31	11,081,402,364.43
Shareholder's equity:			
Paid-in capital	1,400,000,000.00	1,400,000,000.00	1,400,000,000.00
Capital reserve	3,107,695,048.45	3,061,301,530.95	3,161,301,530.95
Other comprehensive income	–	2,555,715.02	663,895,681.28
Surplus reserve	7,887,590.41	9,006,049.96	14,965,354.23
Retained earnings	586,596,715.80	802,016,995.13	988,607,086.48
Total equity attributable to the shareholders of the Company	5,102,179,354.66	5,274,880,291.24	6,228,769,652.94
Non-controlling interests	1,821,403.25	1,099,228.40	1,132,818.45
TOTAL SHAREHOLDER'S EQUITY	5,104,000,757.91	5,275,979,519.64	6,229,902,471.39
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	14,030,520,522.51	14,584,005,896.95	17,311,304,835.82

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended 31 December		
	2018	2019	2020
	(RMB)	(RMB)	(RMB)
I. Operating income	1,129,623,674.94	1,227,924,673.99	924,841,130.57
II. Less: Operating costs	883,416,233.98	1,038,023,769.84	779,160,180.44
Tax and surcharges	3,064,325.56	16,495,329.88	36,531,464.60
Selling and distribution expenses	–	–	121,528.97
General and administrative expenses	34,429,886.43	55,665,583.61	52,242,920.24
Financial expenses	(5,243,419.95)	17,528,248.63	49,249,374.58
Including: Interest expenses	959,116.19	19,631,531.39	38,425,270.01
Interest income	6,202,536.14	2,103,282.76	20,619,458.88
Add: Other income	26,504,746.00	83,842,950.14	123,804,859.49
Investment income/(loss)	(6,156,245.30)	6,863,451.97	8,380,775.19
Including: Income/(loss) from investment in associates and joint ventures	–	6,863,451.97	(1,288,861.68)
Gains from changes in fair value	–	1,538,824.87	12,262,332.32
Impairment losses	(42,831,647.14)	(16,702,229.16)	31,123,545.10
Gains from assets disposal	–	–	39,064,408.79
III. Operating profit	191,530,655.98	175,754,739.75	222,171,582.63
Add: Non-operating income	57,153.50	2,001.00	7,760,502.28
Less: Non-operating expenses	164,078.44	18,800.00	2,522,897.37
IV. Gross profit	191,366,577.54	175,737,940.75	227,409,187.54
Less: Income tax expenses	47,872,187.45	29,843,487.01	34,826,201.87
V. Net profit	143,494,390.09	145,894,453.74	192,582,985.67
Including: Net profit from continuing operations	143,494,390.09	145,894,453.74	192,549,395.62
Net profit attributable to shareholders of the Company	143,603,734.62	146,666,628.59	661,339,966.08
Net profit attributable to non-controlling interests	(109,344.53)	(772,174.85)	33,590.05
VI. Other comprehensive income, net of tax	–	2,555,715.20	661,339,966.08
VII. Total comprehensive income for the year	143,494,390.09	148,450,168.94	853,922,951.75
Attributable to: shareholders of the Company	143,603,734.62	149,222,343.79	853,889,361.70
Non-controlling interests	(109,344.53)	(772,174.85)	33,590.05

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December		
	2018	2019	2020
	(RMB)	(RMB)	(RMB)
Net cash flows from operating activities	(2,214,589,853.20)	(1,090,898,555.13)	525,782,336.80
Net cash flows from investing activities	(487,229,190.47)	35,535,745.74	(763,744,113.93)
Net cash flows from financing activities	(2,820,194,224.22)	881,018,767.88	772,703,619.55
Net increase in cash and cash equivalents	118,375,180.55	(174,337,480.44)	534,741,842.42
Ending balance of cash and cash equivalent	816,165,866.16	641,828,385.72	1,176,570,228.14

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The businesses, financial conditions or results of operations of the Group could be materially and adversely affected by any of these risks. The Issuer believes that the following factors may affect the Issuer's ability to fulfil its obligations under the Bonds. Additional considerations and uncertainties not presently known to the Issuer or which they currently deem immaterial may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of investment in the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

GENERAL RISKS RELATING TO THE GROUP AND ITS BUSINESSES

The Group's businesses, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Jiangsu Province, in particular, Rudong County, Nantong City.

The Group's businesses and assets are highly concentrated in Nantong City, Jiangsu Province, in particular, Rudong County. Therefore, its businesses, financial condition, results of operations and prospects have been, and will continue to be, heavily dependent on the social conditions, local government policies and level of economic activity in Jiangsu Province, in particular, Rudong County, Nantong City. Nantong City and Rudong County have experienced a prolonged period of rapid economic growth.

In recent years, however, there has been a slowdown in the growth of the PRC's economic development. Primarily as a result of the coronavirus (COVID-19) pandemic, the rate of economic growth in the PRC has been experiencing a slowdown, and China's GDP decreased by 6.8% in the first quarter of 2020 compared to the same period in 2019. In addition, any future escalation of the ongoing trade war between the United States and China or ongoing impact of the coronavirus may negatively impact the growth in both the Chinese economy and the global economy as a whole. Although the PRC government has implemented a number of measures to address the slowdown, the Group cannot assure you that these measures will be successful. It is difficult to predict how economic development in Jiangsu province will be affected by such slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures adopted by the PRC government will be effective in stimulating the recovery of the PRC economy. There can be no assurance that the level of economic development in Jiangsu Province will continue to grow at a rate higher than or equal to the past rate of growth, if at all. The Group may establish or invest in any new businesses outside Jiangsu Province in the future, but the Group expects that its future business and operations will continue to be concentrated in Jiangsu Province, in particular, Rudong County, Nantong City. If economic growth slows down, adverse changes in social conditions or local government policies arise, or any severe natural disasters or catastrophic events occur in Jiangsu Province, in particular Rudong County, Nantong City, the Group's businesses, financial condition, results of operations and prospects could be materially and adversely affected.

The Group's businesses and prospects to a large extent depend upon the budget or spending of Rudong County municipal government on infrastructure construction and fixed asset investments.

The Group is directly and wholly-owned by the Investment Management Office of Rudong County and is designated by Rudong County municipal government to carry out infrastructure construction in and

around the city. As many of these businesses operate for public interest purposes, governmental agencies and state-owned enterprises are among the Group's major customers and the Rudong County municipal government funds the Group's businesses to a large extent. The Group's businesses and prospects have therefore historically been, and may continue to be, materially affected by the budget or public spending of Rudong County municipal government on infrastructure construction in Rudong County.

There are a number of factors affecting Rudong County municipal government's budget and spending on infrastructure construction. The key factors include government policies and priority relating to the development of different industries and Rudong County municipal government's fiscal and monetary policies. Such budget and spending are also affected by the government income and the general economic conditions in the PRC and in Jiangsu Province. Any worsening of the overall economic conditions of the PRC or Jiangsu Province may affect the economic development of Rudong County and the fiscal condition of Rudong County municipal government, which may in turn materially and adversely affect the budget and spending of Rudong County municipal government on infrastructure construction in Rudong County. If the budget and spending of Rudong County municipal government on infrastructure decreases, the Group's businesses, financial condition, results of operations and prospects may be materially and adversely affected.

Rudong County municipal government can exert significant influence on the Group including the scope of its operations, investment decisions and dividend policy, which may not be in the Group's best interests.

The Group is wholly-owned by the Investment Management Office of Rudong County and, accordingly, Rudong County municipal government can exert significant influence on the Group's major business decisions and strategies, including the scope of its operations, investment decisions and dividend policy in a manner beneficial to Rudong County as a whole, but which may not necessarily be in the Group's best interests. There is no assurance that the Investment Management Office of Rudong County would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, the Group may from time to time be required to dispose of certain of its assets, which may not necessarily serve the Group's best interest. There is no assurance that such disposals would not have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects. Rudong County municipal government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions as a result of changes in the PRC's economic, political and social environment, its projections of population and/or employment growth. Any such changes could potentially have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

PRC economic, political and social conditions as well as government policies could adversely affect the Group's business and state ownership or control over the Issuer does not provide assurance of the Issuer's financial condition.

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, control of foreign exchange 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 on market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business. The Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the PRC government may decide to change its current policies with respect to the Group's core business industries, and, as such, this could have adverse impact on the Group's business and results of operations.

In the past, the PRC government has implemented administrative measures to restrain economic growth rates that were considered unsustainably high and to calm inflation fears. Such actions may result in an economic slowdown which could have negative macro-economic effects in the PRC and PRC-related markets. The Group's operating results and financial condition may also be materially and adversely affected by other changes in taxation and changes in state policies affecting the industries in which the Group operates. In addition, the growth of the Group's projects and business operations depends heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes in measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions. Even though the Issuer is directly and wholly-owned by the Investment Management Office of Rudong County under the PRC government, there can be no assurance of the Issuer's financial condition.

PRC regulations on the administration of fiscal debts of local governments may have a material impact on the Group's financing model, business model and business scope.

The Group's results of operations and financial condition may be affected by changes in the regulation of the PRC government concerning local government debts even though the Issuer is no longer on the list of local government financing platforms since June 2011 as composed by CBRC. To strengthen the management of financing platforms and effectively prevent fiscal financial risks, the State Council issued the Notice on Strengthening Management of Financing Platform of Local Government (《國務院關於加強地方政府融資平臺公司管理有關問題的通知》(國發[2010]19號)) (the “**Circular 19**”) in June 2010, and the General Office of NDRC issued the Notice 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》(發改辦財金[2010]2881號)) (the “**Circular 2881**”) in November 2010. According to Circular 19, local governments at all levels must settle the existing debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (《國務院關於加強地方政府性債務管理的意見》(國發[2014]43號)) (the “**Circular 43**”), with the aim of controlling the significant increase in local government debts and associated risks in the PRC's banking system. According to Circular 43, financing vehicles companies, such as the Issuer, are no longer permitted to function as the financing arms of the local governments or incur new government debts and should carry on its operations and financing in accordance with market-oriented principles. Local governments should finance the development of public interest projects by issuance of government bonds. Public interest projects that are profit earning, such as construction of non-toll free highways, may be developed either by private investors independently or by a special purpose company jointly set up by the usage of Public-Private-Partnership model (“**PPP**”). Private investors and the special purpose companies jointly set up by the local government and the private investors shall invest in accordance with market-oriented principles and development of projects may be financed by bank loans, corporate bonds and asset-backed securitisation. Furthermore, private investors and the special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors' or the special purpose companies' debts.

MOF, together with NDRC, PBOC, CSRC, the CBRC (which was merged with the China Insurance Regulatory Commission to form the China Banking and Insurance Regulatory Commission in April 2018) and the Ministry of Justice of the PRC, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (《關於進一步規範地方政府舉債融資行為的通知》(財預[2017]50號)) (“**Circular 50**”) to reinforce the principles and policies set out in Circular 43 in April 2017.

The MOF issued the Notice of the Ministry of Finance on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) in March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of the state-owned enterprises that they assist in fundraising. On 11 May 2018, the Notice of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) jointly issued by the NDRC and the MOF which reiterates the PRC government’s intention to isolate the debt of the state-owned enterprises from the relevant local government and to control the increase of local governments’ debt. In addition, the Joint Circular requires companies that plan to borrow medium-and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism, and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it forbids the inclusion of public interest assets in corporate assets.

The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in China. There is no assurance that the Group’s financing model and business model will not be materially affected by future changes in the regulatory regime concerning fiscal debts of local governments.

The PRC government (including but not limited to the provincial government of Jiangsu province, the municipal government of Nantong City and the Investment Management Office of Rudong County) has no obligation to pay any amount under the Bonds as payment obligations under the Bonds remain the sole obligation of the Issuer.

The PRC government (including but not limited to the provincial government of Jiangsu province, the municipal government of Nantong City and the Investment Management Office of Rudong County) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. The payment obligations under the Bonds remain the sole obligation of the Issuer. This position has been reinforced by the Circular 23, the Circular 706 and the Circular of the General Office of the NDRC on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (the “**Circular 666**”) promulgated on 6 June 2019 and took effect on the same day.

None of the PRC government (including but not limited to the provincial government of Jiangsu province, the municipal government of Nantong City and the Investment Management Office of Rudong County) has any obligation to pay any amount under the Bonds. Investments in the Bonds are based on the credit risk of the Issuer, rather than analysis of the credit risk of the PRC government (including the provincial government of Jiangsu province, the municipal government of Nantong City and the Investment Management Office of Rudong County). In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and its assets (which also excluding the public assets as defined above), and not any other person including the PRC government (including but not limited to the provincial government of Jiangsu province, the municipal government of Nantong City and the Investment Management Office of Rudong County), any other local or municipal government authorities. As the Circular 23, the Circular 706 and the Circular 666 are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties and any adverse interpretation and enforcement of such laws and regulations in the future may materially and adversely affect the Group’s businesses, financial conditions, results of operations and prospects.

In addition, any ownership or control by the PRC government (including but not limited to the provincial government of Jiangsu province, the municipal government of Nantong City and the Investment Management Office of Rudong County) does not necessarily correlate to, or provide any assurance as to, the Issuer’s financial condition. If the Issuer does not fulfil its obligations under the Bonds and the Trust

Deed, the Bondholders will only have recourse against the Issuer, and not the PRC government. Similar to other companies beneficially owned or controlled by the PRC government, the Issuer may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Issuer becomes financially distressed. However, the PRC government as the ultimate shareholder of the Issuer only has limited liability in the Issuer or the Trust Deed if the Issuer fails to meet its obligations under these instruments, and, as a result, no financial support from any PRC governmental entity may materialise. The Issuer should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person.

The Group's business operations require substantial capital, and the Group may not be able to obtain sufficient, or any, funds on commercially acceptable terms to finance its operations or expansion plans.

Due to the capital-intensive nature of the Group's business operations, a substantial amount of capital, as well as ongoing funding, is required to support the Group's business growth. The Group's business growth and working capital requirements are primarily supported by internal funding sources, bank loans and other borrowings and equity. The Group's ability to arrange financing and the cost of such financing are dependent on numerous factors, including global economic and market conditions, interest rates, credit availability from banks or other lenders, success of the Group's businesses, changes in the monetary policy of the PRC government with respect to bank interest rates and lending policies and the political and economic conditions in the PRC generally. If the Group fails to maintain its existing and future loan arrangements on commercially acceptable terms, there can be no assurance that the Group will be able to continue to obtain adequate, or any, funding in the future on terms favourable to the Group. If sufficient financing is not available to meet the Group's needs, or cannot be obtained on commercially acceptable terms, or at all, the Group may not be able to refinance its existing loans, fund the operation and/or expansion of its businesses, introduce new products and services or compete effectively. As a result, the businesses, financial condition and results of operations of the Group would be materially and adversely affected.

The Group's businesses are subject to general economic and business cycles, and difficult conditions in the global economy may adversely affect the Group's businesses.

Some of the industries in which the Group operates, such as SME financing and guarantee industries, are cyclical industries. The Group's activities and results are also substantially affected by general global and macro-economic conditions.

The outlook for the world economy and financial markets remains uncertain. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. The national referendum results whereby the United Kingdom voted to withdraw from the European Union have resulted in volatility in the global financial market, and are expected to create mid-to long-term economic uncertainty to the economy in the United Kingdom, the European Union and globally. In the United States, the current administration policies have created uncertainty for the global economy and financial markets (such as the outbreak of the US-Sino trade war). In addition, economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis, or experience a financial crisis.

Instability in the global economy may materially and adversely affect markets that the Group operates in, which may lead to a decline in the general demand for the Group's services and products. In addition, a reduction in liquidity in the global financial markets and in the PRC may negatively affect the Group's liquidity. Therefore, instability in the global economy may materially and adversely affect the Group's businesses, financial condition and results of operations.

The Group consists of a number of companies operating in multiple business lines, and is subject to challenges not found in companies operating in a single business line.

The Group has a number of subsidiaries operating in multiple industries and investing in a wide range of businesses and markets. As such, the Group is exposed to risks associated with multiple businesses. The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

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

The Group receives financial support from Rudong County municipal government in various forms, including capital injections, government subsidies and grants for its construction projects as well as tax exemptions and the Group heavily relies on such supports to fund its operations and generate profit. For the years ended 31 December 2018, 2019 and 2020, government subsidies and grants received by the Group amounted to RMB26.5 million, RMB83.8 million and RMB123.8 million, respectively, which accounted for approximately 11.7%, 13.8%, 55.4% and 34.6%, respectively, of the profit before tax of the Group in the corresponding periods, respectively.

According to the Notice on Issues concerning the Treatment of Enterprise Income Taxes on Special Purpose Fiscal Funds (Caishui [2009] No. 87) (《關於專項用途財政性資金有關企業所得稅處理問題的通知》(財稅[2009]87號)) and the Notice on Issues concerning the Treatment of Enterprise Income Taxes on Special Purpose Fiscal Funds (Caishui [2011] No. 70) (《關於專項用途財政性資金有關企業所得稅處理問題的通知》(財稅[2011]70號)) issued by MOF and SAT, the financial appropriations received by the Issuer for special purposes are not subject to enterprise income tax. Funds financing the construction projects of transport infrastructure in Rudong County are in compliance with the spirit of relevant documents, funds generated through income from urban infrastructure construction, operation and management of specialized parks are therefore exempted from enterprise income tax according to rules and regulations.

The PRC government's continued financial support to the Group and provision of subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central governments. There can be no assurance that the Group will continue to receive the same government subsidies and grants, or enjoy the same preferential tax treatment in the form of tax exemptions, since the relevant government policies may change over time. Furthermore, in the event the Group fails to repay any of its outstanding indebtedness as it matures, there is no assurance that the Rudong County municipal government will provide any subsidy, grant, capital injection, preferential treatment or any other form of government

support to the Group. Any loss or reduction in government subsidies and grants or other form of government support could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

The Group may be unsuccessful in integrating and managing current or future investments and/or acquisitions, and there are risks associated with any material acquisitions by the Group.

The Group, from time to time, considers investment and acquisition opportunities that may complement its core business portfolio and capabilities, and which assist in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in, and/or acquisitions of, its target businesses is dependent upon, and may be limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group, and obtaining all required approvals from relevant regulatory authorities. Such investments and/or acquisitions may also expose the Group to potential difficulties that could prevent it from achieving the strategic objectives for the investments and/or acquisitions or the anticipated levels of profitability from the investments and/or acquisitions. These difficulties include:

- diversion of management's attention from the Group's existing investments and/or businesses;
- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;
- decreases in its financial resources which may limit or reduce the Group's ordinary operating activities and increase pressure on its liquidity;
- insufficient expertise to manage its additional risk exposure;
- exposure to new laws and regulations with which the Group is not familiar, or is currently not subject to, and which may lead to increased litigation and regulatory risk;
- difficulty of expanding into markets in different geographic locations and challenges of operating in markets and industries that the Group does not have substantial experience in;
- increases in debt, which may increase the Group's finance costs as a result of higher interest payments;
- exposure to unanticipated contingent liabilities from acquired businesses; or
- difficulties in integrating acquired businesses or investments into the Group's existing operations, which may prevent it from achieving, or may reduce, the anticipated synergies.

There is no assurance that the above difficulties would not arise and result in a material and adverse impact on the Group's business, prospects, financial condition or results of operations.

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

Also, during the course of any material acquisition transactions, the Group typically conducts due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial, legal and other risks and liabilities. When determining the consideration for any acquisition, the Group will consider various factors, including, but not limited to, the quality of the target business, estimated costs associated with the

acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group is unable to predict whether there will be any target suitable for acquisition or when any suitable acquisition opportunities could arise. In the event that the Group enters into any letter of intent or agreement for any material acquisition after the issue of the Bonds, the market price and the trading volume of the Bonds may be adversely affected.

The Group has substantial indebtedness and may incur additional indebtedness in the future, which could adversely affect its future strategy and operations and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations.

The Group currently has a large amount of debt. As at 31 December 2020, the short-term loans of the Group amounted to approximately RMB628.4 million, the total current liabilities of the Group amounted to approximately RMB5,547.0 million, the long-term payables of the Group amounted to approximately RMB443.8 million, the total liabilities of the Group amounted to approximately RMB11,081.4 million, while the Group's cash at bank and on hand amounted to approximately RMB2,528.6 million.

The Group may incur additional indebtedness and continuing liabilities in the future, including the issuance of debt securities or entering into financing or other loan arrangements. The level of existing indebtedness and incurrence of further indebtedness could have important consequences to the Group's business, including:

- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its cash flows from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limiting the Group's ability to capture investment and/or acquisition opportunities, and inhibiting its ability to grow and expand its businesses;
- adding to the Group's interest exposure as a proportion of its costs of doing business;
- limiting the Group's flexibility in planning for or reacting to changes in its businesses and the industries in which it operates;
- reducing the Group's competitiveness compared to its competitors that have less debt; or
- increasing the costs of additional financing.

Creditors of the Issuer's subsidiaries would have a claim on the Issuer's subsidiaries' assets that would be prior to the claims of the Issuer's creditors. As a result, the payment obligations under the Issuer's indebtedness and liabilities will be effectively subordinated to all existing and future obligations of the Issuer's subsidiaries, and all claims of creditors of the Issuer's subsidiaries will have priority as to the assets of such entities over the Issuer's claims and those of its creditors.

In addition, the Group continually reviews its current and expected future funding requirements and evaluates and engages in discussions with financial institutions and other market participants, from time to time, on proposals regarding different sources of funding. In incurring indebtedness and liabilities from time to time, members of the Group may create security over their assets, receivables or equity interests in companies or entities held by them (which may include the Issuer's subsidiaries) in favour of the relevant creditors. Should any of the Group's secured indebtedness becomes immediately due and payable as a result of any default in payment or the occurrence of other events of default as defined under the relevant secured indebtedness, the relevant secured creditors would be entitled to take enforcement actions against such secured assets, receivables and equity interests. The secured creditors might take over the relevant subsidiaries' titles to the secured assets, receivables and equity interests, or sell them through auction. In such an event, the value of the Group's assets portfolio will diminish, and fewer assets

and/or equity interests will be available for distribution to unsecured creditors if the relevant subsidiaries are in liquidation. If any member of the Group incurs additional debt, the risks that the Group faces as a result of its already substantial indebtedness and leverage could intensify.

Also, if the Issuer or the relevant subsidiaries are unable to comply with the restrictions (including restrictions on the Group's future investments) and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In addition, if the default provisions in the Group's loan agreements are drafted wide enough to cover non-payments by its guarantee business of its guarantee contracts, this may also be viewed as a default under such loan agreements. In the event of a default under such agreements, the holders of the debt could terminate their commitments to the Issuer or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable, or terminate the agreements, as the case may be. Some of the financing arrangements entered into by the Issuer and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debts, or result in a default under other debt agreements and potentially the Bonds. If any of these events occurs, there can be no assurance that the assets and cash flows of the Issuer or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

The Group's ability to generate cash to service its indebtedness depends on many factors beyond its control.

The Group's ability to make payments on, and to refinance, its indebtedness, including the Bonds, and to fund planned capital expenditures and investments will depend on the Group's ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. The Group's businesses might not generate sufficient cash flow from operations to enable it to repay its indebtedness, including the Bonds, or to fund the Group's other liquidity needs. The Group may need to refinance all or a portion of its indebtedness, including the Bonds, on or before maturity. However, the Group might not be able to refinance any of its indebtedness, including the Bonds, on commercially reasonable terms or at all. If the Group is unable to service its indebtedness or obtain refinancing on terms acceptable to the Group, it may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

There can be no assurance that the Group can match the maturity profile of its assets and liabilities as it grows. Inability to do so will impact the Group's liquidity and its ability to repay its borrowings and settle its outstanding liabilities.

The Group depends on its ability to match its asset growth with its fundraising on an ongoing basis. The Group manages its liquidity risk by regularly monitoring the relative maturities between its assets and liabilities and by taking steps to maintain a balance of long-term and short-term funding sources. If the Group fails to match the relative maturities of its assets and liabilities, net liquidity shortfalls may result, and the Group may not be able to meet its financial liabilities as they fall due. In addition, such liquidity shortfalls may also impair the Group's ability to obtain sufficient additional financing, if at all. As a result, the Group's liquidity may be impaired, which would have a material adverse effect on the Group's businesses, prospects, financial condition and results of operations.

The Group faces risks associated with contracting with public bodies.

The Group is wholly-owned by Investment Management Office of Rudong County and is designated to carry out investment and construction of infrastructure in Rudong County, therefore the Group collaborates with various governmental authorities and their controlled entities in conducting its businesses, particularly its infrastructure construction businesses. Although the Issuer believes that the

Group currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there is no assurance that such close working relationships will be maintained in the future. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent with the Group's, (ii) take actions contrary to the Group's requests, policies or objectives, (iii) be unable or unwilling to fulfil their contractual obligations in a timely manner, if at all, (iv) change existing policies and project plans without prior notice or consent from the Group for reasons such as government budgeting, (v) encounter financial difficulties, and/or (vi) have disputes with the Group as to contractual terms or other matters. In addition, the Group mainly contracts with Rudong County municipal government to develop a large number of city infrastructure projects in Rudong County. Those projects are capital intensive and involve many risks arising from possible budget overruns.

However, the ability of Rudong County municipal government to meet its payment obligations largely depends on its fiscal revenue, policies and regulations promulgated by superior governments or authorities and many other factors which are generally beyond the Group's control, and there is no assurance that Rudong County municipal government will not amend or terminate the project development arrangement in the future. Failure by Rudong County municipal government to fulfil its obligations or any adverse change to the policies or business plan may require the Group to adjust its development plans which could adversely affect its operating results. There is no assurance that the Group will be able to successfully resolve any material disagreement with Rudong County municipal government or any of contracting counterparties controlled by Rudong County municipal government in a timely manner, or at all. Disputes with public bodies may last for long periods of time, and payments from public bodies may be delayed as a result. Any of these may materially and adversely affect the business relationships between the Group and Rudong County municipal government, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group's businesses require a large amount of working capital prior to the completion of the relevant project and the subsequent acceptance by the government. As at 31 December 2018, 2019 and 2020, the Group's inventories amounted to approximately RMB3,775.6 million, RMB3,995.9 million and RMB3,231.9 million, respectively, representing approximately 26.9%, 27.4% and 18.7% of the Group's total assets, respectively. The Group's inventories mainly comprise the land costs pending development and the land development costs. As the PRC government may issue more stringent policies with respect to development of real estate and marketability of the land, the value of inventories could be adversely affected, which, in turn, could materially and adversely affect the Group's businesses, financial condition, results of operations or prospects.

The Group is exposed to interest rate risk.

Interest rate fluctuations may have a significant influence on the financial performance of the Group. The Group's income and financial condition associated with its microfinance and financing leasing businesses depend to a large extent on interest income, which is the difference between interest earned from loans the Group provides and interest paid for its bank borrowings. The interest rates the Group charges the borrowers are linked to the benchmark interest rates set by PBOC, which may fluctuate significantly due to changes in the PRC government's monetary policy. The Group is also subject to the Guiding Opinions on the Pilot Operation of Microfinance Companies (《中國銀行業監督管理委員會、中國人民銀行關於小額貸款公司試點的指導意見》(銀監發[2008]23號)) promulgated by CBRC and PBOC. If the Group has to reduce the interest rates it charges the borrowers to reflect the requirements of the regulatory department, the interest earned from its loans will decline. In addition, the Group may face fierce competition and price wars, and, as a result, it may lower its interest rates, which would adversely affect the Group's profitability and financial position. In addition, if the Group is not able to control its funding costs or adjust its lending interest rates in a timely manner, the Group will experience a narrowing interest rate spread, which could adversely affect the Group's profitability and financial position.

The Group's financial leasing business is also affected by interest rates, including both the interest rates charged to its financial leasing customers and the interest rates it pays on its loans and financing obligations. In order to remain responsive to changing interest rates and to manage the Group's interest rate exposure, the Group has implemented measures to adjust the structure of its assets and liabilities based on an assessment of the sensitivity of projected net interest income under various interest rate scenarios. However, an increase in interest rates, or the perception that such an increase may occur, could adversely affect the Group's ability to obtain bank loans at favourable interest rates, its ability to maximise its interest income, its ability to originate new leases, and its ability to grow. In addition, changes in interest rates or in the relationships between short-term and long-term interest rates or between different interest rate indices (i.e. basis risk) could affect the interest rates received on interest-earning assets differently from the interest rates paid on interest-bearing liabilities, which could, in turn, result in an increase in interest expense or a decrease in net interest income (which is the Group's interest income minus the Group's interest expense).

In addition, the Group's net interest income is also impacted by whether it can adjust the interest rates it charges its customers in response to fluctuations in interest rates for the Group's interest-bearing bank borrowings to maintain its net interest spread and its net interest margin. If the Group fails to appropriately adjust the interest rates of its lease contracts in a timely manner, its net interest spread and its net interest margins may decrease, and, as a result, its profitability and results of operations would be adversely impacted. Any increase in the Group's interest expense or decrease in its net interest income could have a material adverse effect on its business, results of operations and financial condition.

The Group's risk management framework, policies and procedures and internal controls may not fully protect the Group against various risks inherent in its businesses.

The Group has established an internal risk management framework, policies and procedures to manage its risk exposures, primarily operational risk, compliance risk and legal risk, as well as liquidity risk. These risk management policies and procedures are based upon historical behaviours, and the Group's experience in the relevant industries. They may not be adequate or effective in managing the Group's future risk exposures, or protecting the Group against unidentified or unanticipated risks, which could be significantly greater than those indicated by the Group's historical experience. Although the Group is continuously updating these policies and procedures, it may fail to predict future risks due to rapid changes in the market and regulatory conditions, and new markets the Group enters.

Although the Group has established internal controls to ensure its risk management policies and procedures are adhered to by its employees as it conducts its businesses, its internal controls may not effectively prevent or detect any non-compliance of its policies and procedures, which may have a material adverse effect on the Group's business, financial condition and results of operations.

While the Group has not identified any deficiency in the implementation of its internal control procedures, there can be no assurance that no internal control deficiencies will be identified in the future. Failure to address the Group's internal control and other deficiencies in a timely and effective manner may undermine the effectiveness of the Group's risk management system, may result in inaccuracies in the Group's financial reporting, and may also increase the potential for financial losses and non-compliance with regulations. As a result, the Group's asset quality, business, financial condition and results of operations may be materially and adversely affected.

Effective implementation of the Group's risk management and internal controls also depends on the Group's employees. There can be no assurance that such implementation will not involve human error or other mistakes, which may significantly undermine the effectiveness and performance of the Group's risk management and internal controls, resulting in a material adverse effect on the Group's businesses, results of operations and financial position.

The Group operates in multiple businesses and this business structure exposes the Group to challenges not faced by companies with a single or small number of businesses.

The Issuer has a number of subsidiaries and associated companies operating in multiple industries. Through these subsidiaries and associated companies, the Group primarily focuses on four principal

business segments including (i) urban construction and development including real estate development, major project development, landscaping of urban network, (ii) park construction and management including operation and maintenance of various specialised parks, (iii) investment and capital operation and management, mainly in equity investment projects of high-tech and emerging industries and (iv) modern services sector mainly in the operation and management of various specialised markets and commercial buildings. The Group also derives operating income from leasing income. As such, the Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

The Group may be subject to legal, litigation and regulatory proceedings.

The Group may be involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Please see "*Description of the Issuer — Litigation*" for further information. These risks often may be difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other results adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions, the costs of such defence may be significant. In market downturns, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, businesses, financial condition, results of operations and prospects.

In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in liabilities. Also, in the event that the Group makes any other investments or acquisitions in the future, there can be no assurance that the Group would not have any exposure to any litigation or arbitration proceedings or other liabilities relating to the acquired businesses or entities.

While the Group believes that it offers its employees competitive compensation and is able to attract and retain qualified personnel, there can be no assurance that the Group can be successful in recruiting or retaining its key managerial personnel and employees.

The success of the Group's businesses depends, to a large extent, on the strategic vision of its board of directors, the continued service of key managerial personnel, including directors and key senior executives, and the ability to attract and retain highly skilled personnel. While the Group believes that it

offers its employees competitive compensation and is able to attract and retain qualified personnel, there can be no assurance that the Group can be successful in recruiting or retaining its key managerial personnel and employees, in which case the Group's operations may be adversely affected. In particular, the market for qualified investment professionals is competitive. The Group's investment professionals possess extensive experience and expertise in investment, are responsible for implementing the Group's investment strategies, identifying and executing its investments, and have a valuable business network that may lead to investment opportunities. Therefore, the loss of its investment professionals could jeopardise the performance of the Group's businesses, which would have a material adverse effect on its businesses, financial condition and results of operations. If one or more of the Group's key managerial personnel or other personnel are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all, and its businesses may be disrupted and its financial position and results of operations may be materially and adversely affected.

In addition, failure of any of the Group's key managerial personnel or employees to observe and perform its obligations under its service agreements, or any labour unrest and any increase in labour costs resulting from such dispute, may have a material adverse effect on the Group's results of operations and profits.

Additionally, the Group relies on third-party contractors to carry out certain business processes, including, but not limited to, certain property development projects. As such, labour shortages or labour disputes of third-party contractors could materially and adversely affect the Group's businesses, prospects and results of operations. Industrial action or other labour unrest could directly or indirectly prevent or hinder the progress of the affected construction projects, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects.

The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases.

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects, and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt.

The Group's operations are mainly based in Jiangsu Province, in particular, Rudong County, Nantong City, which is exposed to potential natural disasters including, but not limited to, earthquakes, flooding, landslides, mudslides and drought.

If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these, or similar events, could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its incomes.

In addition, some of the Group's contracts with suppliers and other counterparties have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform obligations under their contracts upon the occurrence of certain events including, but not limited to, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, or any natural disaster; all being circumstances which are beyond the control of the party claiming force majeure. If one or more of the Group's suppliers or other counterparties do not perform under their contracts for any extended period of time, due to the declaration of a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

Risks of substantial costs and liabilities are inherent in the Group's principal operations, and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons. The frequency and magnitude of natural disasters seen over the past few years could have a significant impact on the capacities of the insurance market and on the costs of civil liability and damages insurance cover for the Group.

In addition, the Group's operations are subject to outbreaks of contagious diseases. For example, the outbreak of SARS that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. There have been sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular, poultry, as well as some isolated cases of transmission of the virus to humans. There have also been recent outbreaks among humans of the influenza A/H1N1 virus globally. On 11 June 2009, the World Health Organisation raised its global pandemic alert to Phase 6 after considering data confirming the outbreak. The outbreak of SARS and the influenza A/ H1N1 virus led to a significant decline in travel volumes and business activities throughout most of the Asian region. The occurrence of another outbreak of SARS, the influenza A/H1N1 virus, Middle East Respiratory Syndrome (MERS), H7N9, COVID-19 pandemic or of any other highly contagious disease may result in another economic downturn and may have an adverse effect on the overall level of business and travel in the affected areas. It may also disrupt the Group's business operations, and consequently have an adverse effect on its financial condition and results of operations.

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

The Group engages third-party contractors to provide various services. No assurance can be given that the services rendered by any of these contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of the Group's projects may be delayed, and it may incur additional costs due to a contractor's financial or other difficulties. Moreover, contractors may undertake projects for other companies, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's businesses, financial condition and results of operations.

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

The Group's consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Please see "Summary of Significant Differences between PRC GAAP and IFRS" for details. Each investor should consult its own professional advisers for an understanding of certain 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.

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

The historical financial information is not intended to represent or predict the Group's results of operations for any future periods. The Group's future results of operations may change materially if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations, and the competitive landscape of the industries in which the Group operates its businesses. The Group may also acquire businesses or companies, or dispose of its subsidiaries or assets from time to time in accordance with the Group's business objectives. Period-to-period comparisons of the Group's historical operating results must be evaluated in light of the impact of any such transactions.

Public corporate disclosure about the Issuer may be limited.

As the Issuer is an unlisted company, there may be less publicly available information about the Issuer than is regularly made available by public companies in certain other countries.

The Group's businesses and operating results to a large extent depend upon the economic and industrial conditions of Rudong County, Nantong City and the PRC.

The Group is an investment and financing platform of the Rudong County, Nantong City municipal government, investing in real estates and financial technology and undertaking financial and consultancy services. The Group operates in Rudong County, Nantong City and other areas of the Jiangsu Province of the PRC. Demand for the Group's services depends on the general economy and level of activity and growth in the industries in which the Group serves. Development of these industries is subject to various factors, many of which are beyond the Group's control, including but not limited to market fluctuations of technological development, government investment plans and general economic or political conditions.

The PRC government has from time to time adjusted its monetary, fiscal and other policies and measures to manage the rate of growth of the economy or control the overheating of the general economy or the overheating or overcapacity in certain industries or markets. As a result, the general economy in Rudong County, Nantong City, the PRC or in any particular industry in which the Group operates or serves may grow at a lower than expected rate or even experience a downturn.

Although the PRC has been one of the world's fastest growing economies in recent years as measured by GDP growth, China may not be able to sustain such a high growth rate. For example, the GDP growth rate of China decreased from 9.5% in 2011 to 5.95% in 2019. In addition, the global economy may continue to deteriorate in the future and continue to have an adverse impact on China's economy. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. The national referendum results whereby the United Kingdom voted to withdraw from the European Union has resulted in volatility in global financial markets, and it is expected to create mid-to long-term economic uncertainty to not only the economies of the United Kingdom and the European Union but also globally. In addition, the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and the PRC have recently been involved in controversies over trade barriers that have threatened a trade war between the countries, and have implemented or proposed to implement tariffs on certain imported products. Sustained tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economies. The PRC economy is sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis or experience a financial crisis. There can be no assurance that changes in the economic, social and political conditions in the PRC or the global economy would not have an adverse effect on the Group's businesses, financial conditions, performance, profitability and prospects.

Macro-economic factors have had and may continue to have a material adverse effect on the Group's business, financial condition and results of operations.

The industries that the Group operates in are affected by macro-economic factors, including changes in international, national, regional and local economic conditions. In particular, most of the Group's operations are conducted in the PRC and accordingly, the Group's results of operations are closely affected by the macro-economic conditions in the PRC. For instance, any deterioration of the Chinese economy may adversely impact the fast-growing entertainment market in the PRC and the production and marketing ability of the major motion picture studios. In addition, it may also reduce the consumers' discretionary spending on leisure activities and lead to the decrease in demand for motion pictures. Moreover, slowdown of the growth of the PRC economy and fear of a recession may decrease the consumer confidence and lead to the decrease in demand for residential and commercial properties in the PRC. This could in turn materially and adversely affect the Group's financial condition and results of operations.

Currently, an outbreak of COVID-19 has occurred in different regions of the world, including the PRC. As at the date of this Offering Circular, the epidemic, after initially spreading far and wide inside China, has also escalated into a major public health crisis on a global scale and declared a pandemic by the World Health Organisation. Several cities in China were under a lockdown with restrictions on travel and

movement of people as well as prolonged closures of workplaces in an effort to curb the spread of COVID-19, and the epidemic also caused the delay in resumption of local business in the PRC after the Chinese New Year holiday. Public-health authorities around the world are also intensifying containment efforts, leading to a severe drop in business activity and curtailing global trade. The epidemic may create further negative economic impact in the PRC as well as result in increased volatility in the global markets and affect investment sentiment. Any such adverse changes in the international financial markets or the PRC national and regional economies may materially and adversely affect the Group's businesses, financial condition and results of operations. See also "*— The national and regional economies in the PRC and the global capital markets may be adversely affected by natural disasters, acts of God and occurrence of epidemics, including the COVID-19 pandemic*".

Moreover, deteriorating conditions in the domestic and global financial markets that could impact the availability of credit generally may have a material and adverse impact on financing available to the Group. Renewed turmoil affecting the financial markets, banking systems or currency exchange rates may significantly restrict the Group's ability to obtain financing from the capital markets or from financial institutions on commercially reasonable terms, or at all, which could materially and adversely affect its businesses, financial condition and results of operations. See also "*— Risks relating to the PRC — PRC economic, political and social conditions, as well as government policies, could affect the Group's businesses*".

The Group's financing and business models may be impacted by PRC regulations on the administration of the financing platforms and local government debt.

The PRC government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Notice on Strengthening the Administration of Local Government Financing Vehicles (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**") in June 2010 and the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) ("**Circular 43**") released by the State Council in September 2014, the Notice on Further Regulating Issuance of Bonds by Local Government Financing Vehicles (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) released by the NDRC issued in November 2010 ("**Circular 2881**"), the Circular 50, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號)) ("**Circular 87**") issued by the MOF in May 2017, the Notice of the Ministry of Finance on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) ("**Circular 23**") in March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) ("**Circular 706**") jointly issued by the NDRC and the MOF in May 2018 and the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳關於加強國有企業資產負債約束的指導意見) jointly issued by the General Office of the Central Committee of the Communist Party of the PRC and the State Council in September 2018 (the "**Joint Opinion**") (Circular 19, Circular 43, Circular 50, Circular 87, Circular 23, Circular 706 and the Joint Opinion, together, the "**Debt Control Circulars**").

According to Circular 2881, the financing vehicles of a local government, such as the Issuer, must rely on their internal operating cash flow to finance the payment of more than 70% of the cash requirements for repaying their corporate bonds issued in the PRC. If income from the construction of public interest projects represents more than 30% of their total income, the financing vehicles should provide the authorities that review the application of corporate bonds issuance with information relating to the balance of the local government's debts and other detailed information to demonstrate their repayment ability. In addition, it reinforces the requirements under Circular 19 which prohibit local governments from mortgaging state-owned assets or otherwise creating security interests over public funds to secure

the debts of its financing vehicles, directly or indirectly. As at the date of this Offering Circular, the Group has not received any notice from any governmental authority that it is not in compliance with Circular 2881.

According to Circular 706, any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land (together, “**Public Assets**”) cannot be counted towards the Issuer’s assets for the purposes of issuing medium and long-term foreign debts.

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on their behalf. Circular 87 required local governments and their departments shall not take advantage of or make up a contract for the government procurement of services in such a manner that conceals an underlying objective of raising funds for any construction project, and shall not make up a contract for accounts payable (receivable) by any means or enter into such a contract beyond their respective authority in an attempt to help financing platforms and other types of enterprises raise funds.

Circular 23 and Circular 706 established policies for foreign debt issuance including exclusions on public assets being listed as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement of the issuance or an association with the government’s credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf. The PRC government may continue to implement the Debt Control Circulars to control local government debts. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Rudong County, Nantong City municipal government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are to be repaid solely by the Issuer, and the obligations under the Bonds or the Trust Deed shall be fulfilled solely by the Issuer as an independent legal person. If the Issuer does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer, and not the Rudong County municipal government or any other PRC governmental entity.

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

The Group had net decreases in cash at bank and on hand in the past and are exposed to risks to generate cash to service the Group’s indebtedness, and the Group’s ability to generate cash depends on many factors beyond the Group’s control.

For the years ended 31 December 2018, 2019 and 2020, the cash at bank and on hand was approximately RMB2,755.2 million, RMB1,611.8 million and RMB2,528.6 million, respectively. The Group recorded net decreases in cash at bank and on hand from RMB2,755.2 million to RMB1,611.8 million in the years ended 31 December 2018 and 2019. There is no assurance that the Group will not experience net decreases in cash at bank and on hand in the future. If the Group experience such decreases again in the future, the Group’s working capital may be constrained, which may materially and adversely affect the Group’s businesses, financial condition and results of operations.

The Group’s ability to make payments on and to refinance its indebtedness, including the Bonds, and to fund planned capital expenditures and project development will depend on the Group’s ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group’s control. The Group’s businesses might not generate sufficient cash flow from operations to enable the Group to pay the Group’s indebtedness, including the Bonds, or to fund other liquidity needs. The Group may need to refinance all or a portion of

the Group's indebtedness, including the Bonds, on or before maturity. However, the Group might not be able to refinance any of the Group's indebtedness, including the Bonds, on commercially reasonable terms or at all. If the Group is unable to service the Group's indebtedness or obtain refinancing on terms acceptable to the Group, the Group may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Group's ability to access credit and capital markets may be adversely affected by factors beyond its control.

The Group's ability to obtain external financing in the future and the cost of such financing are subject to a variety of factors and uncertainties, including but not limited to: the conditions of the general financial, capital and credit markets; potential changes in monetary policies with respect to bank interest rates, foreign exchange rates and overall lending policy; and performance of the Group's businesses and financial conditions at that time.

The Group maintains a certain level of indebtedness to finance its operations. As at 31 December 2018, 2019 and 2020, the Group's aggregate borrowings were RMB3,363.2 million, RMB3,376.6 million and RMB3,909.4 million, respectively. If there is any default under such financing arrangements, or the renegotiation efforts of such default would be successful or timely or that the Group would not be able to refinance its obligations under such arrangement on acceptable terms, the Group's financial position, cash flow position and business prospects may be materially and adversely affected.

Interest rate increases by the PBOC or market disruptions may increase the Group's cost of borrowing or adversely affect its ability to access credit and capital market. There can be no assurance that the anticipated cash flow from the Group's operations will be sufficient to meet all of its cash requirements, or that it will be able to secure external financing at competitive rates, or at all. Any such failure may adversely affect the Group's ability to finance its operations, meet its obligations or implement its development strategy.

If the Group is unable to retain its existing senior management and other key personnel and hires, train and retain senior management or key personnel, its ability to maintain and develop its businesses could be harmed.

The Group's operations and long-term success depend heavily upon the continued service of members of its senior management team and its ability to attract and retain qualified staff. The Group's senior management team has worked for the Group for many years and has played a key role in making major business decisions. As competition in the PRC for quality, experienced senior management and key personnel is intense, the Group may not be able to retain the services of its senior executives or key personnel, or attract, retain or replace quality senior executives or key personnel in the future. If any member of the Group's senior management team or key personnel joins a competitor or carries on a competing business, the Group may lose customers and other key staff members, which will materially and adversely affect its businesses and expansion prospects. In addition, the Group may be unable to retain a sufficient number of suitable employees or recruit additional qualified employees for its daily operations and business expansion, in which case, its businesses, results of operations, growth and business prospects could be materially and adversely affected.

The Group's risk management and internal control systems may not fully protect it against various risks inherent in its businesses.

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

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

The Group has established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and risk control procedures to manage its risk exposures, primarily its operational risk and legal risk. However, it may not be successful in implementing its risk management and internal control systems. While the Group seeks to continue to enhance its risk management and internal control systems from time to time, such risk management and internal control systems may not be adequate or effective notwithstanding its efforts, and any failure to address any potential risks and internal control deficiencies could materially and adversely affect its businesses, financial condition and results of operations. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

Since the Group's risk management and internal control systems depend on the implementation by its employees, it requires that all its employees adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. The Group is subject to risks in relation to actions taken by it or its employees that constitute violations of the laws and regulations. Moreover, the Group's growth and expansion may affect its ability to implement stringent risk management and internal control policies and procedures as its businesses evolve. If the Group fails to timely adopt, implement and modify, as applicable, its risk management and internal control policies and procedures, its businesses, financial condition and results of operations could be materially and adversely affected.

Litigation and regulatory investigations and the resulting sanctions or penalties may adversely affect the Group's reputation, businesses, results of operations and financial condition.

The Group is exposed to risks associated with litigation relating to its operations such as the risk of lawsuits and other legal actions. The Group may from time to time be exposed to arbitration claims and lawsuits. Claims may be brought against the Group for liabilities for shareholder dispute, defective or incomplete work, personal injuries, damage to or destruction of property, breaches of warranty, and termination of contracts or delayed payments to its suppliers or subcontractors. The Group may also bring claims against counterparties to preserve or enforce its contractual rights. The claims and charges may involve actual damages and contractually-agreed-upon liquidated sums. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgment or awards can be effectively enforced. If a judgment or award is rendered against the Group, it would have to incur a loss against earnings to the extent a reserve had not been established for the matter in its financial statements, or to the extent the claims were not sufficiently covered by the insurance coverage of the Group. Both claims brought against or by the Group, if not resolved or settled through negotiation or mediation, may involve the Group in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. Amounts ultimately realised from project or other claims by the Group could differ materially from the balances included in the financial statements, resulting in a loss against earnings of the Group to the extent profit has already been accrued on a project or other contract. Charges and write-downs associated with claims brought against the Group have a material adverse impact on the financial condition, results of operations and cash flow of the Group. Moreover, legal proceedings resulting in judgments or findings against the Group may harm its reputation and damage its prospects for future contract awards and business.

There can be no assurance that the number of legal claims and amount of damages sought in litigation and regulatory proceedings will not increase in the future. A significant judgement or regulatory action against the Group or a disruption in its businesses arising from adverse adjudications in proceedings against its directors, officers or employees would have a material adverse effect on the Group's liquidity, businesses, financial condition, results of operations and prospects.

The Group is subject to risks associated with certain covenants or restrictions under its bank borrowings or trust financing arrangements, which may adversely affect the Group's businesses, financial condition and results of operations.

Increases in the level of the Group's debt and restrictions in the covenants contained in the instruments governing the Group's debt could have important consequences. For example, they could:

- make it more difficult for the Group to obtain additional financing on acceptable terms;
- require the Group to dedicate a substantial portion of its cash flows from operating activities to the repayment of its debt and the interest associated with its debt;
- limit the Group's operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt, and create liens on its properties;
- place the Group at a competitive disadvantage compared with its competitors that have relatively less debt; and
- make the Group more vulnerable to downturns in its businesses.

If the Group is unable to comply with the restrictions and covenants or its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Group, as the case may be, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, the Group's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other

debt, or result in a default under its other debt agreements. If any of these events occur, the Group cannot assure you that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that the Group would be able to find alternative financing. Even if the Group could obtain alternative financing, they cannot assure you that it would be on terms that are favourable or acceptable to it.

The Group has a diversified business portfolio operating in multiple industries and jurisdictions and it may not be successful in integrating its businesses.

The Group has a large number of subsidiaries, which operate in a wide range of industries and various jurisdictions. Therefore, the Group faces additional business, market and regulatory risks that companies operating a single business in a single market will not face.

The Group may not be able to effectively implement centralised management and supervision of its subsidiaries and its investees or ensure consistent application of the Group's strategies and policies. In a number of subsidiaries, there are other major shareholders holding significant portions of equity interests and have great influence in their management. There is no assurance that the Group's strategies and policies are implemented effectively and consistently within the Group and are followed by its investee companies. In addition, due to the large number of the Group's subsidiaries, their broad geographic distribution and limitations in the Group's information systems and other factors, the Group may not always be able to effectively detect or prevent on a timely basis operational or management problems at its subsidiaries, and information available to and received by the Group's management may not be accurate, timely or sufficient for the Group's management to manage risks and plan for and respond to market and other changes in the Group's operating environment.

In recent years, the Group has diversified its business portfolio and expanded its asset scale partially by conducting strategic investments in other companies, including strategic acquisitions. To achieve the commercial value that the Group expects from its strategic investments and acquisitions, the Group may need to properly manage post-closing issues, which could be complex, time-consuming and expensive. The successful integration of an acquired business may be affected by the size and complexity of the acquired business and the execution of the integration plan by that company's management. The Group may face unexpected delays or encounter difficulties that may require the Group to allocate additional resources to deal with such problems. There is also no assurance that such business ventures will be successful or generate the synergies expected, if any. Any such problem may impair the Group's competitiveness, and adversely affect the Group's businesses, financial condition, results of operations and prospects.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the related training programs as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies and guidelines. There can be no assurance that the quality of the projects undertaken by the Group will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims is ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's businesses and operations.

Labour shortages, labour disputes or increases in labour costs of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's businesses, prospects and results of operations.

Many of the Group's businesses are labour intensive. The Group also relies on third-party contractors to carry out infrastructure construction and real estate development. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the Group or the contractors participating in the Group's projects. 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, an employer is required to make a compensation payment 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 non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms. As such, labour shortages, labour disputes or increases in labour costs of the Group or third-party contractors could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects which could materially and adversely affect the Group's businesses, prospects and results of operations.

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

The cost of construction materials, such as steel, which constitutes a significant portion of the Group's payments to its construction contractors, may fluctuate. Any increase in the cost of construction materials may result in additional costs to the Group and may lead to future increases in construction contract costs. Construction material costs have fluctuated in recent years. Any increase in the cost of any significant construction materials will adversely impact the Group's overall construction costs, which is generally one of the largest components of the Group's cost of sales for its properties. If the Group cannot pass any or all of the increased costs on to its customers, its profitability could be adversely affected.

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

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the real estate properties it develops;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;

- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

Members of the Group maintain insurance which is consistent with market practice in the relevant industries, and in amounts that the Group believes to be adequate. In certain circumstances, the Group also has to rely on the insurance maintained by third-party contractors working on the relevant projects. There can be no assurance that the insurance maintained by the Group or the third-party contractors will provide adequate coverage in all circumstances. Although each of the Group's facilities has a track record of safe operation and none of them has suffered any material hazards over the last three years, there can be no assurance that hazards, accidents or mishaps will not occur in the future. The occurrence of any such incident for which the Group is uninsured or inadequately insured may have a material adverse effect on its businesses, financial condition and results of operations. In addition, the Group may not always be able to obtain insurance of the type and amount the Group desires at reasonable rates.

Over time, premiums and deductibles for insurance policies may increase substantially, and certain insurance policies could become unavailable or available only for reduced amounts of coverage. If the Group was to incur significant liability for which the Group is not insured or not fully insured, such liability could have a material adverse effect on its financial position and results of operations. In addition, any claims made under any insurance policies maintained by the Group may not be paid in a timely manner, or at all, and may be insufficient if such an event were to occur.

Claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs incurred in the Group's operations due to the above-mentioned operational risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that the Issuer or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its businesses. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis, if at all. As at the date of this Offering Circular, the Group has not received any notice regarding non-compliance with the applicable safety regulations or requirements from any government authority. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

No assurance of investment return.

The Group's task of identifying and evaluating investment opportunities, managing investments and realising a significant return is challenging. Many organisations, which the Group makes equity investments into, operated by persons of competence and integrity have been unable to make, manage and realize on such investments successfully. There is no assurance that the Group will be able to invest its capital on attractive terms or generate return.

Investment in emerging markets.

Investment in emerging markets, such as the high-tech industry, carry additional risks. In particular, investments in any emerging market carries a higher risk than investment in a developed market. For example, emerging markets may afford a lower level of legal protection to the Group.

Risk of less established companies.

The Group may invest in smaller, less established or start-up companies, assets or projects. Investments in such entities may involve greater risks than that generally associated with investments in more established entities. To the extent that there is any public market for the securities of such companies held by the Group, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to be less well capitalized and have fewer resources, and, therefore, are often more vulnerable to financial failure.

Such companies also have short operating history on which to judge future performance and in many cases, if operating, will have negative cash flow. There can be no assurance that losses from financial failure of an investment company will be offset by gains (if any) realized on the Group's other investments. The Group may invest in assets that (i) have little or no operating history, (ii) have a checkered financial history, (iii) offer services or products that are not yet ready to be marketed, (iv) are operating at a loss or have significant fluctuations in operating results, (v) are engaged in a rapidly changing business, or (vi) need substantial additional capital to set up internal infrastructure, hire management and personnel, support expansion or achieve or maintain a competitive position. Such companies may have a greater variability of returns, and a higher risk of failure, than more established companies.

Liquidity Risks.

Liquidity may be important to the Group's business. Under certain market conditions, the liquidity of the Group may be reduced. During such times, the Group may be unable to dispose of certain assets, which would adversely affect the Group's ability to meet redemption requests of the Bonds or to repay its indebtedness. In addition, such circumstances may force the Group to dispose of assets at reduced prices, thereby adversely affecting its performance. If there are other businesses seeking to dispose of similar assets at the same time, it may be more difficult for the Group to sell such assets or prevent losses relating to such assets. Furthermore, if the Group incurs substantial losses, the need for liquidity could rise sharply while its access to liquidity could be impaired. There is no assurance that the Group will achieve sufficient liquidity in order to meet its indebtedness obligations, if any.

Market risks and liquidity.

The profitability of the Group may depend on correctly assessing the future course of its business. There is no assurance that any business line of the Group will result in returns that the Group anticipated to receive.

Furthermore, the Group may be adversely affected by a decrease in market liquidity for its assets, which may impair its ability to adjust its position. Changes in overall market leverage, de-leveraging as a consequence of a decision by a prime broker to reduce the level of leverage available, or the liquidation by other market participants of the same or similar positions, may also adversely affect the Group's assets. There may be uncertainties involved in valuing some of the Group's assets. Investors are warned that under those circumstances, the Group may not be able to promptly liquidate its assets if the need should arise. In addition, the sales of thinly traded or illiquid assets by the Group could depress the market value of such assets and thereby reduce the Group's profitability or increase its losses. Such illiquidity can be caused by market conditions, interrelationships between or among markets, governmental, regulatory authority, or exchange rules, applicable laws, or the nature of the Group's investments.

The Group faces a wide range of competition and may fail to compete effectively and operate profitably.

The Group competes with other commercial operational service providers that operate on national, regional and local scales. They may have stronger capital resources, longer operating histories, better track records, greater brand or name recognition, greater expertise in regional and local markets and greater financial, technical, marketing and public relations resources than we do. They may also be better positioned than we are to compete for customers, financing, skilled management and labor resources, and devote more resources to the development, expansion and promotion of their commercial operational services. In addition, property developers may establish their own in-house commercial operational service businesses or engage their affiliated service providers. These developments may reduce the availability of business opportunities and customers as there would be fewer property developers on the market who would be willing to refer business to the Group. Since the Group's competitors may seek to emulate the Group's business model, the Group may lose its competitive edge should the Group fails to continue improving and thereby distinguish itself from other service providers. The Group's customers may opt to work with its competitors upon the expiry of the Group's existing service contracts as competitive pressures intensify, and the Group may be less likely to successfully obtain new service contracts.

In addition, the Group's efforts to compete may compel it to reduce prices for its commercial operational services, while competitive pressures may force it to further enhance its service quality, thereby increasing its cost of services. The Group cannot assure that it will be able to pass additional costs to its customers. Failure to compete effectively may erode the Group's profit margins and market share, which could in turn adversely affect its businesses, financial condition, results of operations and growth potential.

The Group may not be able to secure new or renew our existing commercial operational service contracts on favorable terms, or at all.

The Group believes that its ability to expand its portfolio of commercial operational service contracts is key to its substantial growth. The Group cannot assure you that it will be able to procure new commercial operational service contracts on favorable terms, or at all. Its efforts may be hindered by factors beyond its control, which may include, among others, changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the commercial operational service market. In addition, both termination and non-renewal of commercial operational service contracts could potentially be detrimental to its reputation and diminish its competitiveness within the market. Moreover, even if the Group manages to secure new commercial operational service contracts, the relevant commercial properties may not open for business as planned. Such delay in opening may have an adverse impact on the Group's financial condition and results of operations.

The Group is susceptible to changes in the regulatory landscape of the PRC real estate industry.

As a commercial operational service provider, the Group's growth potential is, and will likely continue to be, affected by developments in the PRC real estate industry. The PRC government promulgates new laws and regulations from time to time in relation to the PRC real estate industry. In recent years, the PRC government has implemented a series of measures to contain the perceived over-heating in the real estate market. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the property sector through regulating, among others, land grants, pre-sales of properties, bank financing, mortgage and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have an impact on the PRC real estate industry. In the event that these measures decelerate the overall growth of property development in the PRC, the Group may experience slower growth in the market for commercial operational services, which could in turn restrict the Group's potential in and efforts to expand its business.

Our auditors has received adverse regulatory decisions and warnings issued by relevant PRC authorities in recent years.

Zhongxinghua Certified Public Accountants LLP, our independent auditors, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the CSRC. Zhongxinghua

Certified Public Accountants LLP has received certain adverse regulatory decisions and warnings issued by CSRC and received administrative supervisory measures imposed by CSRC in recent years.

According to Zhongxinghua Certified Public Accountants LLP, the aforementioned adverse regulatory decisions and warnings do not have any impact on its audit opinions for the Group's financial statements as at and for the years ended 31 December 2018, 2019 and 2020, nor do they have any impact on Zhongxinghua Certified Public Accountants LLP in continuing to provide audit and other services to the Issuer.

According to Zhongxinghua Certified Public Accountants LLP, the adverse regulatory decisions and warnings are not related to the Zhongxinghua Certified Public Accountants LLP team serving as the Group's auditors and do not otherwise disqualify the team and its participation in this offering.

RISKS RELATING TO THE PRC

PRC economic, political and social conditions, as well as government policies, could affect the Group's businesses.

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

Any market and economic downturn, economic slowdown or geopolitical uncertainties in the PRC, its neighbouring countries or regions or the rest of the world may exacerbate the risks relating to the PRC capital markets. There can be no assurance that the PRC's economy or the global economy will continue to improve or maintain sustainable growth. In the event of an economic downturn, the Group's businesses, financial conditions and results of operations could be adversely affected.

The Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the Group's financial conditions and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to the Group. The Group's operating results and financial conditions may also be materially and adversely affected by other changes in taxation and changes in state policies affecting the industries in which the Group operates. The economy of the PRC differs from the economies of most developed countries in many respects, including, but not limited to political structure, level of government involvement, level of development, growth rate, foreign exchange controls and allocation of resources. The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy.

Recently, the combination of the COVID-19 pandemic and oil shocks resulting from a price war between Saudi Arabia and Russia has caused the U.S. stock market to be in freefall. Besides increased volatility in international financial markets, general consumption and manufacturing levels have also been adversely affected as a result. Furthermore, there is speculation that should the financial turmoil persist, a global recession may occur, which, in turn, may have a negative impact on the Group's businesses, financial condition and results of operations, as well as its access to future financing. Governments and central banks around the globe have introduced or are planning to introduce fiscal and monetary stimulus measures including tax cuts, direct subsidies, rate cuts, bond repurchase programs and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the epidemic, stabilize the markets and provide liquidity easing to the markets. There is no assurance that such measures may be introduced in time or will be sufficient or effective in delivering their policy objectives, containing the economic impact of the pandemic or stabilising the markets. As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing

significant volatility. The global economic uncertainty and the slowdown in PRC economic growth may continue to raise the possibility of, fiscal, monetary, regulatory and other governmental actions. The Group cannot predict whether or when such actions may occur, nor can the Group predict what ultimate impact, if any, such actions or any other governmental actions could have on its businesses, results of operations and financial conditions.

Uncertainty with respect to the PRC legal system could affect the Group.

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

It may be difficult to effect service of legal process, enforce foreign judgements or bring original actions in the PRC based on other foreign laws against the Group.

The Group and a number of the Group's subsidiaries are incorporated in the PRC. A substantial portion of the Group's assets is located in the PRC. In addition, most of the Issuer's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible for investors to effect service of process outside the PRC upon most of the Group's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgment 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 "**Reciprocal Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. It is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Reciprocal Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Group, the Issuer, any of their respective directors, supervisors or senior management in the PRC.

The national and regional economies in the PRC and the global capital markets may be adversely affected by natural disasters, acts of God and occurrence of epidemics, including the COVID-19 pandemic.

The Group's businesses are subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond its control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including the cities where the Group operates, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as the Severe Acute Respiratory Syndrome (SARS), the H5N1 avian flu, the human swine flu (Influenza A (H1N1)), Middle East Respiratory Syndrome (MERS), H7N9, or, most recently, the novel coronavirus named COVID-19 by the World Health Organization. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC.

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets. In addition, such epidemics may result in worldwide restrictions on travel and public transport and prolonged closures of workplaces which may have a material adverse effect on the global economy. Any material changes in the financial markets or the PRC economy or regional economies as a result of these events or developments may materially and adversely affect the Group's businesses, financial condition and results of operations.

Fluctuations in the value of Renminbi may adversely affect the Group's businesses and the value of distributions

The Bonds are denominated in U.S. dollars, while substantially all of the Group's revenue is generated and denominated in Renminbi. The value of Renminbi depends, to a large extent, on domestic and international economic, financial and political developments and PRC government policies, as well as the supply and demand in the local and international markets. From 1999 until 2005, the conversion of the Renminbi into foreign currencies, including the U.S. dollar and the Hong Kong dollar, was based on exchange rates set and published daily by PBOC in light of the previous day's inter-bank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of the Renminbi into the U.S. dollar was largely stable until July 2005. On 21 July 2005, PBOC revalued the Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of the Renminbi appreciated by more than 2% on that day. Since then, PBOC has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. Further, from 18 May 2007, PBOC enlarged the floating band for the trading prices in the inter-bank foreign 47 exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on 21 May 2007. This allowed the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. In June 2010, PBOC announced its intention to proceed with the reform of the Renminbi exchange rate regime to increase flexibility and on 16 April 2012 the band was expanded to 1.0% and further revised to 2.0% on 17 March 2014. These changes in currency policy resulted in the Renminbi significantly appreciating against the U.S. dollar. The Renminbi exchange rate could fluctuate widely against the U.S. dollar or any other foreign currency in the future. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of Renminbi against the U.S. dollar, the Group's financial condition and results of operations could be adversely affected because of its U.S. dollar denominated indebtedness and other obligations. Since the Group's income and profits are denominated in Renminbi, any appreciation of the Renminbi will increase the value of dividends and other distributions payable in foreign currency terms. Conversely, any depreciation of the Renminbi will decrease the value of dividends and other distributions payable in foreign currency terms. Fluctuation of the value of Renminbi will also affect the amount of the Group's foreign debt service in Renminbi terms since the Group has to convert Renminbi into foreign currencies to service its indebtedness in foreign currency.

The Group may incur additional cost to comply with the new policy regarding the tax bureau to collect social insurance and may be required by the tax bureau to make additional social insurance contributions

On 20 July 2018, China's Central Committee and the State Council released the Reform Plan on the National and Local Taxation Collection and Management System (the "**Taxation Collection Reform Plan**"). Set to take effect on 1 January 2019, the plan places the responsibility of calculating and collecting social insurance premiums solely with the tax bureau, which is expected to improve social insurance compliance since the tax bureau is better resourced to monitor and collect contributions. The impact of the newly adopted Taxation Collection Reform Plan is still uncertain. The Group may incur additional cost to comply with this new plan and may be required by the tax bureau to make additional social insurance contributions, which may have a material adverse impact on the Group's businesses, financial condition and results of operations.

RISKS RELATING TO THE BONDS

The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof or meet its outstanding obligations under the Bonds.

The Issuer may, in the event of certain changes in taxation, and at maturity will be required to, redeem all or, in the case of a Change of Control, all but not some only, of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem the Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Bonds, liquidity will be restricted and the development of a liquid trading market for the Bonds will be affected. If a market does develop, it may not be liquid and 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, the Group's 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 at its sole discretion. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, the trading market for, or the trading price of, the Bonds, or that the Bonds will be able to obtain or maintain a listing on the Hong Kong Stock Exchange. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time and in accordance with the Trust Deed, and without prior 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 issue price, the first payment of interest and the timing for completion of the Foreign Debt Registration and the making of the notifications in respect thereof, respectively) so as to form a single series with the Bonds (see “*Terms and Conditions of the Bonds — Further Issues*”). There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer’s and the Group’s revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates, fluctuations in prices for comparable companies, any adverse change in the credit rating, the revenues, earnings, results of operations or otherwise in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There is no assurance that these developments will not occur in the future.

Changes in interest rates may have an adverse effect on the price of the Bonds.

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

As the Bonds will carry a fixed interest rate, the trading price of the Bonds will consequently vary with the fluctuations in interest rates. If the Bondholders propose to sell their Bonds before their maturity, they may receive an offer lower than the amount they have invested.

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 relevant Bonds, the merits and risks of investing in the relevant 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 relevant 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 relevant Bonds;
- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Bonds are legal investments for it, (b) Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds.

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Issuer, respectively. The repayment of the Bonds may be adversely affected if:

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

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

The Group may be unable to obtain and remit foreign exchange.

The Issuer is incorporated in the PRC. The Group's ability to satisfy its obligations under the Bonds depends upon, among other things, its ability to obtain and remit sufficient foreign currency. The Group must present certain documents to SAFE, its authorised branch, or the designated foreign exchange bank, for approval before the Group can obtain and remit foreign currencies out of the PRC including evidence that the relevant PRC taxes have been paid. If the Group for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency, the Group's ability to satisfy its obligations under the Bonds would be adversely affected.

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

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Shortages in the availability of foreign currency may restrict the Group's ability to remit sufficient foreign currency to provide support to the Issuer to satisfy the Issuer's foreign currency denominated obligation. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currency to satisfy the Group's currency demands, it may not be able to provide support to the Issuer to make interest and principal payments under the Bonds.

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer does not have any control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

The market price of the Bonds may be adversely affected by decline in the international financial markets and world economic conditions. The market for Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the sub-prime mortgage crisis in

2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

If the Issuer or any other member of the Group is 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 their respective debt to be accelerated.

Certain financing agreements entered into by members of the Group may contain operational and financial restrictions on the Group's or, as the case may be, the relevant subsidiary's, business operations or financing activities, that prohibit the relevant borrower from incurring additional indebtedness, providing guarantees to other parties or changing its business focus or corporate structure unless it is able to satisfy certain requirements, including but not limited to meeting certain financial ratios or obtaining the relevant lender's prior consent. The ability of the Group to meet such requirements may be affected by events beyond its control, and the Group may not be in compliance with such restrictions from time to time. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions in time, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures or withstand a continuing or future downturn in its businesses. Any of these factors could materially and adversely affect the ability of the Issuer and other members of the Group to satisfy its obligations under the Bonds and/or other debt, as the case may be.

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

The Bonds have a limited upside.

The Bonds carry a fixed interest rate which is paid in U.S. dollars in arrear at maturity. Upon maturity, the Issuer will pay investors the principal amount of the Bonds plus any unpaid accrued interest. The maximum return on an investment in the Bonds is limited to these interest payments in U.S. dollars. As the Bonds are fixed income securities which are structured to provide investors with returns primarily through regular interest payments thereon, investors who hold the Bonds through to maturity or who dispose of the Bonds in the secondary market may not realise any capital gain.

Certain facts and statistics are derived from publications not independently verified by the Group, the Joint Lead Managers, the Trustee, the Agents or their respective advisers.

Facts and statistics in this Offering Circular relating to global economy and the relevant industries are derived from publicly available sources. While the Issuer has taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by any of the Issuer, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers and, therefore, none of these parties make any representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other

economies and should not be unduly relied upon. Further, 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.

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

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

The Conditions also provide that the Trustee may (but shall not be obliged to) agree, without the consent of Bondholders, to any modification of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement (other than in respect of certain reserved matters) which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, make any other modification or authorise or waive any proposed breach or breach of any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

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

The Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System 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 Systems and the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no 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 relevant Clearing System 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 in the event of a default under the Bonds represented by such Global Certificate but will have to rely upon their rights under the Trust Deed.

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 Issuer is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer would likely involve PRC insolvency laws, respectively, 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 to be indemnified and/or secured and/or prefunded to its satisfaction.

In certain circumstances (including giving of notice to the Issuer pursuant to Condition 8 (*Events of Default*) and taking enforcement steps as contemplated in Condition 13 (*Enforcement*)), the Trustee may (at its sole discretion) request to be indemnified and/or secured and/or prefunded to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute proceedings if not indemnified and/or secured and/or prefunded to its satisfaction.

Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the Conditions) and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions and/or steps and/or institute proceedings directly.

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

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

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

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) which took effect on 1 January 2008 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed non-resident enterprises under the EIT Law may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10% 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 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 (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.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 1 September 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10% or 20% is normally applicable to PRC-sourced income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10% for non-resident enterprise Bondholders and at a rate of 20% for non-resident individual Bondholders (or a lower treaty rate, if applicable).

On 23 March 2016, the MOF and the SAT issued the Circular 36, which introduced a new VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. The

Issuer will be obliged to withhold VAT of 6% and certain surcharges on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to 100% of their principal amount, together with any interest accrued to (but not including) the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Amounts (as defined in the Conditions), as further described in Condition 5(b) (*Redemption for tax reasons*) of the Conditions.

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

Any failure to complete the Foreign Debt Registration within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall register the issuance of the Bonds with the local branch of SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, Notice by the General Affairs Department of the State Administration of Foreign Exchange on Issuing the Operational Guidelines for Foreign Exchange Business under the Capital Account (2017 version) (Hui Zong Fa [2017] No.105) (國家外匯管理局綜合司關於印發資本項目外匯業務操作指引(2017年版)的通知(匯綜發[2017]105號文)) (“SAFE Notice”) and the Notice of PBOC on Matters Concerning Macroprudential Management on All-round Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知), which came into effect on 12 January 2017, the Issuer is required to register the Bonds with SAFE within five working days after execution of the Trust Deed and in any event no later than three working days before the remittance of proceeds from the offering of the Bonds into the PRC. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the issue into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by the MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Conditions, the Issuer undertakes to register or cause to be registered with SAFE the Bonds in accordance with the Foreign Debt Registration Measures and SAFE Notice, and use all reasonable endeavours to complete the SAFE Registration and obtain a registration record from SAFE on or before the Registration Deadline (being the day falling 180 calendar days after the Issue Date). The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The

Issuer does not foresee any obstacle in completing the registration within the abovementioned period. If the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

The Group will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to debt securities listed in certain other countries.

The Group will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

TERMS AND CONDITIONS OF THE BONDS

The following (other than the words in italics) is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The U.S.\$50,000,000 in aggregate principal amount of per cent. bonds due 2022 (the “**Bonds**”, which expression includes, unless the context requires otherwise, any further bonds issued pursuant to Condition 14 (*Further Issues*) and consolidated and forming a single series therewith) of Rudong County Tongtai Investment Group Co., Ltd. (如東縣通泰投資集團有限公司) (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated 7 May 2021 (as amended and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer 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 includes all persons for the time being trustee or trustees appointed under the Trust Deed) as trustee for itself and the holders of the Bonds. An agency agreement dated 7 May 2021 relating to the Bonds (as amended and/or supplemented from time to time, the “**Agency Agreement**”) has been entered into between the Issuer, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (in that capacity, the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds), transfer agent (in that capacity, the “**Transfer Agent**”, which expression includes any successor or additional transfer agent appointed from time to time in connection with the Bonds), registrar (in that capacity, the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Bonds) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agents and any other paying agents appointed by the Issuer under the Agency Agreement (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Bonds) and any reference to an “**Agent**” is to any one of them.

Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection following prior written request and satisfactory proof of holding and identity by Bondholders during normal business hours (being 9:00 a.m. to 3:00 p.m. Monday to Friday except for public holidays) at the principal place of business of the Trustee, being at the Issue Date (as defined in Condition 4 (*Interest*)) at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent.

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

1. Form, Denomination and Status

- (a) *Form and denomination*: The Bonds are 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 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.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), and will be exchangeable for individual 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 “**Certificate**”) will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register. Each holder shall, save as provided in Condition 2(c) (*Transfers*), be entitled to receive only one Certificate in respect of its entire holding of Bonds.
- (b) *Title*: The holder of each Bond shall (except as ordered by a court of competent jurisdiction or 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 Certificate relating thereto (other than the endorsed form of transfer, duly completed) or any notice of any previous destruction, loss or theft of such 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 or the Trust Deed under the Contracts (Rights of Third Parties) Ordinance (Cap.623 of the Laws of Hong Kong) except and to the extent that the Bonds or the Trust Deed expressly provides for such ordinance to apply to any of its terms.
- (c) *Transfers*: Subject to Condition 2(f) (*Closed periods*) and Condition 2(g) (*Regulations concerning transfers and registration*), a Bond may be transferred upon surrender of the relevant Certificate, with the form of transfer endorsed thereon (or obtainable from the Registrar or any Transfer Agent) 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 Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor and a new Certificate shall be issued to the transferee in respect of the part transferred. In the case of a transfer of Bonds to a person who is already a holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

- (d) *Registration and delivery of Certificates*: Within seven business days of the surrender of a Certificate and the provision of evidence in accordance with Condition 2(c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new 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 any Transfer Agent or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder.

Where only part of a principal amount of the Bonds in respect of which a Certificate is issued is to be redeemed, a new Certificate in respect of the Bonds not so redeemed will, within seven business days of delivery of the original Certificate to the Registrar, be made available for collection at the Specified Office of the Registrar or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder.

In this Condition 2(d), “**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 and the related issuance of one or more new Certificates will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such payment, security or indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatever 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 15 days ending on the due date for any payment of principal or interest in respect of the Bonds.
- (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, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding and identity.

3. Covenants

- (a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its 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 to secure any guarantee or indemnity given in respect of Relevant Indebtedness without at the same time or prior thereto (i) securing the Bonds equally and rateably therewith or (ii) providing such other security for the Bonds as shall be approved by an Extraordinary Resolution of Bondholders.
- (b) *Financial Statements, etc.*: So long as any Bond remains outstanding, the Issuer shall provide:
 - (i) a Compliance Certificate within 14 calendar days of a request in writing by the Trustee and at the time of provision of the Audited Financial Reports;
 - (ii) as soon as practicable after the date of publication and in any event not more than 150 calendar days after the end of each Relevant Period, a copy of the relevant Audited Financial Reports prepared in accordance with PRC GAAP (audited by Zhongxinghua Certified Public Accountants LLP or a nationally recognised firm of independent accountants of good repute); and
 - (iii) as soon as practicable after the date of publication and in any event not more than 90 calendar days after the end of each Relevant Period, a copy of the Interim Financial Reports prepared on a basis consistent with the most recent Audited Financial Reports;

and if such reports shall be in the Chinese language, together with an English language translation of the same translated by (A) Zhongxinghua Certified Public Accountants LLP or a nationally recognised firm of independent accountants of good repute or (B) a professional translation service provider and checked and confirmed by Zhongxinghua Certified Public Accountants LLP or a nationally recognised firm of independent accountants of good repute, together with a certificate signed by an Authorised Signatory certifying that such translation is complete and accurate (on each of which the Trustee may conclusively rely without liability to any Bondholder or any other person).

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

(c) *Undertaking relating to Foreign Debt Registration:*

- (i) The Issuer undertakes to (A) register or cause to be registered with the State Administration of Foreign Exchange of the PRC or its local branch (“SAFE”) the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines issued by SAFE, effective as of 13 May 2013 and the Circular of the People’s Bank of China on Implementing Macro Prudential Management of Full-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross Border Financing Circular**”) and SAFE Operation Guideline on Capital Account (2017) (資本項目外匯業務操作指引 (2017)) (the “**Foreign Debt Registration**”); (B) use all reasonable endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline; and (C) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, if applicable, the Cross Border Financing Circular and any implementing measures promulgated thereunder from time to time.
- (ii) The Issuer shall within 10 PRC Business Days after the receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of the Foreign Debt Registration), (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory confirming the completion of the Foreign Debt Registration (together with the document(s) evidencing the completion of the Foreign Debt Registration) and (ii) give notice to the Bondholders in accordance with Condition 15 (*Notices*) confirming the completion of the Foreign Debt Registration.
- (iii) The Trustee shall have no duty or obligation to monitor or ensure the completion of (or otherwise assist with) the Foreign Debt Registration 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 Foreign Debt Registration, or to translate or procure the translation into English of any document referred to above which is in the Chinese language or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration and shall not be liable to Bondholders or any other person for not doing so, and may rely conclusively on the certificate and documents referred to above without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

In these Conditions:

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

“**Authorised Signatory**” means any director or any other officer of the Issuer who has been authorised by the Issuer to sign any certificate or other document required or contemplated under the Trust Deed, the Agency Agreement or any other transaction document in relation to the Bonds on behalf of, and so as to bind, the Issuer, and which the Issuer has notified in writing to the Trustee and the Agents as provided in accordance with the Agency Agreement.

“Compliance Certificate” means a certificate in English of the Issuer signed by an Authorised Signatory certifying that, having made all due and reasonable enquiries, to the best of the knowledge, information and belief of the Issuer, as at a date (the **“Certification Date”**) not more than five days before the date of the certificate:

- (a) no Change of Control (as defined in Condition 5(c) (*Redemption for Change of Control*)), Event of Default (as defined in Condition 8 (*Events of Default*)), or Potential Event of Default (as defined in the Trust Deed) had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (b) the Issuer has complied with all its covenants and obligations under the Bonds and the Trust Deed or, if any non-compliance had occurred, giving details of the same;

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

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

“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 on which commercial banks are open for business in the PRC;

“PRC GAAP” means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

“Registration Deadline” means the day falling 180 calendar days after the Issue Date;

“Relevant Indebtedness” means any indebtedness incurred outside the PRC and which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument 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 for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans);

“Relevant Period” means:

- (a) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of their respective financial year (being 31 December of each financial year); and
- (b) in relation to the Interim Financial Reports, each period of six months ending on the last day of their respective first half financial year (being 30 June of each financial year);

“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 (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are or should be, 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 7 May 2021 (the “**Issue Date**”) at the rate of 5.5 per cent. per annum, (the “**Rate of Interest**”) payable in arrear on 6 May 2022 (the “**Interest Payment Date**”), in an amount of U.S.\$55 per Calculation Amount, subject as provided in Condition 6 (Payments).

Each Bond will cease to bear interest from the due date for its redemption unless, upon due presentation, payment of principal 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).

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bond (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). For these purposes, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

5. Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 6 May 2022 (the “**Maturity Date**”), 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 (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 (but not including) the date fixed for redemption in such notice, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
 - (i) the Issuer has or will become obliged to pay Additional Amounts (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 30 April 2021; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate signed by any Authorised Signatory stating that the obligation referred to in (i) above of this Condition 5(b) cannot be avoided by the Issuer taking reasonable measures available to it; 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 has or will become obliged to pay such Additional 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) and (ii) above, in which event they shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to any Bondholder or any person for so accepting and relying on such certificate or opinion.

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

- (c) *Redemption for Change of Control:* At any time following the occurrence of a Change of Control, 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 100 per cent. of their principal amount, together with interest accrued to, but 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 Certificates evidencing the Bonds to be redeemed by (i) not later than 30 days following a Change of Control (the "**Initial Exercise Period**"), or (ii) if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer as specified below (the "**Substituted Exercise Period**"). The "**Put Settlement Date**" shall be the 14th day after the expiry of (1) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (2) in all other circumstances, the Substituted Exercise Period.

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 in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify:

- (i) the applicable Put Settlement Date;
- (ii) the date of the Change of Control and, briefly, the events causing the Change of Control;
- (iii) the date by which a Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;

- (vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise their right to require redemption of the Bonds pursuant to this Condition 5(c); and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Change of Control has occurred or may occur and none of them shall be liable to the Bondholders, the Issuer or any other person for not doing so. Neither the Agents nor the Trustee shall have the obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Change of Control and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

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 Change of Control will be effected in accordance with the rules of the relevant clearing systems.

In these Conditions:

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

- (i) the Controlling Persons together cease to hold, directly or indirectly, 100 per cent. of the issued share capital of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any Person that is not directly or indirectly wholly owned by the Controlling Persons,

“**Controlling Person**” means (A) the People’s Government of Rudong County, (B) the Central Government of the PRC and (C) any entity directly or indirectly wholly owned by the entities listed in (A) and/or (B).

Upon the expiry of any such notice period as is referred to in this Condition 5(c), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 5(c).

- (d) *Redemption at the Option of the Issuer:* On giving not less than 30 no more than 60 days’ notice (an “**Option Redemption Notice**”) to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, the Issuer may at any time prior to the Maturity Date redeem the Bonds, in whole or in part, at 100 per cent. of their principal amount, together with interest accrued to (but not including) the redemption date specified in the Option Redemption Notice and unpaid. In the case of partial redemption, each Bond shall be redeemed in the proportion which the aggregate principal amount of the outstanding Bonds to be redeemed bears to the aggregate principal amount of outstanding Bonds on the redemption date as specified in the Option Redemption Notice.
- (e) *No other redemption:* The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in Condition 5(a) (*Scheduled redemption*) to 5(d) (*Redemption at the Option of the Issuer*).
- (f) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price.
- (g) *Cancellation:* All Bonds so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

- (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 or Put Exercise Notice or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection therewith, and shall not be liable to the Issuer, the Bondholders or any other person for not doing so.

6. Payments

- (a) *Principal:* Payments of principal shall be made by transfer to the registered account of the holder and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent. In these Conditions, the “**registered account**” of a holder means the U.S. dollar account maintained by or on behalf of such holder with a bank, details of which appear in the Register.
- (b) *Interest:* Payments of interest shall be made by transfer to the registered account of the holder and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

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

- (c) *Record date:* Each payment in respect of a Bond will be made to the holders at their registered accounts shown on the Register at the close of business on the fifth Payment Business Day before the due date for such payment (the “**Record Date**”).
- (d) *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 and regulations 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 commission or expenses shall be charged to the Bondholders in respect of such payments.
- (e) *Payments on business days:* Payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment 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 and the day on which the relevant 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, and in either case of (i) and (ii), if that is not a Payment Business Day, to be initiated on the first following day which is a Payment 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 Payment Business Day or a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the holder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with this Condition 6 arrives in the registered account of the Bondholder after the due date for payment. In this Condition 6, “**Payment Business Day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City, Hong Kong and, in the case of surrender (or, in

the case of part payment only, endorsement) of a Certificate, the place in which the Specified Office of the relevant Paying Agent is located.

- (f) *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 Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

7. Taxation

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

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate applicable on 30 April 2021 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by the Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

- (i) 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 PRC other than the mere holding of the Bond; or
- (ii) where (in the case of a payment of principal or interest on redemption) the relevant 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 Amounts if it had surrendered the relevant 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 or other additional amounts (as the case may be) which may be payable under this Condition 7 or any undertaking given in addition to or in substitution of this Condition 7 pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charge, withholding or other payment referred to in this Condition 7 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Bondholders or any other person to pay such

tax, duty, charge, withholding or other payment in any jurisdiction or 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 respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. Events of Default

If an Event of Default occurs, then the Trustee at its discretion may and, if so requested in writing by Bondholders of at least one-quarter of the aggregate principal amount of the Bonds outstanding (as defined in the Trust Deed) or if so directed by an Extraordinary Resolution of the Bondholders, shall (subject to the Trustee having been indemnified and/or pre-funded and/or secured to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued and unpaid interest without further action or formality. An “**Event of Default**” occurs if:

- (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 on the Bonds within 7 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed (other than where it gives rise to a right of redemption pursuant to Condition 5(c) (*Redemption for Change of Control*)) 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; or
- (c) *Cross-default of Issuer or Subsidiary*:
 - (i) any indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer 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;
 - (iii) the Issuer or any of its 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.\$10,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) *Unsatisfied judgment*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 45 days; 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 or any of its Principal Subsidiaries and such action is not discharged or stayed within 45 days; or

- (f) *Insolvency, etc.:* (i) the Issuer or a Principal Subsidiary 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 or a Principal Subsidiary or the whole or any material part of the undertaking, assets and revenues of the Issuer or a Principal Subsidiary, (iii) the Issuer or a Principal Subsidiary takes any action for a readjustment or deferment 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 any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Issuer or a Principal Subsidiary ceases or threatens to cease to carry on all or any substantial part of its business except (x) in the case of a Principal Subsidiary, where the cessation is for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation whereby the undertaking, assets and revenues of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer, or (y) on terms approved by an Extraordinary Resolution of the Bondholders; 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 or a Principal Subsidiary, except (i) in the case of a Principal Subsidiary, for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation whereby the undertaking, assets and revenues of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; (ii) on terms approved by an Extraordinary Resolution of the Bondholders; or (iii) for a solvent winding up of any Principal Subsidiary; or
- (h) *Analogous event:* any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 8(d) (*Unsatisfied judgment*) to 8(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 lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds and the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Certificates, the Register or the Trust Deed admissible in evidence in the courts of the PRC is not taken, fulfilled or done; or
- (j) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Trust Deed; or
- (k) *Government Intervention:* (i) all or any material part of the undertaking, assets and revenues of the Issuer or any of its 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 or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of its undertaking, assets and revenues, and such condemnation, seizure, appropriation or prevention is not discharged or lifted within 30 days.

In this Condition 8:

“**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (a) whose operating income or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating income, as shown by its latest audited income statement are at least 3 per cent. of the consolidated operating income as shown by the latest published audited consolidated income statement of the Issuer; or

- (b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least 3 per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) total consolidated assets, as shown by its latest audited balance sheet are at least 3 per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer as shown by the latest *published* audited consolidated balance sheet of the Issuer including the investment of the Issuer and its consolidated Subsidiaries in each subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; 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 Issuer 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 of this definition,

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

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

A certificate signed by any Authorised Signatory confirming that 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.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. Replacement of Certificates

If any 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, the Registrar or the Transfer Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or secured and relieved from responsibility in certain circumstances and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Bondholders, including without limitation provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce payment and its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds or taking other actions unless first indemnified and/or pre-funded and/or secured to its satisfaction. The Trustee, the Agents and their respective affiliates are entitled (i) to enter into business transactions with the Issuer and/or any entity related to the Issuer and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer or any entity related to the Issuer, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

In the exercise of its functions, rights, powers, trusts, authorities and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the general interests of the Bondholders as a class and will not be responsible for any consequence for individual Bondholders as a result of such Bondholders being connected in any way with a particular territory or taxing jurisdiction and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholder except to the extent provided for in Condition 8 (*Events of Default*) and/or in any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer 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 or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding (as defined in the Trust Deed) or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

None of the Trustee or any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions, or ascertain whether an Event of Default, a Potential Event of Default or a Change of Control has occurred, and none of them shall be liable to the Bondholders or any other person for not doing so.

The Bondholders shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee and the Agents shall not at any time have any responsibility for the same and none of the Bondholders shall rely on the Trustee or the Agents in respect thereof.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain a principal paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Bondholders by the Issuer.

12. Meetings of Bondholders; Modification and Waiver

- (a) *Meetings of Bondholders:* The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions, the Trust Deed or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution of the Bondholders. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee upon the request in writing of Bondholders holding at least ten per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. of the aggregate principal amount of the Bonds outstanding (as defined in the Trust Deed) or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; **provided, however, that** certain proposals (each, a “**Reserved Matter**”) (including any proposal to change any date fixed for payment of principal or interest in respect of the Bonds, to reduce the amount of principal or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to modify Condition 3 (*Covenants*), to change the currency of payments under the Bonds, to effect the exchange, conversion or substitution of the Bonds for other obligations or securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which two or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, 25 per cent. of the aggregate principal amount of the Bonds outstanding (as defined in the Trust Deed) form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders holding not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding (as defined in the Trust Deed) who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. 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 or by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Bondholders.

So long as the Bonds are represented by the Global Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of all the Bondholders of not less than 90 per cent, in aggregate principal amount of the Bonds for the time being outstanding.

- (b) *Modification and waiver:* The Trustee may, but shall not be obliged to, agree without the consent of the Bondholders to any modification to the Trust Deed, the Agency Agreement, the Bonds or these Conditions that, in its opinion, 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 Trustee may also so agree to any modification and any waiver or authorisation of any breach or proposed breach of any provision of the Trust Deed, the Agency Agreement, the Bonds or these Conditions that is in its opinion not materially prejudicial to the interests of the Bondholders, but such power does not extend to any Reserved Matters.

Any such authorisation, waiver or modification shall be binding on the Bondholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

- (c) *Directions from Bondholders:* Notwithstanding anything to the contrary in these Conditions, the Agency Agreement or the Trust Deed, the Trustee will have absolute and unfettered discretion as to the exercise or non-exercise of its functions, rights, powers, authorities and discretions under the Trust Deed, the Agency Agreement, these Conditions, the Bonds and any other transaction documents and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from their exercise or non-exercise. Whenever in this Trust Deed, the Agency Agreement, the Conditions and the Bonds or by law, the Trustee is required or entitled to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee it may decline to do the same in the absence of directions, instructions, approval or clarifications from the Bondholders by way of an Extraordinary Resolution and to be indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by the Issuer, the Bondholders or any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications, or in the event that no such directions or clarifications are received by the Trustee.
- (d) *Certificates and Reports:* The Trustee and the Agents may rely without liability to the Issuer, Bondholders or any other person on a report, advice, opinion, confirmation, certificate or information from any lawyers, valuers, accountants, surveyor, banker, broker, rating agency, auctioneer, the Issuer's auditors, investment bank, financial advisers, financial institution, financial consultant or any other expert or professional, 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 or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, information, confirmation, opinion, certificate or advice and, in such event, such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

13. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such actions, steps or proceedings as it thinks fit to enforce its rights under the Trust Deed 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 20 per cent. of the aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed) or has been so directed by an Extraordinary Resolution of the Bondholders; and

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

No Bondholder may proceed directly against the Issuer 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

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 Issue Date, the issue price, the first payment of interest and the timing for completion of the Foreign Debt Registration and the making of the notifications in respect thereof) so as to form a single series with the Bonds. However, such further securities may only be issued if 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

Notices to the Bondholders will be sent to them by uninsured mail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed.

Until such time as any individual Certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear, Clearstream and/or any other clearing system, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear, Clearstream and/or such other clearing system (as applicable) 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. Governing Law and Jurisdiction

- (a) *Governing law:* The Bonds, the Trust Deed and any non-contractual obligations arising out of or in connection therewith are governed by Hong Kong law.
- (b) *Jurisdiction:* The Issuer has in the Trust Deed (i) agreed that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Bonds (including any non-contractual obligation arising out of or in connection with the Bonds); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) appointed AMC Wanhai Securities Limited (currently at 1605, West Tower, Shun Tak Centre, 168-200, Connaught Road, Central, Hong Kong) to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

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

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

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

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) through which the Bonds are cleared 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, provided that the holder of the Bonds represented by the Global Certificate has given the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange. In such circumstances, the Issuer at its own expense 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 with 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 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.

TRUSTEE’S POWERS

In considering the interests of the Bondholders whilst 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 obliged 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 such Global Certificate is issued.

NOTICES

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

BONDHOLDERS' REDEMPTION

The Bondholders' redemption option in Condition 5(c) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

ISSUER'S REDEMPTION

The Issuer's redemption option in Conditions 5(b) and (d) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the 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 or on behalf of the Issuer or any of its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders, whereupon the Registrar shall procure the marking of an appropriate entry on the schedule thereto.

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote for each U.S.\$1,000 in principal amount of Bonds so produced or for which he is a proxy or representative.

USE OF PROCEEDS

The gross proceeds from this offering will be US\$50 million. After deduction of the combined management and underwriting commission and the other expenses incurred in connection with the issue of the Bonds, the Issuer plans to use the proceeds for refinancing its indebtedness and replenishing working capital.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth (i) the actual consolidated debt and capitalisation of the Group as at 31 December 2020 and (ii) as adjusted to give effect to the issuance of the Bonds offered hereby. The as adjusted information below is illustrative only. Potential investors should read this table together with the Financial Statements Translation of the Group as at and for the year ended 31 December 2020 included in this Offering Circular.

	As at 31 December 2020			
	Actual		As Adjusted	
	RMB('000) (Unaudited)	US\$('000) ⁽¹⁾ (Unaudited)	RMB('000) (Unaudited)	US\$('000) ⁽¹⁾ (Unaudited)
Current indebtedness				
Short-term loans	628,400.0	96,306.5	628,400.0	96,306.5
Bills payable	940,010.0	144,062.8	940,010.0	144,062.8
Accounts payable	360,236.8	55,208.7	360,236.8	55,208.7
Non-current indebtedness				
Long-term loans	3,281,024.5	502,839.0	3,281,024.5	502,839.0
Debentures payable	1,585,580.5	243,000.8	1,585,580.5	243,000.8
Long-term payables	443,820.1	68,018.4	443,820.1	68,018.4
Bonds to be issued	–	–	326,250.0	50,000.0
Total indebtedness ⁽²⁾	<u>7,239,071.9</u>	<u>1,109,436.2</u>	<u>7,565,321.9</u>	<u>1,159,436.2</u>
Equity				
Paid-in capital	1,400,000.0	214,559.4	1,400,000.0	214,559.4
Capital reserve	3,161,301.5	484,490.7	3,161,301.5	484,490.7
Total equity	<u>4,561,301.5</u>	<u>699,050.1</u>	<u>4,561,301.5</u>	<u>699,050.1</u>
Total capitalization ⁽³⁾	<u>11,800,373.4</u>	<u>1,808,486.3</u>	<u>12,126,623.4</u>	<u>1,858,486.3</u>

Notes:

- (1) The translation of Renminbi amounts into US dollar amounts and vice versa has been made at the rate RMB6.5250 to US\$1.00, the exchange rate set forth in the H 10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on 31 December 2020.
- (2) Total indebtedness equals the sum of current and non-current indebtedness which has increased since 30 September 2020 due to the issuance of corporate bonds.
- (3) Total capitalization equals total bank and other loans (current portion and non-current portion) plus total equity.

Other than as disclosed above, there has been no material adverse change in the Issuer's consolidated capitalization or indebtedness since 31 December 2020 save for the issuance of corporate bonds by the Issuer.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a state-owned enterprise located in the Rudong County, Nantong City, Jiangsu Province. Under the request for instructions in the Rudong County People's Government of Juegang Town [2013] no. 32 document (如東縣掘港鎮人民政府掘政示[2013]32號文件) and as approved and replied under the Rudong County People's Government Office [2013] application no. 732 document (如東縣人民政府辦公室 [2013]請字732號辦文單) and the County Finance Bureau of Rudong County [2013] no. 362 office document (如東縣財政局縣級 [2013] 362號辦文單), the Issuer was incorporated on 24 October 2013 and registered with the Nantong Rudong Administration for Industry and Commerce with an initial registered capital of RMB50 million paid in cash. The registered capital of the Issuer was further increased with cash payment to RMB450 million, RMB950 million and RMB1,400 million in September 2016, November 2016 and November 2018, respectively.

Over the years, the Group has been tasked to implement the Rudong County municipal government's plans and is the primary investment, financing and operating platform for urban infrastructure construction, operation and management of specialized parks in Rudong County. In recent years, the Group has also been exploring opportunities and expanding its business scope including non-securities equity investment, agricultural project development and construction, rural infrastructure development and construction, house acquisition and labor services, land consolidation, reclamation and development, crop plantation, planting, wholesale and retail of flower and seedling, wholesale and retail of building materials, mechanical and electrical equipment, development, leasing and sales of real estates, property management services, greening and landscaping, investment and development of projects permitted by national industrial policies.

Through years of strategic operation and development, the Group primarily focuses on four principal business segments, through the subsidiaries of the Issuer, including (i) segment of urban construction and development, mainly in real estate development, major project development and landscaping of urban network, (ii) segment of park construction and management, mainly in operation and maintenance of various specialised parks, (iii) segment of investment and capital operation and management, mainly in equity investment in projects of high-tech and emerging industries and (iv) segment of modern services, mainly in the operation and management of various specialised markets and commercial buildings.

As at the date of this Offering Circular, the registered capital of the Group is RMB1,400.0 million. The Group is directly owned by the Investment Management Office of Rudong County (如東縣投資管理辦公室) (being the governmental entity responsible for development of Rudong County).

As at 31 December 2018, 2019 and 2020, the Group's total assets amounted to RMB14,030.5 million, RMB14,584.0 million and RMB17,311.3 million, respectively. For the years ended 31 December 2018, 2019 and 2020, the Group recorded operating income of RMB1,129.6 million, RMB1,227.9 million and RMB924.8 million respectively. For the same periods, the Group had net profit of RMB143.5 million, RMB145.9 million and RMB192.6 million, respectively.

The Issuer carries out its business activities primarily through its subsidiaries in the PRC. Below please find an overview of the major subsidiaries that are directly held by the Issuer:

- Rudong County Tianyi Construction Development Co., Ltd. (如東縣天一建設開發有限公司) is owned as to 100% by the Issuer. It principally engages in the segment of urban construction and development, mainly in real estate development, major project development and landscaping of urban network. As at 31 December 2019, its registered capital was RMB300 million.
- Rudong County Hongtai Construction Co., Ltd. (如東縣宏泰建設有限責任公司) is owned as to 100% by the Issuer. It principally engages in the segment of park construction and management, mainly in operation and maintenance of various specialised parks. As at 31 December 2019, its registered capital was RMB320 million.

- Jiangsu Rudong High-tech Venture Capital Co., Ltd. (江蘇如東高新創業投資有限公司) is owned as to 100% by the Issuer. It principally engages in the segment of investment and capital operation and management, mainly in equity investment in projects of high-tech and emerging industries. As at 31 December 2019, its registered capital was RMB30 million.
- Rudong County Juegang Trade Logistics Development Co., Ltd. (如東縣掘港商貿物流發展有限公司) is owned as to 100% by the Issuer. It principally engages in segment of modern services, mainly in the operation and management of various specialised markets and commercial buildings. As at 31 December 2019, its registered capital was RMB100 million.
- Rudong Tongtai Cleaning Service Co., Ltd. (如東通泰保潔服務有限公司) is owned as to 100% by the Issuer. It principally engages in segment of cleaning and sanitation, landscaping and property management. As at 31 December 2019, its registered capital was RMB0.5 million.

COMPETITIVE STRENGTHS

Well positioned to benefit from the geographical and strategic location and importance and economic growth of Rudong County, Nantong City.

The Group believes its business success and growth potential are largely attributable to the economic strength and the growing competitiveness of Rudong County as an important region in Nantong City, Jiangsu Province with geographical and strategic advantages, where the Group undertakes important development projects and conduct its business.

Rudong County is located in the southeast of Jiangsu Province at the north of estuary of Yangtze River. Situated in the south of the Yellow Sea coast, connected to the Eurasian Continental Bridge in the north and separated with Shanghai and Southern Jiangsu in the south by the river, five provincial highways run through Rudong County integrating Rudong County and the Yangtze River region. Rutai Canal also connects the river to the sea. As in a strategic position on several important transport arteries, it is a critical node for travel in the region.

Rudong County has a unique geographical advantage. It is located in the core city belt of the Yangtze River Delta. It has 106 kilometers of coastline and 1.04 million mu of beach area. Rudong Yangkou Port, which is under construction, is an ideal and only natural port site where an international deep-water seaport of 100,000 to 200,000 tons can be built on the east coast of Jiangsu. It provides a vast area and abundant land resources for development. The prominent geographical advantage of Rudong County provides a favourable external condition and a solid guarantee for the Group's business development.

In 2019, Rudong County invested RMB1.4 billion in urban construction including housing, parks and city and provincial transport infrastructure. According to the Jiangsu Provincial Highway Network Planning (2011-2020)《江蘇省省道公路網規劃(2011-2020年)》, the total planned provincial highway network of Jiangsu province will be 16,098 kilometers by 2020, including 2,614 kilometers of provincial highways and 13,484 kilometers of ordinary provincial roadway with a total mileage of 1,519 kilometers in Nantong City. The layout of the provincial highway network will focus on the construction of longitudinal highway passages in coastal areas and strengthen the horizontal transportation links in coastal areas. Multiple highways such as Qiyang Expressway (啟揚高速), Rudong-Haimen Highway (如東-海門公路), Rudong-Taixing Highway (如東-泰興公路) and Rudong-Gaogang Highway (如東-高港公路) will run through Rudong County. In general, the planning of the provincial highway network has given Rudong County as well as the Group a good growth and development opportunity.

Strong support from the Rudong County municipal government.

The Issuer is a state-owned company directly and wholly-owned by the Rudong County municipal government. In light of the Group's state-owned background and the strategic importance of the Group's

businesses to Rudong County, the Group has received, and expects to continue to receive, various kinds of support from the Rudong County municipal government for the development and operations of its businesses.

The Group has received financial support in the form of capital injections and government subsidies to support the Group's operations. Since its establishment, the Issuer has received capital injections from the Rudong County municipal government in an aggregate amount of RMB1,400 million. For the years ended 31 December 2018, 2019 and 2020, the Group received governmental fiscal subsidies of approximately RMB26.5 million, RMB83.8 million and RMB123.8 million, respectively.

In addition, the Group has received strong support from its shareholder to enhance its financial strength such as implementation of favourable policies and development strategies leveraging support of government and industry which greatly increase the financing stability, creditability and comprehensive competitiveness of the Group and in turn contributes to the future growth of the Group. With continued strong support from the Rudong County municipal government, the Issuer believes that the Group will be able to continue to operate and invest in capital-intensive and large-scale construction projects and further expand its business operations to consolidate its existing market position in Rudong County.

Diverse financing channels and sound liquidity.

Leveraging its state-owned background and leading market position in Rudong County City, the Group maintains good long-term relationships with various financial institutions and has access to diversified sources of funding to support its business development. As at 31 December 2020, the Group had bank borrowings of approximately RMB3,909.4 million. In addition, the Issuer has diversified its source of funding through issuance of onshore debt securities including:

- the Issuer issued RMB500 million onshore corporate bonds in July 2018 with a 3-years term;
- the Issuer issued RMB700 million onshore corporate bonds in September 2018 with a 3-years term;
- the Issuer issued RMB700 million onshore corporate bonds in October 2018 with a 3-years term;
- the Issuer issued RMB200 million onshore corporate bonds in December 2019 with a 2-years term;
- the Issuer issued RMB140 million onshore corporate bonds in June 2020 with a 2-years term;
- the Issuer issued RMB660 million onshore corporate bonds in September 2020 with a 2-years term; and
- the Issuer issued RMB600 million special bonds for integration and development rural industries (農村產業融合發展專項債券) guaranteed by Jiangsu Re-Guarantee Group Co. Ltd. (江蘇省信用再擔保集團有限公司) in December 2020 with a seven-years term.

As at 31 December 2020, the Group had an aggregate outstanding balance of debentures payable of RMB1,585.6 million.

The Group's diversified financing channels have strong financing capability has enabled it to fulfil the capital needs of its businesses and capitalise on various business opportunities.

Synergies achieved through diversified business segments.

As a large comprehensive business platform for city infrastructure construction and land development in Rudong County, the Issuer has established a presence in various industries and accumulated a wealth of portfolio companies operating in various business segments covering urban construction and development, park construction and management, investment and capital operation and management and modern services.

With the benefit of favourable policies and the development strategies of Rudong County and sharing of the Group's extensive business network, broad client base, sound management and leadership among the diversified business segments allows the Group to achieve synergies among its investments and businesses across industries and products, and improve its operational efficiency. In addition, the Group believes that its ability to offer a diversified range of products and services through cross-selling and cross-marketing enhances its competitiveness and places the Group in a strong position to achieve greater economies of scale and further enhance its market share in the industries in which it operates.

Dedicated senior management with strong credentials and extensive experience in relevant industries.

The Group has an experienced management team with extensive knowledge in the industries in which the Group operates. The Issuer believes that the team's industry knowledge and technical expertise enable the Group to make prudent business decisions so as to strengthen its operations in the relevant sectors in Rudong County. Please see "*Directors, Supervisors and Senior Management*" for further information.

The Group's experienced management team is also supported by a dedicated team of staff with extensive technical and industry knowledge. The Issuer believes in the benefits of improving the skills and knowledge of the Group's management team members and employees, and regularly conducts both in-house and external management and professional training programmes.

BUSINESS STRATEGIES

Actively continue to focus on urban construction and development in Rudong County.

The Group actively to continue to develop its core business in urban construction and development projects and primary land development in Rudong County. Over the past few years, through the successful delivery of a series of large-scale municipal and urban infrastructure construction projects, the Group has built up a strong presence and achieved a leading market position in the urban infrastructure industry in Rudong County. Leveraging its extensive industry experience, the Issuer believes the Group will continue to play an important role in the development of Rudong County. The Issuer intends to continue working closely with the Rudong County municipal government to explore further opportunities to participate in public construction and development projects and to further strengthen the Group's leading position in the infrastructure construction industry in Rudong County.

Achieve appropriate diversification and synergistic development.

While the Group will continue to focus on its main business, it will continue to actively seek opportunities to grow other businesses to achieve appropriate diversification. For example, the Group will expand its property management business to capture opportunities brought on by its real estate development projects. The Group will also expand its park construction and management business to follow the ecological approach of Rudong County's sponge city development plans. The Group seeks to diversify its sources of earnings and achieve synergies between its businesses.

Continue to develop diversified financing channels to maintain well-capitalised growth.

As urban construction and development as well as investment and capital operation and management are both capital-intensive businesses, the Group plans to integrate its development objectives with funding objectives. The Group also intends to explore and employ new financing channels, and develop closer cooperation with financial institutions, to secure funding on more favourable terms and better support the financing needs of the Group's construction projects. The Group expects to further leverage its strong financing capability to facilitate organic growth.

Continue to improve the Group's corporate governance system.

The Group will continue to improve its corporate governance structure and the internal control system. The Group will continue to optimise systems and processes, establish strict internal control systems, and strengthen internal accounting systems. The Group has functional departments which facilitate its smooth operation, and the Group has adopted a standardised corporate governance structure in accordance with relevant laws and regulations. The Group has established the shareholders' meeting, the board of directors, the supervisory committee and the senior management team under the leadership of the board of directors, and has developed comprehensive corporate governance related documents which strictly stipulated the authority, obligations and operational processes of each level of corporate governance structure. The Group has also set up and implemented an internal control system tailored for its own situation in order to ensure the realisation of its strategic objectives and control the risks in the process of its operation. The Group has established and improved a series of internal control systems including but not limited to the financial management system, accounting audit system, risk control system, major decision management system, and other management systems.

Continue to adhere to the Group's prudent risk management with stringent risk control.

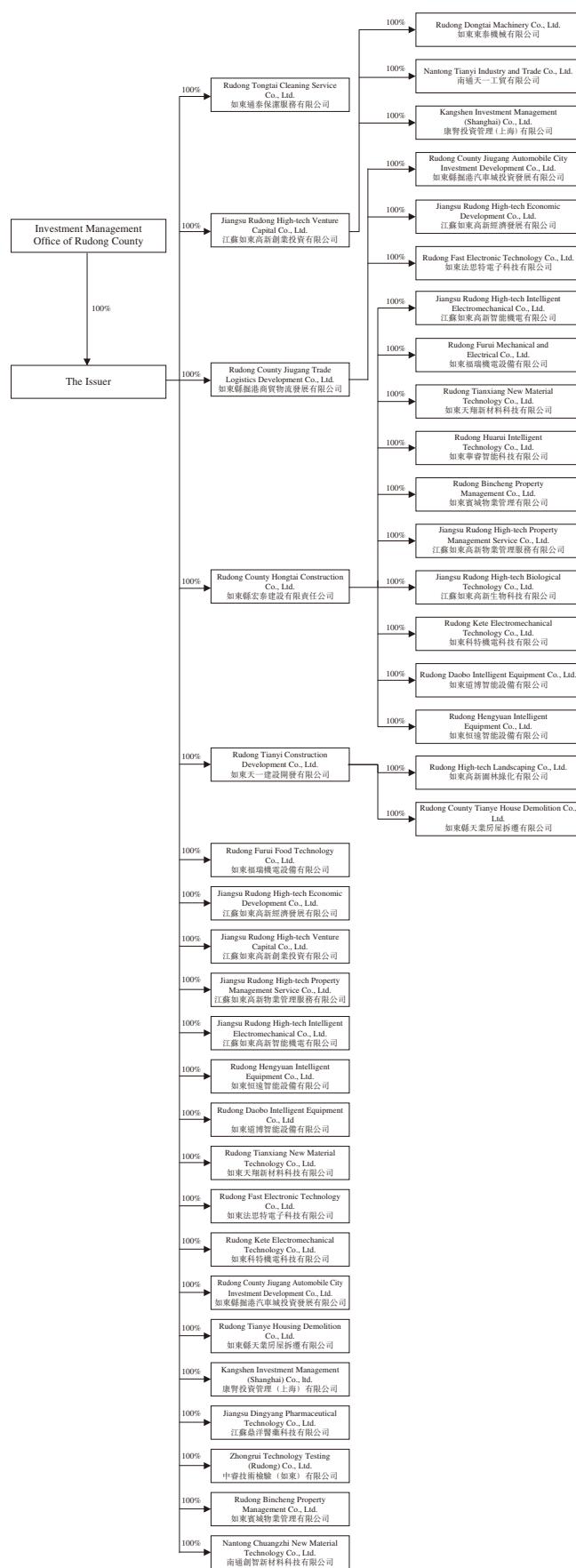
The Group believes that a prudent risk management system can reduce operational and financial risks and help achieve long-term sustainable growth. As such, the Group will continue to enhance its risk management system by implementing a stringent risk reporting and control system to comply with legal and regulatory requirements. The Group will also maintain prudent investment policies that aim to achieve a balance between assets and liabilities, between investment returns and risk taking, and between its financial service business and its other businesses. The Group strives to prudently manage its risk profile while fulfilling investment and development needs to drive its profitability.

Continue to attract, retain and motivate skilled and talented employees.

The Group believes that high-quality employees who value its corporate culture are the essential elements for its sustainable growth. The Group intends to attract and retain skilled and talented employees from reputable PRC and overseas universities and markets of relevant industries through various initiatives, including its creative training programs, competitive compensation packages and effective incentive systems. The Group will also further arrange for internal seminars and external training opportunities to enhance the employees' competency. In addition, the Group will continue to build up its corporate culture by fostering entrepreneurial working environment and elite culture. The Group believes that such culture will promote innovation and collaboration, leading to increased efficiency, greater loyalty, job satisfaction, engagement and commitment to work and ultimately resulting in improved return on the Group's overall operation. With a strong reputation for excellence and a dedicated workforce, the Group believes that it is well-positioned to expand its business and maximise the value of its shareholders.

CORPORATE STRUCTURE

The following chart sets forth the corporate structure of the Group as at 31 December 2020:



HISTORY AND DEVELOPMENT

The Issuer is a state-owned enterprise was registered with the Nantong Rudong Administration for Industry and Commerce on 24 October 2013 with an initial registered capital of RMB50 million. It was established as the primary investment, financing and operating platform for urban infrastructure construction, operation and management of specialized parks in Rudong County. As at the date of this Offering Circular, the Issuer has a registered capital of RMB1,400 million and is wholly-owned by the Investment Management Office of Rudong County. The table below sets forth certain key corporate historical events and important milestones in the course of development of the Issuer and the Group:

Year	Milestone Events
October 2013	The Issuer was registered with the Nantong Rudong Administration for Industry and Commerce on 24 October 2013 in the name of Rudong County Tongtai Agricultural Development Co., Ltd. (如東縣通泰農業發展有限公司) as a state-owned enterprise with an initial registered capital of RMB50 million and the Investment Management Office of Rudong County (如東縣投資管理辦公室) as its sole shareholder.
September 2016	The registered share capital of the Issuer was increased to RMB450 million.
November 2016	The registered share capital of the Issuer was increased to RMB950 million.
July 2018	The Group issued RMB700 million onshore corporate bonds with a three-years term.
September 2018	The Group issued RMB700 million onshore corporate bonds with a three-years term.
October 2018	The Group issued RMB700 million onshore corporate bonds with a three-years term.
November 2018	The registered share capital of the Issuer was further increased to RMB1,400 million.
October 2019	The name of the Issuer was changed from Rudong County Tongtai Agricultural Development Co., Ltd. (如東縣通泰農業發展有限公司) to Rudong County Tongtai Investment Group Co., Ltd. (如東縣通泰投資集團有限公司)
December 2019	The Issuer issued RMB200 million onshore corporate bonds with a two-years term.
June 2020	The Issuer issued RMB140 million onshore corporate bonds with a two-years term.
September 2020	The Issuer issued RMB660 million onshore corporate bonds with a two-years term.
December 2020	The Issuer issued RMB600 million special bonds for integration and development rural industries (農村產業融合發展專項債券) guaranteed by Jiangsu Re-Guarantee Group Co. Ltd. (江蘇省信用再擔保集團有限公司) with a seven-years term.

Relationship with the People’s Government of Rudong County, the beneficial equity holder of the Issuer

The Issuer is a state-owned enterprise with the Investment Management Office of Rudong County being the ultimate sole shareholder in the Issuer. As designated platform for comprehensive state-owned assets and capital operation in Rudong County, the Group has extensive relationships with the Rudong County municipal government and other agencies and entities controlled by it.

Notwithstanding the connections with, and the support from, the Rudong County municipal government and its agencies and related entities and various social and community functions performed by the Group, the Issuer is operationally and financially independent from Rudong County municipal government. Its functions and departments are separate from those of the government and do not share any premises with the Rudong County municipal government. The board of directors and the senior management of the Issuer are not government officers and do not have any employment outside of the Group. The Issuer has its own budget and financial reporting system and its assets and liabilities separate from those of the Rudong County municipal government. Neither the Rudong County municipal government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the Rudong County municipal government or any other PRC governmental agency or entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person. This position has been reinforced by Circular 23 and Circular 706. However, neither of these Circulars prohibits the PRC government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group’s assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Issuer and the Rudong County municipal government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Rudong County municipal government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer.

THE GROUP’S BUSINESS SEGMENTS

The Group is the primary investment, financing and operating platform for urban construction and development in Rudong County including development of real estates, specialized parks and various projects. In recent years, the Group has also been exploring opportunities and expanding into other business segments, such as property leasing sales of coal and steel and asset transfer to supplement its primary businesses, from which the Group has recorded a relatively smaller percentage of its operating income.

The Group through its principal business segments generates operating income which are categorized by (i) urban construction, (ii) management fee for agent construction, (iii) sanitation and property, (iv) coal and steel, (v) property leasing, (vi) interest and (vi) others. The following table sets out a breakdown of the Group's operating income:

	Years ended 31 December					
	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
	(RMB'000)		(RMB'000)		(RMB'000)	
Operating income						
Urban construction	1,104,270.3	97.8	1,207,772.2	98.4	652,379.1	70.5
Management fee for agent construction	25,263.1	2.2	–	–	–	–
Sanitation and property	–	–	525.4	0.0	6,014.0	0.7
Property sales	–	–	–	–	25,775.4	2.8
Testing and inspection services	–	–	–	–	18,452.3	2.0
Coal and steel	–	–	573.6	0.0	–	–
Property Leasing	–	–	19,053.5	1.6	22,096.7	2.4
Asset transfer	–	–	–	–	197,699.2	21.3
Interest	90.3	0.00	–	–	–	–
Other	–	–	–	–	2,424.5	0.3
Total	1,129,623.7	100.0	1,227,924.7	100.0	924,841.1	100.0

Urban Construction and Development

The Group is the core operating entity in carrying out urban construction and development including real estate development, major project development, greening and landscaping of urban network within Rudong County which played an important role in urban development and modernisation of Rudong County. It undertakes urban infrastructure construction and development projects primarily through its wholly-owned subsidiaries, namely Rudong County Hongtai Construction Co., Ltd. (如東縣宏泰建設有限公司), Rudong County Tianyi Construction Development Co., Ltd. (如東縣天一建設開發有限公司) and Rudong County Juegang Trade Logistics Development Co., Ltd. (如東縣掘港商貿物流發展有限公司).

Urban construction and development has been the Group's core business since its establishment. As designated by Rudong County municipal government, the Group has undertaken many urban construction and development projects in Rudong County, involving, among others, industrial projects and specialized parks. Operating income generated from the Group's urban construction business represented significant percentage of the Group's total operating income. With the stable economic growth and urban development of Rudong County, there has been a growing demand for urban construction and development in Rudong County, which has provided significant growth opportunities for the Group. During 2018, the Group completed the Health Industrial Park with a total book amount of RMB412.0 million. For the years ended 31 December 2017, 2018 and 2019 and the nine month period ended 30 September 2020, the operating income generated from urban construction, including management fee for agent construction, amounted to approximately RMB1,034.7 million, RMB1,129.5 million, RMB1,207.8 million and RMB652.4 million, respectively.

Project Description

During the years ended 31 December 2018, 2019 and 2020, the Group engaged in various construction and development projects including specialized parks with a total amount of projects under construction of RMB560.8 million, RMB269.7 million and RMB903.7 million, respectively. The particulars of these projects under construction are set forth below:

	Year ended 31 December		
	2018	2019	2020
	(RMB)	(RMB)	(RMB)
Health Industrial Park	411,969,154.70	–	–
Smart electrical and electromechanical equipment research and development and production projects	37,235,896.59	53,255,985.51	73,297,921.40
Automatic control system equipment research and development, production projects	108,178,569.11	182,881,550.13	201,468,421.24
Intelligent Mechanical and Electrical Industrial Park	2,358,005.09	2,268,240.62	2,647,206.31
Auto parts and accessories manufacturing project	1,095,790.73	11,420,967.46	18,921,865.53
Taiwan Semi-conductor Industry Project	286,450.39	19,891,026.45	–
Staff and talent apartment decoration	–	–	903,672.71
Renovation	–	–	322,416.18
Total current assets	560,837,416.22	269,717,770.17	297,561,503.37

Sanitation and Property

The Group conducts its sanitation and property business primarily through its wholly-owned subsidiary Rudong Tongtai Cleaning Service Co., Ltd. (如東通泰保潔服務有限公司). It has commenced its business of cleaning and sanitation, landscaping and property management since 2019. For the years ended 31 December 2019 and 2020, the operating income generated from sanitation and property amounted to approximately RMB0.52 million and RMB6.0 million, respectively.

Coal and Steel

The Group conducted its coal and steel purchase and sale business in 2019 primarily through its wholly-owned subsidiaries. The Group's coal and steel purchase and sale business mainly includes the procurement, storage, sales and transport.

Property Leasing

The Group also engages in property leasing business since 2019. Properties owned by the Group held for investment are generally leased to tenants including aquatic products processing factories and aquiculture operators. The Group enters into lease agreements with the tenants and collects rents from the tenants on a regular basis as agreed in the relevant lease agreements. For the years ended 31 December 2019 and 2020, the operating income generated from property leasing amounted to approximately RMB19.1 million and RMB22.1 million, respectively.

Capital Investment

The Group conducts its capital investment business primarily through its wholly-owned subsidiaries including Jiangsu Rudong High-tech Venture Capital Co., Limited (江蘇如東高新創業投資有限公司). The Group's capital investment business mainly includes equity investment in projects of high-tech and emerging industry.

EMPLOYEES

The Group believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group considers its relationship with its workforce to be good and the Group has not experienced a work stoppage due to employees or strike for the past three years. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance.

ENVIRONMENT

The operations of the Group are subject to various national and local PRC environmental laws and regulations, including those relating to air pollution, noise, hazardous materials and waste discharge. The Group requires all of its members to comply with applicable environmental regulations in the relevant jurisdictions in which it operates. As at the date of this Offering Circular, the Group believes that it is in compliance in all material respects with all applicable national or local environmental laws and regulations in the PRC, and has obtained or is in the process of obtaining all material permits, approvals and certifications required under the PRC law in relation to its facilities. The Group is not aware of any environmental proceedings or investigations to which it is or might become a party to that could have a material adverse effect on its business, financial condition and results of operations.

INSURANCE

The Group purchases insurances in amounts that it believes are consistent with its risks of loss and customary practice in the relevant industry. The Group purchases property all risks insurance and public liability insurance for its real estate held for investment, pension insurance, medical insurance, unemployment insurance, workplace injury insurance and maternity insurance for its employees and personal injury insurance pursuant to the relevant PRC laws and regulations. The Group believes that the existing insurance coverage is both reasonable and adequate. The Group's operations and assets still face threats from fire, floods, explosions, power outages and other natural disasters, which may have a significant adverse impact on the Group's financial and operations.

GOVERNMENTAL REGULATIONS

The Group's operations are subject to a variety of laws and regulations promulgated by the PRC governments in which it operates. See the section headed "PRC Regulation". The Group believes that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Group is not aware of any governmental proceedings or investigations to which it might become a party and which may have a material adverse effect on its properties and operations. The Group maintains regular dialogue with local governments and regulatory authorities through its management teams or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

LITIGATION

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this Offering Circular, the members of the Board of Directors, the supervisor and senior management of the Issuer are as follows:

The members of the Board of Directors are as follows:

Name	Age	Position
Gu Cuihua (顧翠華)	47	Chairman and Director
Liu Jun (劉駿)	42	Director
Shi Yifeng (施一峰)	40	Director
Zhang Jie (張傑)	35	Director

Board of Directors

Mr. Gu Cuihua (顧翠華), age 47, is the chairman, director and general manager of the Issuer. Mr. Gu is a member of the Communist Party of PRC. He served as the director of Rudong High-tech Zone Professional Park Management Center, director of Rudong High-tech Zone Investment Management Center and director of the 5th department of Rudong High-tech Zone (Juegang Town) Investment Promotion Bureau. Mr. Gu holds a college degree from the Nanjing Naval Electronic Engineering Institute.

Mr. Liu Jun (劉駿), age 42, is a director of the Issuer. Mr. Liu is a member of the Communist Party of PRC. He served as the director of Rudong High-tech Zone Administrative Approval Center, section chief of Rudong High-tech Zone Science and Technology Section, head of Rudong High-tech Zone Science and Technology Section and head of Rudong Science and Technology Park Comprehensive Department. Mr. Liu holds a college degree.

Mr. Shi Yifeng (施一峰), age 40, is a director of the Issuer. Mr. Shi is a member of the Communist Party of PRC. He served as the section chief of Rudong High-tech Zone Service Industry Division, deputy director of Juegang Town Industrial Office and director of Juegang Town Democratic Community Neighborhood Committee. Mr. Shi holds a college degree.

Mr. Zhang Jie (張傑), age 35, is the deputy general manager and a director of the Issuer. He served at the Rudong High-tech Zone Illegal Construction Supervision Office and the Automobile Coach Service Group of the Bengbu Automobile Non-commissioned Officer School. Mr. Zhang is a member of the Communist Party of PRC.

Supervisor

Mr. Wu Conglu (吳叢律), age 34, is a supervisor of the Issuer. He worked at the Rudong County Juegang Trade Logistics Development Co., Limited and served at the Juegang Town Comprehensive Law Enforcement office. Mr. Wu holds a college degree from the Nanjing Xinhua Computer College.

Ms. Jiang Pei (江沛), age 30, is a supervisor of the Issuer. Ms. Jiang holds a bachelor degree in mathematics and applied mathematics from the Jiangsu Second Normal University.

Mr. Yuan Xiaochao (袁小超), age 21, is a supervisor of the Issuer. He worked at Nantong Daxin Engineering Co., Limited and Rudong County Tianyi Construction Development Co., Limited.

Senior Management

Mr. Zhang Bin (張彬), age 34, is the general ledger accountant of the Issuer. He worked as a general ledger accountant at the Nantong Jiarun Holding Group Co., Limited, a costs accountant at the Nantong Cotton Machinery Co., Limited and a cash accountant at the Nantong Zhengda Livestock Co., Limited. Mr. Zhang holds a bachelor degree.

Ms. Zhang Hui (張卉), age 33, is the finance supervisor of the Issuer. Ms. Zhang holds a bachelor degree.

PRC REGULATIONS

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

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of special administrative regions and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

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

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

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

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

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

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher courts

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

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

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007 and on 31 August 2012 and 27 June 2017 (and implemented on 1 July 2017), sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

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

Where a party applies for enforcement of an effective judgment or ruling of a court, if the party against whom enforcement is sought or the property thereof is not within the territory of the PRC, the applicant may apply directly to the foreign court having jurisdiction for recognition and enforcement, or apply to a PRC court for such court to request recognition and enforcement by the foreign court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. Where a valid and effective judgment or ruling of a foreign court requires recognition and enforcement by a court of the PRC, a party may apply directly to the intermediate court of the PRC having jurisdiction for recognition and enforcement, or apply to the foreign court for the foreign court to request recognition and enforcement by the PRC court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. After examining an application or request for recognition and enforcement of a valid and effective judgment or ruling of a foreign court in accordance with an international treaty concluded or acceded to by the PRC or under the principle of reciprocity, a PRC court shall issue a ruling to recognise the legal force of the judgment or ruling and issue an order for enforcement as needed to enforce the judgment or ruling according to the relevant provisions of the Civil Procedure Law of the PRC if the PRC court deems that the judgment or ruling does not violate the basic principles of the laws of the PRC and the sovereignty, security and public interest of the PRC. If the judgment or ruling violates the basic principles of the laws of the PRC or the sovereignty, security or public interest of the PRC, the PRC court shall not grant recognition and enforcement.

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under the 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 into and outside the PRC. Prior to July 2009, all current account items were required to be settled in foreign currencies. Pursuant to the Measures on the Trial Administration of Settling Cross-Border Transactions in Renminbi (《跨境貿易人民幣結算試點管理辦法》(中國人民銀行、財政部、商務部、海關總署、國家稅務總局、中國銀行業監督管理委員會公告[2009]第10號)) which was promulgated on 1 July 2009 and the Implementation of the Measures on the Trial Administration of Settling Cross-Border Transactions in Renminbi (《跨境貿易人民幣結算試點管理辦法實施細則》(銀發[2009]212號)) which was promulgated on 3 July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in certain pilot regions. On 17 June 2010, 27 July 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (《中國人民銀行、財政部、商務部、海關總署、國家稅務總局、銀監會關於擴大跨境貿易人民幣結算試點有關問題的通知》(銀發[2010]186號)), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (《關於擴大跨境貿易人民幣結算地區的通知》(銀發[2011]203號)) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (《關於出口貨物貿易人民幣結算企業管理有關問題的通知》(銀發[2012]23號)) (together as “**Circulars**”). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the “**Six Authorities**”) a list of key enterprises subject to supervision and the Six Authorities have reviewed and approved such list (the “**Supervision List**”).

Accordingly, offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items. Renminbi remittance for exports of goods from the PRC may only be effected by (a) enterprises with the foreign trading right and incorporated in a province which has already submitted the Supervision List (for the avoidance of doubt, that PRC enterprises do not necessarily need to be included in the Supervision List), or (b) enterprises that have been approved as pilot enterprises for using Renminbi for exports before the Six Authorities reviewed and approved the Supervision List submitted by relevant province.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (《中國人民銀行關於簡化跨境人民幣業務流程和完善有關政策的通知》(銀發[2013]168號)) (the “**2013 PBOC Circular**”), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions on a need basis (noting that verification of underlying transactions is usually a precondition for cross border remittance).

The Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and the 2013 PBOC Circular 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. Cross-border Renminbi payment infrastructure and trading facilities are being improved.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “**outbound loans**”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi 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 the State Administration of Foreign Exchange of the PRC (“SAFE”) and PBOC, 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. After piloting in the free trade zones, PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016 and 2017, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2014, 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 properties, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) regime and the China Interbank Note Market (“**CIBM**”), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme between mainland and Hong Kong to allow eligible investors to invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

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.

NDRC REGISTRATION

On 14 September 2015, the NDRC issued the NDRC Circular, which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross border financing, the NDRC Circular abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;

- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

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

Pursuant to the NDRC Circular, an enterprise shall: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) shall report the information on the issuance of the bonds to NDRC within 10 working days after the completion of each issuance. The materials to be submitted by an enterprise shall include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details. The NDRC shall decide whether to accept an application within five working days upon receipt of the filing and registration application and shall issue a Certificate for Filing and Registration of the Issuance of Foreign Debts by Enterprises based on the overall size of foreign debts within seven working days upon accepting the application.

To issue offshore debts, an enterprise shall meet these basic conditions:

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

Pursuant to the NDRC Circular, the NDRC shall control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC shall reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. When the limit of the overall size of foreign debts has been exceeded, the NDRC shall make a public announcement and shall no longer accept applications for filing and registration.

According to the NDRC Circular, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority shall be given to supporting the investment in major construction projects and key sectors, such as “One Belt and One Road”, the coordinated development of Beijing, Tianjin, and Hebei Province, the Yangtze River Economic Belt, international cooperation on production capacity and the equipment manufacturing.

Certain detailed aspects of interpretation and application of the NDRC Circular remain subject to further clarification.

REGULATIONS ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with the 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》(銀發[2009]92號)) issued jointly by the PBOC and the CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and med-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening Management of Financing Platform of Local Government (《國務院關於加強地方政府融資平臺公司管理有關問題的通知》(國發[2010]19號)) (the “**Circular 19**”) and the Notice 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》(發改辦財金[2010]2881號)) (the “**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 platforms. In accordance with Circular 2881, the level of indebtedness of local governments will have an impact on the ability of the financing platform to issue enterprise bonds. On 21 September 2014, the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (《國務院關於加強地方政府性債務管理的意見》(國發[2014]43號)) (the “**Circular 43**”) was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government. 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, which took effect on 1 January 2015 and amended on 29 December 2018, 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 Ministry of Finance of the PRC, the PBOC and the CBRC (《國務院辦公廳轉發〈財政部人民銀行銀監會關於妥善解決地方政府融資平臺公司在建項目後續融資問題意見〉的通知》(國辦發[2015]40號)) (the “**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 by competent investment authorities before the date when the Circular 43 was promulgated.

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

- **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. In respect of loans to the projects under construction of financing platform companies, if the loan contracts which are legally binding 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 incremental financing for projects under construction.** Local governments at all levels shall pay close attention to any incremental 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 capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise 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 incremental 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, 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 amounts 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.

Neither Circular 43 nor Circular 40 is applicable to the Bonds and neither Investment and Management Office of Rudong County nor any other government authority has any obligation to repay any amount under the Bonds. In the event the Issuer does not fulfil its payment obligations under the Bonds, investors will only be able to claim against the Issuer and not Investment and Management Office of Rudong County or any other government authority.

On 28 March 2018, the MOF promulgated the Circular 23, which came into effect on the same day. Under the Circular 23, when providing intermediary services for local government financing platform companies and other local state-owned enterprises regarding issuance of bonds at home and abroad, state-owned financial enterprises shall prudently evaluate the financial capability of fund-raisers and their source of funds for repayment. Where the source of revenue of bond-issuing enterprises involves fiscal funds, due diligence investigation shall be carried out, and the compliance and authenticity of fiscal funds shall be diligently verified. In bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited. It shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular 706. Under the Circular 706, enterprises that take on foreign debts shall have materialized operations, conduct financing activities in compliance with laws after fully demonstrating the necessity of taking on such foreign debts. It is forbidden for enterprises to require or accept local governments and their subordinate departments to provide guarantees or assume debt repayment obligations for their market-oriented financing behaviours in a variety of ways. Further, the assets owned by such enterprises shall be of good quality, the ownership shall be clear. It is forbidden that public schools, public hospitals, public cultural facilities, parks, public squares, government office buildings, municipal roads, non-toll bridges, non-operating water

conservancy facilities, non-toll pipeline network facilities, reserved land use rights and other assets relating to public interests be accounted into enterprises' assets. It is restated that in bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connected with government credit shall be prohibited, and it shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

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, 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 amended on 1 March 2017 and 2 March 2019, 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, amended on 11 March 2013 and 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 Construction Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) issued by NDRC on 27 March 2018 which became effective on 1 June 2018, 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 amended on 28 September 2018, and the Administrative Measures for the Bidding and Tendering of Highway Engineering Construction Projects (公路工程建設項目招標投標管理辦法) promulgated by MOT on 8 December 2015 which became effective on 1 February 2016.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5% up to 1% 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

12 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and became effective on the same date and amended on 7 October 2017 and 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and 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 MOC 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, Provisions on Construction Management of Port Works (港口工程建設管理規定) promulgated by MOT on 15 January 2018 which became effective on 1 March 2018 and amended on 28 November 2018 and 28 November 2019, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by Ministry of Communications, which has been dismantled now, on 15 March 2004 and became effective on 1 October 2004, and its Implement which was promulgated on 27 January 2010 and became effective on 1 May 2010.

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

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 and amended on 2 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017 which amendment became 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 amendment 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 Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, 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), amended on 26 October 2018 by the Standing Committee of the National People's Congress, 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), amended on 27 June 2017 and 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 environmental protection tax. 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 Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997, and amended on 29 December 2019, which became 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 Standing Committee of the National People's Congress on 28 October 2002, amended on 2 July 2016 and 29 December 2018, 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 amended on 16 July 2017 which became effective on 1 October 2017, and the Measures for the Administration of Environmental Protection Examination and Acceptance of Completed Construction Projects (建設項目竣工環境保護驗收管理辦法), promulgated by the State Environmental Protection Administration on 27 December 2001, which became effective on 1 February 2002 and amended on 22 December 2010, require enterprises planning construction projects to engage qualified

LABOUR

Employment Contracts

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

Employee Funds

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

REGULATIONS REGARDING OVERSEAS INVESTMENT, FINANCING AND ACQUISITION ACTIVITIES

NDRC Supervision

According to the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法) which was issued by NDRC on 26 October 2017 and became effective on 1 March 2018, the procedure of approval and filing shall be respectively applied to different overseas investment projects. In particular, overseas investment projects involving sensitive countries and regions or sensitive industries shall be subject to confirmation by the NDRC. Projects other than as specified above shall be subject to the filing with the competent governmental body.

Specifically, overseas investment projects 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 shall be subject to the filing with 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.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Measures for the Administration of Overseas Investment of Enterprises.

According to the NDRC Circular, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Circular relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within 10 working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within seven working days of accepting the application and within the limit of the total size of foreign debts;
- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration;
- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

MOFCOM Supervision

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” refer to those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” refer to those industries involving the products and technologies which are restricted from being exported, or

affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

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

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

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

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

Foreign Exchange Administration

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

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

On 12 January 2017, the PBOC issued the Notice of PBOC on Matters Concerning Macroprudential Management on All-round Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “Cross Border Financing Notice”). The Cross Border Financing Notice established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

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.

EXCHANGE RATE INFORMATION

PRC

PBOC, the central bank of the PRC, sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9% from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. 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. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. The International Monetary Fund announced on 30 September 2016 that the Renminbi joins its Special Drawing Rights currency basket. Since October 2016, Renminbi experienced significant fluctuation in value against the U.S. dollar but in 2017 and 2018 rebounded and appreciated significantly against the U.S. dollar. On 5 August 2019, the PBOC set the Renminbi's daily reference rate below RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There remains significant international pressure on the PRC Government to adopt an even more flexible currency policy, which could result in further and more significant depreciation of the Renminbi against the U.S. dollar. The PRC government may from time to time make further adjustments to the exchange rate system in the future.

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

Period	Noon buying rate			
	Period End	Average ⁽¹⁾	High	Low
		(RMB per US\$1.00)		
2015	6.4778	6.2827	6.4896	6.1870
2016	6.9430	6.6534	6.9580	6.4480
2017	6.5063	6.7530	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020				
January	6.9161	6.9184	6.9749	6.8589
February	6.9906	6.9967	7.0286	6.9650
March	7.0808	7.0205	7.1099	6.9244
April	7.0622	7.0708	7.0989	7.0341
May	7.1348	7.1015	7.1681	7.0622
June	7.0651	7.0816	7.1263	7.0575
July	6.9744	7.0041	7.0703	6.9744
August	6.8474	6.9301	6.9799	6.8474
September	6.7896	6.8106	6.8474	6.7529
October	6.6919	6.7254	6.7898	6.6503
November	6.5760	6.6029	6.6899	6.5556
December	6.5250	6.5393	6.5705	6.5208
2021				
January	6.6958	6.7863	6.8708	6.6958
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4648
April (through 23 April)	6.4945	6.5307	6.5649	6.4903

Note:

- (1) Annual averages are determined by averaging the rates on the last business day of each month during the relevant year. Monthly averages are determined by averaging the rates on each business day of the relevant month.

TAXATION

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

PRC TAXATION

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

Pursuant to the EIT Law effective on 1 January 2008 (amended on 29 December 2018) and the IIT Law, and their implementation rules respectively, income tax is imposed on interest by way of withholding in respect of the Bonds, paid by the Issuer (if such interest is regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be)) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20% (for non-resident individuals) and 10% (for non-resident enterprises) of the gross amount of the interest. However, the tax so charged on interest 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 will be 7% of the gross amount of the interest pursuant to the Arrangement and relevant interpretations formulated by the State Administration of Taxation 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% 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 the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the MOF and the SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (Caishui [2016] NO.36, “**Circular 36**”) (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號)), which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating income generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6%. Circular 36 further clarified that “loan processing” refers to the activity of lending capital for another’s use and receiving the interest income thereon, therefore based on such an interpretation of “loan processing” under the Circular 36, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer, which thus shall be regarded as the provision of financial services. If the Issuer is treated as PRC tax resident and if PRC tax authorities take the view that the Bondholders are providing loans within the PRC, the Bondholders will be subject to VAT at the rate of 6% and certain surcharges when receiving the interest payments under the Bonds. If the Issuer is treated as a PRC resident enterprise, the Issuer shall calculate the withholding tax according to the following formula: withholding tax = price paid by the purchaser ÷ (1 + tax rate) × tax rate. Pursuant to the Circular 36, the PRC Interim Regulations on Municipal Maintenance Tax (《中華人民共和國城市維護建設稅暫行條例》(國務院令第588號)), the Interim Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》(國務院令第588號)), the Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加製度的通知》(國發[2010]35號)), the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises (《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》(財稅[2010]103號)), the municipal maintenance tax and education surcharge will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12% on any VAT payable) and consequently, the combined rate of VAT and surcharges would be around 6.72%. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

The Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Bonds — Taxation*”.

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

HONG KONG TAXATION

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

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a 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.

UNITED STATES’ FOREIGN ACCOUNT TAX COMPLIANCE ACT TAX PROVISIONS

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes.

Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019 and Bonds issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Bondholders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Issuer included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure as to the difference between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, there is no assurance that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Issuer, the terms of the offering and other disclosure contained herein. Each investor should consult its 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.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognized 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 recognized 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 recognized.

LEASES

IFRS 16 — Leases is effective for the annual reporting period commencing 1 January 2019.

On 7 December 2018, the MOF issued revised the Accounting Standards for Business Enterprises No. 21 — Leases (《企業會計準則第21號—租賃》) (the “**new PRC Leases Standards**”).

According to the transition requirements of the new PRC Leases Standards, as the Issuer is not listed overseas, the Issuer is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Leases Standards and IFRS 16 except for the effective date illustrated as above.

At present, the Issuer is using the Accounting Standards for Business Enterprises No. 21 issued by the MOF on February 2006 (the “**existing Leases Standards**”).

Under the existing Leases Standards, if a lease is classified as an operating lease, for lessees, the lease payments should be recognized as an expense in the income statement over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern of the user's benefit. For lessors, the lease income arising from an operating lease should be recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset is diminished.

Under the new PRC Leases Standards and IFRS 16, upon lease commencement a lessee recognizes a right-of-use asset and a lease liability other than the two exemptions: leases with a lease term of 12 months or less and containing no purchase options; and leases where the underlying asset has a low value.

Accounting by lessees

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Accounting by lessors

Lessors shall classify each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

A lessor recognizes operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

The Issuer estimates that adoption of the new PRC Leases Standards will have an impact on the shareholder's liabilities and the carrying amount of the right-of-use asset at the beginning of 2021. The Issuer is still assessing the full impact of adopting of the new PRC Leases Standards.

GOVERNMENT GRANT

Under PRC GAAP, a government subsidy is required to be recognised as capital surplus if it is stipulated as a capital invested by government in the provisions of the relevant documents, and an assets-related government grant is only required to be recognised as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

Under IFRS, such assets-related government grants are allowed to be presented in the consolidated balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with AMC Wanhai Securities Limited, China Galaxy International Securities (Hong Kong) Limited, Vision Capital International Holdings Limited, Soochow Securities International Brokerage Limited and Central Wealth Securities Investment Limited (the “**Joint Lead Managers**”) dated 30 April 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers or as the Joint Lead Managers may direct, and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for or to procure subscribers to subscribe and pay for the Bonds at an issue price of 100 per cent. of their principal amount (the “**Issue Price**”) in the amount set forth below.

	Principal Amount of Bonds
	(US\$)
AMC Wanhai Securities Limited	38,000,000
China Galaxy International Securities (Hong Kong) Limited	3,000,000
Vision Capital International Holdings Limited	3,000,000
Soochow Securities International Brokerage Limited	3,000,000
Central Wealth Securities Investment Limited	3,000,000
Total	50,000,000

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers and their related parties against certain liabilities in connection with the offer and sale of the Bonds.

The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate the Subscription Agreement in certain circumstances at any time prior to the payment of the net proceeds of the issue of the Bonds to the Issuer on the Issue Date. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or their affiliate on behalf of the Issuer in such jurisdiction.

The Joint Lead Managers and their affiliates may have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory and commercial and investment banking services, for the Issuer and its respective affiliates in the ordinary course of business, for which they received or will receive customary fees and agreed expenses.

The Joint Lead Managers and their affiliates may purchase the Bonds and be allocated the Bonds for asset management and/or proprietary purposes but not with a view to distribution. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering contemplated herein. 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 affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any 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. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

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 advice, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers may 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 or its subsidiaries, jointly

controlled entities or associated companies and may be paid fees in connection with such services from time to time. In the ordinary course of its various business activities, the Joint Lead Managers and their affiliates may 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 transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, may be entered into at the same time or proximate to offers and sales of Bonds or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Bonds. The Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. 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, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

GENERAL

The Bonds are a new issue of securities with no established trading market. No assurance can be given as to the liquidity of any trading market for the Bonds.

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 taken or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Joint Lead Managers agree that it will comply to the best of its knowledge in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, purchases, offers, sells or delivers Bonds or has in its possession or distributes this Offering Circular or any amendment or supplement thereto or any such other material, in all cases at its own expense. None of the Issuer or the Joint Lead Managers will have any responsibility for, and the Joint Lead Managers will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, this Offering Circular or any amendment or supplement thereto.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application nor advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Joint Lead Managers have represented, warranted and undertaken to the Issuer that:

- (i) *Offers/sales only in accordance with Regulation S*: it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and
- (ii) *No directed selling efforts*: neither it nor any of its Affiliates (nor any person acting on behalf of the Joint Lead Manager or any of its Affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds.

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

UNITED KINGDOM

The Joint Lead Managers have represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

The Joint Lead Managers have represented, warranted and undertaken that:

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

SINGAPORE

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

Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

THE PEOPLE’S REPUBLIC OF CHINA

The Joint Lead Managers have represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People’s Republic of China.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Bonds are as follows:

Common Code: 229748718
ISIN: XS2297487188

The Legal Entity Identifier number of the Issuer is 6556001Q376UTUQE7257.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer passed on 23 November 2020.

PRC counsel to the Issuer and PRC counsel to the Joint Lead Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for the completion of the registration of the Bonds with SAFE which the Issuer has undertaken to complete within 180 calendar days after the Issue Date.

3. **No Material Adverse Change:** Save as otherwise disclosed in this Offering Circular, there has been no material adverse change on the trading position, financial condition, prospects or results of operations, or general affairs of the Issuer or the Group since 31 December 2020.
4. **Litigation:** Neither the Issuer nor any member of the Group is involved in any litigation or arbitration proceedings that are material in the context of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened as at the date of this Offering Circular.
5. **Available Documents:** Copies of the Trust Deed, and the Agency Agreement will be available for inspection from the Issue Date upon prior written request and proof of holding and identity satisfactory to the Trustee at the principal place of business of the Trustee (being at the date of this Offering Circular at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office of the Principal Paying Agent during normal business hours, so long as any of the Bonds is outstanding.
6. **Financial Statements:** The consolidated financial statements of the Issuer for the years ended 31 December 2018, 2019 and 2020 have been audited by Zhongxinghua Certified Public Accountants LLP, the Issuer's independent auditor, as stated in its report appearing herein. English translations of the consolidated financial statements are included in this Offering Circular.

The Issuer's audited financial statements have only been prepared in Chinese. English translations of such financial statements have been prepared for reference only and are included elsewhere in this Offering Circular. These English translations do not themselves constitute audited or reviewed financial statements and are qualified in their entirety by the audited financial statements.

7. **Listing:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on 10 May 2021.

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Note: The audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2017, 2018 and 2019, with independent auditor's reports set out herein have been reproduced from the Issuer's audited consolidated financial statements for the years ended 31 December 2017, 2018 and 2019, respectively, and contain page references to pages set forth in such audited consolidated financial statements. The audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2020 set out herein have been reproduced from the Issuer's audited consolidated financial statements for the year ended 31 December 2020, and contain page references to pages set forth in such audited consolidated financial statements. The English translation is for reference only. Should there be any inconsistency between the English and Chinese versions, the Chinese one should prevail.



Audit Report

Zhongxinghua Audit No. [2020]

To the shareholders of Rudong County Tongtai Investment Group Co., Ltd.:

I. Audit Opinions

We have audited the accompanying financial statements of Rudong County Tongtai Investment Group Co., Ltd. (hereinafter referred to as "Tongtai company"), which comprise: the consolidated and company balance sheets as at 31 December, 2019, 31 December, 2018, 31 December, 2017; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Tongtai company as at 31 December, 2019, 31 December, 2018, 31 December, 2017, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("CASs").

II. Foundation of audit opinions

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We are independent of Tongtai company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

III. Other Information

Management of Tongtai company is responsible for the other information. The other information comprises all of the information included in 2019 annual report of Tongtai company other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

IV. Management and governance liabilities for financial statement



Management of Tongtai company is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Tongtai company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Tongtai company or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

V. Responsibilities of CPA for financial statement audit.

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tongtai company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tongtai company to cease to continue as a going concern.
- (V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Tongtai company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the governance level regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ZHONGXINGHUA CERTIFIED PUBLIC
ACCOUNTANTS LLP

Signing CPA:

Beijing ,the People's Republic of China

Signing CPA:

May 15, 2020

Consolidated Balance Sheet

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Current assets:				
Cash at bank and on hand	V.1	1,611,828,385.72	2,755,165,866.16	1,439,790,685.61
Financial assets at fair value through profit or loss				
Derivative financial assets				
Bills receivable				
Accounts receivable	V.2	2,476,910,100.95	2,384,503,487.27	1,646,993,799.90
Prepayments	V.3	1,685,360.53	3,607,515.46	37,738,950.09
Other receivables	V.4	2,350,366,233.40	1,864,341,395.72	1,187,578,508.45
Inventories	V.5	4,002,934,849.77	3,775,624,911.19	3,851,362,363.23
Assets held for sale				
Non-current assets due within one year				
Other current assets	V.6	1,471,998,839.28	1,256,566,026.30	1,282,804,255.17
Total current assets		11,915,723,769.65	12,039,809,202.10	9,446,268,562.45
Non-current assets:				
Available-for-sale financial assets				
Held-to-maturity investments				
Long-term receivables				
Long-term equity investments	V.7	345,006,187.66	206,903,840.52	81,320,693.36
Investment properties	V.8	1,316,647,350.34	942,272,835.19	41,845,787.23
Fixed assets	V.9	234,780,976.06	186,102,851.59	294,270,223.14
Construction in progress	V.10	269,717,770.17	560,837,416.22	333,101,279.67
Productive biological assets				
Oil and gas assets				
Intangible assets	V.11	66,547,435.32	70,185,266.48	66,663,222.65
Development costs				
Goodwill				
Long-term deferred expenses				
Deferred tax assets	V.12	28,566,818.48	24,409,110.41	13,701,198.64
Other non-current assets	V.13	309,254,974.00		
Total non-current assets		2,570,521,512.03	1,990,711,320.41	830,902,404.69
Total assets		14,486,245,281.68	14,030,520,522.51	10,277,170,967.14

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Balance Sheet(continued)

As at 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Current liabilities:				
Short-term loans	V.14	545,000,000.00	471,200,000.00	1,039,000,000.00
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities				
Bills payable	V.15	990,000,000.00	1,250,000,000.00	
Accounts payable	V.16	730,409,903.35	795,824,342.91	583,754,163.23
Advances from customers	V.17	7,011,930.96	1,027,420.30	458,758.98
Employee benefits payable	V.18	1,089,599.00	469,646.46	134,356.50
Taxes payable	V.19	573,378,586.86	426,129,398.29	308,233,255.10
Other payables	V.20	369,475,656.37	349,725,780.27	602,444,813.29
Liabilities held for sale				
Non-current liabilities due within one year	V.21	855,917,012.19	851,000,000.00	186,660,000.00
Other current liabilities				
Total current liabilities		4,072,282,688.73	4,145,376,588.23	2,720,685,347.10
Non-current liabilities:				
Long-term loans	V.22	2,831,564,800.00	2,892,025,100.00	3,047,910,000.00
Debentures payable	V.23	2,089,442,820.20	1,889,118,076.37	
Of which: preferred stock				
Perpetual debt				
Long-term payables	V.24	312,328,087.81	-	
Long-term employee benefits payable				
Provisions				
Deferred income				
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		5,233,335,708.01	4,781,143,176.37	3,047,910,000.00
Total liabilities		9,305,618,396.74	8,926,519,764.60	5,768,595,347.10
shareholders' equity:				
Paid-in capital	V.25	1,400,000,000.00	1,400,000,000.00	950,000,000.00
Other equity instruments				
Of which: preferred stock				
Perpetual debt				
Capital reserve	V.26	3,061,301,530.95	3,107,695,048.45	3,107,695,048.45
Less: treasury shares				
Other comprehensive income				
Specific reserve				
Surplus reserve	V.27	9,006,049.96	7,887,590.41	5,985,010.80
Retained earnings	V.28	709,220,075.63	586,596,715.80	444,895,560.79
Total equity attributable to shareholders of the Company		5,179,527,656.54	5,102,179,354.66	4,508,575,620.04
Non-controlling interests		1,099,228.40	1,821,403.25	
Total shareholders' equity		5,180,626,884.94	5,104,000,757.91	4,508,575,620.04
Total liabilities and shareholders' equity		14,486,245,281.68	14,030,520,522.51	10,277,170,967.14

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
I. Operating income	V.29	1,227,924,673.99	1,129,623,674.94	1,034,798,683.01
Less: operating costs	V.29	1,060,965,829.68	883,416,233.98	811,320,559.05
Taxes and surcharges	V.30	16,495,329.98	3,064,325.56	794,944.07
Selling and distribution expenses				
General and administrative expenses	V.31	55,665,583.61	34,429,886.43	15,908,093.09
Research and development expenses				
Financial expenses	V.32	17,528,248.63	-5,243,419.95	-2,064,319.42
include: interest expense		19,631,531.39	959,116.19	
Interest income		2,103,282.76	6,202,536.14	2,414,466.22
Add: Other income	V.33	83,842,950.14	26,504,746.00	18,590,332.11
Investment income ("-" for losses)	V.34	6,863,451.97	-6,156,245.30	25,309,243.00
Including: Income from investment in associates and joint ventures				-1,026,490.38
Gains from changes in fair value ("-" for losses)				
Impairment losses ("-" for losses)	V.35	-16,702,229.16	-42,831,647.14	
Gains from assets disposal ("-" for losses)				
II. Operating profit ("-" for losses)		151,273,855.04	191,473,502.48	214,531,826.73
Add: Non-operating income	V.36	2,001.00	57,153.50	2,992.00
Less: Non-operating expenses	V.37	18,800.00	164,078.44	
III. Profit before income tax ("-" for losses)		151,257,056.04	191,366,577.54	214,534,818.73
Less: Income tax expenses	V.38	28,287,411.51	47,872,187.45	50,296,999.49
IV. Net profit for the year ("-" for losses)		122,969,644.53	143,494,390.09	164,237,819.24
(1) Classification according to operation continuity				
Including: Net profit from continuing operations ("-" for net loss)		122,969,644.53	143,494,390.09	164,237,819.24
Net profit from discontinued operations ("-" for net loss)				
(2) Classification according to attribute				
Including: Shareholders of the company		123,741,819.38	143,603,734.62	164,237,819.24
Non-controlling interests		-772,174.85	-109,344.53	
V. Other comprehensive income, net of tax				
Other comprehensive income (net of tax) attributable to shareholders of the company				
A. Items that will not be reclassified to profit or loss				
a. Remeasurement of defined benefit plan liability or asset				
b. Share of other comprehensive income of the equity method investments				
B. Items that may be reclassified to profit or loss				
a. Share of other comprehensive income of the equity method investments				
b. Gains or losses arising from changes in fair value of available-for-sale financial assets				
c. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
d. Effective portion of gains or losses arising from cash flow hedging instruments				
e. Translation differences arising from translation of foreign currency financial statements				
f. Where the fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value				
Other comprehensive income (net of tax) attributable to non-controlling interests				
V. Total comprehensive income for the year		122,969,644.53	143,494,390.09	164,237,819.24
Attributable to: Shareholders of the company		123,741,819.38	143,603,734.62	164,237,819.24
Non-controlling interests		-772,174.85	-109,344.53	

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
I. Cash flows from operating activities				
Proceeds from sales of goods or rendering of services		824,853,002.76	425,605,378.81	892,347,648.60
Refund of taxes				
Proceeds from other operating activities		3,278,273,284.62	3,039,687,601.44	2,766,824,153.25
Sub-total of cash inflows		4,103,126,287.38	3,465,292,980.25	3,659,171,801.85
Payment for goods and services		1,231,341,618.05	496,665,679.88	1,052,345,767.84
Payment to and for employees		16,192,138.30	8,627,548.49	5,122,854.13
Payments of various taxes		11,132,133.74	333,691.72	2,656,169.16
Payment for other operating activities		3,935,358,952.42	5,174,255,913.36	2,332,530,000.45
Sub-total of cash outflows		5,194,024,842.51	5,679,882,833.45	3,392,654,791.58
Net cash flows from operating activities	V.39	-1,090,898,555.13	-2,214,589,853.20	266,517,010.27
II. Cash flows from investing activities				
Proceeds from disposal of investments		527,282,600.00	10,042,107.54	
Investment returns received		14,788,853.27		
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets				
Net proceeds from disposal of subsidiaries and other business units		10,906,589.18		
Proceeds from other investing activities		92,116,178.78		
Sub-total of cash inflows		645,094,221.23	10,042,107.54	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		32,352,375.49	337,487,661.21	1,394,142,749.62
Payment for acquisition of investments		485,156,100.00	159,783,636.80	258,577,300.00
Net payment for acquisition of subsidiaries and other business units				
Payment for other investing activities		92,050,000.00		
Sub-total of cash outflows		609,558,475.49	497,271,298.01	1,652,720,049.62
Net cash flows from investing activities		35,535,745.74	-487,229,190.47	-1,652,720,049.62
III. Cash flows from financing activities				
Proceeds from investors		295,050,000.00	451,930,747.78	
Proceeds from borrowings		2,007,190,000.00	1,224,318,000.00	2,375,900,000.00
Proceeds from issuance of debentures		200,000,000.00	1,888,521,500.00	
Proceeds from other financing activities		249,530,000.00		
Sub-total of cash inflows		2,751,770,000.00	3,564,770,247.78	2,375,900,000.00
Repayments of borrowings		1,533,130,168.48	543,662,900.00	645,811,543.38
Payment for dividends, profit distributions or interest		337,610,317.37	200,913,123.56	228,475,471.72
Repayments for other financing activities		10,746.27		
Sub-total of cash outflows		1,870,751,232.12	744,576,023.56	874,287,015.10
Net cash flows from financing activities		881,018,767.88	2,820,194,224.22	1,501,612,984.90
IV. Effect of foreign exchange rate changes on cash and cash equivalents		6,561.07		
V. Net increase in cash and cash equivalents	V.39	-174,337,480.44	118,375,180.55	115,409,945.55
Add: Cash and cash equivalents as at 31/12/2018		816,165,866.16	697,790,685.61	582,380,740.06
VI. Cash and cash equivalent as at 31/12/2019		641,828,385.72	816,165,866.16	697,790,685.61

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2019											Total equity	
	Attributable to shareholders' equity of the parent company												
	Paid-in capital	Other equity instruments				Capital reserve	Less-treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		Sub-total
		Preference shares	Perpetual loans	Others									
I. Balance at 31/12/2018	1,400,000,000.00				3,107,695,048.45					7,887,590.41	586,596,715.80	5,102,179,354.66	5,104,000,757.91
Add : Changes in accounting policies													
Correction of prior period errors													
Others													
II. Balance at 01/01/2019													
III. Changes in equity during the year ("+" for increase)	1,400,000,000.00				3,107,695,048.45					7,887,590.41	586,596,715.80	5,102,179,354.66	5,104,000,757.91
IV. Total comprehensive income					-46,393,517.50					1,118,459.55	122,623,359.83	77,348,301.88	76,626,127.03
V. Shareholders' contributions and decrease of capital													
1. Contribution by ordinary shareholders					-46,393,517.50							-46,393,517.50	-46,343,517.50
2. Capital contributed by other equity instruments holders													50,000.00
3. Equity settled share-based payments													
4. Others													
VI. Appropriation of profits					-46,393,517.50							-46,393,517.50	-46,393,517.50
1. Appropriation for surplus reserves										1,118,459.55	-1,118,459.55		
2. Extract general risk preparation										1,118,459.55	-1,118,459.55		
3. Distributions to shareholders													
4. Others													
VII. Transfer within equity													
1. Share capital increased by capital reserves transfer													
2. Share capital increased by surplus reserves transfer													
3. Transfer of surplus reserve to offset losses													
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans													
5. Others													
VIII. Specific Reserve													
1. Appropriation during the year													
2. Utilisation during the year													
IX. Others													
X. Balance at 31/12/2019	1,400,000,000.00				3,061,301,530.95					9,006,049.96	709,220,075.63	5,179,527,656.54	5,180,626,884.94

Legal representative: Accounting director: Accounting firm director:

Consolidated Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Year ended 31/12/2018												
Item	Attributable to shareholders' equity of the parent company										Minority interests	Total equity
	Paid-in capital	Other equity instruments		Capital reserve	Least-treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
		Preference shares	Perpetual loans									
I. Balance at 31/12/2017	950,000,000.00			3,107,695,048.45				5,985,010.80	444,895,560.79	4,508,575,620.04		4,508,575,620.04
Add : Changes in accounting policies												
Correction of prior period errors												
Others												
II. Balance at 01/01/2018												
II. Changes in equity during the year(" "for decrease)	950,000,000.00			3,107,695,048.45				5,985,010.80	444,895,560.79	4,508,575,620.04		4,508,575,620.04
D)Total comprehensive income	450,000,000.00							1,902,579.61	141,701,155.01	593,603,734.62	1,821,403.25	595,425,137.87
II)Shareholders' contributions and decrease of capital									143,603,734.62	143,603,734.62	-109,344.53	143,494,390.09
Contribution by ordinary shareholders	450,000,000.00									450,000,000.00	1,930,747.78	451,930,747.78
Capital contributed by other equity instruments holders	450,000,000.00									450,000,000.00	1,930,747.78	451,930,747.78
Equity settled share-based payments												
Others												
III) Appropriation of profits												
Appropriation for surplus reserves								1,902,579.61	-1,902,579.61			
Extract general risk preparation								1,902,579.61	-1,902,579.61			
Distributions to shareholders												
Others												
IV) Transfer within equity												
Share capital increased by capital reserves transfer												
Share capital increased by surplus reserves transfer												
Transfer of surplus reserve to offset losses												
Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans												
Others												
V)Specific Reserve												
Appropriation during the year												
Utilisation during the year												
(VI)Others												
V. Balance at 31/12/2018	1,400,000,000.00			3,107,695,048.45				7,887,590.41	586,596,715.80	5,102,179,354.66	1,821,403.25	5,104,000,757.91

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2017									
	Attributable to shareholders' equity of the parent company									
	Paid-in capital	Preference shares	Other equity instruments	Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total
			Perpetual loans							
			Others							
I. Balance at 31/12/2016	950,000,000.00			2,952,822,548.45				2,599,223.15	284,043,529.20	4,189,465,300.80
Add : Changes in accounting policies										
Correction of prior period errors										
Others										
II. Balance at 01/01/2017										
III. Changes in equity during the year("+" for increase)										
	950,000,000.00			2,952,822,548.45				2,599,223.15	284,043,529.20	4,189,465,300.80
(I) Total comprehensive income				154,872,500.00				3,385,787.65	160,852,031.59	319,110,319.24
(II) Shareholders' contributions and decrease of capital									164,237,819.24	164,237,819.24
1. Contribution by ordinary shareholders				154,872,500.00						154,872,500.00
2. Capital contributed by other equity instruments holders										
3. Equity settled share-based payments										
4. Others										
(III) Appropriation of profits				154,872,500.00				3,385,787.65	-3,385,787.65	154,872,500.00
1. Appropriation for surplus reserves										
2. Extract general risk preparation								3,385,787.65	-3,385,787.65	
3. Distributions to shareholders										
4. Others										
(IV) Transfer within equity										
1. Share capital increased by capital reserves transfer										
2. Share capital increased by surplus reserves transfer										
3. Transfer of surplus reserve to offset losses										
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans										
5. Others										
(V) Specific Reserve										
1. Appropriation during the year										
2. Utilisation during the year										
(VI) Others										
IV. Balance at 31/12/2017	950,000,000.00			3,107,695,048.45				5,985,010.80	444,895,560.79	4,508,575,620.04

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet

As at 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Current assets:				
Cash at bank and on hand		691,316,951.61	874,464,973.46	387,755,032.51
Financial assets at fair value through profit or loss				
Derivative financial assets				
Bills receivable				
Accounts receivable	X .1	85,713,532.31	54,631,209.08	28,104,954.67
Prepayments				
Other receivables	X .2	3,593,737,329.61	2,717,970,482.68	1,830,503,770.23
Inventories				-
Assets held for sale				
Non-current assets due within one year				
Other current assets		652,455,377.75	451,240,442.36	284,825,626.63
Total current assets		5,023,223,191.28	4,098,307,107.58	2,531,189,384.04
Non-current assets:				
Available-for-sale financial assets				
Held-to-maturity investments				
Long-term receivables				
Long-term equity investments	X .3	1,294,474,100.00	1,294,474,100.00	460,500,000.00
Investment properties				
Fixed assets		5,282.33	-	
Construction in progress				
Construction materials				
Fixed assets to be disposed of				
Productive biological assets				
Oil and gas assets				
Intangible assets				
Development costs				
Goodwill				
Long-term deferred expenses				
Deferred tax assets				
Other non-current assets				
Total non-current assets		1,294,479,382.33	1,294,474,100.00	460,500,000.00
Total assets		6,317,702,573.61	5,392,781,207.58	2,991,689,384.04

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet(continued)

As at 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Current liabilities:				
Short-term loans		170,000,000.00	119,400,000.00	364,000,000.00
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities				
Bills payable		400,000,000.00	190,000,000.00	
Accounts payable				
Advances from customers				
Employee benefits payable		600,000.00	-	
Taxes payable		24,854,551.45	19,379,708.55	11,938,089.25
Other payables		440,728,208.24	366,010,418.70	250,001,186.89
Liabilities held for sale				
Non-current liabilities due within one year		264,638,512.19	425,000,000.00	43,000,000.00
Other current liabilities				
Total current liabilities		1,300,821,271.88	1,119,790,127.25	668,939,276.14
Non-current liabilities:				
Long-term loans		934,531,300.00	554,997,100.00	962,900,000.00
Debentures payable		2,089,442,820.20	1,889,118,076.37	-
Of which: preferred stock				
Perpetual debt				
Long-term payables		83,036,487.81	-	
Long-term employee benefits payable				
Provisions				
Deferred income				
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		3,107,010,608.01	2,444,115,176.37	962,900,000.00
Total liabilities		4,407,831,879.89	3,563,905,303.62	1,631,839,276.14
shareholders' equity:				
Paid-in capital		1,400,000,000.00	1,400,000,000.00	950,000,000.00
Other equity instruments				
Of which: preferred stock				
Perpetual debt				
Capital reserve		350,000,000.00	350,000,000.00	350,000,000.00
Less: treasury shares				
Other comprehensive income				
Specific reserve				
Surplus reserve		9,006,049.96	7,887,590.41	5,985,010.80
Retained earnings		150,864,643.76	70,988,313.55	53,865,097.10
Total shareholders' equity		1,909,870,693.72	1,828,875,903.96	1,359,850,107.90
Total liabilities and shareholders' equity		6,317,702,573.61	5,392,781,207.58	2,991,689,384.04

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
I. Operating income	X.4	29,602,212.60	25,263,099.44	20,524,870.99
Less: operating costs				
Taxes and surcharges		266,419.91		
Selling and distribution expenses				
General and administrative expenses		5,295,011.42	1,327,644.16	1,902,790.25
Research and development expenses				
Financial expenses		12,531,722.10	-974,059.11	-282,763.86
include: interest expense		13,231,240.49	65,593.17	
Interest income		699,518.39	1,039,652.28	345,169.71
Add: Other income		73,304,126.00		
Investment income ("-" for losses)				19,679,243.00
Including: Income from investment in associates and joint ventures				
Gains from changes in fair value ("-" for losses)				
Impairment losses ("-" for losses)		-71,396.90		
Gains from assets disposal ("-" for losses)				
II. Operating profit ("-" for losses)		84,741,788.27	24,909,514.39	38,584,087.60
Add: Non-operating income			294,746.00	
Less: Non-operating expenses		18,800.00		
III. Profit before income tax ("-" for losses)		84,722,988.27	25,204,260.39	38,584,087.60
Less: Income tax expenses		3,728,198.51	6,178,464.33	4,726,211.15
IV. Net profit for the year ("-" for losses)		80,994,789.76	19,025,796.06	33,857,876.45
A. Net profits from sustainable operation (net losses marked with "-")		80,994,789.76	19,025,796.06	
B. Net profits from discontinued operations (net losses marked with "-")				
V. Other comprehensive income, net of tax				
A. Items that will not be reclassified to profit or loss				
a. Remeasurement of defined benefit plan liability or asset				
b. Share of other comprehensive income of the equity method investments				
B. Items that may be reclassified to profit or loss				
a. Share of other comprehensive income of the equity method investments				
b. Gains or losses arising from changes in fair value of available-for-sale financial assets				
c. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets				
d. Effective portion of gains or losses arising from cash flow hedging instruments				
e. Translation differences arising from translation of foreign currency financial statements				
f. Where the fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value				
VI. Total comprehensive income for the year		80,994,789.76	19,025,796.06	33,857,876.45

Legal representative:

Accounting director:

Accounting firm director:

Cash Flow Statement

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
I. Cash flows from operating activities				
Proceeds from sales of goods or rendering of services				
Refund of taxes				
Proceeds from other operating activities		537,404,261.73	709,341,433.41	1,043,455,368.37
Sub-total of cash inflows		537,404,261.73	709,341,433.41	1,043,455,368.37
Payment for goods and services				
Payment to and for employees		2,142,678.38		
Payments of various taxes		1,635.77		
Payment for other operating activities		544,741,718.80	2,885,884,150.17	1,438,172,269.85
Sub-total of cash outflows		546,886,032.95	2,885,884,150.17	1,438,172,269.85
Net cash flows from operating activities	X.5	-9,481,771.22	-2,176,542,716.76	-394,716,901.48
II. Cash flows from investing activities				
Proceeds from disposal of investments			24,002,689.60	
Investment returns received				
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets				
Net proceeds from disposal of subsidiaries and other business units				
Proceeds from other investing activities				
Sub-total of cash inflows			24,002,689.60	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,282.33		
Payment for acquisition of investments			18,002,136.80	68,506,400.00
Net payment for acquisition of subsidiaries and other business units				
Payment for other investing activities				
Sub-total of cash outflows		5,282.33	18,002,136.80	68,506,400.00
Net cash flows from investing activities		-5,282.33	6,000,552.80	-68,506,400.00
III. Cash flows from financing activities				
Proceeds from investors		70,000,000.00	450,000,000.00	
Proceeds from borrowings		736,690,000.00	188,500,000.00	1,000,900,000.00
Proceeds from issuance of debentures		200,000,000.00	1,888,521,500.00	
Proceeds from other financing activities				
Sub-total of cash inflows		1,006,690,000.00	2,527,021,500.00	1,000,900,000.00
Repayments of borrowings		780,880,268.48	224,002,900.00	401,000,000.00
Payment for dividends, profit distributions or interest		109,470,699.82	58,766,495.09	76,716,037.71
Repayments for other financing activities				
Sub-total of cash outflows		890,350,968.30	282,769,395.09	477,716,037.71
Net cash flows from financing activities		116,339,031.70	2,244,252,104.91	523,183,962.29
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Net increase in cash and cash equivalents	X.5	106,851,978.15	73,709,940.95	59,960,660.81
Add: Cash and cash equivalents as at 31/12/2018		274,464,973.46	200,755,032.51	140,794,371.70
VI. Cash and cash equivalent as at 31/12/2019		381,316,951.61	274,464,973.46	200,755,032.51

Legal representative:

Accounting director:

Accounting firm director:

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2019										
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
I.Balance at 31/12/2018	1,400,000,000.00				350,000,000.00				7,887,590.41	70,988,313.55	1,828,875,903.96
Add : Changes in accounting policies											
Correction of prior period errors											
Others											
II.Balance at 01/01/2019	1,400,000,000.00				350,000,000.00				7,887,590.41	70,988,313.55	1,828,875,903.96
III.Changes in equity during the year("+ "for increase)									1,118,459.55	79,876,330.21	80,994,789.76
D)Total comprehensive income										80,994,789.76	
E)Shareholders' contributions and decrease of capital											
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others											
III) Appropriation of profits									1,118,459.55	-1,118,459.55	
1. Appropriation for surplus reserves									1,118,459.55	-1,118,459.55	
2. Distributions to shareholders											
6. Others											
IV) Transfer within equity											
1.Share capital increased by capital reserves transfer											
2.Share capital increased by surplus reserves transfer											
3. Transfer of surplus reserve to offset losses											
4.Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5.Others											
V)Specific Reserve											
1. Appropriation during the year											
2. Utilisation during the year											
(VI)Others											
IV.Balance at 31/12/2019	1,400,000,000.00				350,000,000.00				9,006,049.96	150,864,643.76	1,909,870,693.72

Legal representative:

Accounting director:

Accounting firm director:

Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2018						
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income
		Preference shares	Perpetual loans	Others			
I.Balance at 31/12/2017	950,000,000.00				350,000,000.00		
Add : Changes in accounting policies							
Correction of prior period errors							
Others							
II.Balance at 01/01/2018	950,000,000.00				350,000,000.00		
III.Changes in equity during the year("- "for decrease)	450,000,000.00						
(I)Total comprehensive income							
(II)Shareholders' contributions and decrease of capital	450,000,000.00						
1. Contribution by ordinary shareholders	450,000,000.00						
2. Capital contributed by other equity instruments holders							
3. Equity settled share-based payments							
4. Others							
(III) Appropriation of profits							
1. Appropriation for surplus reserves					1,902,579.61		-1,902,579.61
2. Distributions to shareholders					1,902,579.61		-1,902,579.61
3. Others							
(IV) Transfer within equity							
1.Share capital increased by capital reserves transfer							
2.Share capital increased by surplus reserves transfer							
3.Transfer of surplus reserve to offset losses							
4.Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans							
5.Others							
(V)Specific Reserve							
1. Appropriation during the year							
2.Utilisation during the year							
(VI)Others							
IV.Balance at 31/12/2018	1,400,000,000.00				350,000,000.00		
Legal representative:							
Accounting director:							
Accounting firm director:							
					7,887,590.41		70,988,313.55
							1,828,875,903.96

Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2019

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2017										
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
I.Balance at 31/12/2016	950,000,000.00				350,000,000.00				2,599,223.15	23,393,008.30	1,325,992,231.45
Add : Changes in accounting policies											
Correction of prior period errors											
Others											
II.Balance at 01/01/2017	950,000,000.00				350,000,000.00				2,599,223.15	23,393,008.30	1,325,992,231.45
III.Changes in equity during the year("- "for decrease)									3,385,787.65	30,472,088.80	33,857,876.45
(I)Total comprehensive income										33,857,876.45	33,857,876.45
(II)Shareholders' contributions and decrease of capital											
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others											
(III) Appropriation of profits									3,385,787.65	-3,385,787.65	
1. Appropriation for surplus reserves									3,385,787.65	-3,385,787.65	
2. Distributions to shareholders											
3. Others											
(IV) Transfer within equity											
1.Share capital increased by capital reserves transfer											
2.Share capital increased by surplus reserves transfer											
3.Transfer of surplus reserve to offset losses											
4.Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5. Others											
(V)Specific Reserve											
1. Appropriation during the year											
2. Utilisation during the year											
(VI)Others											
IV.Balance at 31/12/2017	950,000,000.00				350,000,000.00				5,985,010.80	53,865,097.10	1,359,850,107.90

Legal representative:

Accounting director:

Accounting firm director:

Notes to the Financial Statements of Rudong County Tongtai Investment Group Co., Ltd.

For the year ended 31 December 2017 to 2019

I. Basic information of the company

1. Company registration place, organization form and headquarters address

Company Name: Rudong County Tongtai Investment Group Co., Ltd.

Registered address: No. 888 Zhujiang Road, Jiugang Street, Rudong County, Jiangsu Province

Company type: limited liability company (sole proprietorship)

Business period: March 20, 2013 to unlimited

Paid-in capital: RMB 1.4 billion

Legal representative: Gu Cuihua

Unified Social Credit Code: 91320623081505632C

2. The nature of the company's business and main operating activities

Non-securities equity investment; agricultural project development and construction; rural infrastructure development and construction; house acquisition and labor services; land consolidation; land reclamation; land development; crop planting; flower and seedling planting, wholesale, retail; building materials, electrical and mechanical Equipment wholesale and retail; real estate development, leasing, sales; property management services; greening project construction and maintenance services; investment and construction in industries permitted by national industrial policies. (Projects that are subject to approval in accordance with the law can be operated only after approval by relevant departments)

3. Company history

Rudong County Tongtai Investment Group Co., Ltd. (hereinafter referred to as the company) is requested by the Rudong County People's Government of Jiugang Town [2013] 32 document for instructions, Rudong County People's Government Office (2013) please type no. 732 The single approval and the county-level (2013) No. 362 document approved by the Rudong County Finance Bureau agreed to be funded by Rudong County Investment Management Office. Registered at the Nantong Rudong Administration for Industry and Commerce on September 7, 2013, and received a business license for corporate legal persons. Registered capital at the time of establishment: RMB 50 million. On November 28, 2016, the company's registered capital increased to 950 million yuan, and on November 20, 2018, the company's registered capital increased to 1.4 billion yuan.

In October 2019, the name of Rudong County Tongtai Agricultural Development Co., Ltd. was changed to Rudong County Tongtai Investment Group Co., Ltd.; the legal person was changed from Zhang Qin to Gu Cuihua.

4.Approval of financial reports

The approval of the financial report of the Group is the Board of Directors, and the date of approval is May 15, 2020.

5.Scope of consolidated financial statements

The scope of the company's consolidation in the current period decreased by 1 from the previous period. For details, please refer to Note VI.1.

II.Significant accounting policies and accounting estimate

1.Basis of preparation

(1)Preparation basis

The company's financial statements are prepared on the basis of continuing operations. According to the actual transactions and events, it shall be compiled in accordance with the requirements of the Enterprise Accounting Standards issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance").

In addition, the company's financial statements also comply with the "Regulations No. 15 on Information Disclosure and Reporting of Companies Offering Securities to the Public—General Provisions on Financial Reports" revised by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") in 2014. Disclosure requirements for statements and notes.

(2)Continuing operations

The financial statements of the Company have been prepared on going concern basis. The Company has evaluated its ability of going concern for the next at least 12 months since 31 December 2019 considering all available information.

2.Statement of Following the Accounting Standards for Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position and the Company's and consolidated operating results and cash flows.

The company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for transactions and matters such as revenue recognition and completion percentage determination of construction contracts in accordance with the characteristics of actual

production and operation and in accordance with relevant corporate accounting standards. For details, please refer to Note IV. 22 "Revenue". For the explanation of the significant accounting judgments and estimates made by the management, please refer to Note IV. 27 "Major Accounting Judgements and Estimates".

3.Accounting period

The company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete fiscal year. The accounting period of the Company is from 1 January to 31 December.

4.Operating cycle

The normal business cycle refers to the period from when the company purchases assets for processing to when it realizes cash or cash equivalents. The company takes 12 months as a business cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

5.Functional currency

The financial statements of the Company have been prepared in RMB.

6.Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1)Business combinations involving enterprises under common control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that obtains control of other participating companies on the merger day is the merging party, and the other companies participating in the merger are the merging party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

(2)Business combinations involving enterprises not under common control

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

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing,

legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. The transaction costs of the marketable equity securities or debt securities issued by the acquirer as the combined consideration are included into the initial confirmation amount of marketable equity securities or debt securities. The combination costs generated by the acquirer and the identifiable net assets obtained during the combination process are computed based on the fair value on the acquisition date. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

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

7.Consolidated financial statements

(1)Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries

should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

8. Joint arrangement classification and accounting treatment for joint operation

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items relating to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A/its solely-held assets, and its share of any assets held jointly;
- B/its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- C/its revenue from the sale of its share of the output arising from the joint operation;
- D/its share of the revenue from the sale of the output by the joint operation; and
- E/its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement.

The Company adopts equity method under long-term equity investment in accounting for its investment in joint venture. It is handled in accordance with the accounting policies described in Note. 124 "Long-term equity investment accounted for by the equity method".

When the company invests or sells assets as a joint venture (the asset does not constitute a business, the same applies below), or purchases assets from the joint operation, before the assets are sold to a third party, the company only confirms that the transaction has occurred. The part of the profit and loss that belongs to other parties that jointly operate. If any asset impairment loss that meets the requirements of "Accounting Standards for Business Enterprises No. 8-Asset Impairment", etc., the company confirms the loss in full for the case where the company invests or sells assets to the joint operation; When the company purchases assets from a joint operation, the company recognizes the loss according to the share assumed.

9. Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

10. Financial instruments

Classification of financial instruments:

According to the purpose of acquiring and holding financial assets and assuming financial liabilities, the management classifies them into:

A. Financial assets or financial liabilities that are measured at fair value and whose changes are included in current profits and losses, including trading financial assets or trading financial liabilities, and designated as financial assets or financial liabilities that are measured at fair value and whose changes are included in current profits and losses ;

B. Hold-to-maturity investment;

C. Accounts receivable;

D. Available-for-sale financial assets;

E. Other financial liabilities.

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Determination of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market, the fair value of the financial assets and financial liabilities is measured at the most favorable market price, and the data applicable at the time and with sufficient available data and Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, that is, the first level input value is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date; the second level input value is divided by the first level The input value of the relevant assets or liabilities other than the input value is directly or indirectly observable; the input value of the third level is the unobservable input value of the related assets or liabilities. The company preferentially uses the first level input value, and finally uses the third level input value. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is significant to the fair value measurement as a whole belongs.

(2) Recognition, derecognition, classification and measurement of financial assets of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

- ① the contractual rights to the cash flows from the financial asset expire; or
- ② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of Financial Assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

The Company classifies financial assets into four categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are measured initially at fair value. For financial assets at fair value through profit or loss, any related directly attributable transaction costs are

charged to profit or loss; for other categories of financial assets, any related directly attributable transaction costs are included in their initial costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated to financial assets at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including account receivables and other receivables. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories. Available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. The discount or premium are amortised using the effective interest method and recognised as interest income. Dividend and interest are recognised in profit or loss using the effective interest method.

Available-for-sale investments in equity instruments without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be

settled by delivery of such unquoted equity instruments, are measured at cost subsequent to initial recognition.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into different categories at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to financial liabilities at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Other financial liabilities

Derivative liabilities that are linked to and must be settled by delivery of equity instruments without quoted price in an active market whose fair value cannot be measured reliably, are measured at cost subsequent to initial recognition. Other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss are initially recognized at fair value, and are determined in accordance with "Accounting Standards for Business Enterprises No. 13-Contingencies" after initial recognition. The higher of the amount and the initial confirmation amount after deducting the accumulated amortization amount determined in accordance with the principles of "Accounting Standards for Business Enterprises No. 14-Revenue" shall be subsequently measured.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment of financial assets are the matters that occurred after initial recognition of financial

assets which has impact on the expected future cash flows of financial assets, and can be reliably measured by the Company.

Objective evidence that a financial asset is impaired includes but is not limited to:

① significant financial difficulty of the issuer or obligor;
② a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

③ considering economic or legal factors, the Company makes concessions to a debtor in financial difficulties;

④ it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

⑤ the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;

⑥ the cash flow of an asset in a financial asset group cannot be identified to be reduced, but after evaluating the group as a whole using the public data, the expected future cash flow of the financial asset group since its initial recognition has definitely been reduced and measurable, including:

- The debtor's pay back ability gradually deteriorates;
- Changes taken place in the economic environment in which the debtor operates, indicating that the debtor cannot pay back.

⑦ significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;

⑧ a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. For example, at the balance sheet, there is a decline of more than 20% (including 20%) in the fair value of an equity investment or a decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment.

A decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment is that monthly average fair value of the equity investment is less than the initial investment cost persisting for 12 months.

⑨ other objective evidences.

Financial assets carried at amortised cost

If an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present

value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and the values of the underlying collateral. The amount of loss is recognised in profit or loss for the current period.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. If there is objective evidence that the asset is impaired, the impairment loss is recognized in profit or loss for the current period. For a financial asset that is not individually significant, the impairment assessment is made collectively where financial assets share similar credit risk characteristics. For financial assets not having been individually assessed as impaired (including financial assets no matter it is individually significant or not), the Company makes impairment assessment collectively where financial assets share similar credit risk characteristics. For financial assets having been individually assessed as impaired, they are not included in collective assessment of impairment.

If, after an impairment loss has been recognised on financial assets measured at amortized cost, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognised directly in other comprehensive income is reclassified to profit or loss. The reclassified accumulated loss is the asset's initial cost deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

Financial assets measured at cost

When an equity instrument without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, is impaired, the difference between the carrying amount and the

present value discounted at the market rate of return on future cash flows of the similar financial assets shall be recognized as impairment loss in profit or loss. The impairment loss recognized is not reversed.

(6) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognised if the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if the Company retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

11.Receivables

The company's provision for bad and doubtful debts mainly includes accounts receivable and other receivables. At the end of the period, if there is objective evidence that the receivables have been impaired, their book value shall be reduced to the recoverable amount. The recorded amount is recognized as asset impairment loss and included in current profit and loss. The recoverable amount is determined by discounting its future cash flow (excluding credit losses that have not yet occurred) at the original actual interest rate, and taking into account the value of the relevant collateral (deducting estimated disposal costs, etc.). The original actual interest rate is the actual interest rate calculated and determined when the account receivable is initially recognized. The estimated future cash flow of short-term accounts receivable has a very small difference with its present value. When determining the relevant impairment loss, the estimated future cash flow will not be discounted.

①Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant: Receivables individually greater than RMB 5 million are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually: Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, an

impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

For receivables not having been individually assessed as impaired, the Company makes impairment assessment collectively.

②Receivables that are collectively assessed for impairment based on credit risk characteristics:

Method of provision for bad and doubtful debts collectively assessed for impairment based on credit risk characteristics

Group of collective assessment	Method of provision for bad and doubtful debts collectively
Ageing group	Ageing analysis method
Risk-free group	No provision for bad and doubtful debts

The provisioning for groups of receivables using the ageing analysis method is as follows:

Ageing	Provision as a percentage of accounts receivable (%)	Provision as a percentage of other receivables (%)
Within 1 year	5.00	5.00
1-2 years	10.00	10.00
2-3 years	20.00	20.00
3-4 years	30.00	30.00
4-5 years	40.00	40.00
Over 5 years	100.00	100.00

Receivables from creditworthy government departments, related parties of the company, and reserve funds are collected as a risk-free group, and does not make provision for bad and doubtful debts.

③Receivables that are individually insignificant but assessed individually for impairment:

Reasons for assessing individually for impairment of receivables that are individually insignificant	Litigation receivables, receivables with customer credit deterioration.
Method of provisioning for bad and doubtful debts	An impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

12.Inventories

Inventories include raw materials, work in progress, consumables, packaging materials, finished goods, issuing goods, development costs, and product developments.

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials, work in progress, finished goods and issuing goods are calculated using

weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortised when they are used.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single (type, group) inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

13.Non-current assets or disposal groups held for sale

①Termination of operation

Termination of operation refers to a component that has been disposed of by the company or classified as held for sale by the company that meets one of the following conditions, and can be distinguished separately when operating and preparing financial statements: A.This component represents one item Independent main business or a main business area. B.This component is a part of the plan to deal with an independent main business or a main business area. C.This component is a subsidiary acquired only for resale.

For the discontinued operations reported in the current period, the company separately lists the profit and loss from continuing operations and the profit and loss from discontinued operations in the profit statement for the current period, and rewrites the information previously reported as the profit and loss from continuing operations in the profit statement of the comparative period as the comparable accounting period The discontinued operation profit and loss presentation.

②Recognition criteria for holding components for sale or non-current assets

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year.

③Accounting treatment of holding assets for sale

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss. The impairment loss recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Group recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of investment in an associate or a joint venture is classified as held for sale, equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Group does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of: ① its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale, and ② its recoverable amount.

14. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence. The company's long-term equity investment that does not have control, joint control or significant influence on the investee is accounted for as an available-for-sale financial asset or a financial asset that is measured at fair value and its changes are included in the current profit. For details of its accounting policies, refer to Note IV. 8 "Financial Instruments"

Joint control refers to the company's common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. Significant influence means that the company has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly.

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an

investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The company disposes of the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transaction is a package transaction, each transaction is accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current loss or loss of control when the control is lost.

15. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at fair value model, the basis for accounting policy selection is

- ① There is an active properties market in the location of investment properties.
- ② The company can obtain the market price and other relevant information of similar or similar properties from the properties transaction market, so as to make a reasonable estimate of the fair value of investment properties.

The company does not accrue depreciation or amortization of investment properties, and adjusts its book value based on the fair value of the investment properties on the balance sheet date. The difference between the fair value and the original book value is included in the current profit and loss.

When determining the fair value of investment properties, the company is determined at the evaluation price of the evaluation agency.

When self-used properties or inventory is converted into investment properties, it is valued at the fair value of the conversion date. If the fair value of the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value of the conversion date is greater than the original book value, the difference recognized as other comprehensive income. When the investment properties is converted into self-use properties, the fair value of the conversion date is used as the book value of the self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When the investment properties is disposed of, or is permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the confirmation of the investment properties is terminated. The income from disposal of investment properties sold, transferred, scrapped or damaged is deducted from its book value and related taxes and included in the current profit and loss.

16.Fixed assets

(1)Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing labor services, leasing or operating management, and whose useful life exceeds one fiscal year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the company and their costs can be reliably measured. Fixed assets are initially measured at cost and considering the impact of expected abandonment expenses.

(2)Valuation method of fixed assets

①The purchased fixed assets are based on the actual purchase price paid, packaging fees, transportation fees, installation costs, taxes paid, and other assets that can be directly attributed to the fixed assets that occur before the fixed assets reach the expected usable state. Expense valuation;

②Self-built fixed assets are priced according to all expenditures actually incurred during the construction process;

③The fixed assets invested by investors shall be accounted for at the value confirmed by all investors;

④ The follow-up expenditures of fixed assets, based on whether these follow-up expenditures can improve the profit-generating ability of the related fixed assets originally expected, determine whether to capitalize them;

⑤ Inventory of fixed assets, based on the market price of similar or similar fixed assets, minus the value depletion estimated according to the level of the asset's newness and oldness, as the entry

value. If there is no active market for the same or similar fixed asset, the current value of the expected future cash flow of the fixed asset shall be used as the entry value;

⑥The fixed assets accepted for donation shall be priced at the market price of similar assets or according to the relevant vouchers provided; various expenses incurred when accepting the donation of fixed assets shall be included in the value of the fixed assets.

(3) Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is fixed assets that have been fully depreciated and still in use, and the separately priced land. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Category	Estimated useful life(years)	Depreciation rate %
Buildings	30	3.17
Motor vehicles	5	19.00
Electronic equipment	3	31.67
Others	3	31.67

The estimated net salvage value refers to the amount that the company currently obtains from the disposal of the asset after deducting the estimated disposal expenses, assuming that the estimated useful life of the fixed asset has expired and is at the end of its useful life.

(4) Fixed assets impairment test method and impairment preparation accrual method

For the impairment of the fixed assets, please refer to Note. **Impairment of long-term assets**

(5) Recognition and measurement of fixed assets acquired under finance leases

For the recognition and measurement of fixed assets acquired under finance leases, please refer to Note. **II .27.2 (1).**

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable certainty that the Company will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

17. Construction in progress

(1) Accounting principles for construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use. Construction in progress is transferred to fixed asset when it is ready for its intended use.

(2) Standards and timing for the transfer of fixed assets of construction in progress

Construction in progress projects are based on all the expenditures incurred before the construction of the asset reaches the expected usable state as the entry value of the fixed asset. If the construction of fixed assets under construction has reached the expected usable status, but the final accounts for completion have not yet been processed, from the date of reaching the expected usable status, the estimated value will be transferred to the fixed asset based on the project budget, cost or actual project cost. Assets, and depreciation is accrued in accordance with the company's fixed asset depreciation policy. After the completion of the project, the original temporary estimated price is adjusted according to the actual cost, but the original depreciation amount is not adjusted.

(3) Impairment test of construction in progress and the method of provision for impairment

The company judges at the end of each period whether there are signs of possible impairment of the construction in progress, including: ① The construction in progress that has been suspended for a long time and is not expected to be restarted in the next 3 years; ② The construction of the project is in terms of performance or It has fallen behind technically, and the economic benefits brought to the company are very uncertain; ③ Other circumstances that can prove that the construction in progress has been impaired.

If there are signs of impairment of the construction in progress, the recoverable amount is estimated. If there are signs that a construction in progress may be impaired, the company estimates its recoverable amount on the basis of a single construction in progress. The recoverable amount is determined based on the higher of the net amount of the fair value of the construction in progress minus the disposal expenses and the present value of the future cash flow of the construction in progress. When the recoverable amount of the construction in progress is lower than its book value, the book value of the construction in progress shall be written down to the recoverable amount. The reduced amount shall be recognized as the impairment loss of the construction in progress and shall be included in the current profit and loss, and shall be accrued. The corresponding provision for impairment of construction in progress. Once the impairment loss of the construction in progress is confirmed, it will not be reversed in future accounting periods.

18. Borrowing costs

(1) Capitalisation criteria

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses, and exchange differences due to foreign currency borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalisation of borrowing costs shall commence only when the following criteria are met: ① capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities; ② borrowing costs have been incurred; ③ the activities that are necessary to prepare the asset for its intended use or sale have commenced.

(2)Capitalisation period

Capitalisation period The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(3)Period of suspension of capitalization

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended. If the interruption is a necessary procedure for the purchased, constructed or produced assets that meet the conditions of capitalization to reach the intended usable state or saleable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses, and continue to be capitalized until the acquisition, construction or production activities of the asset restart.

(4)Calculation method of capitalized amount of borrowing costs

For special loans borrowed for the purchase, construction or production of assets that meet the capitalization conditions, the actual borrowing costs incurred in the current period of the special borrowing are used to deduct the interest income obtained by depositing the unused borrowing funds in the bank or the investment obtained from temporary investment The amount after the income is used to determine the capitalized amount of borrowing costs.

For general borrowings occupied for the purchase, construction or production of assets that meet the capitalization conditions, the weighted average of the initial and end-of-period asset

expenditures of the cumulative asset expenditures for acquisition and construction exceeding the portion of the special borrowings is multiplied by the capitalization rate of the occupied general borrowings to determine the general borrowings. The amount of interest that should be capitalized, the capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, the exchange difference between the principal of the foreign currency special loan and its interest shall be capitalized and included in the cost of the assets that meet the conditions for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than foreign currency special borrowings shall be regarded as financial expenses and included in the current profits and losses.

19.Intangible assets

(1)Valuation method of intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line ageing average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Estimate the useful life of intangible assets with a limited useful life

Categories	Useful life (years)	Amortisation methods
Land use rights	50	Straight-line method
Patent	20	Straight-line method
Software	10	Straight-line method

(3) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

①. It is feasible technically to finish intangible assets for use or sale;

②. It is intended to finish and use or sell the intangible assets;

③. The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;

④. It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and

⑤. The development expenditures of the intangible assets can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(4) Intangible asset impairment test method and impairment provision method

For intangible assets with a limited service life, if there are obvious signs of impairment, an impairment test shall be conducted at the end of the period. The signs of impairment include the following situations: ① an intangible asset has been replaced by other new technologies, which has a significant adverse impact on its ability to create economic benefits for the enterprise; ② the market price of an intangible asset has fallen sharply in the current period, and the remaining amortization It is not expected to recover within the period; ③ An intangible asset has exceeded the legal protection period, but still has part of its use value; ④ Other circumstances that can prove that an intangible asset has substantially been impaired.

For intangible assets with uncertain service life, an impairment test is conducted at the end of each period.

Where intangible assets are impaired, the recoverable amount is estimated. The recoverable amount is determined based on the higher of the net value of the fair value of the intangible asset minus the disposal expenses and the present value of the future cash flow of the intangible asset.

When the recoverable amount of an intangible asset is lower than its book value, the book value of the intangible asset is written down to the recoverable amount. The written down amount is recognized as an impairment loss of intangible assets and included in the current profit and loss, and the corresponding intangible assets are withdrawn at the same time. Impairment of assets.

After the impairment loss of intangible assets is confirmed, the depletion or amortization expenses of the impaired intangible assets will be adjusted accordingly in the future so that the intangible assets will be systematically amortized within the remaining useful life of the adjusted intangible assets' book value (after deduction of estimated Net residual value).

Once the impairment loss of intangible assets is recognized, it shall not be reversed in future accounting periods.

20. Goodwill

(1) Confirmation of goodwill

The initial cost of goodwill formed by a business combination not under the same control is the difference between the combination cost and the fair value of the acquiree's identifiable net assets obtained in the combination.

(2) The impairment test of goodwill and the calculation method of impairment provision

The company conducts an impairment test on goodwill at the end of the period. The book value of the goodwill formed by the business combination shall be allocated to the relevant asset group in a reasonable way from the date of purchase; if it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant asset group combination. When apportioning the book value of goodwill to related asset groups or asset group combinations, the apportionment is made according to the proportion of the fair value of each asset group or asset group combination to the total fair value of the asset group or asset group combination. If the fair value is difficult to measure reliably, it shall be apportioned according to the proportion of the book value of each asset group or combination of asset groups to the total book value of the asset group or combination of asset groups.

When conducting an impairment test on a related asset group or combination of asset groups that contains goodwill, if there are signs of impairment for an asset group or combination of asset

groups related to goodwill, first perform an impairment test on the asset group or combination of asset groups that does not contain goodwill. Perform an impairment test, calculate its recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or combination of asset groups that contains goodwill, and compare the book value (including the book value of the allocated goodwill) with the recoverable amount, such as the relevant asset group. Or if the recoverable amount of the asset group combination is lower than its book value, the impairment loss of goodwill is recognized.

Goodwill impairment losses are included in the current profits and losses when they occur, and will not be reversed in future accounting periods.

21. Long-term deferred expenses

(1) The definition and valuation method of long-term deferred expenses

Long-term deferred expenses refer to various expenses that have been incurred but should be borne by the current and future periods with amortization period of more than one year. Long-term deferred expenses are priced at actual cost.

(2) Amortization method

Long-term deferred expenses are amortized evenly during the benefit period. Expenditures for the improvement of leased fixed assets are amortized evenly within the shorter of the lease term and the remaining useful life of the leased asset. Subsidiary preparation expenses shall be included in the profit and loss of the month when the production and operation of the subsidiary is started.

22. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and

corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

23.Provisions

When the company is involved in litigation, debt guarantee and other matters, if the matter is likely to require the delivery of assets or the provision of labor services in the future, and the amount can be reliably measured, it shall be recognized as an estimated liability.

(1) Recognition standard of estimated liabilities

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

- a. The Company has a present obligation;
- b. It is probable that an outflow of economic benefits will be required to settle the obligation;

and

- c. The amount of the obligation can be estimated reliably.

(2) Measuring method of provision

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

24. Revenue

(1) Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

(2) Revenue from construction contracts

When the project is completed, the company confirms the construction cost according to the project confirmation sheet, project settlement sheet, etc., and according to the contracting agreement, after signing the project transfer confirmation form with the contracting party, the revenue is confirmed according to the agreed addition ratio.

A cost-plus contract also satisfies the following conditions to show that its results can be reliably estimated: the economic benefits related to the contract are likely to flow in, and the actual contract costs can be clearly distinguished and reliably measured.

(4) Transfer the right to use assets

The income from the transfer of asset use rights is recognized when the relevant economic benefits are likely to flow in and the amount of income can be reliably measured.

25. Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant. Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to

income are grants other than those related to assets. For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income. A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Group for expenses or losses already incurred is recognised in profit or loss or offset against related expenses directly. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognised.

A grant related to ordinary activities is recognised as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognised as non-operating income. When a recognised government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognised in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

Receipt of government subsidies related to policy-based preferential loan interest discounts to offset related borrowing costs; for obtaining policy-based preferential interest rate loans provided by the lending bank, the actual received loan amount is used as the entry value of the loan, in accordance with the loan principal and the policy Relevant borrowing costs are calculated with preferential interest rates.

The specific criteria for distinguishing between asset-related government subsidies and income-related government subsidies: The company classifies government subsidies related to assets or government subsidies related to income according to the actual subsidy objects.

Recognition timing of government subsidies: At the end of the period, if there is evidence that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy shall be recognized according to the amount receivable. In addition, government subsidies are confirmed when they are actually received.

26. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to transactions or items recognised directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

- (1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

27. Operating leases and finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1)As a lessor

At the commencement of the lease term, the Company recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognises unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2)As a lessee

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

28.Fair value measurement

The company judges whether the fair value at the initial confirmation is equal to the transaction price based on the nature of the transaction and the characteristics of the relevant assets or liabilities.

Certain assets and liabilities of the company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, use valuation techniques that are applicable under current circumstances and have sufficient data and other information to support. The valuation techniques used mainly include the market method, the income method and the cost method. The company chooses one or more methods that are consistent with the valuation

techniques to measure the fair value. When using valuation techniques to measure fair value, select input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of related assets or liabilities, including liquidity discount premium, control premium or minority shareholder equity discount, etc. , But does not include discounts and premiums for inconsistent measurement units specified in the standards. It does not consider discounts or premiums due to large holdings of related assets or liabilities.

Where there are bids and asking prices for related assets or liabilities measured at fair value, the fair value of the asset or liability is determined at the price between the bid and the asking price that best represents the fair value under the current circumstances.

29.Related party

One party controls, jointly controls the other party, or exerts significant influence on the other party, and two or more parties are controlled, jointly controlled or significantly influenced by the same party, which constitute related parties. Related parties can be individuals or businesses. Only a company that is controlled by the state and does not have other related parties does not constitute an affiliate of the company.

The company's related parties include but are not limited to:

- (1)The parent company of the company;
- (2) Subsidiaries of the company;
- (3)Other companies controlled by the same parent company as the company;
- (4)Investors who exercise joint control over the company;
- (5)Investors who exert significant influence on the company;
- (6)The company's joint ventures, including subsidiaries of joint ventures;
- (7)The company's associates, including subsidiaries of associates;
- (8)The company's main investors and their close family members;
- (9)Key management personnel of the company or its parent company and family members close to them;
- (10)Other companies controlled or jointly controlled by the company's main investors, key management personnel, and family members close to them.

III. Changes in significant accounting policies , accounting estimates and correction of errors in prior periods

- (1)Changes in significant accounting policies

Accounting policy changes due to the implementation of the new accounting standards for enterprises

①The content and reason of the change

The Ministry of Finance issued the following amendments to the Accounting Standards for Business Enterprises in 2017 and 2019:

"Notice on Revising and Issuing the Format of General Corporate Financial Statements for 2019" (Cai Kuai [2019] No. 6)

"Accounting Standard for Business Enterprises No. 7-Exchange of Non-monetary Assets (Revision)" ("Standard No. 7 (2019)")

"Accounting Standard for Business Enterprises No. 12-Debt Restructuring (Revision)" ("Standard No. 12 (2019)")

"Notice on Revising the Format of Consolidated Financial Statements (2019 Edition)" (Cai Kuai [2019] No. 16)

The company will implement the above-mentioned amendments to the Accounting Standards for Business Enterprises since January 1, 2019, and adjust the relevant content of accounting policies. The main impacts of the Company's adoption of the above-mentioned amendments to the Accounting Standards for Business Enterprises are as follows:

1) Presentation of financial statements

The Group prepared the 2019 financial statements in accordance with the financial statement format specified by Caikuai [2019] No. 6 and Caikuai [2019] No. 16, and adjusted the presentation of the comparative financial statements using the retrospective adjustment method.

Impacts on the consolidated balance sheet of 31 December 2018 are as follows:

The line items affected	Amount before adjustment	The amounts affected (Increase+/decrease -)	Adjusted amount
Notes payable and accounts payable	2,045,824,342.91	-2,045,824,342.91	
Bills payable		1,250,000,000.00	1,250,000,000.00
Accounts payable		795,824,342.91	795,824,342.91
Total	2,045,824,342.91		2,045,824,342.91

There are no accounting policy changes that need to be disclosed in this period.

(2)Changes in significant accounting estimates

The company has not experienced any significant changes in accounting estimates during the reporting period.

IV.Taxation

1.Main types of taxes and corresponding tax rates

Categories of taxes	Tax basis	tax rate(%)
VAT	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)	5.00/9.00
City maintenance and construction tax	Amount of VAT paid	5.00
Educational surcharge	Amount of VAT paid	3.00
Local educational surcharge	Amount of VAT paid	2.00
Corporate income tax	Taxable profits	25.00

2.Tax preference

Non

V.Notes to the consolidated financial statements

1. Cash at bank and in hand

(1)Cash at bank and in hand balance

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Cash in hand			
Deposits with banks	641,828,385.72	816,165,866.16	697,790,685.61
Other monetary funds	970,000,000.00	1,939,000,000.00	742,000,000.00
Total	1,611,828,385.72	2,755,165,866.16	1,439,790,685.61

Note 1: Other monetary funds are draft deposits and pledged time deposit certificates.

Note 2: At the end of year 2019, the Company has RMB 970,000,000.00 of cash or other monetary funds that are restricted because being pledged as security or guaranteed. At the end of year 2018, the Company has RMB 1,939,000,000.00 of cash or other monetary funds that are restricted because being pledged as security or guaranteed. See the table below for details:

2. Accounts receivable

(1)Accounts receivable by category

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,526,587,870.32	100	49,677,769.37	1.97	2,476,910,100.95
Including: Ageing group	1,956,631,094.36	77.44	49,677,769.37	2.54	1,906,953,324.99
Risk-free group	569,956,775.96	22.56			569,956,775.96
Individually insignificant but assessed for impairment individually					
Total	2,526,587,870.32	100	49,677,769.37	1.97	2,476,910,100.95

(Continued)

Category	As at 31/12/2018				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,428,885,364.29	100	44,381,877.02	1.83	2,384,503,487.27
Including: Ageing group	1,175,910,911.56	48.41	44,381,877.02	3.77	1,131,529,034.54
Risk-free group	1,252,974,452.73	51.59			1,252,974,452.73
Individually insignificant but assessed for impairment individually					
Total					
	2,428,885,364.29	100	44,381,877.02	1.83	2,384,503,487.27

(Continued)

Category	As at 31/12/2017				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	

Category	As at 31/12/2017				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	1,667,875,302.76	100	20,881,502.86		1,646,993,799.90
Including: Ageing group	946,096,111.55	56.72	20,881,502.86	2.17	925,214,608.69
Risk-free group	721,779,191.21	43.28			721,779,191.21
Individually insignificant but assessed for impairment individually					
Total	1,667,875,302.76	100	20,881,502.86	1.25	1,646,993,799.90

A.Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2019		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
Within 1 year	1,284,720,182.80	65.66	
1 to 2 years	428,563,427.23	21.90	21,428,171.36
2 to 3 years	233,560,360.39	11.94	23,356,036.04
3 to 4 years	-		-
4 to 5 years	9,787,123.94	0.50	4,893,561.97
Total	1,956,631,094.36	100.00	49,677,769.37

(Continued)

Ageing	As at 31/12/2018		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
Within 1 year	469,814,800.01	39.95	
1 to 2 years	563,703,178.33	47.94	28,185,158.91
2 to 3 years	132,605,809.28	11.28	13,260,580.93
3 to 4 years	9,787,123.94	0.83	2,936,137.18
4 to 5 years	-		-
Total	1,175,910,911.56	100.00	44,381,877.02

(Continued)

Ageing	As at 31/12/2017		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
Within 1 year	563,703,178.33	59.58	
1 to 2 years	347,155,809.28	36.7	17,357,790.47
2 to 3 years	35,237,123.94	3.72	3,523,712.39
More than 3 years			
Total	946,096,111.55	100	20,881,502.86

(2) Additions, recoveries or reversals of provision for bad and doubtful debts during the year:

Additions of provision for bad and doubtful debts during the year is RMB 5,295,892.35.

(3) As at 31 December 2019, the five largest accounts receivable aggregated by debtors were analysed as follows:

Debtor	Nature of Payment	As at 31/12/2019	Ageing	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Rudong Antai Water Conservancy Construction Co., Ltd.	Repurchase	1,812,255,865.11	Within 1 year/2 to 3 years	71.73	38,080,548.77
Rudong County Jugang Town Finance Branch	Repurchase	538,874,452.73	2 to 34 years	21.33	
Rudong Shengtai New Countryside Development and Construction Co., Ltd.	Repurchase	143,860,296.45	1 to 2 years/More than 3 years	5.69	11,597,220.60
Rudong High-tech Industrial Development Zone Management Committee of Jiangsu Province	Repurchase	31,082,323.23	Within 1 year	1.23	
Wuxi Jiangnan Institute of Technology	Sales	371,200.00	Within 1 year	0.01	
Total		2,526,444,137.52		99.99	49,677,769.37

3. Prepayments

(1) The ageing analysis of prepayments is as follows:

Ageing	As at 31/12/2019		As at 31/12/2018		As at 31/12/2017	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,685,360.53	100	2,651,892.91	73.51	30,071,950.09	79.68
1 to 2 years			876,622.55	24.30	7,667,000.00	20.32
2 to 3 years			79,000.00	2.19		
Total	1,685,360.53	100	3,607,515.46	100	37,738,950.09	100

(2) As at 31 December 2019, the five largest prepayment aggregated by debtors were analysed as follows:

Debtor	As at 31/12/2019	The proportion of the total accounts receivable (%)
Guangdong Diou Furniture Industry Co., Ltd.	642,916.00	38.15
Nantong Zhongfang Engineering Construction Supervision Co., Ltd.	485,289.66	28.79
State Grid Jiangsu Electric Power Company Nantong Power Supply Branch	207,266.49	12.30
Rudong Xinghua Construction Engineering Co., Ltd.	206,742.70	12.27
Prepaid Land deed tax, delisting fee	80,994.10	4.81
Total	1,623,208.95	96.31

(3) Shareholder units holding 5% (including 5%) or more of the voting rights of the company

There is no shareholder unit holding more than 5% (including 5%) of the company's voting shares in the prepayments during the reporting period

4. Other receivables

(1) Other receivables by category

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,413,744,110.44	99.96	64,374,451.03	2.67	2,349,369,659.41
Including: Ageing group	371,673,060.11	15.39	64,374,451.03	17.49	307,298,609.08
Other group	2,042,071,050.33	84.57			2,042,071,050.33
Individually insignificant but assessed for impairment individually	996,573.99	0.04			996,573.99
Total	2,414,740,684.43	100	64,385,282.60	2.67	2,350,366,233.40

(Continued)

Category	As at 31/12/2018				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	1,912,065,576.30	99.73	52,968,114.22	2.77	1,859,097,462.08
Including: Ageing group	468,798,913.29	24.45	52,968,114.22	11.30	415,830,799.07
Other group	1,443,266,663.01	75.28			1,443,266,663.01
Individually insignificant but assessed for impairment individually	5,243,933.64	0.27			5,243,933.64
Total	1,917,309,509.94	100	52,968,114.22	2.76	1,864,341,395.72

(Continued)

Category	As at 31/12/2017				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	0.0	0.0	33,923,291.65	2.78	0
Including: Ageing group	333,303,460.63	27.29	33,923,291.65	10.18	299,380,168.98
Other group	885,132,224.99	72.46			885,132,224.99
Individually insignificant but assessed for impairment individually	3,066,114.48	0.25			3,066,114.48
Total	1,221,501,800.10	100.00	33,923,291.65	2.78	1,187,578,508.45

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2019		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
Within 1 year	210,556,488.76	56.65	
1-2years	11,320,929.30	3.05	566,046.47
2-3years	24,272,023.03	6.53	3,973,202.30
3-4years	91,378,071.50	24.59	27,413,421.45
4-5years	3,447,533.42	0.93	1,723,766.71
More than 5 years	30,698,014.10	8.26	30,698,014.10
Total	371,673,060.11	100.00	64,374,451.03

(Continued)

Ageing	As at 31/12/2018		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
Within 1 year	248,432,340.83	52.99	

Ageing	As at 31/12/2018		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
1-2 years	39,869,513.19	8.50	1,993,475.66
2-3 years	97,005,271.36	20.69	9,700,527.14
3-4 years	52,810,966.41	11.27	15,843,289.92
4-5 years	10,500,000.00	2.24	5,250,000.00
More than 5 years	20,180,821.50	4.30	20,180,821.50
Total	468,798,913.29	100.00	52,968,114.22

(Continued)

Ageing	As at 31/12/2018		
	Book balance	Proportion (%)	Provision for bad and doubtful debts
Within 1 year	47,122,594.59	14.14	-
1-2 years	97,342,471.36	29.21	4,867,123.57
2-3 years	158,157,573.18	47.45	15,815,757.32
3-4 years	10,500,000.00	3.15	3,150,000.00
4-5 years	20,180,821.50	6.05	10,090,410.76
Total	333,303,460.63	100.00	33,923,291.65

(2) Additions, recoveries or reversals of provision for bad and doubtful debts during the year:

Additions of provision for bad and doubtful debts during the year is 11,417,168.38.

(3) As at 31 December 2019, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Nature or content	As at 31/12/2019	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Rudong County Jugang Town Finance Branch	Advance payment	972,955,125.09	Within 1 year/ 1-4 years	40.29	
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Temporary loan	835,077,115.54	Within 1 year/ 1-4 years	34.58	

Debtors	Nature or content	As at 31/12/2019	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Nantong Chuangzhi New Material Technology Co., Ltd.	Temporary loan	56,540,000.00	2-4 years	2.34	11,400,000.00
Jiugang Dongtai Machinery Company	Temporary loan	54,874,942.71	1-4 years	2.27	26,298,434.52
County Investment Office	Advance payment	50,000,000.00	More than 5 years	2.07	
Total	—	1,969,447,183.34	—	81.55	37,698,434.52

5. Inventories

(1) Inventories by category

Category	As at 31/12/2019		
	Book balance	Provision for impairment of inventories	Carrying amount
Balances arising from construction	4,002,934,849.77		4,002,934,849.77
Total	4,002,934,849.77		4,002,934,849.77

(Continue)

Category	As at 31/12/2018		
	Book balance	Provision for impairment of inventories	Carrying amount
Balances arising from construction	3,775,624,911.19		3,775,624,911.19
Total	3,775,624,911.19		3,775,624,911.19

(Continue)

Category	As at 31/12/2017		
	Book balance	Provision for impairment of inventories	Carrying amount

Category	As at 31/12/2017		
	Book balance	Provision for impairment of inventories	Carrying amount
Balances arising from construction	3,851,362,363.23		3,851,362,363.23
Total	3,851,362,363.23		3,851,362,363.23

6. Other current assets

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Deductible input VAT	42,445,651.65	28,231,619.76	16,624,007.06
Input VAT to be verified			809.15
Financial product	6,049,800.00	6,000,552.80	208,006,400.00
Substitute project funds	1,423,503,387.63	1,222,333,853.74	1,058,173,038.96
Total	1,471,998,839.28	1,256,566,026.30	1,282,804,255.17

7. Long-term equity investments

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Associates:						
Jiangsu Aigu Electronic Commerce Co., Ltd.	1,610,000.00					
Rudong Baiao Baile Biological Technology Co., Ltd.	795,614.96			-63,422.06		
Jiangsu Dongkang Biomedical	2,823,360.40					

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Technology Co., Ltd.						
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.	6,875,325.85			-368,168.03		
Jiangsu Kunhui Biological Technology Co., Ltd.	1,994,628.11					
Jiangsu Liezhen Biological Technology Co., Ltd.	5,932,923.58	750,000.00				
Nantong Jiunuo Medical Technology Co., Ltd.	6,120,680.26		6,120,680.26			
Nantong Into Force Control Automotive Transmission System Co., Ltd.	2,385,613.31					
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.	17,860,000.00		3,644,900.00			
Rudong Road	2,058,582.34		2,058,582.34			

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Chuangli Medical Technology Co., Ltd.						
Rudong Thermo Biotechnology Co., Ltd.	6,377,201.49		6,377,201.49			
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.	27,947,349.80			-999,073.73		
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.	5,913,900.00	5,586,100.00				
Nantong Robert Medical Technology Co., Ltd.	6,529,867.73	1,000,000.00		-224,007.83		
Rudong Lingda Biomedical Technology Co., Ltd.	8,000,000.00	20,000,000.00				
Nantong Zhandao Intelligent Technology Co.,	4,529,935.04					

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Ltd.						
Nantong Ningyuan Biotechnology Co., Ltd.	2,500,000.00					
Nantong Hanfeng Biomedical Technology Co., Ltd.	3,165,763.19			-31,816.74		
Jiangsu Kaili Biological Technology Co., Ltd.	357,892.46		12,200.00			
Jiangsu Jite Surface Treatment Technology Co., Ltd.	327,491.57					
Rudong Ruien Pharmaceutical Technology Co., Ltd.	4,789,862.07			73,396.16		
Jingshan Biological Technology Jiangsu Co., Ltd.	9,464,953.18					
Tianluo Diagnostic Technology Jiangsu Co., Ltd.	3,615,688.18	1,940,000.00		-213,945.11		
Nantong Zhiquan	3,882,447.70	3,000,000.00				

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Intelligent Technology Co., Ltd.						
Jiangsu Yiwen Microelectronics Technology Co., Ltd.	40,016,675.92					
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.	134,077.61	1,050,000.00		-364,655.44		
Rudong Baolian Electronic Technology Co., Ltd.	4,869,701.79					
Nantong Aizhi Medical Technology Co., Ltd.	4,044,303.98	2,720,000.00				
Rudong Lingque Biological Technology Co., Ltd.	4,980,000.00	9,980,000.00		-297,287.20		
Rudong Lili Equity Investment Partnership	15,000,000.00					

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
(Limited Partnership)						
Nantong Yintong Future Equity Investment Center (Limited Partnership)	2,000,000.00	3,000,000.00				
Rudong Xiangrong Investment Management Partnership (Limited Partnership)		12,000,000.00				
Shenzhen Jiuyi Optoelectronics Co., Ltd.		1,990,000.00				
Jiaxing Jingyan Intelligent Equipment Technology Co., Ltd.		20,000,000.00				
Nantong Maode Equity Investment Center (Limited Partnership)		2,000,000.00				
Raising Account						
Nantong Sunde		1,800,000.00				

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
New Material Co., Ltd.						
Jingcai (Rudong) Semiconductor Equipment Technology Co., Ltd.		2,400,000.00		2,251,208.79		
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.		7,840,000.00				
Jiangsu Yuchuan New Energy Technology Co., Ltd. (Orient Securities)		17,340,000.00				
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.		30,000,000.00				
Jiangsu Jiece Chuang Electronic Technology Co., Ltd.		8,000,000.00				
Jiangsu Aochuang Deep Purple Electronic Technology Co.,		8,660,000.00				

Investee	As at 31/12/2018	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Ltd.						
Total	206,903,840.52	161,056,100.00	18,213,564.09	4,740,188.77		

(Continued)

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Associates:					
Jiangsu Aigu Electronic Commerce Co., Ltd.				1,610,000.00	
Rudong Baiao Baile Biological Technology Co., Ltd.				732,192.90	
Jiangsu Dongkang Biomedical Technology Co., Ltd.				2,823,360.40	
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.				6,507,157.82	
Jiangsu Kunhui Biological				1,994,628.11	

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Technology Co., Ltd.					
Jiangsu Liezhen Biological Technology Co., Ltd.				6,682,923.58	
Nantong Jiunuo Medical Technology Co., Ltd.					
Nantong Into Force Control Automotive Transmission System Co., Ltd.				2,385,613.31	
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.				14,215,100.00	
Rudong Road Chuangli Medical Technology Co., Ltd.					
Rudong Thermo Biotechnology Co., Ltd.					
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.				26,948,276.07	

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.				11,500,000.00	
Nantong Robert Medical Technology Co., Ltd.				7,305,859.90	
Rudong Lingda Biomedical Technology Co., Ltd.				28,000,000.00	
Nantong Zhandao Intelligent Technology Co., Ltd.				4,529,935.04	
Nantong Ningyuan Biotechnology Co., Ltd.				2,500,000.00	
Nantong Hanfeng Biomedical Technology Co., Ltd.				3,133,946.45	
Jiangsu Kaili Biological Technology Co., Ltd.				345,692.46	
Jiangsu Jite Surface Treatment				327,491.57	

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Technology Co., Ltd.					
Rudong Ruien Pharmaceutical Technology Co., Ltd.				4,863,258.23	
Jingshan Biological Technology Jiangsu Co., Ltd.				9,464,953.18	
Tianluo Diagnostic Technology Jiangsu Co., Ltd.				5,341,743.07	
Nantong Zhiquan Intelligent Technology Co., Ltd.				6,882,447.70	
Jiangsu Yiwen Microelectronics Technology Co., Ltd.				40,016,675.92	
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.				819,422.17	
Rudong Baolian Electronic Technology Co., Ltd.				4,869,701.79	
Nantong Aizhi				6,764,303.98	

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Medical Technology Co., Ltd.					
Rudong Lingque Biological Technology Co., Ltd.				14,662,712.80	
Rudong Lili Equity Investment Partnership (Limited Partnership)				15,000,000.00	
Nantong Yintong Future Equity Investment Center (Limited Partnership)				5,000,000.00	
Rudong Xiangrong Investment Management Partnership (Limited Partnership)				12,000,000.00	
Shenzhen Jiuyi Optoelectronics Co., Ltd.				1,990,000.00	
Jiaxing Jingyan Intelligent Equipment Technology Co.,				20,000,000.00	

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Ltd.					
Nantong Maode Equity Investment Center (Limited Partnership)				2,000,000.00	
Nantong Sunde New Material Co., Ltd.				1,800,000.00	
Jingcai (Rudong) Semiconductor Equipment Technology Co., Ltd.				148,791.21	
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.				7,840,000.00	
Jiangsu Yuchuan New Energy Technology Co., Ltd.				17,340,000.00	
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.				30,000,000.00	
Jiangsu Jiece Chuang Electronic Technology Co., Ltd.				8,000,000.00	
Jiangsu Aochuang Deep Purple Electronic				8,660,000.00	

Investee	Movements during the year			As at 31/12/2019	Balance of provision for impairment as at 31/12/2019
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Technology Co., Ltd.					
Total				345,006,187.66	

(Continued)

Investee	As at 31/12/2017	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Associates:						
Jiangsu Aigu Electronic Commerce Co., Ltd.	2,010,000.00		400,000.00			
Rudong Baiao Baile Biological Technology Co., Ltd.	813,580.16			-17,965.20		
Jiangsu Dongkang Biomedical Technology Co., Ltd.	2,963,976.51			-140,616.11		
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.	2,898,302.15	4,000,000.00		-22,976.30		
Jiangsu Kunhui Biological Technology Co.,	2,000,000.00			-5,371.89		

Investee	As at 31/12/2017	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Ltd.						
Jiangsu Liezhen Biological Technology Co., Ltd.	5,203,959.65	750,000.00		-21,036.07		
Nantong Jiunuo Medical Technology Co., Ltd.	6,660,671.16	1,160,000.00		1,699,990.90		
Nantong Into Force Control Automotive Transmission System Co., Ltd.	1,426,027.92	1,000,000.00		-40,414.61		
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.	6,860,000.00	11,000,000.00				
Rudong Road Chuangli Medical Technology Co., Ltd.	2,002,467.02			56,115.32		
Rudong Thermo Biotechnology Co., Ltd.	1,987,634.63	6,000,000.00		1,610,433.14		
Sino-American Ruikang Pharmaceutical Technology	11,000,000.00	17,500,000.00		-552,650.20		

Investee	As at 31/12/2017	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
(Nantong) Co., Ltd.						
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.	1,971,300.00	3,942,600.00				
Nantong Robert Medical Technology Co., Ltd.	3,743,439.97	3,200,000.00		-413,572.24		
Rudong Lingda Biomedical Technology Co., Ltd.	2,000,000.00	6,000,000.00				
Nantong Zhandao Intelligent Technology Co., Ltd.	4,869,045.61			-339,110.57		
Nantong Ningyuan Biotechnology Co., Ltd.	1,000,000.00	1,500,000.00				
Nantong Hanfeng Biomedical Technology Co., Ltd.	2,496,888.86	838,900.00		-170,025.67		
Jiangsu Kaili Biological Technology Co.,	10,000,000.00		9,642,107.54			

Investee	As at 31/12/2017	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Ltd.						
Jiangsu Jite Surface Treatment Technology Co., Ltd.	350,093.13			-22,601.56		
Rudong Ruien Pharmaceutical Technology Co., Ltd.	4,790,310.49			-448.42		
Jingshan Biological Technology Jiangsu Co., Ltd.	4,272,996.10	5,600,000.00		-408,042.92		
Tianluo Diagnostic Technology Jiangsu Co., Ltd.		3,880,000.00		-264,311.82		
Nantong Zhiquan Intelligent Technology Co., Ltd.		4,000,000.00		-117,552.30		
Jiangsu Yiwen Microelectronics Technology Co., Ltd.		40,000,000.00		16,675.92		
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.		150,000.00		-15,922.39		

Investee	As at 31/12/2017	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Rudong Baolian Electronic Technology Co., Ltd.		5,000,000.00		-130,298.21		
Nantong Aizhi Medical Technology Co., Ltd.		4,280,000.00		-235,696.02		
Rudong Lingque Biological Technology Co., Ltd.		4,980,000.00				
Rudong Lili Equity Investment Partnership (Limited Partnership)		15,000,000.00				
Nantong Yintong Future Equity Investment Center (Limited Partnership)		2,000,000.00				
Total	81,320,693.36	141,781,500.00	10,042,107.54	6,156,245.30		

(Continued)

Investee	Movements during the year			As at 31/12/2018	Balance of provision for impairment as at 31/12/2018
	Declared distribution of	Provision for impairment	Other		

	cash dividends or profits				
Associates:					
Jiangsu Aigu Electronic Commerce Co., Ltd.				1,610,000.00	
Rudong Baiao Baile Biological Technology Co., Ltd.				795,614.96	
Jiangsu Dongkang Biomedical Technology Co., Ltd.				2,823,360.40	
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.				6,875,325.85	
Jiangsu Kunhui Biological Technology Co., Ltd.				1,994,628.11	
Jiangsu Liezhen Biological Technology Co., Ltd.				5,932,923.58	
Nantong Jiunuo Medical Technology Co., Ltd.				6,120,680.26	
Nantong Into Force Control Automotive Transmission System Co., Ltd.				2,385,613.31	
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.				17,860,000.00	
Rudong Road Chuangli Medical Technology Co., Ltd.				2,058,582.34	
Rudong Thermo Biotechnology Co., Ltd.				6,377,201.49	
Sino-American Ruikang Pharmaceutical Technology (Nantong) Co., Ltd.				27,947,349.80	
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.				5,913,900.00	
Nantong Robert Medical Technology Co., Ltd.				6,529,867.73	
Rudong Lingda Biomedical Technology Co., Ltd.				8,000,000.00	
Nantong Zhandao Intelligent				4,529,935.04	

Technology Co., Ltd.					
Nantong Ningyuan Biotechnology Co., Ltd.				2,500,000.00	
Nantong Hanfeng Biomedical Technology Co., Ltd.				3,165,763.19	
Jiangsu Kaili Biological Technology Co., Ltd.				357,892.46	
Jiangsu Jite Surface Treatment Technology Co., Ltd.				327,491.57	
Rudong Ruiren Pharmaceutical Technology Co., Ltd.				4,789,862.07	
Jingshan Biological Technology Jiangsu Co., Ltd.				9,464,953.18	
Tianluo Diagnostic Technology Jiangsu Co., Ltd.				3,615,688.18	
Nantong Zhiquan Intelligent Technology Co., Ltd.				3,882,447.70	
Jiangsu Yiwen Microelectronics Technology Co., Ltd.				40,016,675.92	
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.				134,077.61	
Rudong Baolian Electronic Technology Co., Ltd.				4,869,701.79	
Nantong Aizhi Medical Technology Co., Ltd.				4,044,303.98	
Rudong Lingque Biological Technology Co., Ltd.				4,980,000.00	
Rudong Lili Equity Investment Partnership (Limited Partnership)				15,000,000.00	
Nantong Yintong Future Equity Investment Center (Limited Partnership)				2,000,000.00	
Total				206,903,840.52	

8. Investment properties

(1) Investment property measured at cost model

Item	Buildings	Land use rights	Total
I .Cost			
1. Balance as at 31/12/2018	490,670,102.54	460,542,674.87	951,212,777.41
2. Additions during the year	405,740,577.13		405,740,577.13
Transfer in of construction in progress/ Inventory\fixed assets\	405,740,577.13		405,740,577.13
3. Decrease during the year			
4. Balance as at 31/12/2019	896,410,679.67	460,542,674.87	1,356,953,354.54
II.Accumulated depreciation:			
1. Balance as at 31/12/2018	6,432,944.79	2,506,997.43	8,939,942.22
2. Additions during the year	22,604,534.98	8,761,527.00	31,366,061.98
3. Decrease during the year			
4. Balance as at 31/12/2019	29,037,479.77	11,268,524.43	40,306,004.20
III.Provision for impairment			
1. Balance as at 31/12/2018			
2. Additions during the year			
3. Decrease during the year			
4. Balance as at 31/12/2019			
IV.Carrying amount			
1. Balance as at 31/12/2019	867,373,199.90	449,274,150.44	1,316,647,350.34
2. Balance as at 31/12/2018	484,237,157.75	458,035,677.44	942,272,835.19

(Continued)

Item	Buildings	Total
I .Cost		
1. Balance as at 31/12/2017	42,863,802.54	42,863,802.54
2. Additions during the year	908,348,974.87	908,348,974.87
(1)Purchases		
(2)Transfer in of construction in progress/		

Inventory\fixed assets		
(3)Additions due to business combinations		
3. Decrease during the year		
4. Balance as at 31/12/2018	951,212,777.41	951,212,777.41
II.Accumulated depreciation:		
1. Balance as at 31/12/2017	1,018,015.31	1,018,015.31
2. Additions during the year		
3. Decrease during the year	7,921,926.91	7,921,926.91
4. Balance as at 31/12/2018	8,939,942.22	8,939,942.22
III.Provision for impairment		
1. Balance as at 31/12/2017		
2. Additions during the year		
3. Decrease during the year		
4. Balance as at 31/12/2018		
IV.Carrying amount		
1. Balance as at 31/12/2018	942,272,835.19	942,272,835.19
2. Balance as at 31/12/2017	41,845,787.23	41,845,787.23

9. Fixed assets

(1)Fixed assets details

Item	Buildings	Mechanical equipment	Motor vehicles	Office equipment	Electronic equipment	Total
I .Cost						
1. Balance as at 31/12/2018	181,758,442.49	7,970,769.30	1,772,362.16	1,646,036.07	1,951,738.68	195,099,348.70
2. Additions during the year	45,057,947.78	8,289,952.21	277,174.33	1,220,320.28	2,552,129.49	57,397,524.09
(1)Purchases		8,289,952.21	277,174.33	1,220,320.28	2,552,129.49	12,339,576.31
(2) Transfer in	45,057,947.78					45,057,947.78

Item	Buildings	Mechanical equipment	Motor vehicles	Office equipment	Electronic equipment	Total
of construction in progress						
3. Decrease during the year						
4. Balance as at 31/12/2019	226,816,390.27	16,260,721.51	2,049,536.49	2,866,356.35	4,503,868.17	252,496,872.79
II.Accumulated depreciation:						
1. Balance as at 31/12/2018	5,392,826.06	601,479.92	1,005,702.02	791,778.43	1,204,710.68	8,996,497.11
2. Additions during the year	6,185,993.42	1,412,000.63	152,467.16	417,741.24	551,197.17	8,719,399.62
3. Decrease during the year						
4. Balance as at 31/12/2019	11,578,819.48	2,013,480.55	1,158,169.18	1,209,519.67	1,755,907.85	17,715,896.73
III.Provision for impairment						
1. Balance as at 31/12/2018						
2. Additions during the year						
3. Decrease during the year						
4. Balance as at 31/12/2019						
IV.Carrying amount						
1. Balance as	215,237,570.79	14,247,240.96	891,367.31	1,656,836.68	2,747,960.32	234,780,976.06

Item	Buildings	Mechanical equipment	Motor vehicles	Office equipment	Electronic equipment	Total
at 31/12/2019						
2. Balance as at 31/12/2018	176,365,616.43	7,369,289.38	766,660.14	854,257.64	747,028.00	186,102,851.59

(Continued)

Item	Buildings	Motor vehicles	Electronic equipment	Mechanical equipment	Other	Total
I .Cost						
1. Balance as at 31/12/2017	294,273,345.94	972,103.54	1,748,530.65		1,232,691.36	298,226,671.49
2. Additions during the year	46,859,971.42	830,568.62	203,208.03	7,970,769.30	413,344.71	56,277,862.08
(1)Purchases	46,859,971.42	830,568.62	203,208.03	7,970,769.30	413,344.71	56,277,862.08
3. Decrease during the year	159,374,874.87	30,310.00				159,405,184.87
(1)Disposals or written-offs		30,310.00				30,310.00
(2) Transfer to investment property	159,374,874.87					159,374,874.87
4. Balance as at 31/12/2018	181,758,442.49	1,772,362.16	1,951,738.68	7,970,769.30	1,646,036.07	195,099,348.70
II.Accumulated depreciation:						
1. Balance as at 31/12/2017	1,973,606.55	923,498.35	654,932.97		404,410.48	3,956,448.35
2. Additions during the year	9,983,792.67	83,460.27	544,848.78	601,479.92	392,296.88	11,605,878.52
(1)Provision	9,983,792.67	83,460.27	544,848.78	601,479.92	392,296.88	11,605,878.52

Item	Buildings	Motor vehicles	Electronic equipment	Mechanical equipment	Other	Total
3. Decrease during the year	6,564,573.16	1,256.60				6,565,829.76
(1) Disposals or written-offs		1,256.60				1,256.60
(2) Transfer to investment property	6,564,573.16					6,564,573.16
4. Balance as at 31/12/2018	5,392,826.06	1,005,702.02	1,199,781.75	601,479.92	796,707.36	8,996,497.11
III. Provision for impairment						
1. Balance as at 31/12/2017						
2. Additions during the year						
3. Decrease during the year						
4. Balance as at 31/12/2018						
IV. Carrying amount						
1. Balance as at 31/12/2018	176,365,616.43	766,660.14	751,956.93	7,369,289.38	849,328.71	186,102,851.59
2. Balance as at 31/12/2017	292,299,739.39	48,605.19	1,093,597.68		828,280.88	294,270,223.14

(Continued 2)

Item	Buildings	Motor vehicles	Electronic equipment	Mechanical equipment	Other	Total
I .Cost						

Item	Buildings	Motor vehicles	Electronic equipment	Mechanical equipment	Other	Total
1. Balance as at 31/12/2016		972,103.54	1,671,529.08		351,153.00	2,994,785.62
2. Additions during the year	294,273,345.94		77,001.57		881,538.36	295,231,885.87
(1) Purchases						
3. Decrease during the year						
(1) Disposals or written-offs						
(2) Transfer to investment property						
4. Balance as at 31/12/2017	294,273,345.94	972,103.54	1,748,530.65		1,232,691.36	298,226,671.49
II. Accumulated depreciation:						
1. Balance as at 31/12/2016		923,498.35	137,218.12		324,156.34	1,384,872.81
2. Additions during the year	1,973,606.55		517,714.85		80,254.14	2,571,575.54
(1) Provision	1,973,606.55		517,714.85		80,254.14	2,571,575.54
3. Decrease during the year						
(1) Disposals or written-offs						
(2) Transfer to investment property						
4. Balance as	1,973,606.55	923,498.35	654,932.97		404,410.48	3,956,448.35

Item	Buildings	Motor vehicles	Electronic equipment	Mechanical equipment	Other	Total
at 31/12/2017						
III.Provision for impairment						
1. Balance as at 31/12/2016						
2. Additions during the year						
3. Decrease during the year						
4. Balance as at 31/12/2017						
IV.Carrying amount						
1. Balance as at 31/12/2017	292,299,739.39	48,605.19	1,093,597.68		828,280.88	294,270,223.14
2. Balance as at 31/12/2016		48,605.19	1,534,310.96		26,996.66	1,609,912.81

10. Construction in progress

(1) Construction in progress

Item	As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount
Smart electrical and electromechanical equipment R&D and production projects	53,255,985.51		53,255,985.51
Automatic control system equipment research and development, production projects	182,881,550.13		182,881,550.13
Intelligent Mechanical and Electrical Industrial Park	2,268,240.62		2,268,240.62

Item	As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount
Auto parts and accessories manufacturing project	11,420,967.46		11,420,967.46
Taiwan Semiconductor Industry Project	20,177,476.84	286,450.39	19,891,026.45
Total	270,004,220.56	286,450.39	269,717,770.17

(Continued 1)

Item	As at 31/12/2018		
	Book balance	Provision for impairment	Carrying amount
Health Industry Park	411,969,154.70		411,969,154.70
Smart electrical and electromechanical equipment R&D and production projects	37,235,896.59		37,235,896.59
Automatic control system equipment research and development, production projects	108,178,569.11		108,178,569.11
Intelligent Mechanical and Electrical Industrial Park	2,358,005.09		2,358,005.09
Auto parts and accessories manufacturing project	1,095,790.73		1,095,790.73
Taiwan Semiconductor Industry Project	286,450.39	286,450.39	
Total	561,123,866.61	286,450.39	560,837,416.22

(Continued 2)

Item	As at 31/12/2017		
	Book balance	Provision for impairment	Carrying amount
Health Industry Park	247,763,397.53		247,763,397.53
Smart electrical and electromechanical equipment R&D and production projects	22,825,260.59		22,825,260.59
Automatic control system equipment	62,137,712.33		62,137,712.33

Item	As at 31/12/2017		
	Book balance	Provision for impairment	Carrying amount
research and development, production projects			
Intelligent Mechanical and Electrical Industrial Park	374,909.22		374,909.22
Total	333,101,279.67		333,101,279.67

(2) Movements of major construction projects in progress

Project	As at 31/12/2018	Additions	Transfers to fixed assets	Other decreases	Accumulated capitalised interest	Interest rate for capitalisation in 2019 (%)	As at 31/12/2019
Health Industry Park	411,969,154.70	38,829,370.21	45,057,947.78	405,740,577.13	28,784,971.38	8,882,720.00	
Smart electrical and electromechanical equipment R&D and production projects	37,235,896.59	16,020,088.92			2,345,656.14	2,345,656.14	53,255,985.51
Automatic control system equipment research and development, production projects	108,178,569.11	76,922,177.36		2,219,196.34	13,307,829.67	8,839,992.00	182,881,550.13
Intelligent	2,358,005.09	1,664,144.79		1,753,909.26			2,268,240.62

Mechanical and Electrical Industrial Park							
Auto parts and accessories manufacturing project	1,095,790.73	10,342,676.73		17,500.00			11,420,967.46
Semiconductor Industry Park		20,555,393.02	664,366.57				19,891,026.45
Total	560,837,416.22	164,333,851.03	45,941,361.47	409,512,135.61	44,438,457.19	20,068,368.14	269,717,770.17

Movements of major construction projects in progress (continued):

Project	As at 31/12/2017	Additions	Transfers to fixed assets	Other decreases	Accumulated capitalised interest	Including: interest capitalised in 2018	Interest rate for capitalisation in 2018 (%)	As at 31/12/2018	Provision for impairment
Health Industry Park	247,763,397.53	164,205,757.17			16,698,339.44	9,210,775.00		411,969,154.70	
Smart electrical and electromechanical equipment R&D and production projects	22,825,260.59	14,410,636.00						37,235,896.59	
Automatic control system equipment research and development, production projects	62,137,712.33	46,040,856.78			4,467,837.67	4,467,837.67		108,178,569.11	
Intelligent	374,909.22	1,983,095.87						2,358,005.09	

Mechanical and Electrical Industrial Park									
Auto parts and accessories manufacturing project		1,095,790.73						1,095,790.73	
Taiwan Semiconductor Industry Project		286,450.39						286,450.39	286,450.39
Total	333,101,279.67	228,022,586.94			21,166,177.11	13,678,612.67		561,123,866.61	286,450.39

Movements of major construction projects in progress (continued 2):

Project	As at 31/12/2016	Additions	Transfers to fixed assets	Other decreases	Accumulated capitalised interest	Including: interest capitalised in 2017	Interest rate for capitalisation in 2017 (%)	As at 31/12/2017	Provision for impairment
Health Industry Park	195,945,193.09	51,818,204.44			7,487,564.44	3,092,689.44	100	247,763,397.53	
Smart electrical and electromechanical equipment R&D and production projects		22,891,012.47		65,751.88				22,825,260.59	
Automatic control system equipment research and development, production projects		62,250,117.25		112,404.92				62,137,712.33	
Intelligent Mechanical and Electrical Industrial Park	2,250.00	372,659.22						374,909.22	
Total	195,947,443.09	137,331,993.38		178,156.8	7,487,564.44	3,092,689.44		333,101,279.67	

11. Intangible assets

(1) Intangible assets

Item	Land right	Patent right	Software	Total
I.Cost				
1. Balance as at 31/12/2018	76,112,103.46	2,800,000.00	7,200.00	78,919,303.46
2. Additions during the year			27,126.32	27,126.32
(1)Purchase			27,126.32	27,126.32
3. Decrease during the year				
4. Balance as at 31/12/2019	76,112,103.46	2,800,000.00	34,326.32	78,946,429.78
II.Accumulative amortisation				
1. As at 31/12/2018	8,401,607.53	326,669.45	5,760.00	8,734,036.98
2. Additions during the year	3,360,770.27	302,702.70	1,484.51	3,664,957.48
3. Decrease during the year				
4. Balance as at 31/12/2019	11,762,377.80	629,372.15	7,244.51	12,398,994.46
III.Provision for impairment				
1. Balance as at 31/12/2018				
2. Additions during the year				
3. Decrease during the year				
4. Balance as at				

Item	Land right	Patent right	Software	Total
31/12/2019				
IV.Carrying amount				
1. Balance as at 31/12/2019	64,349,725.66	2,170,627.85	27,081.81	66,547,435.32
1. Balance as at 31/12/2018	67,710,495.93	2,473,330.55	1,440.00	70,185,266.48

(Continued)

Item	Land right	Patent right	Other	Total
I.Cost				
1. Balance as at 31/12/2017	70,901,411.16	1,000,000.00	7,200.00	71,908,611.16
2. Additions during the year				
(1)Purchase	5,210,692.30	1,800,000.00		7,010,692.30
3. Decrease during the year				
(1)Disposals				
4. Balance as at 31/12/2018	76,112,103.46	2,800,000.00	7,200.00	78,919,303.46
II.Accumulative amortisation				
1. As at 31/12/2017	5,066,890.73	177,777.78	720.00	5,245,388.51
2. Additions during the year				
(1)Provision	3,334,716.80	148,891.67	5,040.00	3,488,648.47
3. Decrease during the year				

Item	Land right	Patent right	Other	Total
(1) Disposals				
4. Balance as at 31/12/2018	8,401,607.53	326,669.45	5,760.00	8,734,036.98
III. Provision for impairment				
1. Balance as at 31/12/2017				
2. Additions during the year				
(1) Provision				
3. Decrease during the year				
(1) Disposals				
4. Balance as at 31/12/2018				
IV. Carrying amount				
1. Balance as at 31/12/2018	67,710,495.93	2,473,330.55	1,440.00	70,185,266.48
1. Balance as at 31/12/2017	65,834,520.43	822,222.22	6,480.00	66,663,222.65

(Continued 2)

Item	Land right	Patent right	Other	Total
I. Cost				
1. Balance as at 31/12/2016	22,981,603.00	1,000,000.00		23,981,603.00
2. Additions during the year	47,919,808.16		7,200.00	47,927,008.16
(1) Purchase				

Item	Land right	Patent right	Other	Total
3. Decrease during the year				
(1) Disposals				
4. Balance as at 31/12/2017	70,901,411.16	1,000,000.00	7,200.00	71,908,611.16
II. Accumulative amortisation				
1. As at 31/12/2016	2,268,654.17	88,888.89		2,357,543.06
2. Additions during the year	2,798,236.56	88,888.89	720.00	2,887,845.45
(1) Provision	2,798,236.56	88,888.89	720.00	2,887,845.45
3. Decrease during the year				
(1) Disposals				
4. Balance as at 31/12/2017	5,066,890.73	177,777.78	720.00	5,245,388.51
III. Provision for impairment				
1. Balance as at 31/12/2016				
2. Additions during the year				
(1) Provision				
3. Decrease during the year				
(1) Disposals				
4. Balance as at 31/12/2017				

Item	Land right	Patent right	Other	Total
IV.Carrying amount				
1. Balance as at 31/12/2017	65,834,520.43	822,222.22	6,480.00	66,663,222.65
1. Balance as at 31/12/2016	20,712,948.83	911,111.11		21,624,059.94

12.Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities not offsetting

(1)Deferred tax assets

Item	As at 31/12/2019	
	Deductible temporary differences	Deferred tax assets
Deferred tax assets:		
Provisions for impairment of assets	114,267,273.92	28,566,818.48
Total	114,267,273.92	28,566,818.48

(Continued 1)

Item	As at 31/12/2018	
	Deductible temporary differences	Deferred tax assets
Deferred tax assets:		
Provisions for impairment of assets	97,636,441.64	24,409,110.41
Total	97,636,441.64	24,409,110.41

(Continued 2)

Item	As at 31/12/2017	
	Deductible temporary differences	Deferred tax assets
Deferred tax assets:		
Provisions for impairment of assets	54,804,794.56	13,701,198.64
Total	54,804,794.56	13,701,198.64

13. Other non-current assets

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Prepayment land transfer fee	309,254,974.00		
Total	309,254,974.00		

14. Short-term loans

(1) Short-term loans by category

Category	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Pledged loans	115,000,000.00	141,200,000.00	49,000,000.00
Guaranteed loans	430,000,000.00	330,000,000.00	250,000,000.00
Others			740,000,000.00
Total	545,000,000.00	471,200,000.00	1,039,000,000.00

(2) The total balance of past due short-term loans at the end of the year is 0.

15. Bills payable

(1) Bills payable by category

Category	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Bank acceptance bills	990,000,000.00	1,250,000,000.00	
Trade acceptance bills			
Total	990,000,000.00	1,250,000,000.00	

16. Accounts payable

(1) Accounts payable :

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Payable for construction	730,409,903.35	795,824,342.91	583,754,163.23
Total	730,409,903.35	795,824,342.91	583,754,163.23

(2) As at 31 December 2019, accounts payable with ageing over one year :

Item	As at 31/12/2019	Ageing	Nature of Payment
Nantong Xianghua Construction Engineering Co., Ltd.	338,454,278.91	3-4 years	Contractor
Nantong Mandu Construction Engineering Co., Ltd.	186,815,325.16	2-3 years	Contractor
Rudong County Jiugang Municipal Construction and Installation Engineering Co., Ltd.	55,287,710.64	1-2 years	Contractor
Nantong Jiugang Construction and Installation Engineering Co., Ltd.	45,889,396.65	2-3 years	Contractor
Rudong Kaitai Urban Construction Investment Co., Ltd.	34,412,582.52	1-2 years	Contractor

Total	660,859,293.87		
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17. Advances from customers

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Payable for construction	7,011,930.96	1,027,420.30	458,758.98
Total	7,011,930.96	1,027,420.30	458,758.98

No significant advances from customers with aging of more than 1 year.

18. Employee benefits payable

(1) Overall situation

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Short-term employee benefits	469,646.46	8,639,160.95	8,025,403.95	1,089,599.00
Post-employment benefits - defined contribution plans		104,097.72	104,097.72	
Termination benefits				
Other benefits due within one year				
Total	469,646.46	8,743,258.67	8,129,501.67	1,089,599.00

(Continued)

Item	As at 31/12/2017	Accrued during the year	Decreased during the year	As at 31/12/2018
Short-term employee benefits	134,356.50	8,870,369.15	8,535,079.19	469,646.46
Post-employment benefits - defined contribution plans		949,772.60	949,772.60	
Termination benefits				
Other benefits due within one year				
Total	134,356.50	9,820,141.75	9,484,851.79	469,646.46

(Continued)

Item	As at 31/12/2016	Accrued during the year	Decreased during the year	As at 31/12/2017
Short-term employee benefits	44,662.80	4,787,917.66	4,698,223.96	134,356.50
Post-employment benefits -		424,630.17	424,630.17	

Item	As at 31/12/2016	Accrued during the year	Decreased during the year	As at 31/12/2017
defined contribution plans				
Termination benefits				
Other benefits due within one year				
Total	44,662.80	5,212,547.83	5,122,854.13	134,356.50

(2)Short-term employee benefits

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Salaries, bonus, allowances	464,284.00	8,581,255.95	7,967,498.95	1,078,041.00
Staff welfare		57,905.00	57,905.00	
Social insurances		102,615.09	102,615.09	
Including : 1.Medical insurance		89,675.95	89,675.95	
2.Work-related injury insurance		6,628.81	6,628.81	
3.Maternity insurance		6,310.33	6,310.33	
Housing Fund		61,973.00	61,973.00	
Labor union fees, staff and workers' education fee	5,362.46	29,937.18	23,741.64	11,558.00
Total	469,646.46	8,833,686.22	8,213,733.68	1,089,599.00

(Continued)

Item	As at 31/12/2017	Accrued during the year	Decreased during the year	As at 31/12/2018
Salaries, bonus, allowances	126,870.00	8,425,408.31	8,087,994.31	464,284.00
Staff welfare	0.90	14,260.10	14,260.10	0.90
Social insurances		291,401.40	291,401.40	
Including : 1.Medical insurance		241,084.10	241,084.10	
2.Work-related injury insurance		36,903.80	36,903.80	
3.Maternity insurance		13,413.50	13,413.50	
Housing Fund		119,206.30	119,206.30	

Item	As at 31/12/2017	Accrued during the year	Decreased during the year	As at 31/12/2018
Labor union fees, staff and workers' education fee	7,487.40	20,093.04	22,217.08	5,361.56
Total	134,356.50	8,870,369.15	8,535,079.19	469,646.46

(Continued)

Item	As at 31/12/2016	Accrued during the year	Decreased during the year	As at 31/12/2017
Salaries, bonus, allowances	44,662.80	4,585,348.53	4,503,141.33	126,870.00
Staff welfare		28,792.10	28,793.00	0.90
Social insurances		108,033.23	108,033.23	
Including : 1. Medical insurance		78,570.44	78,570.44	
2. Work-related injury insurance		21,892.88	21,892.88	
3. Maternity insurance		6,683.35	6,683.35	
Housing Fund		47,186.00	47,186.00	
Labor union fees, staff and workers' education fee		18,557.80	11,070.40	7,487.40
Total	44,662.80	4,787,917.66	4,698,223.96	134,356.50

(3) Defined contribution plans

Item	As at 31/12/2018	Accrued during the year	Decreased during the year	As at 31/12/2019
Post-employment benefits		100,945.97	100,945.97	
Unemployment insurance		3,151.75	3,151.75	
Enterprise annuity payment				
Total		104,097.72	104,097.72	

(Continued)

Item	As at 31/12/2017	Accrued during the year	Decreased during the year	As at 31/12/2018
Post-employment benefits		927,201.80	927,201.80	
Unemployment insurance		22,570.80	22,570.80	
Enterprise annuity payment				
Total		949,772.60	949,772.60	

(Continued)

Item	As at 31/12/2016	Accrued during the year	Decreased during the year	As at 31/12/2017
Post-employment benefits		411,649.92	411,649.92	
Unemployment insurance		12,980.25	12,980.25	
Enterprise annuity payment				
Total		424,630.17	424,630.17	

19. Taxes payable

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
VAT	295,638,628.80	200,914,618.31	144,544,409.32
Corporate income tax	253,892,334.60	212,600,565.16	154,062,271.90
Individual income tax	113.85	24,443.45	45.00
Urban maintenance and construction tax	9,362,081.04	4,304,026.28	4,309,348.21
Educational surcharge	6,499,373.23	3,503,599.19	4,309,357.20
Property tax	4,381,775.49	3,856,801.83	793,567.07
Land usage tax	1,464,334.50	124,908.00	213,676.00
Stamp duty		800,436.07	580.40
Local Educational surcharge	2,139,945.35		
Total	573,378,586.86	426,129,398.29	308,233,255.10

20. Other payables

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Interest payable	54,445,939.48	51,537,939.85	5,467,729.09
Other payables	315,029,716.89	298,187,840.42	596,977,084.20
Total	369,475,656.37	349,725,780.27	602,444,813.29

(1) Interest payable

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Interest payable for long-term loans with interest paid in installments and principal paid on maturity	9,306,518.50	6,595,178.29	4,603,900.38
Interest payable on short-term loans	651,475.77	192,382.22	863,828.71
Interest payable on debentures	44,487,945.21	44,750,379.34	
Total	54,445,939.48	51,537,939.85	5,467,729.09

(2) Other payables

①The ageing analysis of other payable is as follows:

Ageing	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Within 1 year	108,974,081.83	62,188,643.99	261,352,922.62
1~2 years	62,188,643.99	409,313.62	116,535,731.51
2~3 years	409,313.62	74,504,135.83	36,758,140.66
Over 3 years	143,457,677.45	161,085,746.98	182,330,289.41
Total	315,029,716.89	298,187,840.42	596,977,084.20

② As at 31 December 2019, accounts payable with ageing over one year :

Item	As at 31/12/2019	Ageing	Nature of Payment
Rural Economic Service Station, Jugang Town, Rudong County	56,226,090.00	Over 3 years	Current payment
Rudong Tianyi Water Supply Service Co., Ltd.	45,146,740.00	1~2 years	Rental fees
Land Acquisition Fund of Hongqiao Village	7,283,166.00	Within 1 year/2~3 years	Land transfer fee
Xinguang Village Land Acquisition Fund	9,656,766.00	Over 3 years	Land transfer fee
Jugang Town, Rudong County (Special account for fund management)	7,575,400.00	Within 1 year/2~3 years	Land transfer fee
Total	125,888,162.00		

21. Non-current liabilities due within one year

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Long-term loans due within one year	819,015,100.00	851,000,000.00	186,660,000.00
Long-term payables due within one year	36,901,912.19		
Total	855,917,012.19	851,000,000.00	186,660,000.00

22. Long-term loans

(1) Long-term loan classification:

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Pledged loans	543,415,000.00		

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Loans secured by mortgages	838,591,300.00	1,023,997,100.00	510,000,000.00
Guaranteed loans	2,268,573,600.00	2,719,028,000.00	2,724,570,000.00
Unsecured loans			
Subtotal	3,650,579,900.00	3,743,025,100.00	3,234,570,000.00
Less: Long-term loans due within one year	819,015,100.00	851,000,000.00	186,660,000.00
Total	2,831,564,800.00	2,892,025,100.00	3,047,910,000.00

(2) Details of long-term loans

Loan bank	Value date	Date of Expiry	As at 31/12/2019
Agricultural Bank Rudong Branch	2017-05-01	2025-10-23	198,000,000.00
Changshu Rural Commercial Bank Nantong Sub-branch	2017-05-04	2025-10-23	25,600,000.00
China Construction Bank Corporation Rudong Branch	2016-12-22	2020-8-31	167,000,000.00
China Everbright Bank Nantong Branch	2018-06-07	2022-06-20	5,800,000.00
China Everbright Bank Nantong Branch	2017-09-14	2022-06-20	15,275,000.00
China Everbright Bank Nantong Branch	2017-10-12	2022-06-20	311,300.00
China Everbright Bank Nantong Branch	2017-10-12	2022-06-20	33,605,000.00
China Everbright Bank Nantong Branch	2019-08-28	2022-08-27	100,000,000.00
Industrial and Commercial Bank of China Rudong Branch	2016-08-31	2022-08-23	36,000,000.00
Suzhou Trust Co., Ltd.	2019-11-26	2021-11-26	133,415,000.00
Xiamen International Bank Shanghai Branch	2019-04-10	2022-03-18	47,025,000.00
Xiamen International Bank Shanghai Branch	2019-04-03	2022-03-18	47,500,000.00
Xiamen International Bank Shanghai Branch	2019-04-01	2021-03-12	76,000,000.00
Rudong Rural Commercial Bank Business Department	2019-10-30	2021-10-24	49,000,000.00
Jiugang Sub-branch of Jiangsu Rudong	2019-10-31	2021-10-24	49,000,000.00

Loan bank	Value date	Date of Expiry	As at 31/12/2019
Rural Commercial Bank			
Industrial and Commercial Bank of China Rudong Branch	2016-12-29	2021-12-23	36,000,000.00
Industrial and Commercial Bank of China Rudong Branch	2017-03-20	2024-06-23	110,000,000.00
Industrial and Commercial Bank of China Rudong Branch	2017-04-05	2024-12-23	30,000,000.00
Construction Bank Rudong Branch	2017-03-23	2026-08-20	529,000,000.00
Industrial and Commercial Bank of China Limited	2016-01-23	2023-01-22	24,000,000.00
Industrial and Commercial Bank of China Limited	2016-01-23	2023-01-22	192,000,000.00
China Everbright Bank Nantong Branch	2018-01-08	2022-12-31	9,000.00
China Everbright Bank Nantong Branch	2018-01-08	2022-12-31	50,000,000.00
China Everbright Bank Nantong Branch	2018-05-23	2022-12-31	13,754,500.00
China Everbright Bank Nantong Branch	2018-06-01	2022-12-31	15,000,000.00
Everbright Xinglong Trust Co., Ltd.	2017-01-06	2023-01-06	110,000,000.00
Industrial and Commercial Bank of China Co., Ltd. Renmin Road Branch	2017/07/31	2027/02/01	160,000,000.00
Industrial and Commercial Bank of China Limited Rudong Branch	2018-03-20	2023-08-01	104,000,000.00
Industrial and Commercial Bank of China Limited Rudong Branch	2019-01-01	2028-02-01	51,000,000.00
Agricultural Bank of China Rudong Branch	2014-01-09	2021-12-22	40,000,000.00
Industrial and Commercial Bank of China Rudong Branch	2015-06-09	2023-04-30	76,670,000.00
China CITIC Bank Rudong Branch	2018-10-31	2021-01-02	280,000,000.00
Bank of Communications Nantong Rudong Sub-branch	2019-02-27	2023-12-15	26,600,000.00
Total			2,831,564,800.00

23. Debentures payable

(1) Debentures payable

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
18 Tongtai 01	498,073,179.70	497,605,402.58	
18 Tongtai 03	696,452,172.56	695,648,548.77	
18 Tongtai 04	696,607,933.65	695,864,125.02	
19Tongtou 01	198,309,534.29		
Total	2,089,442,820.20	1,889,118,076.37	

(2) Increases and decreases of debentures payable :

Bond name	Face value	Issuance date	Term	Issuance amount	As at 31/12/2018	Issuance during the year	Interest at face value	Amortization of premiums or discounts	Repayment during the year	As at 31/12/2019
18 Tongtai 01	500,000,000.00	2018/7/4	5years	500,000,000.00	497,605,402.58		37,000,000.00	467,777.12	37,000,000.00	498,073,179.70
18 Tongtai 03	700,000,000.00	2018/9/12	5years	700,000,000.00	695,648,548.77		53,200,000.00	803,623.79	53,200,000.00	696,452,172.56
18 Tongtai 04	700,000,000.00	2018/10/24	5years	700,000,000.00	695,864,125.02		52,500,000.00	743,808.63	52,500,000.00	696,607,933.65
19Tongtou 01	200,000,000.00	2019/12/23	5years	200,000,000.00		198,309,534.29	320,000.00			198,309,534.29
Total				2,100,000,000.00	1,889,118,076.37	198,309,534.29	143,020,000.00	2,015,209.54	142,700,000.00	2,089,442,820.20

(Continued)

Bond name	Face value	Issuance date	Term	Issuance amount	As at 31/12/2017	Issuance during the year	Interest at face value	Amortization of premiums or discounts	Repayment during the year	As at 31/12/2018
18 Tongtai 01	500,000,000.00	2018/7/4	5years	500,000,000.00		500,000,000.00		2,620,000.00		497,605,402.58
18 Tongtai 03	700,000,000.00	2018/9/12	5years	700,000,000.00		700,000,000.00		4,586,000.00		695,648,548.77
18	700,000,000.00	2018/10/24	5years	700,000,000.00		700,000,000.00		4,272,500.00		695,864,125.02

Tongtai 04									
Total	1,900,000,000.00		1,900,000,000.00		1,900,000,000.00		11,478,500.00		1,889,118,076.37

24. Long-term payables

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Finance lease loan	100,000,000.00		
Hangzhou Saihe and other targeted financing	249,230,000.00		
Subtotal	349,230,000.00		
Less: long-term payables due within one year	36,901,912.19		
Total	312,328,087.81		

Long-term payable details:

Loan unit	Term	Lease start date	As at 31/12/2019	Including: non-current liabilities due within one year
Guangzhou Yuexiu Financial Leasing Co., Ltd.	5.00	2019/11/19	100,000,000.00	16,963,512.19
Hangzhou Saihe Asset Management Co., Ltd.	2.00	2019/10/10	180,000,000.00	14,400,000.00
Hangzhou Saihe Asset Management Co., Ltd.	2.00	2019/11/21	45,750,000.00	3,660,000.00
Hangzhou Saihe Asset Management Co., Ltd.	2.00	2019/11/21	23,480,000.00	1,878,400.00
Total			349,230,000.00	36,901,912.19

25. Paid-in capital

Investor	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019	Shareholding(%)
Rudong County Investment Management Office	1,400,000,000.00			1,400,000,000.00	100
Total	1,400,000,000.00			1,400,000,000.00	100

(Continued)

Investor	As at 31/12/2017	Additions during the year	Reductions during the year	As at 31/12/2018	Shareholding(%)
Rudong County Investment	950,000,000.00	450,000,000.00		1,400,000,000.00	100

Investor	As at 31/12/2017	Additions during the year	Reductions during the year	As at 31/12/2018	Shareholding(%)
Management Office					
Total	950,000,000.00	450,000,000.00		1,400,000,000.00	100

(Continued)

Investor	As at 31/12/2016	Additions during the year	Reductions during the year	As at 31/12/2017	Shareholding(%)
Rudong County Investment Management Office	950,000,000.00			950,000,000.00	100
Total	950,000,000.00			950,000,000.00	100

26. Capital reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Other capital reserves	3,107,695,048.45		46,393,517.50	3,061,301,530.95
Total	3,107,695,048.45		46,393,517.50	3,061,301,530.95

(Continued)

Item	As at 31/12/2017	Additions during the year	Reductions during the year	As at 31/12/2018
Other capital reserves	3,107,695,048.45			3,107,695,048.45
Total	3,107,695,048.45			3,107,695,048.45

(Continued)

Item	As at 31/12/2016	Additions during the year	Reductions during the year	As at 31/12/2017
Other capital reserves	2,952,822,548.45	154,872,500.00		3,107,695,048.45
Total	2,952,822,548.45	154,872,500.00		3,107,695,048.45

Note: On March 31, 2019, Rudong County Hongtai Construction Co., Ltd. allocated Dongguoyong (2016) No. 100007 and Dongguoyong (2016) No. 100009 for free, with a carrying amount of 46,393,517.50 yuan.

27. Surplus reserve

Item	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019
Statutory surplus	7,887,590.41	1,118,459.55		9,006,049.96
Total	7,887,590.41	1,118,459.55		9,006,049.96

Note: According to the company law and articles of association, the company draws a statutory surplus reserve fund at 10% of the net profit.

Item	As at 31/12/2017	Additions during the year	Reductions during the year	As at 31/12/2018
Statutory surplus	5,985,010.80	1,902,579.61		7,887,590.41
Total	5,985,010.80	1,902,579.61		7,887,590.41

(Continued)

Item	As at 31/12/2016	Additions during the year	Reductions during the year	As at 31/12/2017
Statutory surplus	2,599,223.15	3,385,787.65		5,985,010.80
Total	2,599,223.15	3,385,787.65		5,985,010.80

28. Retained earnings

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Retained earnings as at 31/12/2018 (before adjustment)	586,596,715.80	444,895,560.79	284,043,529.20
Total adjustments for opening retained earnings(“+” for increase; “-” for decrease)			
Retained earnings as at 31/12/2018(after adjustment)	586,596,715.80	444,895,560.79	284,043,529.20
Add: Net profits for the year attributable to shareholders of the Company	123,741,819.38	143,603,734.62	164,237,819.24
Less: Appropriation for statutory surplus reserve	1,118,459.55	1,902,579.61	3,385,787.65
Appropriation for discretionary surplus reserve			
Appropriation for general reserve fund			
Cash dividends			
Dividends converted to share capital			
Retained earnings as at 31/12/2019	709,220,075.63	586,596,715.80	444,895,560.79

29. Operating income and operating cost

(1) Operating income and Operating cost:

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Operating income			
Principal activities	1,208,871,204.79	1,129,533,391.92	1,034,675,569.81
Other operating activities	19,053,469.20	90,283.02	123,113.20
Total	1,227,924,673.99	1,129,623,674.94	1,034,798,683.01
Operating cost			
Principal activities	1,028,230,164.88	883,416,233.98	811,320,559.05

Other operating activities	32,735,664.80		
Total	1,060,965,829.68	883,416,233.98	811,320,559.05

(2) Operating income and operating costs from principal activities business:

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Project construction revenue	1,207,772,166.73	1,104,270,292.48	1,014,150,698.82
Agent construction management fee income		25,263,099.44	20,524,870.99
Interest income		90,283.02	123,113.20
Sanitation and property income	525,382.48		
Income from coal and steel	573,655.58		
Rental income	19,053,469.20		
Total operating income	1,227,924,673.99	1,129,623,674.94	1,034,798,683.01
Project construction cost	1,027,364,200.00	883,416,233.98	811,320,559.05
Sanitation and property costs	242,315.70		
Cost of coal and steel	623,649.18		
Rental cost	32,735,664.80		
Total operating costs	1,060,965,829.68	883,416,233.98	811,320,559.05

30. Taxes and surcharges

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Urban maintenance and construction tax	5,473,156.05		
Education surcharge	3,303,235.65		
Stamp duty	802,960.47	1,090.80	1,377.00
Property tax	3,287,329.14	3,063,234.76	793,567.07
Land usage tax	1,487,285.05		
Vehicle and vessel usage tax	660.00		

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Local education surcharge	2,140,703.62		
Total	16,495,329.98	3,064,325.56	794,944.07

31.General and administrative expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Employee's salary	15,202,829.62	10,142,658.38	4,990,049.13
Depreciation	10,058,432.87	12,109,485.66	3,583,660.74
Office expenses	3,183,729.91	602,775.22	174,001.60
Utility bill	1,417,069.26	25,242.65	33,418.60
Travel expenses	235,293.58	111,227.90	149,160.57
insurance	2,435,565.26	297,839.07	364,850.21
Rental fees	619,470.46	2,900,095.57	1,268,583.24
Repair cost	336,772.80	853,910.64	47,112.00
Gardening expense	996,408.02	424,602.00	412,954.00
Amortization of intangible assets	4,299,985.44	151,771.67	89,608.89
Start-up fee		291,907.23	193,536.24
Business Hospitality	12,044,847.48	1,208.30	89,428.80
Hiring intermediary agency fees	78,232.57	4,422,246.29	3,037,642.94
Labor fee		193,120.00	333,178.80
R&D expenses			112,333.27
Promotion fee		290,418.00	399,046.80
Vehicle fee		595,678.14	271,004.10
Communication fee			21,918.61
Other	1,071,753.98	1,015,699.71	336,604.55
Technology development costs	426,772.74		
Amortization of long-term deferred expenses	20,382.50		
Warehouse expenses	803,740.89		
Security costs	2,434,296.23		

Total	55,665,583.61	34,429,886.43	15,908,093.09
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32. Financial expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Interest expenses	5,265,209.54		
Less: Interest income	2,103,282.76	6,202,536.14	2,414,466.22
Add: Bank charges	14,366,321.85	959,116.19	350,146.80
Total	17,528,248.63	-5,243,419.95	-2,064,319.42

33. Impairment losses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Receivables	16,702,229.16	42,545,196.75	18,590,332.11
Construction in progress		286,450.39	
Total	16,702,229.16	42,831,647.14	18,590,332.11

34. Other income

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Government grants related to daily business activities	83,842,950.14	26,504,746.00	25,309,243.00
Total	83,842,950.14	26,504,746.00	25,309,243.00

Details of government grants:

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Government subsidies related to income			
Agricultural subsidy funds		294,746.00	19,070,583.00
"Three rivers and six banks" demolition subsidies			608,660.00
Subsidy funds for management and protection of villages and towns		6,210,000.00	5,630,000.00
Special subsidy funds for park construction		20,000,000.00	
County financial subsidies	9,782,825.14		
Public Finance Bureau Community Award	500,000.00		
Provincial incubation fund allocation	256,000.00		
County finance allocates compensation for Penaeus vannamei	3,304,125.00		
Management Committee Financial Subsidies	70,000,000.00		

Total	83,842,950.14	26,504,746.00	25,309,243.00
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Note: ①The Company received 19,070,583.00 yuan of agricultural subsidy funds allocated by Rudong County Finance Bureau on January 18, 2017; ②The Company received 608,660.00 yuan of compensation for the clearing of the Sanhe Six Banks on April 21, 2017; ③March 24, August 25 and December 26, 2017, the Company received 1,600,000.00 yuan, 2,030,000.00 yuan, and 2,000,000.00 yuan respectively of subsidies for the management and protection of villages and towns allocated by the Jugang Town Finance Bureau. ④On May 9, 2018, July 12, 2018, and October 24, 2018, the Company received subsidies for the management and protection of villages and towns from the Rudong County Finance Bureau, 2,570,000.00 yuan, 1,820,000.00 yuan, and 1,820,000.00 yuan respectively; On February 14, 2018, the Company received RMB 20,000,000.00 as a special subsidy fund for park construction from Rudong County Finance Bureau. On August 17, 2018, it received RMB 294,746.00 of agricultural subsidy funds from Rudong County Finance Bureau. ⑤The Company received RMB 3,304,125.00 for *Penaeus vannamei* compensation from Rudong County Finance Bureau on February 13, 2019; The Company received RMB 70,000,000.00 from Rudong County Finance Bureau special fund subsidy on December 16, 2019; ⑥On January 21, May 15, August 2, November 15, November 29, and December 26, 2019, the Company received subsidies from Rudong County Finance Bureau of 843,620.00 yuan, 1,820,000.00 yuan, 1,930,000.00 yuan, 1,870,000.00 yuan, 600,000.00 yuan, 2,340,000.00 yuan, and 379,204.14 yuan respectively; ⑦The Company received Rudong County Finance Bureau as a community award of 500,000.00 yuan on November 27, 2019; ⑧The Company received Rudong on May 28, 2019 and June 4, 2019, respectively The County Finance Bureau allocates 160,000.00 yuan and 96,000.00 yuan for incubation funds.

35. Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Investment income from disposal of long-term equity investments	10,906,589.18		
Income from long-term equity investments accounted for using the equity method	-4,043,137.21	-6,156,245.30	-1,026,490.38
Total	6,863,451.97	-6,156,245.30	-1,026,490.38

36. Gains from assets disposal

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount included in non-recurring gains or losses for the year ended 31/12/2018	Year ended 31/12/2017
Gains from disposals of fixed assets		57,153.50	57,153.50	
Total		57,153.50	57,153.50	

37. Non-operating income

Item	Year ended 31/12/2019	Amount included in non-recurring gains or losses for the year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017	Amount included in non-recurring gains or losses for the year ended 31/12/2017
Other	2,001.00	2,001.00		2,992.00	2,992.00
Total	2,001.00	2,001.00		2,992.00	2,992.00

38. Non-operating expenses

Item	Year ended 31/12/2019	Amount included in non-recurring gains or losses for the year ended 31/12/2019	Year ended 31/12/2018	Amount included in non-recurring gains or losses for the year ended 31/12/2017	Year ended 31/12/2017
Late fee	18,800.00	18,800.00			
Other			164,078.44	164,078.44	
Total	18,800.00	18,800.00	164,078.44	164,078.44	

39. Income tax expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Current tax expense for the year based on tax law and regulations	32,445,119.58	58,580,099.23	54,944,582.51
Changes in deferred tax assets/liabilities	-4,157,708.07	-10,707,911.78	-4,647,583.02
Total	28,287,411.51	47,872,187.45	50,296,999.49

40. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
1.Reconciliation of net profit/loss to cash flows from operating activities:			
Net profit	122,969,644.53	143,494,390.09	164,237,819.24
Add: Provisions for impairment of assets	16,702,229.16	42,831,647.14	18,590,332.11
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological	12,384,357.10	11,686,005.01	3,589,590.85

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
assets(delete if there is no such item)			
Amortization of intangible assets	308,381.50	3,488,648.47	2,380,569.19
Amortization of long-term deferred expenses	495,237.73		
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("- for gains)			
Loss from scrapping of fixed assets ("- for gains)			
Losses from changes in fair value ("- for gains)			
Financial expenses ("- for income)	50,463,811.91		
Losses arising from investment ("- for gains)	-7,377,553.27	-6,156,245.30	1,026,490.38
Decrease in deferred tax assets ("- for increase)	-17,900,584.83	-10,323,482.45	-4,647,583.02
Increase in deferred tax liabilities ("- for decrease)			
Decrease in gross inventories ("- for increase)	46,724,196.58	75,737,452.04	-
Decrease in operating receivables ("- for increase)	-	-	-
	2,971,492,481.00	3,486,769,214.86	506,145,605.91
Increase in operating payables ("- for decrease)	1,656,086,182.14	1,011,420,946.66	1,381,919,036.40
Others			
Net cash flows from operating activities	1,090,636,578.45	2,214,589,853.20	266,517,010.27
2. Investing and financing activities not requiring the use of cash:			
Conversion of debt into capital			
Convertible bonds due within one year			
Acquisition of fixed assets under finance leases			
3. Change in cash and cash equivalents			
Cash as at 31/12/2019	641,828,385.72	816,165,866.16	697,790,685.61
Less: cash As at 31/12/2018	816,165,866.16	697,790,685.61	582,380,740.06
Add: cash equivalents as at 31/12/2019			
Less: cash equivalents as at 31/12/2018			
Net increase/decrease in cash and cash equivalents	-174,337,480.44	118,375,180.55	115,409,945.55

(2) Details of cash and cash equivalents

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
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Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
I.Cash	641,828,385.72	816,165,866.16	697,790,685.61
Including: Cash on hand			
Bank deposits available on demand	641,828,385.72	816,165,866.16	697,790,685.61
Other monetary funds available on demand			
II.Cash equivalents			
Including: Bond investments with a maturity of 3 months or less			
III.Cash and cash equivalents as at 31/12/2019	641,828,385.72	816,165,866.16	697,790,685.61
Including: the restricted use of cash and cash equivalents by the parent company or its subsidiaries	970,000,000.00	1,939,000,000.00	

41. Assets with restrictive ownership title or right of use

Item	As at 31/12/2019	Reason for restriction
Cash at bank and on hand	1,070,000,000.00	Deposit, pledged loans, structured deposits
Investment properties	17,481,165.00	Mortgage loan
Intangible assets	35,066,355.81	
Inventories	1,308,320,866.52	
Total	2,430,868,387.33	

VI. Business combination and consolidated financial statements

(The unit of amount in the tabular data below in this section is RMB Ten thousand unless otherwise stated)

1. Interests in subsidiaries

(1)Composition of the Group

Subsidiaries	Class	Principal place of business	Registration place	Business nature	Shareholding%		Percentage of voting rights %	Acquisition method
					Direct	Indirect		
Rudong Hongtai Construction Co., Ltd.	2	Rudong	Rudong	Infrastructure development	100.00		100.00	Establishment
Rudong Tianyi Construction Development Co.,	2	Rudong	Rudong	Infrastructure development	100.00		100.00	Appropriation

Subsidiaries	Class	Principal place of business	Registration place	Business nature	Shareholding%		Percentage of voting rights %	Acquisition method
					Direct	Indirect		
Ltd.								
Rudong Jiugang Commercial Logistics Development Co., Ltd.	3	Rudong	Rudong	General freight, real estate development	100.00		100.00	Establishment
Rudong Tongtai Cleaning Service Co., Ltd.	2	Rudong	Rudong	Cleaning Services	100.00		100.00	Establishment
Jiangsu Rudong High-tech Biological Technology Co., Ltd.	2	Rudong	Rudong	Infrastructure development	100.00		100.00	Appropriation
Rudong Furui Food Technology Co., Ltd.	3	Rudong	Rudong	Health food research and development, production and sales	100.00		100.00	Establishment
Jiangsu Rudong High-tech Economic Development Co., Ltd.	3	Rudong	Rudong	Urban infrastructure construction and development	100.00		100.00	Appropriation
Jiangsu Rudong High-tech Venture Capital Co., Ltd.	4	Rudong	Rudong	Venture Capital Business	100.00		100.00	Appropriation
Jiangsu Rudong High-tech Property Management Service Co., Ltd.	4	Rudong	Rudong	Property management	100.00		100.00	Appropriation

Subsidiaries	Class	Principal place of business	Registration place	Business nature	Shareholding%		Percentage of voting rights %	Acquisition method
					Direct	Indirect		
Jiangsu Rudong High-tech Intelligent Electromechanical Co., Ltd.	4	Rudong	Rudong	Software development and sales and service	100.00		100.00	Appropriation
Rudong Hengyuan Intelligent Equipment Co., Ltd.	5	Rudong	Rudong	Smart equipment production and sales	100.00		100.00	Appropriation
Rudong Daobo Intelligent Equipment Co., Ltd.	5	Rudong	Rudong	Smart equipment production and sales	100.00		100.00	Appropriation
Rudong Tianxiang New Material Technology Co., Ltd.	5	Rudong	Rudong	R&D and production of new materials	100.00		100.00	Appropriation
Rudong Fast Electronic Technology Co., Ltd.	5	Rudong	Rudong	Development and application of intelligent equipment	100.00		100.00	Appropriation
Rudong Kete Electromechanical Technology Co., Ltd.	5	Rudong	Rudong	Electromechanical technology research and development	100.00		100.00	Appropriation
Rudong County Jiugang Automobile City Investment Development Co.,	5	Rudong	Rudong	Auto City Management Service	100.00		100.00	Appropriation

Subsidiaries	Class	Principal place of business	Registration place	Business nature	Shareholding%		Percentage of voting rights %	Acquisition method
					Direct	Indirect		
Ltd.								
Rudong Tianye Housing Demolition Co., Ltd.	5	Rudong	Rudong	House demolition	100.00		100.00	Appropriation
Kangshen Investment Management (Shanghai) Co., Ltd.	5	Rudong	Rudong	Investment management	100.00		100.00	Appropriation
Jiangsu Dingyang Pharmaceutical Technology Co., Ltd.	5	Rudong	Rudong	Pharmaceutical production technology research and development	100.00		100.00	Appropriation
Zhongrui Technology Testing (Rudong) Co., Ltd.	5	Rudong	Rudong	Research and experimental development	70.00		70.00	Establishment
Rudong Life Tree Venture Capital Partnership (Limited Partnership)	5	Rudong	Rudong	Business Service Industry	90.9		90.9	Establishment

2. Change of consolidation scope

Disposal of subsidiaries:

Name	Total equity attributable to shareholders of the Company	Net profit for the year ended 31/12/2019	Disposal method
Nantong Pride Medical Equipment Technology Co., Ltd.	184,924.17	-814,825.29	Draw out

VII.Related parties and related party transactions

1. Information about the parent of the Company

Name	Registration place	Business nature	Registered capital	Shareholding percentage %	Percentage of voting rights %
Rudong County Investment Management Office	Rudong	Equity investment	1,264.00	100.00	100.00

Note: The company's ultimate controller is Rudong County Finance Bureau.

2. Information about the subsidiaries of the Company

Refer to Note VI.1.

3. Information on other related parties

Name	Related party relationship
Rudong Ruiren Pharmaceutical Technology Co., Ltd.	Legal representative association
Rudong Ruiren Machinery Technology Co., Ltd.	Legal representative association
Rudong Tianyi Tourism Management Co., Ltd.	Legal representative association
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.	Legal representative association
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Same controller

4. Transactions with related parties

There is no related guarantee in the current period.

Receivables from and payables to related parties:

Item	Related party	As at 31/12/2019	As at 31/12/2018
Other payables	Nantong Tianyi Industry and Trade Co., Ltd.	0.00	41,600,000.00
Total		0.00	41,600,000.00

VIII.Commitments and contingencies

1. Significant commitments

As of reporting date, the company has no significant commitments that need to be disclosed.

2. Contingencies

(1) As the guarantor

Guarantee holder	Amount of guarantee (Ten thousand yuan)	Form of guarantee	Note
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	4,900.00	Single guarantee	Nantong Tianyi Agricultural and Sideline Products Wholesale Market
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	4,592.94	Collateral guarantee	Jiangsu Tianyi Agricultural Trade Group Co., Ltd.
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	3,000.00	Pledge guarantee	Nantong Tianyi Agricultural and Sideline Products Wholesale Market
Rudong Jiugang Center Market Co., Ltd.	4,000.00	Single guarantee	Rudong Jiugang Center Market Co., Ltd.
Rudong Jiugang Center Market Co., Ltd.	1,000.00	Single guarantee	Rudong Jiugang Center Market Co., Ltd.
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	16,000.00	Single guarantee	Jiangsu Tianyi Agricultural Trade Group Co., Ltd.
Total	33,492.94		

IX. Post balance sheet date events

As of reporting date, there is no events after the balance sheet date to be disclosed.

X. Notes to the Company's financial statements**1. Accounts receivable**

(1) Accounts receivable by category

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	85,713,532.31	100			85,713,532.31
Including: Ageing group					

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Risk-free group	85,713,532.31	100			85,713,532.31
Individually insignificant but assessed for impairment individually					
Total	85,713,532.31	100			85,713,532.31

(Continued)

Category	As at 31/12/2018				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	54,631,209.08	100.00			54,631,209.08
Individually insignificant but assessed for impairment individually	54,631,209.08	100.00			54,631,209.08
Total	54,631,209.08	100.00			54,631,209.08

(Continued)

Category	As at 31/12/2017				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	28,104,954.67	100.00			28,104,954.67
Including: Risk-free group	28,104,954.67	100.00			28,104,954.67
Individually insignificant but assessed for impairment individually					
Total	28,104,954.67	100.00			28,104,954.67

(2) As at 31 December 2019, accounts receivable aggregated by debtors were analysed as follows:

Debtor	As at 31/12/2019	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Rudong County Jugang Town Finance Branch	54,631,209.08	63.74	
Rudong County High-tech Zone Management Committee	31,082,323.23	36.26	
Total	85,713,532.31	100.00	

2. Other receivables

Item	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017
Other receivables	3,593,737,329.61	2,717,970,482.68	1,830,503,770.23
Total	3,593,737,329.61	2,717,970,482.68	1,830,503,770.23

(1) Other receivables

① Other receivables by category

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	3,593,808,726.51	100			3,593,808,726.51
Including: Ageing group	3,599,949.30	0.10	71,396.90	1.98	3,528,552.40
Risk-free group	3,590,208,777.21	99.90			3,590,208,777.21
Individually insignificant but assessed for impairment individually	3,593,808,726.51	100			
Total	3,593,808,726.51	100	71,396.90	0.01	3,593,737,329.61

(Continued)

Category	As at 31/12/2018		
	Book balance	Provision for bad and doubtful debts	Carrying amount

	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,716,999,690.74	99.96			2,716,999,690.74
Including: Ageing group	4,492.00				4,492.00
Risk-free group	2,716,995,198.74	99.96			2,716,995,198.74
Individually insignificant but assessed for impairment individually	970,791.94	0.04			970,791.94
Total	2,717,970,482.68	100			2,717,970,482.68

(Continued)

Category	As at 31/12/2018				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	1,830,503,770.23	100			1,830,503,770.23
Including: Ageing group					
Risk-free group	1,830,503,770.23	100			1,830,503,770.23
Individually insignificant but assessed for impairment individually					
Total	1,830,503,770.23	100			1,830,503,770.23

A. Other receivables which are collectively assessed for impairment using other methods at the end of the year, no provision for bad and doubtful debts

Debtors	As at 31/12/2019	Ageing	Nature of Payment
Rudong Hongtai Construction Co., Ltd.	1,525,278,811.10	Within 1 year/1-2	Internal contacts

Debtors	As at 31/12/2019	Ageing years	Nature of Payment
Rudong Jiugang Commercial Logistics Development Co., Ltd.	741,260,654.85	Within 1 year/1-2 years	Internal contacts
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	614,170,000.00	Within 1 year/1-2 years	Temporary loan
Rudong Tianyi Construction Development Co., Ltd.	498,013,395.83	Within 1 year	Internal contacts
Jiangsu Rudong High-tech Economic Development Co., Ltd.	82,690,000.00	1-3 years	Internal contacts
Jiangsu Rudong High-tech Venture Capital Co., Ltd.	37,000,000.00	Within 1 year	Internal contacts
Agricultural Economic Service Station, Jugang Town, Rudong County	31,599,940.79	Within 1 year	Temporary loan
Rudong Daobo Intelligent Equipment Co., Ltd.	25,390,000.00	Within 1 year/1-2 years	Internal contacts
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	15,500,000.00	Within 1 year/1-2 years	Temporary loan
Rudong County Jugang Town Finance Branch	10,875,000.00	Within 1 year	Advance payment
Rudong County Jiugang Automobile City Investment Development Co., Ltd.	5,000,000.00	1-2 years	Internal contacts
Rudong Tongtai Cleaning Service Co., Ltd.	1,371,200.00	2-3 years	Internal contacts
Suzhou Trust Co., Ltd.	1,326,900.00	Within 1 year	Temporary loan
Zijin Trust Co., Ltd.	600,000.00	1-2 years	Advance payment
Shi Yifeng	32,874.64	Within 1 year/1-5 years	Temporary loan
Lujiazui International Trust Co., Ltd.	100,000.00	3-4 years	Advance payment
Total	3,590,208,777.21		

② Additions, recoveries or reversals of provision for bad and doubtful debts during the year:

Additions of provision for bad and doubtful debts during the year is 0.

③ As at 31 December 2019, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	As at 31/12/2019	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	714,210,497.58	Within 1 year/1-2 years	19.87	
Agricultural Economic Service Station, Jugang Town, Rudong County	31,599,940.79	Within 1 year/Over 5 years	0.88	
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	15,500,000.00	Within 1 year/1-2 years	0.43	
Rudong County Jugang Town Finance Branch	10,875,000.00	Within 1 year	0.30	
Nantong Yineng Color Steel Plate Co., Ltd.	3,285,000.00	Within 1 year	0.09	
Total	775,470,438.37	—	21.57	

3. Long-term equity investments

(1) Long-term equity investments classification:

Item	As at 31/12/2019		
	Book balance	Provision for bad and doubtful debts	Carrying amount
Subsidiaries	1,294,474,100.00		1,294,474,100.00
Total	1,294,474,100.00		1,294,474,100.00

(Continued)

Item	As at 31/12/2018		
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	Book balance	Provision for bad and doubtful debts	Carrying amount
Subsidiaries	1,294,474,100.00		1,294,474,100.00
Total	1,294,474,100.00		1,294,474,100.00

(Continued)

Item	As at 31/12/2017		
	Book balance	Provision for bad and doubtful debts	Carrying amount
Subsidiaries	460,500,000.00		460,500,000.00
Total	460,500,000.00		460,500,000.00

(2) Subsidiaries

Investee	As at 31/12/2018	Additions during the year	Reductions during the year	As at 31/12/2019	Provision for impairment	Balance of provision for impairment as at 31/12/2019
Rudong Hongtai Construction Co., Ltd.	50,000,000.00			50,000,000.00		
Rudong Tianyi Construction Development Co., Ltd.	1,133,974,100.00			1,133,974,100.00		
Jiangsu Rudong High-tech Biological Technology Co., Ltd.	110,000,000.00			110,000,000.00		
Rudong Tongtai Cleaning Service Co., Ltd.	500,000.00			500,000.00		
Total	1,294,474,100.00			1,294,474,100.00		

(Continued)

Investee	As at 31/12/2017	Additions during the year	Reductions during the year	As at 31/12/2018	Provision for impairment	Balance of provision for impairment as at 31/12/2018
Rudong Hongtai Construction Co., Ltd.	50,000,000.00			50,000,000.00		
Rudong Tianyi Construction Development Co., Ltd.	300,000,000.00	833,974,100.00		1,133,974,100.00		
Jiangsu Rudong High-tech Biological Technology Co., Ltd.	110,000,000.00			110,000,000.00		
Rudong Tongtai Cleaning Service Co., Ltd.	500,000.00			500,000.00		
Total	460,500,000.00	833,974,100.00		1,294,474,100.00		

(Continued)

Investee	As at 31/12/2016	Additions during the year	Reductions during the year	As at 31/12/2017	Provision for impairment	Balance of provision for impairment as at 31/12/2017
Rudong Hongtai Construction Co., Ltd.	50,000,000.00			50,000,000.00		
Rudong Tianyi	300,000,000.00			1,133,974,100.00		

Investee	As at 31/12/2016	Additions during the year	Reductions during the year	As at 31/12/2017	Provision for impairment	Balance of provision for impairment as at 31/12/2017
Construction Development Co., Ltd.						
Jiangsu Rudong High-tech Biological Technology Co., Ltd.	50,000,000.00	60,000,000.00		110,000,000.00		
Rudong Tongtai Cleaning Service Co., Ltd.		500,000.00		500,000.00		
Total	400,000,000.00	60,500,000.00		460,500,000.00		

4. Operating income and Operating cost

Item	Year ended 31/12/2019	Year ended 31/12/2018	Year ended 31/12/2017
Operating income			
Principal activities	29,602,212.60	25,263,099.44	20,524,870.99
Total	29,602,212.60	25,263,099.44	20,524,870.99

Rudong County Tongtai Investment Group Co., Ltd.

Legal representative: The person in charge of accounting affairs: The head of the accounting department:

Consolidated Balance Sheet

As at 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 30/9/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand	VI.1	1,415,797,945.74	1,611,828,385.72
Financial assets at fairvalue through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable	VI.2	3,198,538,329.47	2,476,910,100.95
Prepayments	VI.3	437,608,756.02	1,685,360.53
Other receivables	VI.4	2,589,353,425.27	2,350,355,401.83
Inventories	VI.5	3,162,811,395.79	4,002,934,849.77
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI.6	48,672,965.37	1,471,998,839.28
Total current assets		10,852,782,817.66	11,915,712,938.08
Non-current assets:			
Available-for-sale financial assets	VI.7	527,051,528.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	VI.8		345,006,187.66
Investment properties	VI.9	3,110,217,646.62	1,316,647,350.34
Fixed assets	VI.10	206,845,363.02	234,780,976.06
Construction in progress	VI.11	312,236,656.71	269,717,770.17
Productive biological assets			
Oil and gas assets			
Intangible assets	VI.12	366,951,288.07	375,802,409.32
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	VI.13	11,313,184.05	28,566,088.48
Other non-current assets			
Total non-current assets		4,534,615,666.47	2,570,520,782.03
Total assets		15,387,398,484.13	14,486,233,720.11

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Balance Sheet(continued)

As at 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 30/9/2020	As at 31/12/2019
Current liabilities:			
Short-term loans	VI.14	529,395,000.00	545,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable	VI.15	645,000,000.00	990,000,000.00
Accounts payable	VI.16	746,068,308.40	730,409,903.35
Advances from customers	VI.17	8,118,149.94	7,011,930.96
Employee benefits payable	VI.18	903,747.56	1,089,599.00
Taxes payable	VI.19	595,665,875.08	573,378,586.86
Other payables	VI.20	224,104,129.70	369,475,656.37
Liabilities held for sale			
Non-current liabilities due within one year	VI.21	2,252,903,131.52	855,917,012.19
Other current liabilities			
Total current liabilities		5,002,158,342.20	4,072,282,688.73
Non-current liabilities:			
Long-term loans	VI.22	2,183,466,200.00	2,831,564,800.00
Debentures payable	VI.23	1,685,674,823.49	2,089,442,820.20
Of which: preferred stock			
Perpetual debt			
Long-term payables	VI.24	451,686,164.12	312,328,087.81
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	VI.13	101,017,783.52	
Other non-current liabilities			
Total non-current liabilities		4,421,844,971.13	5,233,335,708.01
Total liabilities		9,424,003,313.33	9,305,618,396.74
shareholders' equity:			
Paid-in capital	VI.25	1,400,000,000.00	1,400,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	VI.26	3,219,301,530.95	3,061,301,530.95
Less: treasury shares			
Other comprehensive income	VI.27	303,053,350.59	
Specific reserve			
Surplus reserve	VI.28	28,180,199.93	9,006,049.96
Retained earnings	VI.29	1,011,760,860.93	709,208,514.06
Total equity attributable to shareholders of the Company		5,962,295,942.40	5,179,516,094.97
Non-controlling interests		1,099,228.40	1,099,228.40
Total shareholders' equity		5,963,395,170.80	5,180,615,323.37
Total liabilities and shareholders' equity		15,387,398,484.13	14,486,233,720.11

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Income Statement

Nine Months Ended 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Nine Months Ended 30/9/2020	Year ended 31/12/2019
I. Operating income	VI.30	692,242,612.63	1,227,924,673.99
Including: operating income	VI.30	692,242,612.63	1,227,924,673.99
II. Operating costs		672,444,351.31	1,150,654,991.90
Including: operating costs	VI.30	581,183,211.90	1,060,965,829.68
Taxes and surcharges	VI.31	24,180,184.94	16,495,329.98
Selling and distribution expenses	VI.32	99,078.97	
General and administrative expenses	VI.33	57,196,811.66	55,665,583.61
Research and development expenses			
Financial expenses	VI.34	9,785,063.84	17,528,248.63
include: interest expense		8,002,388.92	19,631,531.39
Interest income		4,049,389.86	2,103,282.76
Add: Other income	VI.35	51,001,900.00	83,842,950.14
Investment income ("-" for losses)	VI.36	9,399,622.02	6,863,451.97
Including: Income from investment in associates and joint ventures		8,520,962.62	6,863,451.97
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)	VI.37	69,011,617.73	-16,713,060.73
Gains from assets disposal ("-" for losses)			
III. Operating profit ("-" for losses)		149,211,401.07	151,263,023.47
Add: Non-operating income	VI.38	1,500.03	2,001.00
Less: Non-operating expenses	VI.39	1,974,999.49	18,800.00
IV. Profit before income tax ("-" for losses)		147,237,901.61	151,246,224.47
Less: Income tax expenses	VI.40	17,252,904.43	28,288,141.51
V. Net profit for the year ("-" for losses)		129,984,997.18	122,958,082.96
Including: Net profit from continuing operations ("-" for net loss)		129,984,997.18	123,730,257.81
Net profit from discontinued operations ("-" for net loss)			-772,174.85
Including: Shareholders of the company		129,984,997.18	122,958,082.96
Non-controlling interests			
VI. Other comprehensive income, net of tax			
Other comprehensive income (net of tax) attributable to shareholders of the company			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from changes in fair value of available-for-sale financial assets			
c. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Where the fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value			
Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		129,984,997.18	122,958,082.96
Attributable to: Shareholders of the company		129,984,997.18	123,730,257.81
Non-controlling interests			-772,174.85

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Cash Flow Statement

Nine Months Ended 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Nine Months Ended 30/9/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		26,354,897.22	915,997,970.54
Refund of taxes			
Proceeds from other operating activities		1,078,210,463.31	4,374,646,174.37
Sub-total of cash inflows		1,104,565,360.53	5,290,644,144.91
Payment for goods and services		447,035,782.23	1,023,402,521.39
Payment to and for employees		6,009,340.25	16,750,543.57
Payments of various taxes		39,798,485.62	24,322,935.85
Payment for other operating activities		662,840,710.84	5,293,356,219.50
Sub-total of cash outflows		1,155,684,318.94	6,357,832,220.31
Net cash flows from operating activities		-51,118,958.41	-1,067,188,075.40
II. Cash flows from investing activities			
Proceeds from disposal of investments		13,649,800.00	578,742,600.00
Investment returns received		501,854.17	15,328,853.27
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			92,116,178.78
Sub-total of cash inflows		14,151,654.17	686,187,632.05
Payment for acquisition of fixed assets, intangible assets and other long-term assets		56,217,266.59	159,296,014.12
Payment for acquisition of investments		165,338,428.00	283,806,100.00
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			92,000,000.00
Sub-total of cash outflows		221,555,694.59	535,102,114.12
Net cash flows from investing activities		-207,404,040.42	151,085,517.93
III. Cash flows from financing activities			
Proceeds from investors		158,000,000.00	295,050,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		515,670,000.00	1,877,490,000.00
Proceeds from issuance of debentures		800,000,000.00	200,000,000.00
Proceeds from other financing activities		160,000,000.00	249,230,000.00
Sub-total of cash inflows		1,633,670,000.00	2,621,770,000.00
Repayments of borrowings		804,368,350.00	1,548,134,668.48
Payment for dividends, profit distributions or interest		286,488,694.20	301,394,092.61
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Repayments for other financing activities		495,313,835.88	30,220,746.27
Sub-total of cash outflows		1,586,170,880.08	1,879,749,507.36
Net cash flows from financing activities		47,499,119.92	742,020,492.64
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-211,023,878.91	-174,082,064.83
Add: Cash and cash equivalents as at 31/12/2019		641,821,824.65	815,903,889.48
VI. Cash and cash equivalent as at 30/9/2020		430,797,945.74	641,821,824.65

Legal representative:

Accounting director:

Accounting firm director:

Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Nine Months Ended 30/9/2020											Total equity	
	Attributable to shareholders' equity of the parent company												
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		Minority interests
		Preference shares	Perpetual loans	Others									
I. Balance at 31/12/2019	1,400,000,000.00				3,061,301,530.95				9,006,049.96	709,208,514.06	5,179,516,094.97	1,099,228.40	5,180,615,323.37
									19,174,149.97	172,567,349.69	191,741,499.66		191,741,499.66

Accounting firm director:

Accounting director:

Legal representative:

Consolidated Statement of Changes in Shareholders' Equity(continued)

Year ended 31/12/2019										Expressed in RMB			
Item	Attributable to shareholders' equity of the parent company											Minority interests	Total equity
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
		Preference shares	Perpetual loans	Others									
I.Balance at 31/12/2018	1,400,000,000.00				3,107,695,048.45				7,887,590.41	586,596,715.80	5,102,179,354.66	1,821,403.25	5,104,000,757.91
Add : Changes in accounting policies													
Correction of prior period errors													
Business combination involving enterprises under common control													
Others													
II.Balance at 01/01/2019	1,400,000,000.00				3,107,695,048.45				7,887,590.41	586,596,715.80	5,102,179,354.66	1,821,403.25	5,104,000,757.91
III.Changes in equity during the year("+", "for decrease)					-46,393,517.50				1,118,459.55	122,611,798.26	77,336,740.31	-722,174.85	76,614,565.46
(I)Total comprehensive income										123,730,257.81	123,730,257.81	-772,174.85	122,958,082.96
(II)Shareholders' contributions and decrease of capital											-46,393,517.50	50,000.00	-46,343,517.50
1.Contribution by ordinary shareholders												50,000.00	50,000.00
2. Capital contributed by other equity instruments holders													
3. Equity settled share-based payments													
4. Others					-46,393,517.50						-46,393,517.50		-46,393,517.50
(III) Appropriation of profits									1,118,459.55	-1,118,459.55			
1. Appropriation for surplus reserves									1,118,459.55	-1,118,459.55			
2. Extract general risk preparation													
3. Distributions to shareholders													
4. Others													
(IV) Transfer within equity													
1.Share capital increased by capital reserves transfer													
2.Share capital increased by surplus reserves transfer													
3.Transfer of surplus reserve to offset losses													
4.Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans													
5.Others													
(V)Specific Reserve													
1. Appropriation during the year													
2.Utilisation during the year													
(VI)Others													
IV.Balance at 31/12/2019	1,400,000,000.00				3,061,301,530.95				9,006,049.96	709,208,514.06	5,179,516,094.97	1,099,228.40	5,180,615,323.37
Legal representative:	Accounting director:											Accounting firm director:	

Accounting firm director:

Accounting director:

Legal representative:

Balance Sheet

As at 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 30/9/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand		619,046,759.98	691,316,951.61
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable	XI.1	285,263,071.20	85,713,532.31
Prepayments		310,527.75	
Other receivables	XI.2	3,935,782,562.77	3,593,808,726.51
Inventories		735,320,733.57	
Assets held for sale			
Non-current assets due within one year			
Other current assets			652,455,377.75
Total current assets		5,575,723,655.27	5,023,294,588.18
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments		40,400,000.00	
Long-term receivables			
Long-term equity investments	XI.3	1,294,474,100.00	1,294,474,100.00
Investment properties			
Fixed assets		920,628.17	5,282.33
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		72,557.28	
Other non-current assets			
Total non-current assets		1,335,867,285.45	1,294,479,382.33
Total assets		6,911,590,940.72	6,317,773,970.51

Legal representative:

Accounting director:

Accounting firm director:

Balance Sheet(continued)

As at 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 30/9/2020	As at 31/12/2019
Current liabilities:			
Short-term loans		219,400,000.00	170,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable		315,000,000.00	400,000,000.00
Accounts payable		16,865,927.12	
Advances from customers		362,492.00	
Employee benefits payable			600,000.00
Taxes payable		31,253,988.49	24,854,551.45
Other payables		339,270,952.33	440,728,208.24
Liabilities held for sale			
Non-current liabilities due within one year		1,395,063,031.52	264,638,512.19
Other current liabilities			
Total current liabilities		2,317,216,391.46	1,300,821,271.88
Non-current liabilities:			
Long-term loans		743,672,700.00	934,531,300.00
Debentures payable		1,686,142,820.20	2,089,442,820.20
Of which: preferred stock			
Perpetual debt			
Long-term payables		191,686,164.12	83,036,487.81
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,621,501,684.32	3,107,010,608.01
Total liabilities		4,938,718,075.78	4,407,831,879.89
shareholders' equity:			
Paid-in capital		1,400,000,000.00	1,400,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		350,000,000.00	350,000,000.00
Less: treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserve		9,006,049.96	9,006,049.96
Retained earnings		213,866,814.98	150,936,040.66
Total shareholders' equity		1,972,872,864.94	1,909,942,090.62
Total liabilities and shareholders' equity		6,911,590,940.72	6,317,773,970.51

Legal representative:

Accounting director:

Accounting firm director:

Income Statement

Nine Months Ended 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Nine Months Ended 30/9/2020	Year ended 31/12/2019
I. Operating income	XI.4	193,737,416.39	29,602,212.60
Less: operating costs		166,291,282.41	
Taxes and surcharges		1,431,117.24	266,419.91
Selling and distribution expenses			
General and administrative expenses		3,666,802.39	5,295,011.42
Research and development expenses			
Financial expenses		9,701,622.38	12,531,722.10
include: interest expense		7,921,555.59	13,231,240.49
Interest income		58,667.21	699,518.39
Add: Other income		50,000,000.00	70,000,000.00
Investment income ("-" for losses)		501,854.17	
Including: Income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)		-290,229.10	
Gains from assets disposal ("-" for losses)			
II. Operating profit ("-" for losses)		62,858,217.04	81,509,059.17
Add: Non-operating income			3,304,126.00
Less: Non-operating expenses			18,800.00
III. Profit before income tax ("-" for losses)		62,858,217.04	84,794,385.17
Less: Income tax expenses		-72,557.28	3,728,198.51
IV. Net profit for the year ("-" for losses)		62,930,774.32	81,066,186.66
A. Net profits from sustainable operation (net losses marked with "-")			
B. Net profits from discontinued operations (net losses marked with "-")			
V. Other comprehensive income, net of tax			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from changes in fair value of available-for-sale financial assets			
c. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Where the fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value			
VI. Total comprehensive income for the year		62,930,774.32	81,066,186.66

Legal representative:

Accounting director:

Accounting firm director:

Cash Flow Statement

Nine Months Ended 30 September 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Nine Months Ended 30/9/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services			
Refund of taxes			
Proceeds from other operating activities		50,058,667.21	537,404,261.73
Sub-total of cash inflows		50,058,667.21	537,404,261.73
Payment for goods and services		84,298,399.22	
Payment to and for employees		2,376,760.16	2,142,678.38
Payments of various taxes		886,477.45	1,635.77
Payment for other operating activities		644,701,024.22	544,741,718.80
Sub-total of cash outflows		732,262,661.05	546,886,032.95
Net cash flows from operating activities		-682,203,993.84	-9,481,771.22
II. Cash flows from investing activities			
Proceeds from disposal of investments		6,049,800.00	
Investment returns received		501,854.17	
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Proceeds from other investing activities			
Sub-total of cash inflows		6,551,654.17	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		974,677.07	5,282.33
Payment for acquisition of investments		40,400,000.00	
Payment for other investing activities			
Sub-total of cash outflows		41,374,677.07	5,282.33
Net cash flows from investing activities		-34,823,022.90	-5,282.33
III. Cash flows from financing activities			
Proceeds from investors			70,000,000.00
Proceeds from borrowings		49,400,000.00	736,690,000.00
Proceeds from issuance of debentures		800,000,000.00	200,000,000.00
Proceeds from other financing activities		100,000,000.00	
Sub-total of cash inflows		949,400,000.00	1,006,690,000.00
Repayments of borrowings		146,471,100.00	780,880,268.48
Payment for dividends, profit distributions or interest		164,858,239.01	109,470,699.82
Repayments for other financing activities		145,313,835.88	
Sub-total of cash outflows		456,643,174.89	890,350,968.30
Net cash flows from financing activities		492,756,825.11	116,339,031.70
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-224,270,191.63	106,851,978.15
Add: Cash and cash equivalents as at 31/12/2019		381,316,951.61	274,464,973.46
VI. Cash and cash equivalent as at 30/9/2020		157,046,759.98	381,316,951.61

Legal representative:

Accounting director:

Accounting firm director:

Statement of Changes in Shareholders' Equity

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Nine Months Ended 30/9/2020						
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income
		Preference shares	Perpetual loans	Others			
I. Balance at 31/12/2019	1,400,000,000.00				350,000,000.00		
Add : Changes in accounting policies							
Correction of prior period errors							
Others							
II. Balance at 01/01/2020	1,400,000,000.00				350,000,000.00		
III. Changes in equity during the year("+, "for decrease)							
(I) Total comprehensive income							
(II) Shareholders' contributions and decrease of capital							
1. Contribution by ordinary shareholders							
2. Capital contributed by other equity instruments holders							
3. Equity settled share-based payments							
4. Others							
(III) Appropriation of profits							
1. Appropriation for surplus reserves							
2. Appropriation for general risk reserves							
3. Distributions to shareholders							
4. Others							
(IV) Transfer within equity							
1. Share capital increased by capital reserves transfer							
2. Share capital increased by surplus reserves transfer							
3. Transfer of surplus reserve to offset losses							
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans							
5. Others							
(V) Specific Reserve							
1. Appropriation during the year							
2. Utilisation during the year							
(VI) Others							
IV. Balance at 30/9/2020	1,400,000,000.00				350,000,000.00		

Legal representative:

Accounting director:

Accounting firm director:

Retained earnings

Surplus reserve

Special reserve

Total equity

1,909,942,090.62

150,936,040.66

9,006,049.96

62,930,774.32

62,930,774.32

1,909,942,090.62

62,930,774.32

62,930,774.32

1,972,872,864.94

Statement of Changes in Shareholders' Equity(continued)

Prepared by: Rudong County Tongtial Investment Group Co., Ltd.

Expressed in RMB

Item	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
I.Balance at 31/12/2018	1,400,000,000.00				350,000,000.00				7,887,590.41	70,988,313.55	1,828,875,903.96
Add : Changes in accounting policies											
Correction of prior period errors											
Others											
II.Balance at 01/01/2019	1,400,000,000.00				350,000,000.00				7,887,590.41	70,988,313.55	1,828,875,903.96
III.Changes in equity during the year("- "for decrease)									1,118,459.55	79,947,727.11	81,066,186.66
(I)Total comprehensive income										81,066,186.66	81,066,186.66
(II)Shareholders' contributions and decrease of capital											
1. Contribution by ordinary shareholders											
2. Capital contributed by other equity instruments holders											
3. Equity settled share-based payments											
4. Others											
(III) Appropriation of profits									1,118,459.55	-1,118,459.55	
1. Appropriation for surplus reserves									1,118,459.55	-1,118,459.55	
2. Appropriation for general risk reserves											
3. Distributions to shareholders											
4. Others											
(IV) Transfer within equity											
1.Share capital increased by capital reserves transfer											
2.Share capital increased by surplus reserves transfer											
3.Transfer of surplus reserve to offset losses											
4.Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans											
5.Others											
(V)Specific Reserve											
1. Appropriation during the year											
2.Utilisation during the year											
(VI)Others											
IV.Balance at 31/12/2019	1,400,000,000.00				350,000,000.00				9,006,049.96	150,936,040.66	1,909,942,090.62

Legal representative:

Accounting director:

Accounting firm director:

Notes to the Financial Statements of Rudong County Tongtai Investment Group Co., Ltd.

Nine Months Ended 30 September 2020

I. Basic information of the company

1. Company registration place, organization form and headquarters address

Company Name: Rudong County Tongtai Investment Group Co., Ltd.

Registered address: No. 888 Zhujiang Road, Jiugang Street, Rudong County, Jiangsu Province

Company type: limited liability company (sole proprietorship)

Business period: March 20, 2013 to unlimited

Paid-in capital: RMB 1.4 billion

Legal representative: Gu Cuihua

Unified Social Credit Code: 91320623081505632C

2. The nature of the company's business and main operating activities

Non-securities equity investment; agricultural project development and construction; rural infrastructure development and construction; house acquisition and labor services; land consolidation; land reclamation; land development; crop planting; flower and seedling planting, wholesale, retail; building materials, electrical and mechanical Equipment wholesale and retail; real estate development, leasing, sales; property management services; greening project construction and maintenance services; investment and construction in industries permitted by national industrial policies. (Projects that are subject to approval in accordance with the law can be operated only after approval by relevant departments)

3. Approval of financial reports

The approval of the financial report of the Company is the Board of Directors, and the date of approval is November 24, 2020.

4. Scope of consolidated financial statements

There are a total of 20 subsidiaries included in the consolidation scope of the company from January to September 2020. For details, please refer to Note VIII "Related Parties and Related Party Transactions". The scope of the company's consolidation in the current period decreased by 1 subsidiary compared with the previous period. For details, please refer to Note VII "Changes of Consolidation Scope".

II.Basis of preparation

1.Preparation basis

The company's financial statements are prepared on the basis of continuing operations. According to the actual transactions and events, it shall be compiled in accordance with the requirements of the Enterprise Accounting Standards issued by the Ministry of Finance of the People's Republic of China (hereinafter referred to as the "Ministry of Finance").

In addition, the company's financial statements also comply with the "Regulations No. 15 on Information Disclosure and Reporting of Companies Offering Securities to the Public—General Provisions on Financial Reports" revised by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") in 2014. Disclosure requirements for statements and notes.

2.Continuing operations

The financial statements of the Company have been prepared on going concern basis. The Company has evaluated its ability of going concern for the next at least 12 months since 30 September 2019 considering all available information.

III.Statement of Following the Accounting Standards for Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position and the Company's and consolidated operating results and cash flows.

IV.Significant accounting policies and accounting estimate

1.Accounting period

The company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete fiscal year. The accounting period of the Company is from 1 January to 31 December.

2.Operating cycle

The normal business cycle refers to the period from when the company purchases assets for processing to when it realizes cash or cash equivalents. The company takes 12 months as a business cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

3.Functional currency

The financial statements of the Company have been prepared in RMB.

4.Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1)Business combinations involving enterprises under common control

The enterprises participating in the merger are ultimately controlled by the same party or the same multiple parties before and after the merger, and the control is not temporary. It is a business combination under the same control. In a business combination under the same control, the party that obtains control of other participating companies on the merger day is the merging party, and the other companies participating in the merger are the merging party. The merger date refers to the date on which the combining party actually obtains control of the combined party.

(2) Business combinations involving enterprises not under common control

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

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. The transaction costs of the marketable equity securities or debt securities issued by the acquirer as the combined consideration are included into the initial confirmation amount of marketable equity securities or debt securities. The combination costs generated by the acquirer and the identifiable net assets obtained during the combination process are computed based on the fair value on the acquisition date. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased

party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

5.Consolidated financial statements

(1)Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's

interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

6. Financial instruments

Classification of financial instruments:

According to the purpose of acquiring and holding financial assets and assuming financial liabilities, the management classifies them into:

A. Financial assets or financial liabilities that are measured at fair value and whose changes are included in current profits and losses, including trading financial assets or trading financial liabilities, and designated as financial assets or financial liabilities that are measured at fair value and whose changes are included in current profits and losses ;

B. Hold-to-maturity investment;

C. Accounts receivable;

D. Available-for-sale financial assets;

E. Other financial liabilities.

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Determination of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market, the fair value of the financial assets and financial liabilities is measured at the most favorable market price, and the data applicable at the time and with sufficient available data and Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, that is, the first level input value is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date; the second level input value is divided by the first level The input value of the relevant assets or liabilities other than the input value is directly or indirectly observable; the input value of the third level is the unobservable input value of the related assets or liabilities. The company preferentially uses the first level input value, and finally uses the third level input value. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is significant to the fair value measurement as a whole belongs.

(2) Recognition, derecognition, classification and measurement of financial assets of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

- ① the contractual rights to the cash flows from the financial asset expire; or
- ② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of Financial Assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

The Company classifies financial assets into four categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are measured initially at fair value. For financial assets at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets, any related directly attributable transaction costs are included in their initial costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated to financial assets at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including account receivables and other receivables. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories. Available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. The discount or premium are amortised using the effective interest method and recognised as interest income. Dividend and interest are recognised in profit or loss using the effective interest method.

Available-for-sale investments in equity instruments without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost subsequent to initial recognition.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into different categories at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to financial liabilities at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Other financial liabilities

Derivative liabilities that are linked to and must be settled by delivery of equity instruments without quoted price in an active market whose fair value cannot be measured reliably, are measured at cost subsequent to initial recognition. Other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss are initially recognized at fair value, and are determined in accordance with "Accounting Standards for Business Enterprises No. 13-Contingencies" after initial recognition. The higher of the amount and the initial confirmation amount after deducting the accumulated amortization amount determined in accordance with the principles of "Accounting Standards for Business Enterprises No. 14-Revenue" shall be subsequently measured.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment of financial assets are the matters that occurred after initial recognition of financial assets which has impact on the expected future cash flows of financial assets, and can be reliably measured by the Company.

Objective evidence that a financial asset is impaired includes but is not limited to:

- ① significant financial difficulty of the issuer or obligor;
- ② a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- ③ considering economic or legal factors, the Company makes concessions to a debtor in financial difficulties;
- ④ it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- ⑤ the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
- ⑥ the cash flow of an asset in a financial asset group cannot be identified to be reduced, but after evaluating the group as a whole using the public data, the expected future cash flow of the

financial asset group since its initial recognition has definitely been reduced and measurable, including:

- The debtor's pay back ability gradually deteriorates;
- Changes taken place in the economic environment in which the debtor operates, indicating that the debtor cannot pay back.

⑦ significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;

⑧ a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. For example, at the balance sheet, there is a decline of more than 20% (including 20%) in the fair value of an equity investment or a decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment.

A decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment is that monthly average fair value of the equity investment is less than the initial investment cost persisting for 12 months.

⑨ other objective evidences.

Financial assets carried at amortised cost

If an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and the values of the underlying collateral. The amount of loss is recognised in profit or loss for the current period.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. If there is objective evidence that the asset is impaired, the impairment loss is recognized in profit or loss for the current period. For a financial asset that is not individually significant, the impairment assessment is made collectively where financial assets share similar credit risk characteristics. For financial assets not having been individually assessed as impaired (including financial assets no matter it is individually significant or not), the Company makes impairment assessment collectively where financial assets share similar credit risk characteristics. For financial assets having been individually assessed as impaired, they are not included in collective assessment of impairment.

If, after an impairment loss has been recognised on financial assets measured at amortized cost, there is a recovery in the value of the financial asset which can be related objectively to an event

occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognised directly in other comprehensive income is reclassified to profit or loss. The reclassified accumulated loss is the asset's initial cost deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

Financial assets measured at cost

When an equity instrument without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, is impaired, the difference between the carrying amount and the present value discounted at the market rate of return on future cash flows of the similar financial assets shall be recognized as impairment loss in profit or loss. The impairment loss recognized is not reversed.

(6) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognised if the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if the Company retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset

is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

7.Receivables

The company's provision for bad and doubtful debts mainly includes accounts receivable and other receivables. At the end of the period, if there is objective evidence that the receivables have been impaired, their book value shall be reduced to the recoverable amount. The recorded amount is recognized as asset impairment loss and included in current profit and loss. The recoverable amount is determined by discounting its future cash flow (excluding credit losses that have not yet occurred) at the original actual interest rate, and taking into account the value of the relevant collateral (deducting estimated disposal costs, etc.). The original actual interest rate is the actual interest rate calculated and determined when the account receivable is initially recognized. The estimated future cash flow of short-term accounts receivable has a very small difference with its present value. When determining the relevant impairment loss, the estimated future cash flow will not be discounted.

①Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant: Receivables individually greater than RMB 5 million are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually: Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

For receivables not having been individually assessed as impaired, the Company makes impairment assessment collectively.

②Receivables that are collectively assessed for impairment based on credit risk characteristics:

Method of provision for bad and doubtful debts collectively assessed for impairment based on credit risk characteristics

Group of collective assessment	Method of provision for bad and doubtful debts collectively
Ageing group	Ageing analysis method
Risk-free group	No provision for bad and doubtful debts

The provisioning for groups of receivables using the ageing analysis method is as follows:

Ageing	Provision as a percentage of accounts receivable (%)	Provision as a percentage of other receivables (%)
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Ageing	Provision as a percentage of accounts receivable (%)	Provision as a percentage of other receivables (%)
Within 1 year	5.00	5.00
1-2 years	10.00	10.00
2-3 years	20.00	20.00
3-4 years	30.00	30.00
4-5 years	40.00	40.00
Over 5 years	100.00	100.00

Receivables from creditworthy government departments, related parties of the company, and reserve funds are collected as a risk-free group, and does not make provision for bad and doubtful debts.

③Receivables that are individually insignificant but assessed individually for impairment:

Reasons for assessing individually for impairment of receivables that are individually insignificant	Litigation receivables, receivables with customer credit deterioration.
Method of provisioning for bad and doubtful debts	An impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

8. Inventories

Inventories include raw materials, work in progress, consumables, packaging materials, finished goods, issuing goods, development costs, and product developments.

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials, work in progress, finished goods and issuing goods are calculated using weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortised when they are used.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single (type, group) inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

9. Non-current assets or disposal groups held for sale

① Termination of operation

Termination of operation refers to a component that has been disposed of by the company or classified as held for sale by the company that meets one of the following conditions, and can be distinguished separately when operating and preparing financial statements: A. This component represents one item Independent main business or a main business area. B. This component is a part of the plan to deal with an independent main business or a main business area. C. This component is a subsidiary acquired only for resale.

For the discontinued operations reported in the current period, the company separately lists the profit and loss from continuing operations and the profit and loss from discontinued operations in the profit statement for the current period, and rewrites the information previously reported as the profit and loss from continuing operations in the profit statement of the comparative period as the comparable accounting period The discontinued operation profit and loss presentation.

② Recognition criteria for holding components for sale or non-current assets

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year.

③ Accounting treatment of holding assets for sale

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss. The impairment loss recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Group recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of investment in an associate or a joint venture is classified as held for sale,

equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Group does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of: ① its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale, and ② its recoverable amount.

10. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence. The company's long-term equity investment that does not have control, joint control or significant influence on the investee is accounted for as an available-for-sale financial asset or a financial asset that is measured at fair value and its changes are included in the current profit. For details of its accounting policies, refer to Note IV. 8 "Financial Instruments"

Joint control refers to the company's common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. Significant influence means that the company has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The company disposes of the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transaction is a package transaction, each transaction

is accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current loss or loss of control when the control is lost.

11. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at fair value model, the basis for accounting policy selection is

- ① There is an active properties market in the location of investment properties.
- ② The company can obtain the market price and other relevant information of similar or similar properties from the properties transaction market, so as to make a reasonable estimate of the fair value of investment properties.

The company does not accrue depreciation or amortization of investment properties, and adjusts its book value based on the fair value of the investment properties on the balance sheet date. The difference between the fair value and the original book value is included in the current profit and loss.

When determining the fair value of investment properties, the company is determined at the evaluation price of the evaluation agency.

When self-used properties or inventory is converted into investment properties, it is valued at the fair value of the conversion date. If the fair value of the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value of the conversion date is greater than the original book value, the difference recognized as other comprehensive income. When the investment properties is converted into self-use properties, the fair value of the conversion date is used as the book value of the self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When the investment properties is disposed of, or is permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the confirmation of the investment properties is terminated. The income from disposal of investment properties sold, transferred, scrapped or damaged is deducted from its book value and related taxes and included in the current profit and loss.

12.Fixed assets**(1)Recognition of fixed assets**

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing labor services, leasing or operating management, and whose useful life exceeds one fiscal year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the company and their costs can be reliably measured. Fixed assets are initially measured at cost and considering the impact of expected abandonment expenses.

(2)Valuation method of fixed assets

①The purchased fixed assets are based on the actual purchase price paid, packaging fees, transportation fees, installation costs, taxes paid, and other assets that can be directly attributed to the fixed assets that occur before the fixed assets reach the expected usable state. Expense valuation;

②Self-built fixed assets are priced according to all expenditures actually incurred during the construction process;

③The fixed assets invested by investors shall be accounted for at the value confirmed by all investors;

④ The follow-up expenditures of fixed assets, based on whether these follow-up expenditures can improve the profit-generating ability of the related fixed assets originally expected, determine whether to capitalize them;

⑤ Inventory of fixed assets, based on the market price of similar or similar fixed assets, minus the value depletion estimated according to the level of the asset's newness and oldness, as the entry value. If there is no active market for the same or similar fixed asset, the current value of the expected future cash flow of the fixed asset shall be used as the entry value;

⑥The fixed assets accepted for donation shall be priced at the market price of similar assets or according to the relevant vouchers provided; various expenses incurred when accepting the donation of fixed assets shall be included in the value of the fixed assets.

(3)Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is fixed assets that have been fully depreciated and still in use, and the separately priced land. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Category	Estimated useful life(years)	Depreciation rate %
Buildings	30	3.17
Motor vehicles	5	19.00

Category	Estimated useful life(years)	Depreciation rate %
Electronic equipment	3	31.67
Others	3	31.67

The estimated net salvage value refers to the amount that the company currently obtains from the disposal of the asset after deducting the estimated disposal expenses, assuming that the estimated useful life of the fixed asset has expired and is at the end of its useful life.

(4) Fixed assets impairment test method and impairment preparation accrual method

For the impairment of the fixed assets, please refer to Note.IV. 19. Impairment of long-term assets

(5)Recognition and measurement of fixed assets acquired under finance leases

For the recognition and measurement of fixed assets acquired under finance leases, please refer to Note. II .27.2 (1).

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually.Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable certainty that the Company will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

13.Construction in progress

(1)Accounting principles for construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalised borrowing costs and any other costs directly attributable to bringing the asset to working condition for its intended use.Construction in progress is transferred to fixed asset when it is ready for its intended use.

(2)Standards and timing for the transfer of fixed assets of construction in progress

Construction in progress projects are based on all the expenditures incurred before the construction of the asset reaches the expected usable state as the entry value of the fixed asset. If the construction of fixed assets under construction has reached the expected usable status, but the final accounts for completion have not yet been processed, from the date of reaching the expected usable status, the estimated value will be transferred to the fixed asset based on the project budget, cost or actual project cost. Assets, and depreciation is accrued in accordance with the company's fixed asset depreciation policy. After the completion of the project, the original temporary estimated price is adjusted according to the actual cost, but the original depreciation amount is not adjusted.

(3) Impairment test of construction in progress and the method of provision for impairment

The company judges at the end of each period whether there are signs of possible impairment of the construction in progress, including: ① The construction in progress that has been suspended for a long time and is not expected to be restarted in the next 3 years; ② The construction of the project is in terms of performance or It has fallen behind technically, and the economic benefits brought to the company are very uncertain; ③ Other circumstances that can prove that the construction in progress has been impaired.

If there are signs of impairment of the construction in progress, the recoverable amount is estimated. If there are signs that a construction in progress may be impaired, the company estimates its recoverable amount on the basis of a single construction in progress. The recoverable amount is determined based on the higher of the net amount of the fair value of the construction in progress minus the disposal expenses and the present value of the future cash flow of the construction in progress. When the recoverable amount of the construction in progress is lower than its book value, the book value of the construction in progress shall be written down to the recoverable amount. The reduced amount shall be recognized as the impairment loss of the construction in progress and shall be included in the current profit and loss, and shall be accrued. The corresponding provision for impairment of construction in progress. Once the impairment loss of the construction in progress is confirmed, it will not be reversed in future accounting periods.

14. Borrowing costs

(1) Capitalisation criteria

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses, and exchange differences due to foreign currency borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalisation of borrowing costs shall commence only when the following criteria are met: ① capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities; ② borrowing costs have been incurred; ③ the activities that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Capitalisation period

Capitalisation period The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(3) Period of suspension of capitalization

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended. If the interruption is a necessary procedure for the purchased, constructed or produced assets that meet the conditions of capitalization to reach the intended usable state or saleable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses, and continue to be capitalized until the acquisition, construction or production activities of the asset restart.

(4) Calculation method of capitalized amount of borrowing costs

For special loans borrowed for the purchase, construction or production of assets that meet the capitalization conditions, the actual borrowing costs incurred in the current period of the special borrowing are used to deduct the interest income obtained by depositing the unused borrowing funds in the bank or the investment obtained from temporary investment. The amount after the income is used to determine the capitalized amount of borrowing costs.

For general borrowings occupied for the purchase, construction or production of assets that meet the capitalization conditions, the weighted average of the initial and end-of-period asset expenditures of the cumulative asset expenditures for acquisition and construction exceeding the portion of the special borrowings is multiplied by the capitalization rate of the occupied general borrowings to determine the general borrowings. The amount of interest that should be capitalized, the capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, the exchange difference between the principal of the foreign currency special loan and its interest shall be capitalized and included in the cost of the assets that meet the conditions for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than foreign currency special borrowings shall be regarded as financial expenses and included in the current profits and losses.

15. Intangible assets

(1) Valuation method of intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line ageing average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Estimate the useful life of intangible assets with a limited useful life

Categories	Useful life (years)	Amortisation methods
Land use rights	50	Straight-line method
Patent	20	Straight-line method
Software	10	Straight-line method

(3) Research & development expenditure

The expenditures of the company's internal research and development projects are divided into research phase expenditures and development phase expenditures.

Expenditure for the research phase is included in the current profit or loss when incurred.

Expenditure in the development phase that satisfies the following conditions at the same time is recognized as intangible assets. Expenditure at the development stage that does not satisfy the following conditions is included in the current profit and loss:

- ①.It is feasible technically to finish intangible assets for use or sale;
- ②.It is intended to finish and use or sell the intangible assets;
- ③.The ways in which intangible assets generate economic benefit includes the way that it can prove the existence of the market of the products from the intangible assets or it can prove the existence of the market of intangible assets itself. If intangible assets are used internally and it can prove their usefulness;
- ④.It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
- ⑤.The development expenditures of the intangible assets can be reliably measured.

If it is not possible to distinguish between research phase expenditures and development phase expenditures, all R&D expenditures incurred should be charged to the current profit or loss.

(4) Intangible asset impairment test method and impairment provision method

For intangible assets with a limited service life, if there are obvious signs of impairment, an impairment test shall be conducted at the end of the period. The signs of impairment include the following situations: ① an intangible asset has been replaced by other new technologies, which has a significant adverse impact on its ability to create economic benefits for the enterprise; ② the market price of an intangible asset has fallen sharply in the current period, and the remaining amortization It is not expected to recover within the period; ③An intangible asset has exceeded the legal protection period, but still has part of its use value; ④Other circumstances that can prove that an intangible asset has substantially been impaired.

For intangible assets with uncertain service life, an impairment test is conducted at the end of each period.

Where intangible assets are impaired, the recoverable amount is estimated. The recoverable amount is determined based on the higher of the net value of the fair value of the intangible asset minus the disposal expenses and the present value of the future cash flow of the intangible asset.

When the recoverable amount of an intangible asset is lower than its book value, the book value of the intangible asset is written down to the recoverable amount. The written down amount is recognized as an impairment loss of intangible assets and included in the current profit and loss, and the corresponding intangible assets are withdrawn at the same time. Impairment of assets.

After the impairment loss of intangible assets is confirmed, the depletion or amortization expenses of the impaired intangible assets will be adjusted accordingly in the future so that the

intangible assets will be systematically amortized within the remaining useful life of the adjusted intangible assets' book value (after deduction of estimated Net residual value).

Once the impairment loss of intangible assets is recognized, it shall not be reversed in future accounting periods.

16. Goodwill

(1) Confirmation of goodwill

The initial cost of goodwill formed by a business combination not under the same control is the difference between the combination cost and the fair value of the acquiree's identifiable net assets obtained in the combination.

(2) The impairment test of goodwill and the calculation method of impairment provision

The company conducts an impairment test on goodwill at the end of the period. The book value of the goodwill formed by the business combination shall be allocated to the relevant asset group in a reasonable way from the date of purchase; if it is difficult to allocate to the relevant asset group, it shall be allocated to the relevant asset group combination. When apportioning the book value of goodwill to related asset groups or asset group combinations, the apportionment is made according to the proportion of the fair value of each asset group or asset group combination to the total fair value of the asset group or asset group combination. If the fair value is difficult to measure reliably, it shall be apportioned according to the proportion of the book value of each asset group or combination of asset groups to the total book value of the asset group or combination of asset groups.

When conducting an impairment test on a related asset group or combination of asset groups that contains goodwill, if there are signs of impairment for an asset group or combination of asset groups related to goodwill, first perform an impairment test on the asset group or combination of asset groups that does not contain goodwill. Perform an impairment test, calculate its recoverable amount, and compare it with the relevant book value to confirm the corresponding impairment loss. Then conduct an impairment test on the asset group or combination of asset groups that contains goodwill, and compare the book value (including the book value of the allocated goodwill) with the recoverable amount, such as the relevant asset group. Or if the recoverable amount of the asset group combination is lower than its book value, the impairment loss of goodwill is recognized.

Goodwill impairment losses are included in the current profits and losses when they occur, and will not be reversed in future accounting periods.

17. Long-term deferred expenses

(1) The definition and valuation method of long-term deferred expenses

Long-term deferred expenses refer to various expenses that have been incurred but should be borne by the current and future periods with amortization period of more than one year. Long-term deferred expenses are priced at actual cost.

(2) Amortization method

Long-term deferred expenses are amortized evenly during the benefit period. Expenditures for the improvement of leased fixed assets are amortized evenly within the shorter of the lease term and the remaining useful life of the leased asset. Subsidiary preparation expenses shall be included in the profit and loss of the month when the production and operation of the subsidiary is started.

18. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

(2) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed contributions into a separate fund and will have no future obligations to pay the contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

19.Provisions

When the company is involved in litigation, debt guarantee and other matters, if the matter is likely to require the delivery of assets or the provision of labor services in the future, and the amount can be reliably measured, it shall be recognized as an estimated liability.

(1) Recognition standard of estimated liabilities

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

- a. The Company has a present obligation;
 - b. It is probable that an outflow of economic benefits will be required to settle the obligation;
- and
- c. The amount of the obligation can be estimated reliably.

(2) Measuring method of provision

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

20.Revenue

(1) Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

(2) Revenue from construction contracts

When the project is completed, the company confirms the construction cost according to the project confirmation sheet, project settlement sheet, etc., and according to the contracting agreement, after signing the project transfer confirmation form with the contracting party, the revenue is confirmed according to the agreed addition ratio.

A cost-plus contract also satisfies the following conditions to show that its results can be reliably estimated: the economic benefits related to the contract are likely to flow in, and the actual contract costs can be clearly distinguished and reliably measured.

(4) Transfer the right to use assets

The income from the transfer of asset use rights is recognized when the relevant economic benefits are likely to flow in and the amount of income can be reliably measured.

21. Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant. Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income. A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Group for expenses or losses already incurred is recognised in profit or loss or offset against related expenses directly. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognised.

A grant related to ordinary activities is recognised as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognised as non-operating income. When a recognised government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognised in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

Receipt of government subsidies related to policy-based preferential loan interest discounts to offset related borrowing costs; for obtaining policy-based preferential interest rate loans provided by the lending bank, the actual received loan amount is used as the entry value of the loan, in accordance with the loan principal and the policy Relevant borrowing costs are calculated with preferential interest rates.

The specific criteria for distinguishing between asset-related government subsidies and income-related government subsidies: The company classifies government subsidies related to assets or government subsidies related to income according to the actual subsidy objects.

Recognition timing of government subsidies: At the end of the period, if there is evidence that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy shall be recognized according to the amount receivable. In addition, government subsidies are confirmed when they are actually received.

22. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to transactions or items recognised directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2)taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

(1)a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);

(2)deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

23.Operating leases and finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1)As a lessor

At the commencement of the lease term, the Company recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognises unguaranteed residual value at the same time. The difference between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2) As a lessee

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

24. Other important accounting policies and accounting estimates

Discontinue business

Termination of operation refers to a component that has been disposed of or classified as held for sale by the company that meets one of the following conditions and can be distinguished separately when operating and preparing financial statements: ① This component represents an independent main Business or a main business area; ② This component is a part of the plan to dispose of an independent main business or a main business area; ③ The component is a subsidiary acquired only for resale.

25. Changes in significant accounting policies and accounting estimates

(1) Changes in accounting estimates

Non

(2) Changes in accounting estimates

Non

26. Significant accounting judgments and estimates

In the process of applying accounting policies, due to internal uncertainties of operating activities, the company needs to make judgments, estimates and assumptions on the Carrying amount of report items that cannot be accurately measured. These judgments, estimates and assumptions are made based on past experience of the company executives, and considering

other relevant factors. These judgments, estimates and assumptions affect the reporting amount of incomes, expenses, assets and liabilities, as well as disclosure of contingent liabilities on the balance sheet date. Nevertheless, the actual results caused by uncertainties of these estimates may be different from current estimates of the company executives, and further cause significant adjustment on the Carrying amount of affected assets or liabilities in the future.

The company conducts periodic review on the foregoing judgments, estimates and assumptions on the basis of continuous operation; if changes in accounting estimates only affect the current period of changes, the affected amount shall be recognized in the current period of changes; if it affects both current period of changes and future period, the affected amount shall be recognized in the current period of changes and future period.

On the balance sheet date, important areas for the company's judgments, estimates and assumptions on financial statement item amount are as follows:

(1) Revenue recognition - construction contract

When the construction contract results can be reliably estimated, the company leverages completion percentage method to recognize contract income on the balance sheet date. The percentage-of-completion of contract is recognized according to the method specified in Note IV 20 Revenue, and cumulatively calculated within the fiscal years of implementing the construction contract.

Significant judgments are required when determining the completion percentage, contractual cost incurred, estimated total contract revenue and total cost, as well as recovery of contract. Project executives mainly make judgments based on past experience and work. Estimated total contract revenue and total cost, as well as change in contract execution result estimates may affect the operating incomes and operating costs during or after change, as well as the profits and losses in the period, and exert a significant impact.

(2) Classification of lease

The company categories lease as operating lease and financing lease as stipulated in the Accounting Standards for Business Enterprises No.21 - Lease; when categorizing, the management level needs to make analysis and judgment regarding whether all risks and rewards associated with rent asset ownership has been substantively transferred to the lessee, or whether the company has substantively borne all risks and rewards associated with leased asset ownership.

(3) Accrued provision for bad and doubtful debts s

The company uses the allowance method for bad and doubtful debts accounting, according to accounting policy of account receivable. The impairment of account receivable is based on assessing the recoverability of account receivable. To identify impairment of account receivable requires judgments and estimates of executives. The difference between actual result and original estimate will affect the Carrying amount of account receivable, as well as the reversal and accrued provision for bad and doubtful debts of account receivable during the period of estimates changed.

(4) Inventory falling price reserves

The company measures as per the lower of cost and net realizable value, and makes provision for inventory devaluation to the obsolete and unsalable inventory of which the cost exceeds the net realizable value, according to inventory accounting policy. The inventory devaluation to net realizable value is based on assessing the saleability of inventory and its net realizable value. To identify inventory devaluation requires judgments and estimates of executives based on obtaining conclusive evidence, and considering the purpose of holding inventory, influence of events after balance sheet date and other factors. The difference between actual result and original estimate will affect the Carrying amount of inventory, as well as the reversal or accrued provision for inventory devaluation during the period of estimates changed.

(5) Fair value of financial instruments

For the financial instruments unavailable on active trading market, the company determines its fair value through various valuation methods. These valuation methods include discounted cash flow model analysis, etc. At the time of valuation, the company needs to estimate future cash flow, credit risk, market volatility rate, correlation, etc, and choose the appropriate discount rate. These relevant assumptions are uncertain and their changes will have an impact on the fair value of financial instruments.

(6) Held-to-maturity investments

The company categorizes the non-derivative financial assets that have fixed or determinable repayment amount, fixed maturity date and meet the criteria and that the company has a clear intention and ability to hold to maturity, as held-to-maturity investments. Such categorizing work involves a lot of judgment. In the process of making judgment, the company assesses the willingness and ability of holding such investment to the maturity date. Except in certain circumstances (such as selling an insignificant amount of investment when approaching the maturity date), if the company fails to hold these investments to the maturity date, all such investments must be re-categorized as available-for-sale financial assets, and such financial

assets may not be divided into held-to-maturity investments in the current fiscal year and the following two full fiscal years. This case may exert a significant impact on the value of relevant financial assets presented in the financial statement, and affect the corporate strategy of financial instrument risk management.

(7)Held-to-maturity investment impairment

The company determines whether the held-to-maturity investments are impaired largely based on judgment of the management level. Objective evidences of impairment include serious financial difficulties of the issuer preventing the financial assets from continuous transaction on the active market and causing failure to perform the contract (e.g.: payment of interests or principal in breach of contract), etc. In the process of making judgment, the company needs to assess the impact of objective impairment evidences on the expected future cash flow of such investments.

(8)Impairment of available-for-sale financial assets

The company determines whether available-for-sale financial assets are impaired largely based on judgments and assumptions of executives, to determine whether it needs to recognize the impairment loss in the income statement. When making judgments and assumptions, the company shall evaluate the degree and lasting period for the fair value of such investment less than the cost, financial condition and short-term business prospect of the invested entity, including industrial status, technological reform, credit rating, default rate and risk of counterparty.

(9)Provision for long-term asset impairment

The company judges if there is possible sign of impairment on the non-current assets other than financial assets on the balance sheet date. For intangible assets with uncertain service life, in addition to annual impairment test, when there is sign of impairment, impairment test shall be conducted as well. For non-current assets other than financial assets, when there is sign showing the book amount unretrieved, impairment test shall be conducted.

When the Carrying amount of asset or asset group is higher than the recoverable amount, which is the higher of net amount after fair value deducting disposal expense and present value of estimated future cash flow, it indicates occurrence of impairment.

The net amount of fair value deducting disposal expense is determined by reducing the incremental cost that can be directly attributed to such asset disposal, with reference to sales agreement price of similar assets in fair trade or observable market price.

When estimating the present value of future cash flow, major judgments are required on the asset (or asset group) output, selling price, related operating cost, discount rate used when calculating the present value, etc. When estimating recoverable amount, the company may use all relevant information available, including forecasts of output, selling price and related operating cost which are made based on reasonable and supportable assumptions.

The company tests whether goodwill is impaired at least every year. This requires estimation on the present value of future cash flow of asset group or asset group portfolio with goodwill allocated. When estimating the present value of future cash flow, the company needs to estimate the future cash flow generated by asset group or asset group portfolio, and concurrently select appropriate discount rate to determine the present value of future cash flow.

(10) Depreciation and amortization

After considering the residue value of investing properties, fixed assets and intangible assets, the company uses straight line method for depreciation and amortization provision in the service life. The company regularly reviews the service life, to determine the amount of depreciation and amortization expenses included in each reporting period. The service life is determined by the company based on past experience of similar assets and combined with expected technical updates. In case of significant change in previous estimates, the depreciation and amortization expenses will be adjusted in the future.

(11) Deferred income tax assets:

Insofar as it is highly probable to offset losses with sufficient taxable profits, the company recognizes deferred income tax assets with all unused tax losses. This requires the company executives to use a large number of judgments to estimate the time and amount of future taxable profits, and combine the tax planning strategy, to determine the amount of deferred income tax assets that shall be recognized.

(12) Income tax

In normal operating activities of the company, final tax treatment and calculation of some transactions have certain uncertainties. Whether some items can be listed as pre-tax shall gain approval of the tax authority. If there is difference between the final recognized result of these taxation matters and the originally estimated amount, such difference will have an impact on the current income tax and deferred income tax during the period of final recognition.

(13) Provisions

Based on contract terms, current knowledge and historical experience, the company estimates and makes corresponding provisions for product quality assurance, estimated contract

losses, and penalty for late delivery. When these contingent events have formed a current obligation, and the performance of these current obligations is likely to cause economic benefits to flow out of the company, the company's best estimate of the contingent events required to perform the relevant current obligations Recognized as estimated liabilities. The recognition and measurement of estimated liabilities depend to a large extent on the judgment of management. In the process of making judgments, the company needs to evaluate the risks, uncertainties and time value of money related to such contingencies.

Among them, the company will provide customers with after-sale quality maintenance commitments to estimate liabilities for the sale, maintenance and transformation of the sold commodities. The company's recent maintenance experience data has been taken into account when estimating liabilities, but recent maintenance experience may not reflect future maintenance. Any increase or decrease in this provision may affect future profits and losses.

(14) Fair value measurement

Certain assets and liabilities of the company are measured at fair value in the financial statements. The company's board of directors has established a valuation committee (the valuation committee is led by the company's chief financial officer) to determine appropriate valuation techniques and input values for fair value measurement. When estimating the fair value of an asset or liability, the company uses available observable market data. If the input value of the first level cannot be obtained, the company will hire a third-party qualified appraiser to perform the valuation. The Valuation Committee works closely with qualified external valuers to determine appropriate valuation techniques and input values for related models. The chief financial officer reports the findings of the valuation committee to the company's board of directors every quarter to explain the reasons for the fluctuations in the fair value of related assets and liabilities.

V. Taxation

1. Main types of taxes and corresponding tax rates

Categories of taxes	Tax basis and tax rate(%)
VAT	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period) ;Tax rate: 9%、5%、3%
City maintenance and construction tax	Amount of VAT paid, Tax rate: 5%
Educational surcharge	Amount of VAT paid, Tax rate: 5%
House property tax	Property' s rental income 12%, or the residual value from original

Categories of taxes	Tax basis and tax rate(%)
	value less the deducting proportion 1.2%
Corporate income tax	Taxable profits, Tax rate: 25%

2. Tax preference

According to Caishui [2011] No. 70 "Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Treatment of Enterprise Income Taxes on Special-purpose Fiscal Funds" and State Council Order No. 512 "The Enterprise Income Tax Law of the People's Republic of China" and the "Enterprise Income Tax of the People's Republic of China" According to the relevant provisions of the Regulations on the Implementation of the Law, the financial funds of the total accrued income obtained by enterprises from the financial departments and other departments of the people's governments at or above the county level from January 1, 2011, can be granted if the following conditions are met at the same time As non-taxable income, deduct from the total income:

A. The enterprise can provide funds appropriation documents that specify the specific purpose of funds;

B. The financial department or other government departments that allocate funds have specific fund management methods or specific management requirements for the funds;

C. The enterprise separately accounts for the funds and the expenditures incurred by the funds.

The above non-taxable income used for expenditures shall not be deducted when calculating taxable income; for the assets formed by expenditures, the calculated depreciation and amortization shall not be deducted when calculating taxable income.

VI. Notes to the consolidated financial statements

1. Cash at bank and in hand

(1) Cash at bank and in hand balance

Item	As at 30/9/2020	As at 31/12/2019
Cash in hand	21,272.29	
Deposits with banks	430,776,673.45	641,828,385.72
Other monetary funds	985,000,000.00	970,000,000.00
Total	1,415,797,945.74	1,611,828,385.72

Note: At of September 30, 2020, the Company has RMB 985,000,000.00 cash or other monetary funds that are restricted because being pledged as security or guaranteed that have restriction on remittance back to the home country.

2. Accounts receivable**(1)Accounts receivable by category**

Category	As at 30/9/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	3,198,538,329.47	100.00			3,198,538,329.47
Including: Ageing group					
Risk-free group	3,198,538,329.47	100.00			3,198,538,329.47
Individually insignificant but assessed for impairment individually					
Total	3,198,538,329.47	100.00		—	3,198,538,329.47

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics					
Including: Ageing group	2,526,587,870.32	100.00	49,677,769.37	1.97	2,476,910,100.95
Risk-free group	1,956,631,094.36	77.44	49,677,769.37	2.54	1,906,953,324.99
Individually insignificant but assessed for impairment individually	569,956,775.96	22.56			569,956,775.96
Total					
	2,526,587,870.32	100.00	49,677,769.37	—	2,476,910,100.95

A.Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 30/9/2020
--------	-----------------

	Book balance	Provision for bad and doubtful debts	Percentage of provision %
Within 1 year		0.00	
1 to 2 years		5.00	
2 to 3 years		10.00	
3 to 4 years		30.00	
4 to 5 years		50.00	
More than 5 years		100.00	
Total		—	

(Continued)

Ageing	As at 31/12/2019		
	Book balance	Provision for bad and doubtful debts	Percentage of provision %
Within 1 year	1,284,720,182.80	0.00	
1 to 2 years	428,563,427.23	5.00	21,428,171.36
2 to 3 years	233,560,360.39	10.00	23,356,036.04
3 to 4 years		30.00	
4 to 5 years	9,787,123.94	50.00	4,893,561.97
More than 5 years		100.00	
Total	1,956,631,094.36	—	49,677,769.37

(2) As at 30 September 2020, the five largest accounts receivable aggregated by debtors were analysed as follows:

Debtor	Nature of Payment	As at 30/9/2020	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Rudong Antai Water Conservancy Construction Co., Ltd.	Repurchase	1,812,255,865.11	56.66	
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Repurchase	671,950,459.15	21.01	
Rudong County Jugang Town Finance Branch	Repurchase	538,874,452.73	16.85	
Rudong Shengtai New Countryside	Repurchase	143,860,296.45	4.50	

Debtor	Nature of Payment	As at 30/9/2020	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Development and Construction Co., Ltd.				
Rudong High-tech Zone Management Committee	Sales	31,226,056.03	0.97	
Total		2,526,444,137.52	3,198,167,129.47	

3. Prepayments

(1) The ageing analysis of prepayments is as follows:

Ageing	As at 30/9/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	435,976,117.28	99.63	1,685,360.53	100.00
1 to 2 years	1,632,638.74	0.37		
2 to 3 years				
More than 3 years				
Total	437,608,756.02	100.00	1,685,360.53	100.00

(2) As at 30 September 2020, the five largest prepayment aggregated by debtors were analysed as follows:

The total amount of the five largest prepayment aggregated by debtors at the end of the period is 436,855,254.70 yuan, accounting for 99.83% of the total balance of prepaid accounts at the end of the period.

Debtor	As at 30/9/2020	The proportion of the total accounts receivable (%)
Rudong County Finance Bureau	432,664,260.00	98.87
Rudong Yongsheng Industrial Co., Ltd.	2,216,750.00	0.51
Shanghai Ye Yao Industrial Co., Ltd.	1,100,000.00	0.25
Rudong Xingdong Transportation Construction Investment Co., Ltd.	611,204.70	0.14
Shanghai Tiancheng Automobile Service Co., Ltd.	263,040.00	0.06
Total	436,855,254.70	99.83

4. Other receivables

Item	As at 30/9/2020	As at 31/12/2019
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Item	As at 30/9/2020	As at 31/12/2019
Other receivables	2,589,353,425.27	2,350,355,401.83
Interest receivable		
Dividends receivable		
Total	2,589,353,425.27	2,350,355,401.83

(1) Other receivables

① Other receivables by category

Category	As at 30/9/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,634,404,859.51	100.00	45,051,434.24	1.71	2,589,353,425.27
Including: Ageing group	180,442,243.18	6.85	45,051,434.24	24.97	135,390,808.94
Other group	2,453,962,616.33	93.15			2,453,962,616.33
Individually insignificant but assessed for impairment individually					
Total	2,634,404,859.51	100.00	45,051,434.24	—	2,589,353,425.27

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit	2,413,744,110.44	100.00	64,385,282.60	2.67	2,349,358,827.84

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
risk characteristics					
Including: Ageing group	368,073,110.81	15.25	64,385,282.60	17.49	303,687,828.21
Other group	2,045,670,999.63	84.75			2,045,670,999.63
Individually insignificant but assessed for impairment individually	996,573.99	0.04			996,573.99
Total	2,414,740,684.43	100.00	64,385,282.60	—	2,350,355,401.83

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 30/9/2020		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year	10,309,839.88	0.00	
1-2years	83,392,362.17	5.00	4,169,618.11
2-3years	10,690,877.83	10.00	1,069,087.78
3-4years	24,726,396.00	30.00	7,417,918.80
4-5years	37,855,915.50	50.00	18,927,957.75
More than 5 years	13,466,851.80	100.00	13,466,851.80
Total	180,442,243.18	—	45,051,434.24

(Continued)

Ageing	As at 31/12/2019		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year	206,497,692.06	0.00	
1-2 years	11,257,584.30	5.00	559,959.22
2-3 years	24,853,638.73	10.00	4,031,363.87
3-4 years	91,392,745.50	30.00	27,417,823.65
4-5 years	34,071,450.22	50.00	32,376,135.86
More than 5 years		100.00	

Ageing	As at 31/12/2019		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Total	368,073,110.81	—	64,385,282.60

②As at 30 September 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Nature or content	As at 30/9/2020	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Rudong County Jugang Town Finance Branch	Current payment	1,163,433,877.18	44.16	
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Current payment	874,874,356.87	33.21	
Nantong Chuangzhi New Material Technology Co., Ltd.	Current payment	71,040,000.00	2.70	
Rudong Dongtai Machinery Co., Ltd.	Current payment	54,874,942.71	2.08	2,743,747.14
Rudong County Investment Management Office	Current payment	50,000,000.00	1.90	
Total	—	2,214,223,176.76	84.05	2,743,747.14

5. Inventories

(1) Inventories by category

Category	As at 30/9/2020		
	Book balance	Provision for impairment of inventories	Carrying amount
Balances arising from construction	3,162,811,395.79		3,162,811,395.79
Total	3,162,811,395.79		3,162,811,395.79

(Continue)

Category	As at 31/12/2019		
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	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	56,461.94		56,461.94
Issuing goods	14,392.92		14,392.92
Balances arising from construction	4,002,863,994.91		4,002,863,994.91
Total	4,002,934,849.77		4,002,934,849.77

(2) Provision for impairment of inventories

Non

6. Other current assets

Item	As at 30/9/2020	As at 31/12/2019
Deductible input VAT	48,384,014.63	
Other taxes prepaid	288,950.74	42,445,651.65
Financial product		6,049,800.00
Substitute project funds		1,423,503,387.63
Total	48,672,965.37	1,471,998,839.28

7. Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	As at 30/9/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	527,051,528.00		527,051,528.00			
Including: at fair value						
At cost	527,051,528.00		527,051,528.00			
Others						

Item	As at 30/9/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Total	527,051,528.00		527,051,528.00			

(2) Available-for-sale financial assets at cost

Investees	Book value				Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 30/9/2020		
Jiangsu Aigu Electronic Commerce Co., Ltd.	1,610,000.00		1,610,000.00		20.00	
Rudong Baiao Baile Biological Technology Co., Ltd.	860,000.00		860,000.00		43.00	
Jiangsu Dongkang Biomedical Technology Co., Ltd.	3,000,000.00		3,000,000.00		15.00	
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.	6,950,000.00		6,950,000.00		40.00	
Jiangsu Liezhen Biological Technology Co., Ltd.	7,500,000.00		7,500,000.00		27.78	
Nantong Into Force Control Automotive Transmission	2,500,000.00		2,500,000.00		10.00	

System Co., Ltd.					
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.	6,715,100.00		6,715,100.00		32.60
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.	38,500,000.00		38,500,000.00		35.00
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.	15,311,428.00		15,311,428.00		32.20
Nantong Robert Medical Technology Co., Ltd.	8,000,000.00		8,000,000.00		25.00
Rudong Lingda Biomedical Technology Co., Ltd.	30,000,000.00		30,000,000.00		21.00
Nantong Zhandao Intelligent Technology Co., Ltd.	5,000,000.00		5,000,000.00		12.00
Nantong Ningyuan	2,500,000.00		2,500,000.00		45.00

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

Biotechnology Co., Ltd.					
Nantong Hanfeng Biomedical Technology Co., Ltd.	4,220,000.00		4,220,000.00		40.00
Jiangsu Jite Surface Treatment Technology Co., Ltd.	625,000.00		625,000.00		23.08
Rudong Ruiren Pharmaceutical Technology Co., Ltd.	4,800,000.00		4,800,000.00		40.00
Jingshan Biological Technology Jiangsu Co., Ltd.	10,000,000.00		10,000,000.00		20.00
Tianluo Diagnostic Technology Jiangsu Co., Ltd.	5,820,000.00		5,820,000.00		22.20
Nantong Zhiquan Intelligent Technology Co., Ltd.	7,000,000.00		7,000,000.00		15.00
Jiangsu Yiwen Microelectronics Technology Co.,	40,000,000.00		40,000,000.00		40.00

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

Ltd.					
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.	1,200,000.00		1,200,000.00		60.00
Rudong Baolian Electronic Technology Co., Ltd.	5,000,000.00		5,000,000.00		20.00
Nantong Aizhi Medical Technology Co., Ltd.	7,000,000.00		7,000,000.00		18.00
Rudong Lingque Biological Technology Co., Ltd.	14,960,000.00		14,960,000.00		29.88
Rudong Lili Equity Investment Partnership (Limited Partnership)	15,000,000.00		15,000,000.00		17.04
Nantong Yintong Future Equity Investment Center (Limited Partnership)	5,000,000.00		5,000,000.00		40.00
Rudong Xiangrong Investment	12,000,000.00		12,000,000.00		15.00

Management Partnership (Limited Partnership)					
Shenzhen Jiuyi Optoelectronics Co., Ltd.	1,990,000.00		1,990,000.00		2.00
Jiaying Jingyan Intelligent Equipment Technology Co., Ltd.	20,000,000.00		20,000,000.00		7.91
Nantong Maode Equity Investment Center (Limited Partnership) Raising Account	4,000,000.00		4,000,000.00		10.00
Nantong Sunde New Material Co., Ltd.	1,800,000.00		1,800,000.00		6.00
Jingcai (Rudong) Semiconductor Equipment Technology Co., Ltd.	2,400,000.00		2,400,000.00		28.57
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.	10,740,000.00		10,740,000.00		14.55
Jiangsu Yuchuan New Energy	32,340,000.00		32,340,000.00		67.97

Technology Co., Ltd.					
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.	30,000,000.00		30,000,000.00		56.29
Jiangsu Jiecechuang Electronic Technology Co., Ltd.	9,400,000.00		9,400,000.00		40.00
Jiangsu Aochuang Deep Purple Electronic Technology Co., Ltd.	8,660,000.00		8,660,000.00		65.00
Rudong Taipu Equity Investment Center (Limited Partnership)	29,700,000.00		29,700,000.00		99.00
Rudong Life Tree Venture Capital Partnership (Limited Partnership)	49,950,000.00		49,950,000.00		99.90
Shanghai Shijian Biological Technology Co., Ltd.	10,000,000.00		10,000,000.00		3.27

Rudong Thermo Biotechnology Co., Ltd.	25,000,000.00		25,000,000.00		20.00
Shenzhen Songhe Growth No. 1 Equity Investment Partnership (Limited Partnership)	30,000,000.00		30,000,000.00		2.56
Total	527,051,528.00		527,051,528.00		—

(3) Movements in impairment of available-for-sale financial assets during the year

Non

8. Long-term equity investments

(1) Long-term equity investment classification

Investee	Balance as at 31/12/2016	Increase in capital	Decrease in capital	As at 30/9/2020
Subsidiaries				
Joint ventures				
Associates	345,006,187.66		345,006,187.66	
Others				
Subtotal	345,006,187.66		345,006,187.66	
Less: provision for impairment				
Total	345,006,187.66		345,006,187.66	

(2) Long-term equity investment details

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Subsidiaries						
Joint ventures						

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Associates						
Jiangsu Aigu Electronic Commerce Co., Ltd.	1,610,000.00					
Rudong Baiiao Baile Biological Technology Co., Ltd.	732,192.90					
Jiangsu Dongkang Biomedical Technology Co., Ltd.	2,823,360.40					
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.	6,507,157.82					
Jiangsu Kunhui Biological Technology Co., Ltd.	1,994,628.11		1,994,628.11			
Jiangsu Liezhen Biological Technology Co., Ltd.	6,682,923.58					
Nantong Into Force Control Automotive Transmission	2,385,613.31					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
System Co., Ltd.						
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.	14,215,100.00					
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.	26,948,276.07					
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.	11,500,000.00					
Nantong Robert Medical Technology Co., Ltd.	7,305,859.90					
Rudong Lingda Biomedical Technology Co., Ltd.	28,000,000.00					
Nantong Zhandao Intelligent Technology Co., Ltd.	4,529,935.04					
Nantong Ningyuan	2,500,000.00					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Biotechnology Co., Ltd.						
Nantong Hanfeng Biomedical Technology Co., Ltd.	3,133,946.45					
Jiangsu Kaili Biological Technology Co., Ltd.	345,692.46		345,692.46			
Jiangsu Jite Surface Treatment Technology Co., Ltd.	327,491.57					
Rudong Ruien Pharmaceutical Technology Co., Ltd.	4,863,258.23					
Jingshan Biological Technology Jiangsu Co., Ltd.	9,464,953.18					
Tianluo Diagnostic Technology Jiangsu Co., Ltd.	5,341,743.07					
Nantong Zhiquan Intelligent Technology Co., Ltd.	6,882,447.70					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Jiangsu Yiwen Microelectronics Technology Co., Ltd.	40,016,675.92					
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.	819,422.17					
Rudong Baolian Electronic Technology Co., Ltd.	4,869,701.79					
Nantong Aizhi Medical Technology Co., Ltd.	6,764,303.98					
Rudong Lingque Biological Technology Co., Ltd.	14,662,712.80					
Rudong Lili Equity Investment Partnership (Limited Partnership)	15,000,000.00					
Nantong Yintong Future Equity	5,000,000.00					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Investment Center (Limited Partnership)						
Rudong Xiangrong Investment Management Partnership (Limited Partnership)	12,000,000.00					
Shenzhen Jiuyi Optoelectronics Co., Ltd.	1,990,000.00					
Jiaxing Jingyan Intelligent Equipment Technology Co., Ltd.	20,000,000.00					
Nantong Maode Equity Investment Center (Limited Partnership) Raising Account	2,000,000.00					
Nantong Sunde New Material Co., Ltd.	1,800,000.00					
Jingcai (Rudong) Semiconductor Equipment	148,791.21					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Technology Co., Ltd.						
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.	7,840,000.00					
Jiangsu Yuchuan New Energy Technology Co., Ltd. (Orient Securities)	17,340,000.00					
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.	30,000,000.00					
Jiangsu Jiece Chuang Electronic Technology Co., Ltd.	8,000,000.00					
Jiangsu Aochuang Deep Purple Electronic Technology Co., Ltd.	8,660,000.00					
Subtotal	345,006,187.66		2,340,320.57			
Less: provision for impairment						
Total	345,006,187.66		2,340,320.57			

(Continued)

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at 30/9/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Subsidiaries					
Joint ventures					
Associates					
Jiangsu Aigu Electronic Commerce Co., Ltd.			-1,610,000.00		
Rudong Baiao Baile Biological Technology Co., Ltd.			-732,192.90		
Jiangsu Dongkang Biomedical Technology Co., Ltd.			-2,823,360.40		
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.			-6,507,157.82		
Jiangsu Kunhui Biological Technology Co., Ltd.					
Jiangsu Liezhen Biological Technology Co., Ltd.			-6,682,923.58		
Nantong Into Force			-2,385,613.31		

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at 30/9/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Control Automotive Transmission System Co., Ltd.					
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.			-14,215,100.00		
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.			-26,948,276.07		
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.			-11,500,000.00		
Nantong Robert Medical Technology Co., Ltd.			-7,305,859.90		
Rudong Lingda Biomedical Technology Co., Ltd.			-28,000,000.00		
Nantong Zhandao Intelligent Technology Co.,			-4,529,935.04		

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at 30/9/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Ltd.					
Nantong Ningyuan Biotechnology Co., Ltd.			-2,500,000.00		
Nantong Hanfeng Biomedical Technology Co., Ltd.			-3,133,946.45		
Jiangsu Kaili Biological Technology Co., Ltd.					
Jiangsu Jite Surface Treatment Technology Co., Ltd.			-327,491.57		
Rudong Ruien Pharmaceutical Technology Co., Ltd.			-4,863,258.23		
Jingshan Biological Technology Jiangsu Co., Ltd.			-9,464,953.18		
Tianluo Diagnostic Technology Jiangsu Co., Ltd.			-5,341,743.07		
Nantong Zhiquan Intelligent			-6,882,447.70		

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at 30/9/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Technology Co., Ltd.					
Jiangsu Yiwen Microelectronics Technology Co., Ltd.			-40,016,675.92		
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.			-819,422.17		
Rudong Baolian Electronic Technology Co., Ltd.			-4,869,701.79		
Nantong Aizhi Medical Technology Co., Ltd.			-6,764,303.98		
Rudong Lingque Biological Technology Co., Ltd.			-14,662,712.80		
Rudong Lili Equity Investment Partnership (Limited Partnership)			-15,000,000.00		

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at 30/9/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Nantong Yintong Future Equity Investment Center (Limited Partnership)			-5,000,000.00		
Rudong Xiangrong Investment Management Partnership (Limited Partnership)			-12,000,000.00		
Shenzhen Jiuyi Optoelectronics Co., Ltd.			-1,990,000.00		
Jiaxing Jingyan Intelligent Equipment Technology Co., Ltd.			-20,000,000.00		
Nantong Maode Equity Investment Center (Limited Partnership) Raising Account			-2,000,000.00		
Nantong Sunde New Material Co., Ltd.			-1,800,000.00		
Jingcai (Rudong)			-148,791.21		

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at 30/9/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Semiconductor Equipment Technology Co., Ltd.					
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.			-7,840,000.00		
Jiangsu Yuchuan New Energy Technology Co., Ltd. (Orient Securities)			-17,340,000.00		
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.			-30,000,000.00		
Jiangsu Jiece Chuang Electronic Technology Co., Ltd.			-8,000,000.00		
Jiangsu Aochuang Deep Purple Electronic Technology Co., Ltd.			-8,660,000.00		
Subtotal			-342,665,867.09		
Less: provision for impairment					
Total			-342,665,867.09		

9. Investment properties**(1) Investment property measured at cost model**

Item	Buildings	Land use rights	Total
I .Cost			
1. Balance as at 31/12/2019	896,410,679.67	460,542,674.87	1,356,953,354.54
2. Additions during the year			
(1)Purchases			
(2)Transfer in of construction in progress/ Inventory\fixed assets\			
(3)Additions due to business combinations			
3. Decrease during the year			
(1)Disposals or written-offs			
(2)Others	896,410,679.67	460,542,674.87	1,356,953,354.54
4. Balance as at 30/9/2020			
II.Accumulated depreciation:			
1. Balance as at 31/12/2019	29,037,479.77	11,268,524.43	40,306,004.20
2. Additions during the year			
(1)Provision			
3. Decrease during the year			
(1)Disposals or written-offs			
(2)Others	29,037,479.77	11,268,524.43	40,306,004.20
4. Balance as at 30/9/2020			
III.Provision for impairment			
1. Balance as at 31/12/2019			
2. Additions during the year			
(1)Provision			
3. Decrease during the year			
(1)Disposals or written-offs			
(2)Others			
4. Balance as at 30/9/2020			
IV.Carrying amount			

Item	Buildings	Land use rights	Total
1. Balance as at 30/9/2020			
2. Balance as at 31/12/2019	867,373,199.90	449,274,150.44	1,316,647,350.34

(2) Investment property measured at fair value

Item	Buildings	Land use rights	Total
I. Balance As at 31/12/2019			
II. Additions during the year	1,055,388,850.00	2,054,828,796.62	3,110,217,646.62
Add: Purchases			
Transfers from inventories/fixed assets/Construction in progress	1,055,388,850.00	2,054,828,796.62	3,110,217,646.62
Enterprise consolidation increase			
Less: Disposals			
Including: Investment property cost			
Movements in fair value			
Others			
Gains from changes in fair value			
III. Balance As at 30/9/2020	1,055,388,850.00	2,054,828,796.62	3,110,217,646.62

10. Fixed assets

Item	As at 30/9/2020	As at 31/12/2019
Fixed assets	206,845,363.02	234,780,976.06
Disposal of fixed assets		
Total	206,845,363.02	234,780,976.06

(1) Fixed assets

① Fixed assets details

Item	Buildings	Mechanical equipment	Motor vehicles	Office equipment	Electronic equipment	Total
I. Cost						
1. Balance As at 31/12/2019	226,816,390.27	16,260,721.51	2,049,536.49	2,866,356.35	4,503,868.17	252,496,872.79
2. Additions		681,186.67	950,584.07	1,086,083.53	61,232.48	2,779,086.75

Item	Buildings	Mechanical equipment	Motor vehicles	Office equipment	Electronic equipment	Total
during the year						
(1) Purchases		681,186.67	950,584.07	1,086,083.53	61,232.48	2,779,086.75
(2) Transfer in of construction in progress						
(3) Others						
3. Decrease during the year						
(1) Disposals or written-offs						
(2) Others						
4. Balance As at 30/9/2020	226,816,390.27	16,941,908.18	3,000,120.56	3,952,439.88	4,565,100.65	255,275,959.54
II. Accumulated depreciation:						
1. Balance As at 31/12/2019	11,578,819.48	2,013,480.55	1,158,169.18	1,209,519.67	1,755,907.85	17,715,896.73
2. Additions during the year	27,761,076.10	1,843,911.07	263,573.28	655,571.88	190,567.46	30,714,699.79
(1) Provision	27,761,076.10	1,843,911.07	263,573.28	655,571.88	190,567.46	30,714,699.79
3. Decrease during the year						
(1) Disposals or written-offs						
4. Balance As at 30/9/2020	39,339,895.58	3,857,391.62	1,421,742.46	1,865,091.55	1,946,475.31	48,430,596.52
III. Provision for impairment						

Item	Buildings	Mechanical equipment	Motor vehicles	Office equipment	Electronic equipment	Total
1. Balance As at 31/12/2019						
2. Additions during the year						
3. Decrease during the year						
4. Balance As at 30/9/2020						
IV. Carrying amount						
1. Balance As at 30/9/2020	187,476,494.69	13,084,516.56	1,578,378.10	2,087,348.33	2,618,625.34	206,845,363.02
2. Balance As at 31/12/2019	215,237,570.79	14,247,240.96	891,367.31	1,656,836.68	2,747,960.32	234,780,976.06

11. Construction in progress

(1) The detailed items of construction in progress are listed as follows:

Item	As at 30/9/2020	As at 31/12/2019
Smart electrical and electromechanical equipment R&D and production projects	65,449,879.82	53,255,985.51
Automatic control system equipment research and development, production projects	203,436,157.94	182,881,550.13
Intelligent Mechanical and Electrical Industrial Park	4,379,337.81	2,268,240.62
Auto parts and accessories manufacturing project	18,471,388.12	11,420,967.46
Taiwan Semiconductor Industry Project	20,177,476.84	20,177,476.84
Renovation	322,416.18	
Total	312,236,656.71	270,004,220.56

(2) At the end of the period, the company conducted an impairment test on the construction in progress, and no signs of impairment were found, so there is no need to make provision for impairment.

12. Intangible assets				
Item	Land right	Software	Patent right	Total
I.Cost				
1. Balance as at 31/12/2019	385,367,077.46	34,326.32	2,800,000.00	388,201,403.78
2. Additions during the year				
(1)Purchase				
(2)Internal development				
(3)Others				
3. Decrease during the year				
(1)Disposals				
(2)Convert to investment property				
(3)Others				
4.Balance as at 30/9/2020	385,367,077.46	34,326.32	2,800,000.00	388,201,403.78
II.Accumulative amortisation				
1. Balance as at 31/12/2019	11,762,377.80	7,244.51	629,372.15	12,398,994.46
2. Additions during the year	8,619,806.22	1,440.00	229,875.03	8,851,121.25
(1)Provision	8,619,806.22	1,440.00	229,875.03	8,851,121.25
3. Decrease during the year				
(1)Disposals				
(2)Convert to investment property				
(3)Others				
4.Balance as at 30/9/2020	20,382,184.02	8,684.51	859,247.18	21,250,115.71

Item	Land right	Software	Patent right	Total
III.Provision for impairment				
1. Balance as at 31/12/2019				
2. Additions during the year				
(1)Provision				
3. Decrease during the year				
(1)Disposals				
4.Balance as at 30/9/2020				
IV.Carrying amount				
1. Balance as at 30/9/2020	364,984,893.44	25,641.81	1,940,752.82	366,951,288.07
1. Balance as at 31/12/2019	373,604,699.66	27,081.81	2,170,627.85	375,802,409.32

Note: Some of the company's intangible assets have land use rights for education and medical purposes.

13. Deferred tax assets and deferred tax liabilities

(1)Deferred tax assets

Item	As at 30/9/2020		As at 31/12/2019	
	Deferred tax assets/ liabilities	Deductible / Taxable temporary differences	Deferred tax assets/ liabilities	Deductible / Taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	11,313,184.05	45,252,736.19	28,566,088.48	114,264,353.92
Deductible tax losses				
Total	11,313,184.05	45,252,736.19	28,566,088.48	114,264,353.92
Deferred tax liabilities:				
Revaluation	101,017,783.52	404,071,134.11		
Asset book value is greater than the tax base				

Total	101,017,783.52	404,071,134.11		
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14. Short-term loans

(1) Short-term loans by category

Category	As at 30/9/2020	As at 31/12/2019
Pledged loans	58,900,000.00	115,000,000.00
Guaranteed loans	390,495,000.00	430,000,000.00
Loans secured by mortgages and pledged	80,000,000.00	
Total	529,395,000.00	545,000,000.00

15. Bills payable

(1) Bills payable by category

Category	As at 30/9/2020	As at 31/12/2019
Bank acceptance bills	520,000,000.00	780,000,000.00
Trade acceptance bills	125,000,000.00	210,000,000.00
Total	645,000,000.00	990,000,000.00

16. Accounts payable

(1) The ageing analysis of accounts payable is as follows:

Ageing	As at 30/9/2020	As at 31/12/2019
Within 1 year	102,012,041.49	355,650,128.02
1-2 years	342,134,496.66	315,456,100.41
2-3 years	289,639,107.86	40,116,329.40
More than 3 years	12,282,662.39	19,187,345.52
Total	746,068,308.40	730,409,903.35

(2) As at 30 September 2020, the five largest accounts payable aggregated by creditor were analysed as follows:

Creditor	Nature of Payment	As at 31/12/2019	Ageing
Nantong Xianghua Construction Engineering Co., Ltd.	Project payment	344,007,447.08	Within 1 year/1-3 years
Nantong Mandu Construction Engineering Co., Ltd.	Project payment	186,923,416.32	Within 1 year/1-3 years/More than 3 years
Rudong County Jiugang Municipal Construction and	Project payment	55,287,710.64	2-3 years

Creditor	Nature of Payment	As at 31/12/2019	Ageing
Installation Engineering Co., Ltd.			
Nantong Jiugang Construction and Installation Engineering Co., Ltd.	Project payment	45,889,396.65	1-3 years
Kwang jung co., ltd.	Project payment	34,412,582.52	2-3 years
Total	—	666,520,553.21	—

17. Advances from customers

Ageing	As at 30/9/2020	As at 31/12/2019
Within 1 year	2,839,208.84	
1-2 years	5,278,941.10	470,554.06
2-3 years		289,291.65
More than 3 years		-
Total	8,118,149.94	7,011,930.96

As at 31 December 2019, the five largest advances from customers aggregated by creditor were analysed as follows:

Creditor	Nature of Payment	As at 30/9/2020	Ageing
Nantong Hongming New Material Co., Ltd.	Rent	4,340,615.00	1-2 years
Fumin Garden Resettlement Housing	Purchase price	1,092,830.60	Within 1 year
Nantong Speed Laser Technology Co., Ltd.	Rent	500,000.00	Within 1 year
Yu Zhilin	Purchase price	239,766.40	Within 1 year
Qu Dehua	Rent	200,000.00	Within 1 year
Total	—	6,373,212.00	—

18. Employee benefits payable

(1) Overall situation

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 30/9/2020
Short-term employee benefits	1,078,041.00	5,787,089.75	5,961,383.19	903,747.56

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 30/9/2020
Post-employment benefits - defined contribution plans		47,957.06	47,957.06	
Termination benefits				
Other benefits due within one year				
Total	1,078,041.00	5,835,046.81	6,009,340.25	903,747.56

(2) Short-term employee benefits

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 30/9/2020
Salaries, bonus, allowances	1,078,041.00	5,157,758.56	5,325,513.16	910,286.40
Staff welfare		421,866.08	421,866.08	
Social insurances		23,978.54	23,978.54	
Including : 1. Medical insurance		21,798.67	21,798.67	
2. Work-related injury insurance		2,179.87	2,179.87	
3. Maternity insurance				
Housing Fund		151,401.00	151,401.00	
Labor union fees, staff and workers' education fee	11,558.00	32,085.57	38,624.41	5,019.16
Short-term paid absences				
Short-term profit –sharing plan				
Total	1,089,599.00	5,787,089.75	5,961,383.19	915,305.56

(3) Defined contribution plans

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 30/9/2020
Post-employment benefits		43,597.33	43,597.33	
Unemployment insurance		4,359.73	4,359.73	
Enterprise annuity payment				
Total		47,957.06	47,957.06	

19. Taxes payable

Item	As at 30/9/2020	As at 31/12/2019
VAT	321,658,539.93	295,638,628.80
Corporate income tax	253,892,334.60	253,892,334.60
Urban maintenance and construction tax	10,340,649.66	9,362,081.04
Property tax	133,852.54	4,381,775.49
Land usage tax		1,464,334.50
Individual income tax	6,216.15	113.85
Educational surcharge	9,617,887.20	8,639,318.58
Land appreciation tax	13,451.00	
Stamp duty	2,944.00	
Total	595,665,875.08	573,378,586.86

20. Other payables

Item	As at 30/9/2020	As at 31/12/2019
Other payables	224,104,129.70	315,029,716.89
Interest payable		54,445,939.48
Dividends payable		
Total	224,104,129.70	369,475,656.37

(1) Interest payable

Item	As at 30/9/2020	As at 31/12/2019
Interest payable for long-term loans with interest paid in installments and principal paid on maturity		9,306,518.50
Interest payable on debentures		44,487,945.21
Interest payable on short-term loans		651,475.77
Total		54,445,939.48

(2) Other payables

①The ageing analysis of other payable is as follows:

Ageing	As at 30/9/2020	As at 31/12/2019
Within 1 year	70,256,723.92	108,974,081.83
1~2 years	59,245,659.12	62,188,643.99
2~3 years	60,808,643.99	409,313.62
Over 3 years	33,793,102.67	143,457,677.45

Ageing	As at 30/9/2020	As at 31/12/2019
Total	224,104,129.70	341,972,521.39

② As at 31 December 2019, the five largest other payable aggregated by creditor were analysed as follows:

Creditor	Nature of Payment	As at 30/9/2020	Ageing
Rudong Tianyi Water Supply Service Co., Ltd.	Current payment	54,014,740.00	1-3years
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	Current payment	51,900,000.00	Within 1 year
Rudong County Natural Resources Bureau	Current payment	29,040,000.00	1-2 years
Rudong Lv Feng Landscaping Co., Ltd.	Current payment	14,000,000.00	Within 1 year
Exchange funds for land acquisition in each village	Land acquisition	12,589,134.00	1-2 years
Total	—	161,543,874.00	—

21. Non-current liabilities due within one year

Item	As at 30/9/2020	As at 31/12/2019
Long-term loans due within one year(Note VI.22)	1,052,903,131.52	838,953,500.00
Debentures payable within one year(Note VI.23)	1,200,000,000.00	
Long-term payables due within one year(Note VI.24)		16,963,512.19
Total	2,252,903,131.52	855,917,012.19

22. Long-term loans

Item	As at 30/9/2020	As at 31/12/2019
Unsecured loans		
Pledged loans		523,415,000.00
Loans secured by mortgages		612,591,300.00
Guaranteed loans	1,038,120,000.00	1,695,558,500.00
Loans secured by pledge and guarantee	351,994,300.00	

Item	As at 30/9/2020	As at 31/12/2019
Loans secured by mortgages and guarantee	713,351,900.00	
Loans secured by mortgages ,guarantee and pledge	80,000,000.00	
Total	2,183,466,200.00	2,831,564,800.00

23. Debentures payable

(1) Debentures payable

Item	As at 30/9/2020	As at 31/12/2019
18 Tongtai 01		498,073,179.70
18 Tongtai 03		696,452,172.56
18 Tongtai 04	696,607,933.65	696,607,933.65
19 Tongtou 01	198,309,534.29	198,309,534.29
20 Tongtou 01	138,025,675.11	
20 Tongtou 02	652,731,680.44	
Total	1,685,674,823.49	2,089,442,820.20

(2) Increases and decreases of debentures payable (Excluding preferred stocks, perpetual bonds and other financial instruments classified as financial liabilities):

Bond name	Face value	Issuance date	Term	Issuance amount	As at 31/12/2019
18 Tongtai 01	500,000,000.00	2018/7/4	3 years	500,000,000.00	498,073,179.70
18 Tongtai 03	700,000,000.00	2018/9/12	3 years	700,000,000.00	696,452,172.56
18 Tongtai 04	700,000,000.00	2018/10/24	3 years	700,000,000.00	696,607,933.65
19 Tongtou 01	200,000,000.00	2019/12/23	2 years	200,000,000.00	198,309,534.29
20 Tongtou 01	140,000,000.00	2020/6/10	2 years	140,000,000.00	
20 Tongtou 02	660,000,000.00	2020/9/14	2 years	660,000,000.00	
Total	2,900,000,000.00			2,900,000,000.00	2,089,442,820.20

(Continued)

Bond name	Issuance during the year	Interest at face value	Amortization of premiums or discounts	Repayment during the year	Balance As at 30/9/2020
18 Tongtai 01				498,073,179.70	
18 Tongtai 03				696,452,172.56	

Bond name	Issuance during the year	Interest at face value	Amortization of premiums or discounts	Repayment during the year	Balance As at 30/9/2020
18 Tongtai 04					696,607,933.65
19 Tongtong 01					198,309,534.29
20 Tongtong 01	140,000,000.00		1,974,324.89		138,025,675.11
20 Tongtong 02	660,000,000.00		7,268,319.56		652,731,680.44
Total	800,000,000.00		9,242,644.45	1,194,525,352.26	1,685,674,823.49

24. Long-term payables

Item	As at 30/9/2020	As at 31/12/2019
Loan		
Payable for financing leased fixed assets	451,686,164.12	312,328,087.81
Special payables		
Total	451,686,164.12	312,328,087.81

25. Paid-in capital

Investor	As at 31/12/2019	Additions during the year	Reductions during the year	As at 30/9/2020
Rudong County Investment Management Office	1,400,000,000.00			1,400,000,000.00
Total	1,400,000,000.00			1,400,000,000.00

26. Capital reserve

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 30/9/2020
Other capital reserves	3,061,301,530.95	158,000,000.00		3,219,301,530.95
Total	3,061,301,530.95	158,000,000.00		3,219,301,530.95

Note: The increase in capital reserve in the current period is due to the fiscal appropriation of RMB 158,000,000.00.

27. Other comprehensive income

Item	As at 31/12/2019	Movements during the year	As at 30/9/2020
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		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of- tax amount attributa ble to non- controlli ng interests	
I.Items that will not be reclassified to profit or loss							
Including: Remeas urement of net defined benefit plan liability							
Share of other comprehensive income of the equity method instruments							
II.Items that may be reclassified to profit or loss							
Including: Share of other comprehensive income of the equity method instruments							
Gain or loss arising from changes in fair value of available-for-sale		404,071,134.11		101,017,783.52			303,053,350.59

Item	As at 31/12/2019	Movements during the year					As at 30/9/2020
		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of- tax amount attributa ble to non- controlli ng interests	
financial assets							
Total		404,071,134.11		101,017,783.52			303,053,350.59

28. Surplus reserve

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 30/9/2020
Statutory surplus	9,006,049.96	19,174,149.97		28,180,199.93
Total	9,006,049.96	19,174,149.97		28,180,199.93

Note: According to the company law and articles of association, the company draws a statutory surplus reserve fund at 10% of the net profit. If the statutory surplus reserve is more than 50% of the company's registered capital, it can no longer be drawn.

The company can appropriate discretionary surplus reserve after appropriating the statutory surplus reserve. Upon approval, the discretionary surplus reserve can be used to make up for previous years' losses or increase share capital.

29. Retained earnings

Item	As at 30/9/2020	As at 31/12/2019
Retained earnings As at 31/12/2019 (before adjustment)	709,208,514.06	586,596,715.80
Total adjustments for opening retained earnings("+" for increase; "-" for decrease)	172,567,349.69	
Retained earnings As at 31/12/2019(after adjustment)	881,775,863.75	586,596,715.80
Add: Net profits for the year attributable to shareholders of the Company	129,984,997.18	123,730,257.81
Less: Appropriation for statutory surplus reserve		1,118,459.55
Appropriation for discretionary surplus reserve		
Appropriation for general reserve fund		
Cash dividends		

Item	As at 30/9/2020	As at 31/12/2019
Dividends converted to share capital		
Others		
Retained earnings As at 30/9/2020	1,011,760,860.93	709,208,514.06

30. Operating income and operating cost

(1) Operating income and Operating cost:

Item	Nine Months Ended 30/9/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Principal activities				
Engineering construction	652,379,086.54	559,958,715.96	1,207,772,166.73	1,027,364,200.00
Sanitation and property income	589,039.08	419,433.25	525,382.48	242,315.70
Property sales	24,386,366.13	13,496,110.56		
Income from coal and steel			573,655.58	623,649.18
Other operating activities				
Leasing	14,766,982.02	7,237,934.34	19,053,469.20	32,735,664.80
Others	121,138.86	71,017.79		
Total	692,242,612.63	581,183,211.90	1,227,924,673.99	1,060,965,829.68

31. Taxes and surcharges

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Urban maintenance and construction tax	1,036,812.91	5,473,156.05
Education surcharge	1,036,423.73	5,443,939.27
Land appreciation tax	54,911.84	

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Property tax	12,269,966.69	
Land usage tax	8,394,914.93	1,487,285.05
Stamp duty	1,360,309.80	802,960.47
Personal Income Tax		3,287,329.14
Vehicle and vessel usage tax	660.00	660.00
Environmental protection tax	26,185.04	
Total	24,180,184.94	16,495,329.98

Note: Please refer to Note V. Taxes for details of various taxes and additional standards.

32.Selling and distribution expenses

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Exhibition promotion fee	59,221.07	
Logistics Freight	39,857.90	
Total	99,078.97	

33.General and administrative expenses

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Employee compensation	5,835,046.81	15,202,829.62
Labour protection fee	196,862.46	
Utility bill	3,188,493.96	1,417,069.26
Repair fees	66,219.58	336,772.80
Vehicle usage fee	70,516.82	
Office expenses	125,870.10	3,183,729.91
Post and telecommunications fees	212,898.53	
Administrative travel expenses	253,752.00	235,293.58
Conference fee	3,237.26	
Business Hospitality	59,663.74	12,044,847.48
Legal service fee	683,716.97	
Audit evaluation fee	652,298.96	
Consulting fee	2,756,294.90	
Property costs	3,030,084.12	996,408.02
Other agency fees	131,881.20	78,232.57
Property insurance premium	146,672.02	2,435,565.26
Warehouse expenses		803,740.89

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Security costs		2,434,296.23
Rental costs	1,633,844.58	619,470.46
Technology development costs		426,772.74
Depreciation expense	30,056,924.92	10,058,432.87
Amortization of intangible assets	7,508,896.12	4,299,985.44
Amortization of long-term deferred expenses		20,382.50
Others	583,636.61	1,071,753.98
Total	57,196,811.66	55,665,583.61

34. Financial expenses

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Interest expenses	8,002,388.92	19,631,531.39
Less: Interest income	4,049,389.86	2,103,282.76
Add: Net exchange losses/gains		
Financing fee	397,820.56	
Bank charges	5,434,244.22	
Total	9,785,063.84	17,528,248.63

35. Other income

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Special subsidies for infrastructure	50,000,000.00	70,000,000.00
County financial subsidies		9,782,825.14
China Merchants Subsidies	1,900.00	
Provincial Business Development Subsidies	1,000,000.00	
Public Finance Bureau Community Award		500,000.00
Provincial incubation fund allocation		256,000.00
County finance allocates compensation for Penaeus vannamei		3,304,125.00
Total	51,001,900.00	83,842,950.14

36. Investment income

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Investment income from disposal of long-term equity investments	8,520,962.62	6,863,451.97
Others	878,659.40	
Total	9,399,622.02	6,863,451.97

37. Impairment losses

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Receivables impairment	-69,011,617.73	16,426,610.34
Construction in progress		286,450.39
Total	-69,011,617.73	16,713,060.73

38. Non-operating income

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Waste income	1,500.00	
Other	0.03	2,001.00
Total	1,500.03	2,001.00

39. Non-operating expenses

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Operational fines, administrative fines, tax late fees	1,820,297.41	18,800.00
Comprehensive Fund	154,702.08	
Total	1,974,999.49	18,800.00

40. Income tax expenses

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Current tax expense for the year based on tax law and regulations		32,445,119.58
Changes in deferred tax assets	17,252,904.43	-4,156,978.07
Total	17,252,904.43	28,288,141.51

41. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
1.Reconciliation of net profit/loss to cash flows from operating activities:		

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
Net profit	129,984,997.18	122,958,082.96
Add: Provisions for impairment of assets	-69,011,617.73	16,713,060.73
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	30,714,699.79	18,351,831.51
Amortization of intangible assets	8,851,121.25	382,921.37
Amortization of long-term deferred expenses		
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("-" for gains)		
Loss from scrapping of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	13,436,633.14	85,017,989.10
Losses arising from investment ("-" for gains)	-9,399,622.02	-6,166,400.41
Decrease in deferred tax assets ("-" for increase)	17,252,904.43	-4,156,978.07
Increase in deferred tax liabilities ("-" for decrease)		
Decrease in gross inventories ("-" for increase)	840,123,453.98	-227,239,083.72
Decrease in operating receivables ("-" for increase)	-960,626,251.96	-1,580,260,790.59
Increase in operating payables ("-" for decrease)	-52,445,276.47	507,211,291.72
Others		
Net cash flows from operating activities	-51,118,958.41	-1,083,935,479.55
2. Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash As at 30/9/2020	430,797,945.74	641,828,385.72
Less: cash As at 31/12/2019	641,821,824.65	815,903,889.48
Add: cash equivalents As at 30/9/2020		
Less: cash equivalents As at 31/12/2019		
Net increase/decrease in cash and cash equivalents	-211,023,878.91	-174,075,503.76

(2) Details of cash and cash equivalents

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
------	-----------------------------	-----------------------

Item	Nine Months Ended 30/9/2020	Year ended 31/12/2019
I.Cash	430,797,945.74	641,828,385.72
Including: Cash on hand	21,272.29	
Bank deposits available on demand	430,776,673.45	641,828,385.72
Other monetary funds available on demand		
II.Cash equivalents		
Including: Bond investments with a maturity of 3 months or less		
III.Cash and cash equivalents As at 30/9/2020	430,797,945.74	641,828,385.72

Note: Cash and cash equivalents do not include the restricted of cash and cash equivalents by the parent company or its subsidiaries.

42. Government grant

1.The basic situation of the government subsidies initially recognized in the current period

Item	Amount	Related to assets		Related to income				Actually received (Y/N)
		Deferred income	Offset against the carrying amount	Deferred income	Other income	Non-operating income	Offset against related expenses	
Special subsidies for infrastructure	50,000,000.00				50,000,000.00			Y
China Merchants Subsidies	1,900.00				1,900.00			Y
Provincial Business Development Subsidies	1,000,000.00				1,000,000.00			Y
Total	51,001,900.00				51,001,900.00			—

2.Recognized in profit or loss for the current period.

Item	Category	Recognised as other income	Recognised as non-operating income	Offset against related expenses
Special subsidies for infrastructure	Appropriation from government	50,000,000.00		
China Merchants Subsidies	Appropriation from government	1,900.00		
Provincial Business Development Subsidies	Appropriation from government	1,000,000.00		
Total	—	51,001,900.00		

VII. Change of consolidation scope**Changes in the scope of consolidation due to other reasons**

Subsidiaries, structured entities or other operating entities that have formed control rights that are no longer included in the scope of consolidation from January to September 2020.

Name	Shareholding%	Percentage of voting rights %	Disposal
Rudong Life Tree Venture Capital Partnership (Limited Partnership)	90.90	90.90	2020

VIII. Related parties and related party transactions**1. Information about the parent of the Company**

Name	Registration place	Shareholding percentage %	Percentage of voting rights %
Rudong County Investment Management Office	Rudong	100.00	100.00

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

2. Interests in subsidiaries

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
1	Rudong Hongtai Construction Co., Ltd.	1	Rudong	Rudong	Infrastructure development and construction; municipal engineering, earthwork engineering, intelligent engineering, foundation and foundation engineering construction; house acquisition labor services; land consolidation and leasing; greening engineering construction; greening maintenance services; land reclamation (involving permits with permit qualifications Operation); wholesale and retail of building materials, mechanical and electrical equipment; planting, wholesale, and retail of crops and seedlings; fish and crab breeding and sales; property management; real estate leasing and sales; cleaning services.	100.00	100.00	Establishment
2	Rudong Tianyi Construction Development Co., Ltd.	1	Rudong	Rudong	Real estate development; land and infrastructure development and consolidation; construction and installation engineering, water conservancy and hydropower engineering, municipal engineering, decoration engineering, earth and stone engineering, foundation and foundation engineering, glass curtain wall engineering, steel structure engineering, and greening engineering construction; greening maintenance services; Wholesale and retail of building materials, mechanical and electrical equipment, and technical defense equipment; planting, wholesale and retail of seedlings and crops; fish and crab	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
					breeding; aquatic product sales; property management; real estate leasing and sales; cleaning services.			
3	Rudong County Jiugang Trade Logistics Development Co., Ltd.	1	Rudong	Rudong	General cargo road transportation; general cargo storage; real estate development; property management; enterprise management services; house leasing; house acquisition and labor services; tourism project development services; market facility leasing, market management services; conference and exhibition services; primary agricultural products processing, Wholesale, retail, fresh seafood, textiles, clothing, daily necessities, machinery and equipment, hardware and electrical appliances, electronic products wholesale and retail; social and economic consulting services; domestic trade agency services.	100.00	100.00	Establishment
4	Rudong Tongtai Cleaning Service Co., Ltd.	1	Rudong	Rudong	Cleaning service; garbage loading and unloading; river, road, greening management and protection; muck removal and transportation; property management.	100.00	100.00	Establishment
5	Jiangsu Rudong High-tech Biological Technology Co., Ltd.	1	Rudong	Rudong	Biomedicine, functional food, biomedicine incubator technology development; infrastructure development and construction; auto parts, knitwear, agricultural and sideline product processing, technology development; real estate development; property management and business services.	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
6	Rudong Furui Food Technology Co., Ltd.	1	Rudong	Rudong	Health food research and development, production and sales; biomedicine research and development; software development; petroleum machinery processing and production.	100.00	100.00	Establishment
7	Jiangsu Rudong High-tech Economic Development Co., Ltd.	1	Rudong	Rudong	Urban infrastructure construction and development; investment in industries permitted by the state; asset management services; real estate development.	100.00	100.00	Appropriation
8	Jiangsu Rudong High-tech Venture Capital Co., Ltd.	1	Rudong	Rudong	Venture capital business; agent for other venture capital enterprises and other institutions or individuals in venture capital business; venture capital consulting; provide business venture management services for venture enterprises; participate in the establishment of venture capital enterprises and venture capital management consulting institutions.	100.00	100.00	Appropriation
9	Jiangsu Rudong High-tech Property Management Service Co., Ltd.	1	Rudong	Rudong	Property management; real estate agency; cleaning service; greening maintenance; parking lot management.	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
10	Jiangsu Rudong High-tech Intelligent Electromechanical Co., Ltd.	1	Rudong	Rudong	Manufacture and sales of lighting equipment, electronic products and components, household appliances, and electrical equipment; integrated circuit and software development and sales and services; computer system integration services; business management consulting and services; power equipment, environmental protection equipment, communication equipment, mechanical equipment, Monitoring equipment, metal products, production and sales of instruments and meters; self-operated and agent of various commodities and technology import and export business (except for the state-restricted company operation or import and export) real estate development; property management.	100.00	100.00	Appropriation
11	Rudong Hengyuan Intelligent Equipment Co., Ltd.	1	Rudong	Rudong	R&D, production, and sales of smart equipment, sensors, motors, and electrical equipment; construction, sales, and leasing of self-owned plants. General items: sales of special electronic equipment; sales of special equipment for semiconductor devices; sales of mechanical equipment; sales of power electronic components; sales of electrical machinery and equipment; sales of office equipment; sales of special equipment for oil refining and chemical production; sales of gas compression machinery	100.00	100.00	Appropriation
12	Rudong Daobo Intelligent	1	Rudong	Rudong	R&D, production, and sales of smart equipment, sensors, motors, and electrical equipment; lease and sale of workshops; R&D, production, and sales of special	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
	Equipment Co., Ltd.				electronic materials, dielectric and insulating materials for semiconductors. (Projects subject to approval in accordance with the law can only be carried out after approval by relevant departments) General projects: sales of electronic special equipment; sales of special equipment for semiconductor devices; sales of mechanical equipment; sales of power and electronic components; sales of electrical machinery and equipment; sales of office equipment ; Sales of special equipment for oil refining and chemical production; sales of gas compression machinery			
13	Rudong Tianxiang New Material Technology Co., Ltd.	1	Rudong	Rudong	R&D and production of new materials (except restricted by national industrial policy); R&D and production of semiconductor equipment; integrated development and application of intelligent systems; development and application of intelligent equipment; software development.	100.00	100.00	Appropriation
14	Rudong Fast Electronic Technology Co., Ltd.	1	Rudong	Rudong	License items: food business; food business (sales of pre-packaged food); grain purchase; food business (sale of bulk food); refined oil retail (excluding hazardous chemicals); general projects: electronic special materials research and development; electronic components wholesale; Electronic product sales; trade brokerage; domestic trade agent; sales agent; non-ferrous metal alloy	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
					sales; metal matrix composite materials and ceramic matrix composite materials sales; construction steel products sales; construction metal accessories sales; new metal functional materials sales; high performance Sales of non-ferrous metals and alloy materials; sales of non-metallic minerals and products; sales of metal structures; sales of metal materials; sales of metal products; sales of new ceramic materials; wholesale of hardware products; retail of hardware products; sales of optical cables; sales of light construction materials; construction materials Sales; sales of architectural ceramics; sales of optical fibers; sales of wires and cables; sales of photovoltaic equipment and components; sales of railway transportation equipment; sales of electrical equipment; sales of building decoration materials; sales of coal and products; sales of beans and potatoes; sales of grains; Retail of edible agricultural products; wholesale of edible agricultural products; sales of special equipment for agricultural and sideline food processing; sales of agricultural, forestry, animal husbandry, sideline, and fishery machinery; sales of non-edible fish oil and products; refined oil storage (excluding hazardous chemicals); refined oil Wholesale (excluding hazardous chemicals); sales of special electronic equipment; sales of special equipment for semiconductor devices; sales of			

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
					mechanical equipment; sales of power and electronic components; sales of electrical machinery and equipment; sales of office equipment; sales of special equipment for oil refining and chemical production; gas compression machinery Sales			
15	Rudong Kete Electromechanical Technology Co., Ltd.	1	Rudong	Rudong	Mechanical and electrical technology research and development, transfer, service, consulting, promotion; general cargo storage; intelligent system integration development and application; intelligent equipment development and application; software development; auto parts and accessories manufacturing; workshop rental and sales. (Projects subject to approval in accordance with the law can only be carried out after approval by relevant departments) General projects: sales of electronic special equipment; sales of special equipment for semiconductor devices; sales of mechanical equipment; sales of power and electronic components; sales of electrical machinery and equipment; sales of office equipment ; Sales of special equipment for oil refining and chemical production; sales of gas compression machinery	100.00	100.00	Appropriation
16	Rudong County Jiugang Automobile City	1	Rudong	Rudong	For automobile city infrastructure construction, public facilities construction, real estate project investment, project investment management services; automobile city management services; engineering construction projects,	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
	Investment Development Co., Ltd.				bidding agency services; sales of automobiles, auto parts, lubricants, and rubber products; sales and brokerage of second-hand cars Services; car rental; car information consulting services; agency car registration, transfer, and annual inspection services; tourism project planning services.			
17	Rudong Tianye Housing Demolition Co., Ltd.	1	Rudong	Rudong	House demolition (operate with qualification)	100.00	100.00	Appropriation
18	Kangshen Investment Management (Shanghai) Co., Ltd.	1	Rudong	Rudong	Investment management, health management consulting (not engaged in diagnosis and treatment activities, psychological consulting), travel consulting, e-commerce (not engaged in value-added telecommunications, financial services), technology development, technical services, technical consulting, and technology in the fields of medical technology and medical device technology Transfer, sales of a class of medical devices.	100.00	100.00	Appropriation
19	Jiangsu Dingyang Pharmaceutical Technology Co., Ltd.	1	Rudong	Rudong	Pharmaceutical production technology, biotechnology research and development, transfer, and consulting.	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
20	Zhongrui Technology Testing (Rudong) Co., Ltd.	1	Rudong	Rudong	Verification analysis of semiconductor panels and electronic related products; R&D, sales and technical consultation of verification equipment and fixtures; Semiconductor testing, production and sales; production and sales of semiconductor panels and electronic related equipment; self-support or agent import and export business of the above products .	70.00	70.00	Establishment

Note: Type of enterprise: 1. Domestic non-financial subsidiary, 2. Domestic financial subsidiary, 3. Overseas subsidiary, 4. Public institution, 5. Infrastructure unit.

3. Interests in joint ventures or associates

For details, please refer to the relevant information disclosed in this Note VI.9 Long-term Equity Investment..

IX. Contingencies

1. As at 30 September 2020, there is no material contingency arising from pending litigation and guarantee provided to other entities.

2. As at 30 September 2020, there is no material contingency arising from others.

3. As at 30 September 2020, the company has no contingent assets.

X. Notes to the Company's financial statements**1. Accounts receivable****(1) Accounts receivable by category**

Category	As at 30/9/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	285,263,071.20	100.00			285,263,071.20
Including: Ageing group					
Other group	285,263,071.20	100.00			285,263,071.20
Individually insignificant but assessed for impairment individually					
Total	285,263,071.20	100.00		—	285,263,071.20

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit	85,713,532.31	100.00			85,713,532.31

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Proportion (%)	
risk characteristics					
Including: Ageing group					
Other group	85,713,532.31	100.00			85,713,532.31
Individually insignificant but assessed for impairment individually					
Total	85,713,532.31	100.00		—	85,713,532.31

(2) As at 30 September 2020, accounts receivable aggregated by debtors were analysed as follows:

Debtor	Nature of Payment	As at 30/9/2020	Ageing	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Rudong Antai Water Conservancy Construction Co., Ltd.	Project payment	85,713,532.31	1-2 years	30.05	
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Project payment	199,549,538.89	Within 1 year	69.95	
Total	—	285,263,071.20	—	100.00	

2. Other receivables

Item	As at 30/9/2020	As at 31/12/2019
Other receivables	3,935,782,562.77	3,493,801,103.57
Interest receivable		
Dividends receivable		
Total	3,935,782,562.77	3,493,801,103.57

(1) Other receivables by category

Category	As at 30/9/2020
----------	-----------------

	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	3,936,072,791.89	100.00	290,229.10	0.01	3,935,782,562.77
Including: Ageing group	3,599,949.30	0.09	290,229.10	8.06	3,309,720.18
Other group	3,932,472,842.59	99.91			3,932,472,842.59
Individually insignificant but assessed for impairment individually					
Total	3,936,072,791.89	100	290,229.10	—	3,935,782,562.77

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	3,593,775,851.87	99.99			3,493,768,228.93
Including: Ageing group					
Other group	3,593,775,851.87	99.99			3,493,768,228.93
Individually insignificant but assessed for impairment individually	32,874.64	0.01			32,874.64
Total	3,593,808,726.51	100		—	3,493,801,103.57

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 30/9/2020
--------	-----------------

	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year		0.00	
1-2 years	3,362,032.00	5.00	168,101.60
2-3 years	69,905.00	10.00	6,990.50
3-4 years	29,589.00	30.00	8,876.70
4-5 years	64,326.00	50.00	32,163.00
More than 5 years	74,097.30	100.00	74,097.30
Total	3,599,949.30	—	290,229.10

(Continued)

Ageing	As at 31/12/2019		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year		0.00	
1-2 years		5.00	
2-3 years		10.00	
3-4 years		30.00	
4-5 years		50.00	
More than 5 years		100.00	
Total		—	

(2) As at 30 September 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Nature	As at 30/9/2020	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Rudong Hongtai Construction Co., Ltd.	Current payment	1,759,380,073.41	Within 1 year/1-2 years	44.70	
Rudong County Jiugang Trade Logistics Development Co., Ltd.	Current payment	897,428,150.00	Within 1 year/1-2 years	22.80	
Jiangsu Tianyi Agricultural Trade	Current payment	614,170,000.00	1-4 years	15.60	

Debtors	Nature	As at 30/9/2020	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Group Co., Ltd.					
Rudong Tianyi Construction Development Co., Ltd.	Current payment	366,901,145.83	Within 1 year	9.32	
Rudong County Jiugang Center Market Co., Ltd.	Current payment	51,000,000.00	Within 1 year	1.30	
Total	—	3,688,879,369.24	—	93.72	

3. Long-term equity investments

(1) Long-term equity investments classification:

Item	As at 30/9/2020			As at 31/12/2019		
	Book balance	Provision for bad and doubtful debts	Carrying amount	Book balance	Provision for bad and doubtful debts	Carrying amount
Subsidiaries	1,294,474,100.00		1,294,474,100.00	1,294,474,100.00		1,294,474,100.00
Joint ventures						
Associates						
Subtotal						
Less: provision for impairment						
Total	1,294,474,100.00		1,294,474,100.00	1,294,474,100.00		1,294,474,100.00

(2) Long-term equity investment details

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
I .Subsidiaries						
Rudong Hongtai Construction Co., Ltd.	50,000,000.00					
Rudong Tianyi Construction Development Co., Ltd.	1,133,974,100.00					
Jiangsu Rudong High-tech Biological Technology Co., Ltd.	110,000,000.00					
Rudong Tongtai Cleaning Service Co., Ltd.	500,000.00					
Subtotal	1,294,474,100.00					
II .Joint ventures						
III .Associates						
Less:provision for impairment						
Total	1,294,474,100.00					

(Continued)

Investee	Movements during the year			As at 30/9/2020	Balance of provision for impairment as at	Shareholding percentage %
	Declared distribution of cash dividends or profits	Provision for impairment	Other			

					30/9/2020	
I .Subsidiaries						
Rudong Hongtai Construction Co., Ltd.				50,000,000.00		
Rudong Tianyi Construction Development Co., Ltd.				1,133,974,100.00		
Jiangsu Rudong High-tech Biological Technology Co., Ltd.				110,000,000.00		
Rudong Tongtai Cleaning Service Co., Ltd.				500,000.00		
Subtotal				1,294,474,100.00		
II .Joint ventures						
III .Associates						
Less:provision for impairment						
Total				1,294,474,100.00		

4. Operating income and Operating cost

Item	Nine Months Ended 30/9/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Principal activities:				
Engineering construction	193,737,416.39	166,291,282.41	29,602,212.60	
Total	193,737,416.39	166,291,282.41	29,602,212.60	

XI.Other content that should be disclosed in accordance with relevant financial accounting standards

Non

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

Nine Months Ended 30 September 2020 (All amounts in RMB unless otherwise stated)

Rudong County Tongtai Investment Group Co., Ltd.

Legal representative: The person in charge of accounting affairs: The head of the
accounting department:



Audit Report

Zhongxinghua Audit (2021) No. 020506

To the shareholders of Rudong County Tongtai Investment Group Co., Ltd.:

I. Audit Opinion

We have audited the accompanying financial statements of Rudong County Tongtai Investment Group Co., Ltd. (hereinafter referred to as "Tongtai company"), which comprise the consolidated and company balance sheets as at 31 December 2020; the consolidated and company income statements for the year then ended; the consolidated and company cash flow statements for the year then ended; the consolidated and company statements of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of Tongtai company, as at 31 December 2020, and their financial performance and cash flows for the year then ended in accordance with the requirements of the Accounting Standards for Business Enterprises ("ASBEs").

II. Foundation of audit opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Tongtai company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of management and those charged with governance for financial statements

Management of Tongtai company is responsible for the preparation and fair presentation of these financial statements in accordance with the ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing Tongtai company's



ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate Tongtai company or to cease operations, or has no realistic alternative but to do so.

The governance level is responsible for overseeing the financial reporting process.

IV. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tongtai company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tongtai company to cease to continue as a going concern.



(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Tongtai company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the governance level regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ZHONGXINGHUA CERTIFIED PUBLIC
ACCOUNTANTS LLP

Signing CPA:

Beijing ,the People's Republic of China

Signing CPA:

April 23, 2021

Consolidated Balance Sheet

As at 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand	VI.1	2,528,590,228.14	1,611,828,385.72
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable	VI.2	842,903.00	
Accounts receivable	VI.3	2,052,262,786.24	2,476,910,100.95
Prepayments	VI.4	479,795,448.68	1,685,360.53
Other receivables	VI.5	3,682,597,883.67	2,350,366,233.40
Inventories	VI.6	3,231,925,631.41	3,995,868,201.38
Assets held for sale			
Non-current assets due within one year			
Other current assets	VI.7	58,520,417.25	1,471,998,839.28
Total current assets		12,034,535,298.39	11,908,657,121.26
Non-current assets:			
Issuing entrusted loans and advances			
Available-for-sale financial assets	VI.8	466,901,528.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	VI.9	222,711,138.32	345,006,187.66
Investment properties	VI.10	3,513,951,434.32	1,421,474,614.00
Fixed assets	VI.11	307,004,187.48	234,780,976.06
Construction in progress	VI.12	297,561,503.37	269,717,770.17
Productive biological assets			
Oil and gas assets			
Intangible assets	VI.13	63,780,191.36	66,547,435.32
Development costs			
Goodwill			
Long-term deferred expenses	VI.14	69,873,125.75	
Deferred tax assets	VI.15	20,732,168.83	28,566,818.48
Other non-current assets	VI.16	314,254,260.00	309,254,974.00
Total non-current assets		5,276,769,537.43	2,675,348,775.69
Total assets		17,311,304,835.82	14,584,005,896.95

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Balance Sheet(continued)

As at 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans	VI.17	628,400,000.00	545,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable	VI.18	940,010,000.00	990,000,000.00
Accounts payable	VI.19	360,236,816.74	730,409,903.35
Advances from customers	VI.20	11,166,192.59	7,011,930.96
Employee benefits payable	VI.21	1,041,569.21	1,089,599.00
Taxes payable	VI.22	630,830,982.61	573,378,586.86
Other payables	VI.23	298,262,853.44	369,475,656.37
Liabilities held for sale			
Non-current liabilities due within one year	VI.24	2,677,030,000.00	855,917,012.19
Other current liabilities			
Total current liabilities		5,546,978,414.59	4,072,282,688.73
Non-current liabilities:			
Long-term loans	VI.25	3,281,024,500.00	2,831,564,800.00
Debentures payable	VI.26	1,585,580,479.07	2,089,442,820.20
Of which: preferred stock			
Perpetual debt			
Long-term payables	VI.27	443,820,101.27	312,328,087.81
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities	VI.15	223,998,869.50	2,407,980.57
Other non-current liabilities			
Total non-current liabilities		5,534,423,949.84	5,235,743,688.58
Total liabilities		11,081,402,364.43	9,308,026,377.31
shareholders' equity:			
Paid-in capital	VI.28	1,400,000,000.00	1,400,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	VI.29	3,161,301,530.95	3,061,301,530.95
Less: treasury shares			
Other comprehensive income	VI.30	663,895,681.28	2,555,715.20
Specific reserve			
Surplus reserve	VI.31	14,965,354.23	9,006,049.96
General risk preparation			
Retained earnings	VI.32	988,607,086.48	802,016,995.13
Total equity attributable to shareholders of the company		6,228,769,652.94	5,274,880,291.24
Non-controlling interests		1,132,818.45	1,099,228.40
Total shareholders' equity		6,229,902,471.39	5,275,979,519.64
Total liabilities and shareholders' equity		17,311,304,835.82	14,584,005,896.95

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Income Statement

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Operating income	VI.33	924,841,130.57	1,227,924,673.99
Including: Main business income	VI.33	924,841,130.57	1,227,924,673.99
II. Total operating costs		917,305,468.83	1,127,712,932.06
Including: operating costs	VI.33	779,160,180.44	1,038,023,769.84
Taxes and surcharges	VI.34	36,531,464.60	16,495,329.98
Selling and distribution expenses	VI.35	121,528.97	
General and administrative expenses	VI.36	52,242,920.24	55,665,583.61
Research and development expenses			
Financial expenses	VI.37	49,249,374.58	17,528,248.63
Including: interest expense		38,425,270.01	19,631,531.39
Interest income		20,619,458.88	2,103,282.76
Add: Other income	VI.38	123,804,859.49	83,842,950.14
Investment income ("-" for losses)	VI.39	8,380,775.19	6,863,451.97
Including: Income from investment in associates and joint ventures		-1,288,861.68	6,863,451.97
Gains from changes in fair value ("-" for losses)		12,262,332.32	1,538,824.87
Impairment losses ("-" for losses)	VI.40	31,123,545.10	-16,702,229.16
Gains from assets disposal ("-" for losses)	VI.41	39,064,408.79	
III. Operating profit ("-" for losses)		222,171,582.63	175,754,739.75
Add: Non-operating income	VI.42	7,760,502.28	2,001.00
Less: Non-operating expenses	VI.43	2,522,897.37	18,800.00
IV. Profit before income tax ("-" for losses)		227,409,187.54	175,737,940.75
Less: Income tax expenses	VI.44	34,826,201.87	29,843,487.01
V. Net profit for the year ("-" for losses)		192,582,985.67	145,894,453.74
Including: Shareholders of the company		192,549,395.62	146,666,628.59
Non-controlling interests		33,590.05	-772,174.85
Including: Net profit from continuing operations ("-" for net loss)		192,582,985.67	145,894,453.74
Net profit from discontinued operations ("-" for net loss)			
VI. Other comprehensive income, net of tax		661,339,966.08	2,555,715.20
Other comprehensive income (net of tax) attributable to shareholders of the company		661,339,966.08	2,555,715.20
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss		661,339,966.08	2,555,715.20
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others		661,339,966.08	2,555,715.20
Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income for the year		853,922,951.75	148,450,168.94
Attributable to: Shareholders of the company		853,889,361.70	149,222,343.79
Non-controlling interests		33,590.05	-772,174.85

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		1,292,472,520.93	824,853,002.76
Refund of taxes			
Proceeds from other operating activities		969,914,839.91	3,278,273,284.62
Sub-total of cash inflows		2,262,387,360.84	4,103,126,287.38
Payment for goods and services		614,400,020.25	1,231,341,618.05
Payment to and for employees		20,899,910.59	16,192,138.30
Payments of various taxes		64,649,391.26	11,132,133.74
Payment for other operating activities		1,036,655,701.94	3,935,358,952.42
Sub-total of cash outflows		1,736,605,024.04	5,194,024,842.51
Net cash flows from operating activities		525,782,336.80	-1,090,898,555.13
II. Cash flows from investing activities			
Proceeds from disposal of investments		13,649,800.00	527,282,600.00
Investment returns received		501,854.17	14,788,853.27
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			10,906,589.18
Proceeds from other investing activities			92,116,178.78
Sub-total of cash inflows		14,151,654.17	645,094,221.23
Payment for acquisition of fixed assets, intangible assets and other long-term assets		460,407,340.10	32,352,375.49
Payment for acquisition of investments		317,488,428.00	485,156,100.00
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities			92,050,000.00
Sub-total of cash outflows		777,895,768.10	609,558,475.49
Net cash flows from investing activities		-763,744,113.93	35,535,745.74
III. Cash flows from financing activities			
Proceeds from investors		100,000,000.00	295,050,000.00
Including: Proceeds from non-controlling shareholders of subsidiaries			
Proceeds from borrowings		3,529,820,000.00	2,207,190,000.00
Proceeds from other financing activities		90,000,000.00	249,530,000.00
Sub-total of cash inflows		3,719,820,000.00	2,751,770,000.00
Repayments of borrowings		1,555,635,998.73	1,533,130,168.48
Payment for dividends, profit distributions or interest		459,907,521.75	337,610,317.37
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries			
Repayments for other financing activities		931,572,859.97	10,746.27
Sub-total of cash outflows		2,947,116,380.45	1,870,751,232.12
Net cash flows from financing activities		772,703,619.55	881,018,767.88
IV. Effect of foreign exchange rate changes on cash and cash equivalents			6,561.07
V. Net increase in cash and cash equivalents		534,741,842.42	-174,337,480.44
Add: Cash and cash equivalents as at 31/12/2019		641,828,385.72	816,165,866.16
VI. Cash and cash equivalent as at 31/12/2020		1,176,570,228.14	641,828,385.72

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2020													
	Attributable to shareholders' equity of the parent company													
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve fund	Retained earnings	Sub-total	Minority interests	Total equity
		Preference shares	Perpetual loans	Others										
I. Balance at 31/12/2019	1,400,000,000.00				3,061,301,530.95		2,555,715.20		9,006,049.96		802,016,995.13	5,274,880,291.24	1,099,228.40	5,275,979,519.64
Add : Changes in accounting policies														
Correction of prior period errors														
Business combination involving enterprises under common control														
Others														
II. Balance at 01/01/2020	1,400,000,000.00				3,061,301,530.95		2,555,715.20		9,006,049.96		802,016,995.13	5,274,880,291.24	1,099,228.40	5,275,979,519.64
III. Changes in equity during the year (" - "for decrease)					100,000,000.00		661,339,966.08		5,959,304.27		186,590,091.35	953,889,361.70	33,590.05	953,922,951.75
(I) Total comprehensive income							661,339,966.08				192,549,395.62	853,889,361.70	33,590.05	853,922,951.75
III) Shareholders' contributions and decrease of capital					100,000,000.00							100,000,000.00		100,000,000.00
1. Contribution by ordinary shareholders					100,000,000.00							100,000,000.00		100,000,000.00
2. Capital contributed by other equity instruments holders														
3. Equity settled share-based payments														
4. Others														
III) Appropriation of profits									5,959,304.27		-5,959,304.27			
1. Appropriation for surplus reserves									5,959,304.27		-5,959,304.27			
2. Extract general risk preparation														
B. Distributions to shareholders														
4. Others														
IV) Transfer within equity														
1.Share capital increased by capital reserves transfer														
2.Share capital increased by surplus reserves transfer														
3. Transfer of surplus reserve to offset losses														
4.Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans														
5.Others														
V) Specific Reserve														
1. Appropriation during the year														
2.Utilisation during the year														
(V) Others														
IV. Balance at 31/12/2020	1,400,000,000.00				3,161,301,530.95		663,895,681.28		14,965,354.23		988,607,086.48	6,228,769,652.94	1,132,818.45	6,229,902,471.39

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

Consolidated Statement of Changes in Shareholders' Equity(continued)

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2019													
	Attributable to shareholders' equity of the parent company													
	Paid-in capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve fund	Retained earnings	Sub-total	Minority interests	Total equity
		Preference shares	Perpetual loans	Others										
I.Balance at 31/12/2018	1,400,000,000.00				3,107,695,048.45				7,887,590.41		586,596,715.80	5,102,179,354.66	1,821,403.25	5,104,000,757.91
Add : Changes in accounting policies														
Correction of prior period errors														
Business combination involving enterprises under common control														
Others														
II.Balance at 01/01/2019	1,400,000,000.00				3,107,695,048.45				7,887,590.41		656,468,826.09	5,172,051,464.95	1,821,403.25	5,173,872,868.20
III.Changes in equity during the year("+ "for increase)					-46,393,517.50	2,555,715.20			1,118,459.55		145,548,169.04	102,828,826.29	-722,174.85	102,106,651.44
IV)Total comprehensive income						2,555,715.20					146,666,628.59	149,222,343.79	-772,174.85	148,450,168.94
1)Shareholders' contributions and decrease of capital					-46,393,517.50							-46,393,517.50	50,000.00	-46,343,517.50
2. Contribution by ordinary shareholders													50,000.00	50,000.00
3. Capital contributed by other equity instruments holders														
4. Equity settled share-based payments														
5. Others					-46,393,517.50							-46,393,517.50		-46,393,517.50
1)I) Appropriation of profits									1,118,459.55		-1,118,459.55			
2. Appropriation for surplus reserves									1,118,459.55		-1,118,459.55			
3. Extract general risk preparation														
4. Distributions to shareholders														
5. Others														
1)IV) Transfer within equity														
2. Share capital increased by capital reserves transfer														
3. Share capital increased by surplus reserves transfer														
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans														
5. Others														
1)V)Specific Reserve														
2. Appropriation during the year														
3. Utilisation during the year														
4.V)Others														
V.Balance at 31/12/2019	1,400,000,000.00				3,061,301,530.95	2,555,715.20			9,006,049.96		802,016,995.13	5,274,880,291.24	1,099,228.40	5,275,979,519.64

The person in charge of accounting affairs:

The head of the accounting department:

Legal representative:

Balance Sheet

As at 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand		708,691,476.08	691,316,951.61
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable	X.1	285,263,071.20	85,713,532.31
Prepayments		310,527.75	
Other receivables	X.2	4,779,931,359.90	3,593,737,329.61
Inventories		875,465,431.61	
Assets held for sale			
Non-current assets due within one year			
Other current assets			652,455,377.75
Total current assets		6,649,661,866.54	5,023,223,191.28
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	X.3	1,468,240,655.84	1,294,474,100.00
Investment properties			
Fixed assets		900,851.10	5,282.33
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		29,166.67	
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		41,062.50	
Other non-current assets			
Total non-current assets		1,469,211,736.11	1,294,479,382.33
Total assets		8,118,873,602.65	6,317,702,573.61

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Balance Sheet(continued)

As at 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans		172,400,000.00	170,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable		320,000,000.00	400,000,000.00
Accounts payable		17,449,723.01	
Advances from customers			
Employee benefits payable			600,000.00
Taxes payable		31,252,332.48	24,854,551.45
Other payables		984,515,174.51	440,728,208.24
Liabilities held for sale			
Non-current liabilities due within one year		2,230,690,000.00	264,638,512.19
Other current liabilities			
Total current liabilities		3,756,307,230.00	1,300,821,271.88
Non-current liabilities:			
Long-term loans		623,985,500.00	934,531,300.00
Debentures payable		1,585,580,479.07	2,089,442,820.20
Of which: preferred stock			
Perpetual debt			
Long-term payables		183,820,101.27	83,036,487.81
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,393,386,080.34	3,107,010,608.01
Total liabilities		6,149,693,310.34	4,407,831,879.89
Shareholders' equity:			
Paid-in capital		1,400,000,000.00	1,400,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		350,000,000.00	350,000,000.00
Less: treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserve		14,965,354.23	9,006,049.96
Retained earnings		204,214,938.08	150,864,643.76
Total shareholders' equity		1,969,180,292.31	1,909,870,693.72
Total liabilities and shareholders' equity		8,118,873,602.65	6,317,702,573.61

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Income Statement

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Operating income	X.4	193,737,416.39	29,602,212.60
Less: operating costs		166,291,282.41	
Taxes and surcharges		1,431,117.24	266,419.91
Selling and distribution expenses			
General and administrative expenses		5,832,026.64	5,295,011.42
Research and development expenses			
Financial expenses		10,469,759.85	12,531,722.10
Including: interest expense		5,481,555.59	13,231,240.49
Interest income		13,758,543.84	699,518.39
Add: Other income		50,003,000.00	73,304,126.00
Investment income ("-" for losses)		-283,444.16	
Including: Income from investment in associates and joint ventures			
Gains from changes in fair value ("-" for losses)			
Impairment losses ("-" for losses)		-164,250.00	-71,396.90
Gains from assets disposal ("-" for losses)			
II. Operating profit ("-" for losses)		59,268,536.09	84,741,788.27
Add: Non-operating income			
Less: Non-operating expenses			18,800.00
III. Profit before income tax ("-" for losses)		59,268,536.09	84,722,988.27
Less: Income tax expenses		-41,062.50	3,728,198.51
IV. Net profit for the year ("-" for losses)		59,309,598.59	80,994,789.76
A. Net profits from sustainable operation (net losses marked with "-")			
B. Net profits from discontinued operations (net losses marked with "-")			
V. Other comprehensive income, net of tax			
A. Items that will not be reclassified to profit or loss			
a. Remeasurement of defined benefit plan liability or asset			
b. Share of other comprehensive income of the equity method investments			
B. Items that may be reclassified to profit or loss			
a. Share of other comprehensive income of the equity method investments			
b. Gains or losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
c. Gains or losses arising from changes in fair value of investment property			
d. Effective portion of gains or losses arising from cash flow hedging instruments			
e. Translation differences arising from translation of foreign currency financial statements			
f. Others			
VI. Total comprehensive income for the year		59,309,598.59	80,994,789.76

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
I. Cash flows from operating activities			
Proceeds from sales of goods or rendering of services		15,000,000.00	
Refund of taxes			
Proceeds from other operating activities		663,809,455.29	537,404,261.73
Sub-total of cash inflows		678,809,455.29	537,404,261.73
Payment for goods and services		77,035,513.56	
Payment to and for employees		2,815,492.06	2,142,678.38
Payments of various taxes		896,269.74	1,635.77
Payment for other operating activities		551,941,874.34	544,741,718.80
Sub-total of cash outflows		632,689,149.70	546,886,032.95
Net cash flows from operating activities		46,120,305.59	-9,481,771.22
II. Cash flows from investing activities			
Proceeds from disposal of investments		6,049,800.00	
Investment returns received		501,854.17	
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities			
Sub-total of cash inflows		6,551,654.17	
Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,004,677.07	5,282.33
Payment for acquisition of investments		174,050,000.00	
Payment for other investing activities			
Sub-total of cash outflows		175,054,677.07	5,282.33
Net cash flows from investing activities		-168,503,022.90	-5,282.33
III. Cash flows from financing activities			
Proceeds from investors			70,000,000.00
Proceeds from borrowings		342,400,000.00	736,690,000.00
Proceeds from debenture		1,383,150,000.00	200,000,000.00
Proceeds from other financing activities		90,000,000.00	
Sub-total of cash inflows		1,815,550,000.00	1,006,690,000.00
Repayments of borrowings		404,141,398.73	780,880,268.48
Payment for dividends, profit distributions or interest		254,849,311.05	109,470,699.82
Repayments for other financing activities		1,089,402,048.44	
Sub-total of cash outflows		1,748,392,758.22	890,350,968.30
Net cash flows from financing activities		67,157,241.78	116,339,031.70
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-55,225,475.53	106,851,978.15
Add: Cash and cash equivalents as at 31/12/2019		381,316,951.61	274,464,973.46
VI. Cash and cash equivalent as at 31/12/2020		326,091,476.08	381,316,951.61

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

Prepared by: Rudong County Tongtai Investment Group Co., Ltd.

Expressed in RMB

Item	Year ended 31/12/2020						
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income
		Preference shares	Perpetual loans	Others			
I. Balance at 31/12/2019	1,400,000,000.00				350,000,000.00		
Add : Changes in accounting policies							
Correction of prior period errors							
Others							
II. Balance at 01/01/2020	1,400,000,000.00				350,000,000.00		
III. Changes in equity during the year " - "for (decrease)							
(I) Total comprehensive income							
(II) Shareholders' contributions and decrease of capital							
1. Contribution by ordinary shareholders							
2. Capital contributed by other equity instruments holders							
3. Equity settled share-based payments							
4. Others							
(III) Appropriation of profits							
1. Appropriation for surplus reserves							
2. Extract general risk preparation							
3. Distributions to shareholders							
4. Others							
(IV) Transfer within equity							
1. Share capital increased by capital reserves transfer							
2. Share capital increased by surplus reserves transfer							
3. Transfer of surplus reserve to offset losses							
4. Carry-over re-measurement of changes in net liabilities or net assets of defined benefit plans							
5. Others							
(V) Specific Reserve							
1. Appropriation during the year							
2. Utilisation during the year							
(VI) Others							
IV. Balance at 31/12/2020	1,400,000,000.00				350,000,000.00		

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

For the year ended 31 December 2020

Expressed in RMB

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

Notes to the Financial Statements of Rudong County Tongtai Investment Group Co., Ltd.

For the year ended 31 December 2020

I. Basic information of the company

1. Company registration place, organization form and headquarters address

Rudong County Tongtai Investment Group Co., Ltd. (hereinafter referred to as the company) was established on March 20, 2013. It is registered with Rudong County Administrative Approval Bureau. The current registered capital is RMB 140 million. The enterprise unified social credit code certificate: 91320623081505632C, the company's domicile is No. 888 Zhujiang Road, Jiugang Street, Rudong County, Jiangsu Province, and its legal representative: Gu Cuihua.

Rudong County Tongtai Investment Group Co., Ltd. (hereinafter referred to as the company) is requested by the Rudong County People's Government of Jiugang Town [2013] 32 document for instructions, Rudong County People's Government Office (2013) please type no. 732 The single approval and the county-level (2013) No. 362 document approved by the Rudong County Finance Bureau agreed to be funded and established by the Rudong County Investment Management Office. Registered at the Nantong Rudong Administration for Industry and Commerce on September 7, 2013, and received a business license for corporate legal persons. Registered capital at the time of establishment: RMB 50 million. On November 28, 2016, the company's registered capital increased to 950 million yuan, and on November 20, 2018, the company's registered capital increased to 1.4 billion yuan.

In October 2019, Rudong County Tongtai Agricultural Development Co., Ltd. changed its name to Rudong County Tongtai Investment Group Co., Ltd.

2. The nature of the company's business and main operating activities

Non-securities equity investment; agricultural project development and construction; rural infrastructure development and construction; house acquisition and labor services; land consolidation; land reclamation; land development; crop planting; flower and seedling planting, wholesale, retail; building materials, electrical and mechanical Equipment wholesale and retail; real estate development, leasing, sales; property management services; greening project construction and maintenance services; investment and construction in industries permitted by national industrial policies. (Projects that are subject to approval in accordance with the law can be operated only after approval by relevant departments)

3. Approval of financial reports

The approval of the financial report of the Company is the Board of Directors, and the date of approval is April 23, 2021.

4.Scope of consolidated financial statements

There are a total of 22 subsidiaries included in the consolidation scope of the company from January to December 2020. For details, please refer to Note VIII "Related Parties and Related Party Transactions". The scope of the company's consolidation in the current period decreased by 1 subsidiary and increased by 2 subsidiaries compared with the previous period. For details, please refer to Note VII "Changes of Consolidation Scope".

II.Basis of preparation

1.Preparation basis

The company's financial statements are prepared on the basis of continuing operations. According to the actual transactions and events, it shall be compiled in accordance with the requirements of the Enterprise Accounting Standards.

According to the relevant provisions of the Accounting Standards for Business Enterprises, the company's accounting is based on the accrual system. Except for certain financial instruments and investment real estate, the financial statements are based on historical cost. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with relevant regulations.

2.Continuing operations

The financial statements of the Company have been prepared on going concern basis. The Company has evaluated its ability of going concern for the next at least 12 months since 30 September 2019 considering all available information.

III.Statement of Following the Accounting Standards for Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's and consolidated financial position and the Company's and consolidated operating results and cash flows.

IV.Significant accounting policies and accounting estimate

1.Accounting period

The company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a complete fiscal year. The accounting period of the Company is from 1 January to 31 December.

2.Operating cycle

The normal business cycle refers to the period from when the company purchases assets for processing to when it realizes cash or cash equivalents. The company takes 12 months as a business cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

3.Functional currency

The financial statements of the Company have been prepared in RMB.

4.Consolidated financial statements

(1)Scope of consolidated financial statements

The scope of consolidated financial statements is based on control. Control exists when the Company has power over the investee; exposure, or rights to variable returns from its involvement with the investee and has the ability to affect its returns through its power over the investee. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate component, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When preparing consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be consistent with those established by the Company, and all significant intra-group balances and transactions are eliminated.

Where a subsidiary or business was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary or business are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented separately in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to non-controlling interests is presented separately in the consolidated income statement below the "net profit" line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' share of the opening owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the non-controlling interest is adjusted to reflect the change in the Company's

interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve in the consolidated balance sheet, with any excess adjusted to retained earnings.

5.Cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

6.Financial instruments

Classification of financial instruments:

According to the purpose of acquiring and holding financial assets and assuming financial liabilities, the management classifies them into:

A. Financial assets or financial liabilities that are measured at fair value and whose changes are included in current profits and losses, including trading financial assets or trading financial liabilities, and designated as financial assets or financial liabilities that are measured at fair value and whose changes are included in current profits and losses ;

B. Hold-to-maturity investment;

C. Accounts receivable;

D. Available-for-sale financial assets;

E. Other financial liabilities.

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or an equity instrument of another enterprise.

(1) Determination of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability in the orderly transaction that occurs on the measurement date. The company measures the fair value of financial assets and financial liabilities at the price of the main market. If there is no main market, the fair value of the financial assets and financial liabilities is measured at the most favorable market price, and the data applicable at the time and with sufficient available data and Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, that is, the first level input value is the unadjusted quotation of the same asset or liability that can be obtained in the active market on the measurement date; the second level input value is divided by the first level The input value of the relevant assets or liabilities other than the input value is directly or indirectly observable; the input value of the third level is the unobservable input value of the related assets or liabilities. The company preferentially uses the first level input value, and

finally uses the third level input value. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value that is significant to the fair value measurement as a whole belongs.

(2) Recognition, derecognition, classification and measurement of financial assets of financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of a financial instrument.

If one of the following criteria is met, a financial asset is derecognised:

- ① the contractual rights to the cash flows from the financial asset expire; or
- ② The financial asset was transferred, and the transfer qualifies for derecognition in accordance with criteria set out below in "Transfer of Financial Assets".

A financial liability (or part of it) is derecognized when its contractual obligation (or part of it) is discharged or cancelled or expires. If the Company (as a debtor) makes an agreement with the creditor to replace the current financial liability with assuming a new financial liability, and contractual provisions are different in substance, the current financial liability is derecognized and a new financial liability is recognized.

If the financial assets are traded regularly, the financial assets are recognized and derecognized at the transaction date.

The Company classifies financial assets into four categories at initial recognition: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are measured initially at fair value. For financial assets at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets, any related directly attributable transaction costs are included in their initial costs.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated to financial assets at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial assets are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intention and ability to hold to

maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including account receivables and other receivables. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition, impairment or amortization is recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories. Available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss. The discount or premium are amortised using the effective interest method and recognised as interest income. Dividend and interest are recognised in profit or loss using the effective interest method.

Available-for-sale investments in equity instruments without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost subsequent to initial recognition.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into different categories at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial liabilities, any related directly attributable transaction costs are included in their initial costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to financial liabilities at fair value through profit or loss on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through

profit or loss are measured at fair value, and changes therein and any dividend or interest income earned on the financial liabilities are recognised in profit or loss.

Other financial liabilities

Derivative liabilities that are linked to and must be settled by delivery of equity instruments without quoted price in an active market whose fair value cannot be measured reliably, are measured at cost subsequent to initial recognition. Other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities measured at fair value and whose changes are included in the current profit or loss are initially recognized at fair value, and are determined in accordance with "Accounting Standards for Business Enterprises No. 13-Contingencies" after initial recognition. The higher of the amount and the initial confirmation amount after deducting the accumulated amortization amount determined in accordance with the principles of "Accounting Standards for Business Enterprises No. 14-Revenue" shall be subsequently measured.

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment of financial assets are the matters that occurred after initial recognition of financial assets which has impact on the expected future cash flows of financial assets, and can be reliably measured by the Company.

Objective evidence that a financial asset is impaired includes but is not limited to:

- ① significant financial difficulty of the issuer or obligor;
- ② a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- ③ considering economic or legal factors, the Company makes concessions to a debtor in financial difficulties;
- ④ it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- ⑤ the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;

⑥ the cash flow of an asset in a financial asset group cannot be identified to be reduced, but after evaluating the group as a whole using the public data, the expected future cash flow of the financial asset group since its initial recognition has definitely been reduced and measurable, including:

- The debtor's pay back ability gradually deteriorates;
- Changes taken place in the economic environment in which the debtor operates, indicating that the debtor cannot pay back.

⑦ significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;

⑧ a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. For example, at the balance sheet, there is a decline of more than 20% (including 20%) in the fair value of an equity investment or a decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment.

A decline persisting for more than 12 months (including 12 months) in the fair value of an equity investment is that monthly average fair value of the equity investment is less than the initial investment cost persisting for 12 months.

⑨ other objective evidences.

Financial assets carried at amortised cost

If an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate and the values of the underlying collateral. The amount of loss is recognised in profit or loss for the current period.

For a financial asset that is individually significant, the Company assesses the asset individually for impairment. If there is objective evidence that the asset is impaired, the impairment loss is recognized in profit or loss for the current period. For a financial asset that is not individually significant, the impairment assessment is made collectively where financial assets share similar credit risk characteristics. For financial assets not having been individually assessed as impaired (including financial assets no matter it is individually significant or not), the Company makes impairment assessment collectively where financial assets share similar credit risk characteristics. For financial assets having been individually assessed as impaired, they are not included in collective assessment of impairment.

If, after an impairment loss has been recognised on financial assets measured at amortized cost, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

Available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from a decline in fair value that has been recognised directly in other comprehensive income is reclassified to profit or loss. The reclassified accumulated loss is the asset's initial cost deducting amounts recovered and amortized, current fair value and impairment losses previously recognized in profit or loss.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

Financial assets measured at cost

When an equity instrument without quoted price in an active market whose fair value cannot be measured reliably, and derivative assets that are linked to and must be settled by delivery of such unquoted equity instruments, is impaired, the difference between the carrying amount and the present value discounted at the market rate of return on future cash flows of the similar financial assets shall be recognized as impairment loss in profit or loss. The impairment loss recognized is not reversed.

(6) Transfer of financial assets

Transfer of financial assets is the transfer or delivery of financial assets to another party (the transferee) other than the issuer of financial assets.

A financial asset is derecognised if the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. A financial asset is not derecognised if the Company retains substantially all the risks and rewards of ownership of the financial asset to the transferee.

The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and the accounting treatment is shown as following: if the Company has

forgone control over the financial asset, the financial assets is derecognized, and new assets and liabilities are recognized. If the Company retains control over the financial asset, the financial asset is recognised to the extent of its continuing involvement in the transferred financial asset, and an associated liability is recognised.

7.Receivables

The company's provision for bad and doubtful debts mainly includes accounts receivable and other receivables. At the end of the period, if there is objective evidence that the receivables have been impaired, their book value shall be reduced to the recoverable amount. The recorded amount is recognized as asset impairment loss and included in current profit and loss. The recoverable amount is determined by discounting its future cash flow (excluding credit losses that have not yet occurred) at the original actual interest rate, and taking into account the value of the relevant collateral (deducting estimated disposal costs, etc.). The original actual interest rate is the actual interest rate calculated and determined when the account receivable is initially recognized. The estimated future cash flow of short-term accounts receivable has a very small difference with its present value. When determining the relevant impairment loss, the estimated future cash flow will not be discounted.

①Receivables that are individually significant and assessed individually for impairment:

Judgement basis or criteria for receivables that are individually significant: Receivables individually greater than RMB 5 million are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually: Receivables that are individually significant are subject to separate impairment assessment, if there is objective evidence that the impairment occurred, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

For receivables not having been individually assessed as impaired, the Company makes impairment assessment collectively.

②Receivables that are collectively assessed for impairment based on credit risk characteristics:

Method of provision for bad and doubtful debts collectively assessed for impairment based on credit risk characteristics

Group of collective assessment	Method of provision for bad and doubtful debts collectively
Ageing group	Ageing analysis method
Risk-free group	No provision for bad and doubtful debts

The provisioning for groups of receivables using the ageing analysis method is as follows:

Ageing	Provision as a percentage of accounts receivable (%)	Provision as a percentage of other receivables (%)
Within 1 year	0.00	0.00
1-2 years	5.00	5.00
2-3 years	10.00	10.00
3-4 years	30.00	30.00
4-5 years	50.00	50.00
Over 5 years	100.00	100.00

Receivables from creditworthy government departments, related parties of the company, and reserve funds are collected as a risk-free group, and does not make provision for bad and doubtful debts.

③Receivables that are individually insignificant but assessed individually for impairment:

Reasons for assessing individually for impairment of receivables that are individually insignificant	Litigation receivables, receivables with customer credit deterioration.
Method of provisioning for bad and doubtful debts	An impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows.

8. Inventories

Inventories include raw materials, work in progress, consumables, packaging materials, finished goods, issuing goods, development costs, and product developments.

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials, work in progress, finished goods and issuing goods are calculated using weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortised when they are used.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

Any excess of the cost over the net realisable value of of inventories is recognised as a provision for obsolete inventories, and is recognised in profit or loss. The Company usually recognises provision for decline in value of inventories by a single (type, group) inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

9. Non-current assets or disposal groups held for sale

① Termination of operation

Termination of operation refers to a component that has been disposed of by the company or classified as held for sale by the company that meets one of the following conditions, and can be distinguished separately when operating and preparing financial statements: A. This component represents one item Independent main business or a main business area. B. This component is a part of the plan to deal with an independent main business or a main business area. C. This component is a subsidiary acquired only for resale.

For the discontinued operations reported in the current period, the company separately lists the profit and loss from continuing operations and the profit and loss from discontinued operations in the profit statement for the current period, and rewrites the information previously reported as the profit and loss from continuing operations in the profit statement of the comparative period as the comparable accounting period The discontinued operation profit and loss presentation.

② Recognition criteria for holding components for sale or non-current assets

A non-current asset or disposal group is classified as held for sale when all the following criteria are met: According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group is available for immediate sale in its present condition; The sale is highly probable to occur, that is, the Group has made a resolution on a sale plan and entered into a legally binding purchase agreement with other parties. The sale is expected to be completed within one year.

③ Accounting treatment of holding assets for sale

Non-current assets or disposal groups held for sale are initially and subsequently measured at the lower of carrying amount and fair value less costs to sell. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss. The impairment loss recognised for a disposal group firstly reduces the carrying amount of goodwill allocated to the disposal group, and then reduces the carrying amount of other non-current assets pro rata on the basis of the carrying amount of each non-current asset in the disposal group.

The Group recognises a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognised after classified as held for sale. The reduced carrying amount of goodwill is not recovered.

The Group does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. If an investment or a part of investment in an associate or a joint venture is classified as held for sale,

equity method is not used for the part classified as held for sale, while equity method is used for the rest part (the part not classified as held for sale) continually. When the Group does not have material impact on an associate or a joint venture due to the sale transaction, it stops using equity method.

The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:①its carrying amount before the asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or impairment that would have been recognised had the asset or disposal group not been classified as held for sale, and②its recoverable amount.

10.Long-term equity investments

Long-term equity investments include equity investments in subsidiaries and equity investments in joint ventures and associates. An associate is an enterprise over which the Company has significant influence. The company's long-term equity investment that does not have control, joint control or significant influence on the investee is accounted for as an available-for-sale financial asset or a financial asset that is measured at fair value and its changes are included in the current profit , For details of its accounting policies, refer to Note IV. 8 “Financial Instruments”

Joint control refers to the company's common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. Significant influence means that the company has the right to participate in the decision-making of the financial and operating policies of the invested unit, but cannot control or jointly control the formulation of these policies with other parties.

(1)Determination of initial investment cost

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company’s share of the carrying amount of the subsidiary’s equity in the consolidated financial statements of the ultimate controlling party at the combination date. For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost is the combination cost.

A long-term equity investment acquired other than through a business combination: A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Company acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement and recognition of profit or loss

Long-term equity investments in subsidiaries are accounted for using the cost method. An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement.

For a long-term equity investment which is accounted for using the cost method, Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

For a long-term equity investment which is accounted for using the equity method, where the initial cost of a long-term equity investment exceeds the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Company's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

Under the equity method, the Company recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Company. Changes in the Company's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognised directly in the Company's equity, and the carrying amount of the investment is adjusted accordingly. In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

When the Company becomes capable of exercising joint control or significant influence (but not control) over an investee due to additional investment or other reasons, the Company uses the fair value of the previously-held equity investment, together with additional investment cost, as the initial investment cost under the equity method. The difference between the fair value and carrying amount of the previously-held equity investment, and the accumulated changes in fair value included in other comprehensive income, shall be transferred to profit or loss for the current period upon commencement of the equity method.

When the Company can no longer exercise joint control of or significant influence over an investee due to partial disposal of the equity investment or other reasons, the remaining equity investment shall be accounting for using Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of the loss of joint control or significant influence. Any other comprehensive income previously recognised under the equity method shall be accounted for on the same basis as would have been required if the Company had directly disposed of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of owner's equity related to original equity investment is transferred to profit or loss for the current period.

When the Company can no longer exercise control over an investee due to partial disposal of the equity investment or other reasons, and the remaining equity after disposal can exercise joint control of or significant influence over an investee, the remaining equity is adjusted as using equity method from acquisition. When the remaining equity can no longer exercise joint control of or significant influence over an investee, the remaining equity investment shall be accounted for using Accounting Standard for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying amount of the remaining equity investment shall be charged to profit or loss for the current period at the date of loss of control.

When the Company can no longer exercise control over an investee due to new capital injection by other investors, and the Company can exercise joint control of or significant influence over an investee, the Company recognizes its share of the investee's new added net assets using new shareholding percentage. The difference between its new share of the investee's new added net assets and its decreased shareholding percentage of the original investment is recognized in profit or loss. And the Company adjusts to the equity method using the new shareholding percentage as if it uses the equity method since it obtains the investment.

Unrealised profits and losses resulting from transactions between the Company and its associates or joint ventures are eliminated to the extent of the Company's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Company and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The company disposes of the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transaction is a package transaction, each transaction

is accounted for as a transaction to dispose of the equity investment in the subsidiary and lose control. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity is first recognized as other comprehensive income, and then transferred to the current loss or loss of control when the control is lost.

11. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

Investment properties are initially measured at fair value model, the basis for accounting policy selection is

- ① There is an active properties market in the location of investment properties.
- ② The company can obtain the market price and other relevant information of similar or similar properties from the properties transaction market, so as to make a reasonable estimate of the fair value of investment properties.

The company does not accrue depreciation or amortization of investment properties, and adjusts its book value based on the fair value of the investment properties on the balance sheet date. The difference between the fair value and the original book value is included in the current profit and loss.

When determining the fair value of investment properties, the company is determined at the evaluation price of the evaluation agency.

When self-used properties or inventory is converted into investment properties, it is valued at the fair value of the conversion date. If the fair value of the conversion date is less than the original book value, the difference is included in the current profit and loss; if the fair value of the conversion date is greater than the original book value, the difference recognized as other comprehensive income. When the investment properties is converted into self-use properties, the fair value of the conversion date is used as the book value of the self-use properties, and the difference between the fair value and the original book value is included in the current profit and loss.

When the investment properties is disposed of, or is permanently withdrawn from use and it is expected that no economic benefits can be obtained from its disposal, the confirmation of the investment properties is terminated. The income from disposal of investment properties sold, transferred, scrapped or damaged is deducted from its book value and related taxes and included in the current profit and loss.

12.Fixed assets

(1)Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing labor services, leasing or operating management, and whose useful life exceeds one fiscal year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the company and their costs can be reliably measured. Fixed assets are initially measured at cost and considering the impact of expected abandonment expenses.

(2)Valuation method of fixed assets

①The purchased fixed assets are based on the actual purchase price paid, packaging fees, transportation fees, installation costs, taxes paid, and other assets that can be directly attributed to the fixed assets that occur before the fixed assets reach the expected usable state. Expense valuation;

②Self-built fixed assets are priced according to all expenditures actually incurred during the construction process;

③The fixed assets invested by investors shall be accounted for at the value confirmed by all investors;

④ The follow-up expenditures of fixed assets, based on whether these follow-up expenditures can improve the profit-generating ability of the related fixed assets originally expected, determine whether to capitalize them;

⑤ Inventory of fixed assets, based on the market price of similar or similar fixed assets, minus the value depletion estimated according to the level of the asset's newness and oldness, as the entry value. If there is no active market for the same or similar fixed asset, the current value of the expected future cash flow of the fixed asset shall be used as the entry value;

⑥The fixed assets accepted for donation shall be priced at the market price of similar assets or according to the relevant vouchers provided; various expenses incurred when accepting the donation of fixed assets shall be included in the value of the fixed assets.

(3)Depreciation of fixed assets

The cost of a fixed asset is depreciated using the straight-line method since the state of intended use, unless the fixed asset is fixed assets that have been fully depreciated and still in use, and the separately priced land. Not considering impairment provision, the estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Category	Depreciation method	Estimated useful life(years)	Residual rate (%)	Depreciation rate %
Buildings	Average age method	20-30	3-5	3.17-4.85
Motor vehicles	Average age method	5-8	3-5	11.88-19.40
Office/ Electronic equipment	Average age method	3-5	3-5	19.00-32.33
Others	Average age method	3-5	0-5	19.00-32.33

The estimated net salvage value refers to the amount that the company currently obtains from the disposal of the asset after deducting the estimated disposal expenses, assuming that the estimated useful life of the fixed asset has expired and is at the end of its useful life.

(4) Fixed assets impairment test method and impairment preparation accrual method

For the impairment of the fixed assets, please refer to Note.IV. 19. Impairment of long-term assets

(5)Recognition and measurement of fixed assets acquired under finance leases

For the recognition and measurement of fixed assets acquired under finance leases, please refer to Note. II .27.2 (1).

A financial lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually.Depreciation is accounted for in accordance with the accounting policies of fixed assets. If there is reasonable certainty that the Company will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

13.Construction in progress

The cost of construction in progress is determined based on actual project expenditures, including various project expenditures incurred during construction, capitalized borrowing costs before the project reaches its intended use status, and other related expenses. The construction in progress is carried forward to fixed assets after reaching the expected usable state.

Refer to Note IV. 16 “Impairment of Long-term Assets” for the method of impairment test and provision for impairment of construction in progress.

14.Borrowing costs

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses, and exchange differences due to foreign currency borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset. Other borrowing costs are expensed in profit or loss as incurred. The capitalisation of borrowing costs shall commence only when the following criteria are met: ① capital expenditures have been incurred, including expenditures that have resulted in payment of cash, transfer of other assets or the assumption of interest-bearing liabilities; ② borrowing costs have been incurred; ③ the activities that are necessary to prepare the asset for its intended use or sale have commenced.

Capitalisation period The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognised in profit or loss for the current period.

Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended. If the interruption is a necessary procedure for the purchased, constructed or produced assets that meet the conditions of capitalization to reach the intended usable state or saleable state, the borrowing costs shall continue to be capitalized. Borrowing costs incurred during the interruption period are recognized as current profits and losses, and continue to be capitalized until the acquisition, construction or production activities of the asset restart.

For special loans borrowed for the purchase, construction or production of assets that meet the capitalization conditions, the actual borrowing costs incurred in the current period of the special borrowing are used to deduct the interest income obtained by depositing the unused borrowing funds in the bank or the investment obtained from temporary investment. The amount after the income is used to determine the capitalized amount of borrowing costs.

For general borrowings occupied for the purchase, construction or production of assets that meet the capitalization conditions, the weighted average of the initial and end-of-period asset expenditures of the cumulative asset expenditures for acquisition and construction exceeding the portion of the special borrowings is multiplied by the capitalization rate of the occupied general

borrowings to determine the general borrowings. The amount of interest that should be capitalized, the capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, the exchange difference between the principal of the foreign currency special loan and its interest shall be capitalized and included in the cost of the assets that meet the conditions for capitalization. The exchange difference arising from the principal and interest of foreign currency borrowings other than foreign currency special borrowings shall be regarded as financial expenses and included in the current profits and losses.

15.Intangible assets

(1)Valuation method of intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line ageing average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

(2) Estimate the useful life of intangible assets with a limited useful life

Categories	Useful life (years)	Amortisation methods
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Land use rights	50	Straight-line method
Patent	20	Straight-line method
Software	10	Straight-line method

16. Long-term deferred expenses

(1) The definition and valuation method of long-term deferred expenses

Long-term deferred expenses refer to various expenses that have been incurred but should be borne by the current and future periods with amortization period of more than one year. Long-term deferred expenses are priced at actual cost.

(2) Amortization method

Long-term deferred expenses are amortized evenly during the benefit period. Expenditures for the improvement of leased fixed assets are amortized evenly within the shorter of the lease term and the remaining useful life of the leased asset. Subsidiary preparation expenses shall be included in the profit and loss of the month when the production and operation of the subsidiary is started.

17. Impairment of assets

The impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties measured using a cost model, fixed assets, construction in progress, productive biological assets measured using a cost model, intangible assets, goodwill, proven oil and gas mining rights and wells and related facilities, etc. (Excluding inventories, investment property measured using a fair value model, deferred tax assets and financial assets) is determined as follows:

At each balance sheet date, the Company determines whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. In addition, the Company estimates the recoverable amounts of goodwill, intangible assets with indefinite useful lives and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its present value of expected future cash flows. The recoverable amount is estimated for each individual asset. If it is not possible to estimate the recoverable amount of each individual asset, the Company determines the recoverable amount for the asset group to which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

For goodwill impairment test, the carrying amount of goodwill arising from a business

combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying amount of goodwill is unable to be allocated to asset group, the carrying amount of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of as asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Company.

In impairment testing, if impairment indication exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted for asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then impairment test is conducted for asset group or portfolio of asset group containing goodwill by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

18.Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Company's spouse, children, dependents, family members of deceased employees or other beneficiaries are also part of the employee benefits.

According to liquidity, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the current period, the Company has accrued for the actual wages, bonuses, medical insurance for employees based on standard rate, work injury insurance and maternity insurance and other social insurance and housing fund incurred and these are recognised as liabilities and corresponding costs in the profit or loss. If these liabilities are not expected to be fully paid 12 months after the end of the reporting period in which employee renders the service to the Company, and if the financial impact is significant, these liabilities shall be discounted using the net present value method.

(2)Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which an enterprise pays fixed

contributions into a separate fund and will have no future obligations to pay the contributions.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Company has only defined contribution plan in place.

Defined contribution plans include primary endowment insurance, unemployment insurance.

The Company shall recognise, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the current period or the cost of a relevant asset.

(4) Termination benefits

The Company provides for termination benefits to the employees and shall recognise an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss for the current period, at the earlier of the following dates: When the Company cannot unilaterally withdraw the offer of the termination benefits because of an employment termination plan or a redundancy proposal; or when the Company recognises the costs or expenses relating to a restructuring that involves the payment of the termination benefits.

(5) Other long-term employee benefits

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan; those benefits shall be accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefit plan, it shall be accounted for in accordance with the above requirements relating to defined benefit plan, but the movement of net liabilities or assets in re-measurement of defined defined benefit plan shall be recorded in profit or loss for the current period or cost of relevant assets.

19.Provisions

When the company is involved in litigation, debt guarantee and other matters, if the matter is likely to require the delivery of assets or the provision of labor services in the future, and the amount can be reliably measured, it shall be recognized as an estimated liability.

(1) Recognition standard of estimated liabilities

A provision is recognised for an obligation related to a contingency if all the following conditions are satisfied:

- a. The Company has a present obligation;
 - b. It is probable that an outflow of economic benefits will be required to settle the obligation;
- and
- c. The amount of the obligation can be estimated reliably.

(2) Measuring method of provision

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation.

20.Revenue

(1) Sale of goods

Revenue is recognised when all the following conditions are satisfied: significant risks and rewards of ownership of goods have been transferred to the buyer; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; it is probable that the economic benefits will flow to the Company; and the revenue and costs can be measured reliably.

(2) Revenue from construction contracts

When the project is completed, the company confirms the construction cost according to the project confirmation sheet, project settlement sheet, etc., and according to the contracting agreement, after signing the project transfer confirmation form with the contracting party, the revenue is confirmed according to the agreed addition ratio.

A cost-plus contract also satisfies the following conditions to show that its results can be reliably estimated: the economic benefits related to the contract are likely to flow in, and the actual contract costs can be clearly distinguished and reliably measured.

(4) Transfer the right to use assets

The income from the transfer of asset use rights is recognized when the relevant economic benefits are likely to flow in and the amount of income can be reliably measured.

21.Government grants

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant. Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. For government grants with unspecified purpose, the amount of grants used to form a long-term asset is regarded as government grants related to an asset, the remaining amount of grants is regarded as government grants related to income. If it is not possible to distinguish, the amount of grants is treated as government grants related to income. A government grant related to an asset is offset against the carrying amount of the related asset, or recognised as deferred income and amortised to profit or loss over the useful life of the related asset on a reasonable and systematic manner. A grant that compensates the Group for expenses or

losses already incurred is recognised in profit or loss or offset against related expenses directly. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in profit or loss or offset against related expenses in the periods in which the expenses or losses are recognised.

A grant related to ordinary activities is recognised as other income or offset against related expenses based on the economic substance. A grant not related to ordinary activities is recognised as non-operating income. When a recognised government grant is reversed, carrying amount of the related asset is adjusted if the grant was initially recognized as offset against the carrying amount of the related asset. If there is balance of relevant deferred income, it is offset against the carrying amount of relevant deferred income. Any excess of the reversal to the carrying amount of deferred income is recognised in profit or loss for the current period. For other circumstances, reversal is directly recognized in profit or loss for the current period.

Receipt of government subsidies related to policy-based preferential loan interest discounts to offset related borrowing costs; for obtaining policy-based preferential interest rate loans provided by the lending bank, the actual received loan amount is used as the entry value of the loan, in accordance with the loan principal and the policy Relevant borrowing costs are calculated with preferential interest rates.

The specific criteria for distinguishing between asset-related government subsidies and income-related government subsidies: The company classifies government subsidies related to assets or government subsidies related to income according to the actual subsidy objects.

Recognition timing of government subsidies: At the end of the period, if there is evidence that the company can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, the government subsidy shall be recognized according to the amount receivable. In addition, government subsidies are confirmed when they are actually received.

22. Deferred tax assets and deferred tax liabilities

Income tax comprises of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to transactions or items recognised directly in equity and goodwill arising from a business combination.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

- (1) initial recognition of goodwill, or assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company recognises a deferred tax asset for deductible temporary differences, deductible losses and tax credits carried forward to subsequent periods, to the extent that it is probable that future taxable profits will be available against which deductible temporary differences, deductible losses and tax credits can be utilised, except for those incurred in the following transactions:

- (1) a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss);
- (2) deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future; and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

23. Operating leases and finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than a finance lease.

(1) As a lessor

At the commencement of the lease term, the Company recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable, and recognises unguaranteed residual value at the same time. The difference

between the aggregate of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the aggregate of their present value is recognised as unearned finance income. Unearned finance income is allocated to each accounting period during the lease term using the effective interest method.

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. Initial direct costs are charged to profit or loss immediately.

(2)As a lessee

When the Company acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is accounted for as unrecognised finance charges. Initial direct costs attributable to a finance lease that are incurred by the Company are added to the carrying amount of the leased asset. Unrecognised finance charges arising from a finance lease are recognised using an effective interest method over the lease term. Depreciation is accounted for in accordance with the accounting policies of fixed assets.

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss immediately.

24.Other important accounting policies and accounting estimates

Discontinue business

Termination of operation refers to a component that has been disposed of or classified as held for sale by the company that meets one of the following conditions and can be distinguished separately when operating and preparing financial statements: ① This component represents an independent main Business or a main business area; ②This component is a part of the plan to dispose of an independent main business or a main business area; ③The component is a subsidiary acquired only for resale.

25.Changes in significant accounting policies and accounting estimates

(1) Changes in accounting estimates

The company's measurement method for investment real estate is initially determined as the cost measurement mode. In order to more objectively reflect the fair value of the investment real estate held by the company, in accordance with the "Accounting Standards for Business Enterprises No. 3-Investment Real Estate" and "Accounting Standards for Business Enterprises No. 28-

Accounting Policies, Changes in Accounting Estimates and Error Corrections" According to relevant local regulations, the company intends to change the accounting policy of the subsequent measurement mode of investment real estate from December 31, 2020, from the cost measurement mode to the fair value measurement mode. After the accounting policy is changed, the company will use the relevant investment real estate appraisal results issued by the appraisal agency as the fair value of the investment real estate.

Date of change: December 31, 2020

①Accounting policies adopted before the change

The company's investment real estate is initially measured at cost, and the cost model is adopted for subsequent measurement of investment real estate.

Under the cost model, the depreciation method and impairment preparation method of buildings are consistent with the company's accounting method for fixed assets, and the amortization method and impairment preparation method of land use rights are consistent with the company's accounting method for intangible assets. At the end of the period, the company judges whether an impairment provision should be made based on the signs of impairment of investment real estate. When the recoverable amount of the investment real estate is lower than the book value, the investment real estate impairment provision is made based on the difference. Once the asset impairment loss is recognized, it will not be reversed in subsequent accounting periods.

②Accounting policies adopted after the change

The company adopts the fair value model for subsequent measurement of all investment real estate, does not accrue depreciation, and adjusts its book value based on the fair value of the investment real estate on the balance sheet date, the difference between the fair value and the original book value Included in the current profit and loss. Investment real estate that has been measured by the fair value model shall not be converted from the fair value model to the cost model. When an investment real estate measured by the fair value model is converted into a real estate for self-use, the fair value on the day of the conversion is used as the book value of the real estate for self-use, and the difference between the fair value and the original book value is included in the current profit and loss. When self-use real estate is converted to investment real estate measured by the fair value model, the investment real estate is priced at the fair value on the day of conversion. If the fair value on the day of conversion is less than the original book value, the difference is included in the current profit and loss; the fair value on the day of conversion is greater than For the original book value, the difference is included in other comprehensive income. When an investment real estate is disposed of, or when it is permanently withdrawn from use, it is expected that no economic

benefits will be obtained from its disposal, the confirmation of the investment real estate shall be terminated. When investment real estate is sold, transferred, scrapped or damaged, the amount of disposal income after deducting its book value and relevant taxes shall be included in the current profit and loss.

③The impact of this accounting policy change on the company

According to the "Accounting Standards for Business Enterprises No. 3-Investment Real Estate", the measurement model of investment real estate is changed from the cost model to the fair value model, which is an accounting policy change and should be in accordance with the "Accounting Standards for Business Enterprises No. 28-Accounting" Policy, accounting estimate changes and error correction" processing. Where changes in accounting policies can provide more reliable and relevant accounting information, retrospective adjustment methods should be adopted. The company will implement the above accounting standards from September 30, 2020.

The company's investment real estate accounting policy changes will increase the total owner's equity attributable to the parent company on December 31, 2020 to 216.66 million yuan, and the 2020 net profit attributable to shareholders of the parent company will increase by 65.83 million yuan; this accounting policy change is retrospective. The adjustment increased the total owner's equity attributable to shareholders of the parent company on December 31, 2019, totaling 97.76 million, and the net profit attributable to shareholders of the parent company in 2019 increased by 22.92 million yuan.

(2) Changes in accounting estimates

Non

26. Significant accounting judgments and estimates

In the process of applying accounting policies, due to internal uncertainties of operating activities, the company needs to make judgments, estimates and assumptions on the Carrying amount of report items that cannot be accurately measured. These judgments, estimates and assumptions are made based on past experience of the company executives, and considering other relevant factors. These judgments, estimates and assumptions affect the reporting amount of incomes, expenses, assets and liabilities, as well as disclosure of contingent liabilities on the balance sheet date. Nevertheless, the actual results caused by uncertainties of these estimates may be different from current estimates of the company executives, and further cause significant adjustment on the Carrying amount of affected assets or liabilities in the future.

The company conducts periodic review on the foregoing judgments, estimates and assumptions on the basis of continuous operation; if changes in accounting estimates only affect

the current period of changes, the affected amount shall be recognized in the current period of changes; if it affects both current period of changes and future period, the affected amount shall be recognized in the current period of changes and future period.

On the balance sheet date, important areas for the company's judgments, estimates and assumptions on financial statement item amount are as follows:

(1) Revenue recognition - construction contract

When the construction contract results can be reliably estimated, the company leverages completion percentage method to recognize contract income on the balance sheet date. The percentage-of-completion of contract is recognized according to the method specified in Note IV 19. Revenue, and cumulatively calculated within the fiscal years of implementing the construction contract.

Significant judgments are required when determining the completion percentage, contractual cost incurred, estimated total contract revenue and total cost, as well as recovery of contract. Project executives mainly make judgments based on past experience and work. Estimated total contract revenue and total cost, as well as change in contract execution result estimates may affect the operating incomes and operating costs during or after change, as well as the profits and losses in the period, and exert a significant impact.

(2) Classification of lease

The company categories lease as operating lease and financing lease as stipulated in the Accounting Standards for Business Enterprises No.21 - Lease; when categorizing, the management level needs to make analysis and judgment regarding whether all risks and rewards associated with rent asset ownership has been substantively transferred to the lessee, or whether the company has substantively borne all risks and rewards associated with leased asset ownership.

(3) Accrued provision for bad and doubtful debts

The company uses the allowance method for bad and doubtful debts accounting, according to accounting policy of account receivable. The impairment of account receivable is based on assessing the recoverability of account receivable. To identify impairment of account receivable requires judgments and estimates of executives. The difference between actual result and original estimate will affect the Carrying amount of account receivable, as well as the reversal and accrued provision for bad and doubtful debts of account receivable during the period of estimates changed.

(4) Inventory falling price reserves

The company measures as per the lower of cost and net realizable value, and makes provision for inventory devaluation to the obsolete and unsalable inventory of which the cost exceeds the net realizable value, according to inventory accounting policy. The inventory devaluation to net realizable value is based on assessing the saleability of inventory and its net realizable value. To identify inventory devaluation requires judgments and estimates of executives based on obtaining conclusive evidence, and considering the purpose of holding inventory, influence of events after balance sheet date and other factors. The difference between actual result and original estimate will affect the Carrying amount of inventory, as well as the reversal or accrued provision for inventory devaluation during the period of estimates changed.

(5) Fair value of financial instruments

For the financial instruments unavailable on active trading market, the company determines its fair value through various valuation methods. These valuation methods include discounted cash flow model analysis, etc. At the time of valuation, the company needs to estimate future cash flow, credit risk, market volatility rate, correlation, etc, and choose the appropriate discount rate. These relevant assumptions are uncertain and their changes will have an impact on the fair value of financial instruments.

(6) Held-to-maturity investments

The company categorizes the non-derivative financial assets that have fixed or determinable repayment amount, fixed maturity date and meet the criteria and that the company has a clear intention and ability to hold to maturity, as held-to-maturity investments. Such categorizing work involves a lot of judgment. In the process of making judgment, the company assesses the willingness and ability of holding such investment to the maturity date. Except in certain circumstances (such as selling an insignificant amount of investment when approaching the maturity date), if the company fails to hold these investments to the maturity date, all such investments must be re-categorized as available-for-sale financial assets, and such financial assets may not be divided into held-to-maturity investments in the current fiscal year and the following two full fiscal years. This case may exert a significant impact on the value of relevant financial assets presented in the financial statement, and affect the corporate strategy of financial instrument risk management.

(7) Held-to-maturity investment impairment

The company determines whether the held-to-maturity investments are impaired largely based on judgment of the management level. Objective evidences of impairment include serious financial difficulties of the issuer preventing the financial assets from continuous transaction on

the active market and causing failure to perform the contract (e.g.: payment of interests or principal in breach of contract), etc. In the process of making judgment, the company needs to assess the impact of objective impairment evidences on the expected future cash flow of such investments.

(8) Impairment of available-for-sale financial assets

The company determines whether available-for-sale financial assets are impaired largely based on judgments and assumptions of executives, to determine whether it needs to recognize the impairment loss in the income statement. When making judgments and assumptions, the company shall evaluate the degree and lasting period for the fair value of such investment less than the cost, financial condition and short-term business prospect of the invested entity, including industrial status, technological reform, credit rating, default rate and risk of counterparty.

(9) Provision for long-term asset impairment

The company judges if there is possible sign of impairment on the non-current assets other than financial assets on the balance sheet date. For intangible assets with uncertain service life, in addition to annual impairment test, when there is sign of impairment, impairment test shall be conducted as well. For non-current assets other than financial assets, when there is sign showing the book amount unretrieved, impairment test shall be conducted.

When the Carrying amount of asset or asset group is higher than the recoverable amount, which is the higher of net amount after fair value deducting disposal expense and present value of estimated future cash flow, it indicates occurrence of impairment.

The net amount of fair value deducting disposal expense is determined by reducing the incremental cost that can be directly attributed to such asset disposal, with reference to sales agreement price of similar assets in fair trade or observable market price.

When estimating the present value of future cash flow, major judgments are required on the asset (or asset group) output, selling price, related operating cost, discount rate used when calculating the present value, etc. When estimating recoverable amount, the company may use all relevant information available, including forecasts of output, selling price and related operating cost which are made based on reasonable and supportable assumptions.

The company tests whether goodwill is impaired at least every year. This requires estimation on the present value of future cash flow of asset group or asset group portfolio with goodwill allocated. When estimating the present value of future cash flow, the company needs

to estimate the future cash flow generated by asset group or asset group portfolio, and concurrently select appropriate discount rate to determine the present value of future cash flow.

(10) Depreciation and amortization

After considering the residue value of investing properties, fixed assets and intangible assets, the company uses straight line method for depreciation and amortization provision in the service life. The company regularly reviews the service life, to determine the amount of depreciation and amortization expenses included in each reporting period. The service life is determined by the company based on past experience of similar assets and combined with expected technical updates. In case of significant change in previous estimates, the depreciation and amortization expenses will be adjusted in the future.

(11) Deferred income tax assets

Insofar as it is highly probable to offset losses with sufficient taxable profits, the company recognizes deferred income tax assets with all unused tax losses. This requires the company executives to use a large number of judgments to estimate the time and amount of future taxable profits, and combine the tax planning strategy, to determine the amount of deferred income tax assets that shall be recognized.

(12) Income tax

In normal operating activities of the company, final tax treatment and calculation of some transactions have certain uncertainties. Whether some items can be listed as pre-tax shall gain approval of the tax authority. If there is difference between the final recognized result of these taxation matters and the originally estimated amount, such difference will have an impact on the current income tax and deferred income tax during the period of final recognition.

(13) Provisions

Based on contract terms, current knowledge and historical experience, the company estimates and makes corresponding provisions for product quality assurance, estimated contract losses, and penalty for late delivery. When these contingent events have formed a current obligation, and the performance of these current obligations is likely to cause economic benefits to flow out of the company, the company's best estimate of the contingent events required to perform the relevant current obligations Recognized as estimated liabilities. The recognition and measurement of estimated liabilities depend to a large extent on the judgment of management. In the process of making judgments, the company needs to evaluate the risks, uncertainties and time value of money related to such contingencies.

Among them, the company will provide customers with after-sale quality maintenance commitments to estimate liabilities for the sale, maintenance and transformation of the sold commodities. The company's recent maintenance experience data has been taken into account when estimating liabilities, but recent maintenance experience may not reflect future maintenance. Any increase or decrease in this provision may affect future profits and losses.

(14) Fair value measurement

Certain assets and liabilities of the company are measured at fair value in the financial statements. The company's board of directors has established a valuation committee (the valuation committee is led by the company's chief financial officer) to determine appropriate valuation techniques and input values for fair value measurement. When estimating the fair value of an asset or liability, the company uses available observable market data. If the input value of the first level cannot be obtained, the company will hire a third-party qualified appraiser to perform the valuation. The Valuation Committee works closely with qualified external valuers to determine appropriate valuation techniques and input values for related models. The chief financial officer reports the findings of the valuation committee to the company's board of directors every quarter to explain the reasons for the fluctuations in the fair value of related assets and liabilities.

V. Taxation

1. Main types of taxes and corresponding tax rates

Categories of taxes	Tax basis and tax rate(%)
VAT	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period) ;Tax rate: 9%、5%、3%
City maintenance and construction tax	Amount of VAT paid, Tax rate: 5%
Educational surcharge	Amount of VAT paid, Tax rate: 5%
House property tax	Property's rental income 12%, or the residual value from original value less the deducting proportion 1.2%
Corporate income tax	Taxable profits, Tax rate: 25%

2. Tax preference

According to Caishui [2011] No. 70 "Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Treatment of Enterprise Income Taxes on Special-purpose Fiscal Funds" and State Council Order No. 512 "The Enterprise Income Tax Law of the People's Republic of China" and the "Enterprise Income Tax of the People's Republic of China"

According to the relevant provisions of the Regulations on the Implementation of the Law, the financial funds of the total accrued income obtained by enterprises from the financial departments and other departments of the people's governments at or above the county level from January 1, 2011, can be granted if the following conditions are met at the same time As non-taxable income, deduct from the total income:

A. The enterprise can provide funds appropriation documents that specify the specific purpose of funds;

B. The financial department or other government departments that allocate funds have specific fund management methods or specific management requirements for the funds;

C. The enterprise separately accounts for the funds and the expenditures incurred by the funds.

The above non-taxable income used for expenditures shall not be deducted when calculating taxable income; for the assets formed by expenditures, the calculated depreciation and amortization shall not be deducted when calculating taxable income.

VI. Notes to the consolidated financial statements

1. Cash at bank and in hand

(1) Cash at bank and in hand balance

Item	As at 31/12/2020	As at 31/12/2019
Cash in hand	21,272.29	
Deposits with banks	1,176,548,955.85	641,828,385.72
Other monetary funds	1,352,020,000.00	970,000,000.00
Total	2,528,590,228.14	1,611,828,385.72

Note: At of December 31, 2020, the Company has RMB 1,352,020,000.00 cash or other monetary funds that are restricted because being pledged as security or guaranteed that have restriction on remittance back to the home country.

2. Bills receivable

Items	As at 31/12/2020	As at 31/12/2019
Bank acceptance bills	842,903.00	
Total	842,903.00	

Note: There is no outstanding endorsed or discounted bills that have not matured at the end of the year.

3. Accounts receivable

(1) Accounts receivable by category

Category	As at 31/12/2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,052,262,786.24	100.00			2,052,262,786.24
Including: Ageing group	10,765,051.12	0.52			10,765,051.12
Risk-free group	2,041,497,735.12	99.48			2,041,497,735.12
Individually insignificant but assessed for impairment individually					
Total	2,052,262,786.24	100.00		—	2,052,262,786.24

(Continued)

Category	As at 31/12/2019				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,526,587,870.32	100.00	49,677,769.37	1.97	2,476,910,100.95
Including: Ageing group	1,956,631,094.36	77.44	49,677,769.37	2.54	1,906,953,324.99
Risk-free group	569,956,775.96	22.56			569,956,775.96
Individually insignificant but assessed for impairment individually					
Total	2,526,587,870.32	100.00	49,677,769.37	—	2,476,910,100.95

A.Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020		
	Book balance	Provision for bad and doubtful debts	Percentage of provision %
Within 1 year	10,765,051.12	0.00	10,765,051.12
1 to 2 years		5.00	

Ageing	As at 31/12/2020		
	Book balance	Provision for bad and doubtful debts	Percentage of provision %
2 to 3 years		10.00	
3 to 4 years		30.00	
4 to 5 years		50.00	
More than 5 years		100.00	
Total	10,765,051.12	—	10,765,051.12

(Continued)

Ageing	As at 31/12/2019		
	Book balance	Provision for bad and doubtful debts	Percentage of provision %
Within 1 year	1,284,720,182.80	0.00	
1 to 2 years	428,563,427.23	5.00	21,428,171.36
2 to 3 years	233,560,360.39	10.00	23,356,036.04
3 to 4 years		30.00	
4 to 5 years	9,787,123.94	50.00	4,893,561.97
More than 5 years		100.00	
Total	1,956,631,094.36	—	49,677,769.37

(2) As at 31 December 2020, the five largest accounts receivable aggregated by debtors were analysed as follows:

Debtor	Nature of Payment	As at 31/12/2020	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Rudong Antai Water Conservancy Construction Co., Ltd.	Engineering construction funds	1,266,435,119.32	61.71	
Rudong County Jugang Town Finance Branch	Engineering construction funds	538,874,452.73	26.26	
Rudong Shengtai New Countryside Development and Construction Co., Ltd.	Engineering construction funds	143,860,296.45	7.01	
Nantong Tianyi	Asset	52,771,838.34	2.57	

Debtor	Nature of Payment	As at 31/12/2020	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Agricultural and Sideline Products Wholesale Market	transfer			
Management Committee of Jiangsu Rudong High-tech Industrial Development Zone	Engineering construction funds	31,082,323.23	1.51	
Total		2,033,024,030.07	99.06	

4. Prepayments

(1) The ageing analysis of prepayments is as follows:

Ageing	As at 31/12/2020		As at 31/12/2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	478,693,124.68	99.77	1,685,360.53	100.00
1 to 2 years	1,102,324.00	0.23		
2 to 3 years				
More than 3 years				
Total	479,795,448.68	100.00	1,685,360.53	100.00

(2) As at 31 December 2020, the five largest prepayment aggregated by debtors were analysed as follows:

The total amount of the five largest prepayment aggregated by debtors at the end of the period is 478,832,559.41 yuan, accounting for 98.23 % of the total balance of prepaid accounts at the end of the period.

Debtor	As at 31/12/2020	The proportion of the total accounts receivable (%)
Jiangsu Dongli Construction Engineering Co., Ltd.	259,975,520.00	54.18
Nantong Dongyuan Construction and Installation Engineering Co., Ltd.	140,000,000.00	29.18
Nantong Dadong Co., Ltd.	68,435,456.00	14.26
Coastal Nishimoto Supply Chain Nantong Co., Ltd.	2,321,583.41	0.48

Debtor	As at 31/12/2020	The proportion of the total accounts receivable (%)
State Grid Jiangsu Electric Power Company Nantong Power Supply Branch	626,194.89	0.13
Total	478,832,559.41	98.23

5. Other receivables

Item	As at 31/12/2020	As at 31/12/2019
Other receivables	3,682,597,883.67	2,350,366,233.40
Interest receivable		
Dividends receivable		
Total	3,682,597,883.67	2,350,366,233.40

(1) Other receivables

① Other receivables by category

Category	As at 31/12/2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	3,765,526,558.97	100.00	82,928,675.30	2.20	3,682,597,883.67
Including: Ageing group	343,269,106.42	9.12	82,928,675.30	24.16	260,340,431.12
Other group	3,422,257,452.55	90.88			3,422,257,452.55
Individually insignificant but assessed for impairment individually					
Total	3,765,526,558.97	100.00	82,928,675.30	—	3,682,597,883.67

(Continued)

Category	As at 31/12/2019
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	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision (%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	2,414,740,684.43	100.00	64,374,451.03	2.67	2,350,366,233.40
Including: Ageing group	371,673,060.11	15.39	64,374,451.03	17.32	307,298,609.08
Other group	2,042,071,050.33	84.57			2,042,071,050.33
Individually insignificant but assessed for impairment individually	996,573.99	0.04			996,573.99
Total	2,414,740,684.43	100.00	64,374,451.03	—	2,350,366,233.40

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year	20,851,671.96	0.00	
1-2 years	188,301,219.46	5.00	9,415,060.97
2-3 years	10,380,761.80	10.00	1,038,076.18
3-4 years	16,873,010.00	30.00	5,061,903.00
4-5 years	78,897,616.10	50.00	39,448,808.05
More than 5 years	27,964,827.10	100.00	27,964,827.10
Total	343,269,106.42	—	82,928,675.30

(Continued)

Ageing	As at 31/12/2019		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year	210,556,488.76	0.00	
1-2 years	11,320,929.30	5.00	566,046.47
2-3 years	24,272,023.03	10.00	2,427,202.30

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Ageing	As at 31/12/2019		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
3-4 years	91,378,071.50	30.00	27,413,421.45
4-5 years	3,447,533.42	50.00	1,723,766.71
More than 5 years	30,698,014.10	100.00	30,698,014.10
Total	371,673,060.11	—	62,828,451.03

②As at 31 December 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Nature or content	As at 31/12/2020	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Rudong County Investment Management Office	Current payment	950,000,000.00	25.23	
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Current payment	922,257,385.46	24.49	
Rudong High-tech Zone Finance Branch	Current payment	693,751,759.32	18.42	
Rudong County Jugang Town Finance Branch	Current payment	529,256,050.87	14.06	
Rudong County Finance Bureau	Current payment	114,647,673.00	3.04	
Total	—	3,209,912,868.65	85.24	

6. Inventories

(1) Inventories by category

Category	As at 31/12/2020		
	Book balance	Provision for impairment of inventories	Carrying amount
Raw materials	72,568.94		72,568.94
Product development	28,297,088.23		28,297,088.23
Development costs	173,397,297.36		173,397,297.36

Category	As at 31/12/2020		
	Book balance	Provision for impairment of inventories	Carrying amount
Engineering construction	3,029,746,834.97		3,029,746,834.97
Total	3,231,513,789.50		3,231,513,789.50

(Continue)

Category	As at 31/12/2019		
	Book balance	Provision for impairment of inventories	Carrying amount
Turnover materials (packaging, low-value consumables, etc.)	56,461.94		56,461.94
release products	14,392.92		14,392.92
Product development	5,715,600.10		5,715,600.10
Development costs	134,643,214.37		134,643,214.37
Engineering construction	3,855,438,532.05		3,855,438,532.05
Total	3,995,868,201.38		3,995,868,201.38

(2) Provision for impairment of inventories

Non

7. Other current assets

Item	As at 31/12/2020	As at 31/12/2019
Deductible input VAT	48,818,680.18	
Other taxes prepaid	9,701,737.07	42,445,651.65
Financial product		6,049,800.00
Substitute project funds		1,423,503,387.63
Total	58,520,417.25	1,471,998,839.28

8. Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	466,901,528.00		466,901,528.00			
Including: at fair value						
At cost	466,901,528.00		466,901,528.00			
Others						
Total	466,901,528.00		466,901,528.00			

(2) Available-for-sale financial assets at cost

Investees	Book value				Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Jiangsu Aigu Electronic Commerce Co., Ltd.		1,610,000.00		1,610,000.00					20.00
Rudong Baiao Baile Biological Technology Co., Ltd.		860,000.00		860,000.00					43.00
Jiangsu Dongkang Biomedical Technology Co., Ltd.		3,000,000.00		3,000,000.00					15.00
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.		6,950,000.00		6,950,000.00					40.00
Jiangsu Liezhen Biological Technology Co., Ltd.		7,500,000.00		7,500,000.00					27.78
Nantong Into Force Control Automotive		2,500,000.00		2,500,000.00					10.00

Rudong County Tongtai Investment Group Co., Ltd.

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For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value				Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Transmission System Co., Ltd.									
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.		6,715,100.00		6,715,100.00				32.60	
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.		40,000,000.00		40,000,000.00				35.00	
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.		15,311,428.00		15,311,428.00				32.20	
Nantong Robert Medical Technology Co., Ltd.		8,000,000.00		8,000,000.00				25.00	
Rudong Lingda		30,000,000.00		30,000,000.00				21.00	

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value			Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2019	Increase during the year	Decrease during the year		
Biomedical Technology Co., Ltd.								
Nantong Zhandao Intelligent Technology Co., Ltd.		5,000,000.00					12.00	
Nantong Ningyuan Biotechnology Co., Ltd.		2,500,000.00					45.00	
Nantong Hanfeng Biomedical Technology Co., Ltd.		4,220,000.00					40.00	
Jiangsu Jite Surface Treatment Technology Co., Ltd.		625,000.00					23.08	
Rudong Ruiren Pharmaceutical Technology Co., Ltd.		4,800,000.00					40.00	
Jingshan Biological		10,000,000.00					20.00	

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value			Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2019	Increase during the year	Decrease during the year		
Technology Jiangsu Co., Ltd.								
Tianluo Diagnostic Technology Jiangsu Co., Ltd.		5,820,000.00					22.20	
Nantong Zhiqian Intelligent Technology Co., Ltd.		7,000,000.00					15.00	
Jiangsu Yiwen Microelectronics Technology Co., Ltd.		40,000,000.00					40.00	
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.		1,200,000.00					60.00	
Rudong Baolian Electronic Technology Co., Ltd.		5,000,000.00					20.00	

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value				Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	As at 31/12/2019	Increase during the year	Decrease during the year		
Nantong Aizhi Medical Technology Co., Ltd.		10,000,000.00		10,000,000.00				18.00	
Rudong Lingque Biological Technology Co., Ltd.		14,960,000.00		14,960,000.00				29.88	
Rudong Lili Equity Investment Partnership (Limited Partnership)		15,000,000.00		15,000,000.00				17.04	
Nantong Yintong Future Equity Investment Center (Limited Partnership)		5,000,000.00		5,000,000.00				40.00	
Rudong Xiangrong Investment Management Partnership (Limited Partnership)		12,000,000.00		12,000,000.00				15.00	

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value				Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Partnership)									
Shenzhen Jiuyi Optoelectronics Co., Ltd.		1,990,000.00		1,990,000.00				2.00	
Jiaxing Jingyan Intelligent Equipment Technology Co., Ltd.		20,000,000.00		20,000,000.00				7.91	
Nantong Maode Equity Investment Center (Limited Partnership) Raising Account		4,000,000.00		4,000,000.00				10.00	
Nantong Sande New Material Co., Ltd.		1,800,000.00		1,800,000.00				6.00	
Jingcai (Rudong) Semiconductor Equipment Technology Co., Ltd.		2,400,000.00		2,400,000.00				28.57	

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value				Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.		10,740,000.00		10,740,000.00					14.55
Jiangsu Yuchuan New Energy Technology Co., Ltd.		32,340,000.00		32,340,000.00					67.97
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.		30,000,000.00		30,000,000.00					56.29
Jiangsu Jiecechuang Electronic Technology Co., Ltd.		9,400,000.00		9,400,000.00					40.00
Jiangsu Aochuang Deep Purple Electronic Technology Co., Ltd.		8,660,000.00		8,660,000.00					65.00
Shanghai Shijian Biological		10,000,000.00		10,000,000.00					3.27

Rudong County Tongtai Investment Group Co., Ltd.

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For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investees	Book value				Provision for impairment			Percentage of share holding in investees(%)	Cash dividend for the year
	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	As at 31/12/2019	Increase during the year	Decrease during the year	As at 31/12/2020	
Technology Co., Ltd.									
Rudong Thermo									
Biotechnology Co., Ltd.		25,000,000.00		25,000,000.00				20.00	
Shenzhen Songhe									
Growth No. 1 Equity									
Investment		30,000,000.00		30,000,000.00				2.56	
Partnership (Limited Partnership)									
Nantong Yingdi									
Medical Hui Venture									
Capital Center (Limited Partnership)		15,000,000.00		15,000,000.00				30.00	
Total		466,901,528.00		466,901,528.00					

(3) Movements in impairment of available-for-sale financial assets during the year

Non

9. Long-term equity investments

(1) Long-term equity investment classification

Investee	Balance as at 31/12/2019	Increase in capital	Decrease in capital	As at 31/12/2020
Subsidiaries				
Joint ventures				
Associates	345,006,187.66	222,711,138.32	2,340,320.57	222,711,138.32
Others				
Subtotal	345,006,187.66	222,711,138.32	2,340,320.57	222,711,138.32
Less: provision for impairment				
Total	345,006,187.66	222,711,138.32	2,340,320.57	222,711,138.32

(2) Long-term equity investment details

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Subsidiaries						
Joint ventures						
Associates						
Jiangsu Aigu Electronic Commerce Co., Ltd.	1,610,000.00					
Rudong Baiao Baile Biological Technology Co., Ltd.	732,192.90					
Jiangsu Dongkang	2,823,360.40					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Biomedical Technology Co., Ltd.						
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.	6,507,157.82					
Jiangsu Kunhui Biological Technology Co., Ltd.	1,994,628.11		1,994,628.11			
Jiangsu Liezhen Biological Technology Co., Ltd.	6,682,923.58					
Nantong Into Force Control Automotive Transmission System Co., Ltd.	2,385,613.31					
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.	14,215,100.00					
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.	26,948,276.07					

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.	11,500,000.00					
Nantong Robert Medical Technology Co., Ltd.	7,305,859.90					
Rudong Lingda Biomedical Technology Co., Ltd.	28,000,000.00					
Nantong Zhandao Intelligent Technology Co., Ltd.	4,529,935.04					
Nantong Ningyuan Biotechnology Co., Ltd.	2,500,000.00					
Nantong Hanfeng Biomedical Technology Co., Ltd.	3,133,946.45					
Jiangsu Kaili Biological Technology Co., Ltd.	345,692.46		345,692.46			

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Jiangsu Jite Surface Treatment Technology Co., Ltd.	327,491.57					
Rudong Ruien Pharmaceutical Technology Co., Ltd.	4,863,258.23					
Jingshan Biological Technology Jiangsu Co., Ltd.	9,464,953.18					
Tianluo Diagnostic Technology Jiangsu Co., Ltd.	5,341,743.07					
Nantong Zhiquan Intelligent Technology Co., Ltd.	6,882,447.70					
Jiangsu Yiwen Microelectronics Technology Co., Ltd.	40,016,675.92					
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.	819,422.17					
Rudong Baolian	4,869,701.79					

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Electronic Technology Co., Ltd.						
Nantong Aizhi Medical Technology Co., Ltd.	6,764,303.98					
Rudong Lingque Biological Technology Co., Ltd.	14,662,712.80					
Rudong Lili Equity Investment Partnership (Limited Partnership)	15,000,000.00					
Nantong Yintong Future Equity Investment Center (Limited Partnership)	5,000,000.00					
Rudong Xiangrong Investment Management Partnership (Limited Partnership)	12,000,000.00					
Shenzhen Jiuyi	1,990,000.00					

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Optoelectronics Co., Ltd.						
Jiaxing Jingyan Intelligent Equipment Technology Co., Ltd.	20,000,000.00					
Nantong Maode Equity Investment Center (Limited Partnership) Raising Account	2,000,000.00					
Nantong Sunde New Material Co., Ltd.	1,800,000.00					
Jingcai (Rudong) Semiconductor Equipment Technology Co., Ltd.	148,791.21					
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.	7,840,000.00					
Jiangsu Yuchuan New Energy Technology Co., Ltd. (Orient Securities)	17,340,000.00					

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehen sive income	Other equity movements
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.	30,000,000.00					
Jiangsu Jiece Chuang Electronic Technology Co., Ltd.	8,000,000.00					
Jiangsu Aochuang Deep Purple Electronic Technology Co., Ltd.	8,660,000.00					
Rudong Life Tree Venture Capital Partnership (Limited Partnership)		49,950,000.00		-1,005,417.52		
Rudong Taipu Equity Investment Center (Limited Partnership)		174,050,000.00		-283,444.16		
Subtotal	345,006,187.66	224,000,000.00	2,340,320.57	-1,288,861.68		
Less:provision for impairment						
Total	345,006,187.66	224,000,000.00	2,340,320.57	-1,288,861.68		

(Continued)

Investee	Movements during the year		As at 31/12/2020	Balance of provision for

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

	Declared distribution of cash dividends or profits	Provision for impairment	Other	impairment As at 31/12/2020
Subsidiaries				
Joint ventures				
Associates				
Jiangsu Aigu Electronic Commerce Co., Ltd.			-1,610,000.00	
Rudong Baiao Baile Biological Technology Co., Ltd.			-732,192.90	
Jiangsu Dongkang Biomedical Technology Co., Ltd.			-2,823,360.40	
Jiangsu Jingnuoz Biomedical Technology Co., Ltd.			-6,507,157.82	
Jiangsu Kunhui Biological Technology Co., Ltd.				
Jiangsu Liezhen Biological Technology Co., Ltd.			-6,682,923.58	
Nantong Into Force Control Automotive Transmission System Co., Ltd.			-2,385,613.31	

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Jiangsu Nobetide Pharmaceutical Technology Co., Ltd.			-14,215,100.00		
Sino-American Ruikang Nucleic Acid Technology (Nantong) Research Institute Co., Ltd.			-26,948,276.07		
Jiangsu Ronghui Motai Pharmaceutical Technology Co., Ltd.			-11,500,000.00		
Nantong Robert Medical Technology Co., Ltd.			-7,305,859.90		
Rudong Lingda Biomedical Technology Co., Ltd.			-28,000,000.00		
Nantong Zhandao Intelligent Technology Co., Ltd.			-4,529,935.04		
Nantong Ningyuan Biotechnology Co.,			-2,500,000.00		

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Ltd.					
Nantong Hanfeng Biomedical Technology Co., Ltd.			-3,133,946.45		
Jiangsu Kaili Biological Technology Co., Ltd.					
Jiangsu Jite Surface Treatment Technology Co., Ltd.			-327,491.57		
Rudong Ruien Pharmaceutical Technology Co., Ltd.			-4,863,258.23		
Jingshan Biological Technology Jiangsu Co., Ltd.			-9,464,953.18		
Tianluo Diagnostic Technology Jiangsu Co., Ltd.			-5,341,743.07		
Nantong Zhiquan Intelligent Technology Co., Ltd.			-6,882,447.70		
Jiangsu Yiwen			-40,016,675.92		

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Microelectronics Technology Co., Ltd.					
Zhijie Semiconductor Technology Training School (Rudong) Co., Ltd.			-819,422.17		
Rudong Baolian Electronic Technology Co., Ltd.			-4,869,701.79		
Nantong Aizhi Medical Technology Co., Ltd.			-6,764,303.98		
Rudong Lingque Biological Technology Co., Ltd.			-14,662,712.80		
Rudong Lili Equity Investment Partnership (Limited Partnership)			-15,000,000.00		
Nantong Yintong Future Equity Investment Center			-5,000,000.00		

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
(Limited Partnership)					
Rudong Xiangrong Investment Management Partnership (Limited Partnership)			-12,000,000.00		
Shenzhen Jiuyi Optoelectronics Co., Ltd.			-1,990,000.00		
Jiaxing Jingyan Intelligent Equipment Technology Co., Ltd.			-20,000,000.00		
Nantong Maode Equity Investment Center (Limited Partnership) Raising Account			-2,000,000.00		
Nantong Sunde New Material Co., Ltd.			-1,800,000.00		
Jingcai (Rudong) Semiconductor Equipment Technology Co.,			-148,791.21		

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Ltd.					
Jiangsu Zhongqiang Pharmaceutical Co., Ltd.			-7,840,000.00		
Jiangsu Yuchuan New Energy Technology Co., Ltd. (Orient Securities)			-17,340,000.00		
Jiangsu Xinyunhan Optoelectronics Technology Co., Ltd.			-30,000,000.00		
Jiangsu Jiece Chuang Electronic Technology Co., Ltd.			-8,000,000.00		
Jiangsu Aochuang Deep Purple Electronic Technology Co., Ltd.			-8,660,000.00		
Rudong Life Tree Venture Capital Partnership (Limited Partnership)				48,944,582.48	
Rudong Taipu Equity Investment				173,766,555.84	

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020
	Declared distribution of cash dividends or profits	Provision for impairment	Other		
Center (Limited Partnership)					
Subtotal			-342,665,867.09	222,711,138.32	
Less: provision for impairment					
Total			-342,665,867.09	222,711,138.32	

10. Investment properties

Item	Buildings	Land use rights	Total
I. Balance As at 31/12/2019	1,020,419,514.00	401,055,100.00	1,421,474,614.00
II. Additions during the year	487,132,582.92	1,605,344,237.40	2,092,476,820.32
Add: Purchases			
Transfers from inventories/fixed assets/Construction in progress	637,926,800.00	1,982,032,742.40	2,619,959,542.40
Enterprise consolidation increase			
Less: Disposals	162,456,114.00		162,456,114.00
Including: Investment property cost	161,540,812.00		161,540,812.00
Movements in fair value	915,302.00		915,302.00
Others		401,055,100.00	401,055,100.00
Gains from changes in fair value	11,661,896.92	24,366,595.00	36,028,491.92
III. Balance As at 31/12/2020	1,106,496,996.92	2,407,454,437.40	3,513,951,434.32

Note: The carrying amount of investment properties pending certificates of ownership is RMB 688,346,300.00

11. Fixed assets

Item	As at 31/12/2020	As at 31/12/2019
Fixed assets	307,004,187.48	234,780,976.06
Disposal of fixed assets		
Total	307,004,187.48	234,780,976.06

(1) Fixed assets

① Fixed assets details

Item	Buildings	Mechanical equipment	Motor vehicles	Electronic & Office equipment	Other equipment	Total
I .Cost						
1. Balance As at 31/12/2019	226,816,390.27	16,260,721.51	2,049,536.49	7,370,224.52		252,496,872.79
2. Additions during the year		92,559,976.81	950,584.07	2,758,444.21	1,789,892.84	98,058,897.93
(1) Purchases		74,007,187.63	950,584.07	141,197.08	1,789,892.84	76,888,861.62
(2) Transfer in of construction in progress		18,552,789.18		2,617,247.13		21,170,036.31
(3) Others						
3. Decrease during the year		10,176,465.48		5,971,039.30		16,147,504.78
(1) Disposals or written-offs		10,176,465.48		5,971,039.30		16,147,504.78
(2) Others						
4. Balance As at 31/12/2020	226,816,390.27	100,644,232.84	3,000,120.56	2,157,629.43	1,789,892.84	334,408,265.94
II. Accumulated depreciation:						
1. Balance As at 31/12/2019	11,578,819.48	2,013,480.55	1,158,169.18	2,965,427.52		17,715,896.73
2. Additions during the year	7,412,679.02	2,591,742.35	517,991.79	1,900,224.74	511,252.73	12,933,890.63
(1) Provision	7,412,679.02	2,591,742.35	517,991.79	1,900,224.74	511,252.73	12,933,890.63
3. Decrease		881,328.37		2,364,380.53		3,245,708.90

Item	Buildings	Mechanical equipment	Motor vehicles	Electronic & Office equipment	Other equipment	Total
during the year						
(1) Disposals or written-offs		881,328.37		2,364,380.53		3,245,708.90
4. Balance As at 31/12/2020	18,991,498.50	3,723,894.53	1,676,160.97	2,501,271.73	511,252.73	27,404,078.46
III.Provision for impairment						
1. Balance As at 31/12/2019						
2. Additions during the year						
3. Decrease during the year						
4. Balance As at 31/12/2020						
IV.Carrying amount						
1. Balance As at 31/12/2020	207,824,891.77	94,920,338.31	1,323,959.59	1,656,357.70	1,278,640.11	307,004,187.48
2. Balance As at 31/12/2019	215,237,570.79	14,247,240.96	891,367.31	4,404,797.00		234,780,976.06

12. Construction in progress

(1) The detailed items of construction in progress are listed as follows:

Item	As at 31/12/2020	As at 31/12/2019
Smart electrical and electromechanical equipment R&D and production projects	73,297,921.40	53,255,985.51
Automatic control system equipment research and development, production projects	201,468,421.24	182,881,550.13

Item	As at 31/12/2020	As at 31/12/2019
Intelligent Mechanical and Electrical Industrial Park	2,647,206.31	2,268,240.62
Auto parts and accessories manufacturing project	18,921,865.53	11,420,967.46
Taiwan Semiconductor Industry Project		20,177,476.84
Staff and talent apartment decoration	903,672.71	
Renovation	322,416.18	
Total	297,561,503.37	270,004,220.56

(2) At the end of the period, the company conducted an impairment test on the construction in progress, and no signs of impairment were found, so there is no need to make provision for impairment.

13. Intangible assets

Item	Land right	Software	Patent right	Total
I.Cost				
1. Balance as at 31/12/2019	76,112,103.46	34,326.32	2,800,000.00	78,946,429.78
2. Additions during the year		30,000.00	8,800.00	38,800.00
(1)Purchase		30,000.00	8,800.00	38,800.00
(2)Internal development				
(3)Others				
3. Decrease during the year				
(1)Disposals				
(2)Convert to investment property				
(3)Others				
4.Balance As at 31/12/2020	76,112,103.46	64,326.32	2,808,800.00	78,985,229.78
II.Accumulative amortisation				
1. Balance as at	11,762,377.80	7,244.51	629,372.15	12,398,994.46

Item	Land right	Software	Patent right	Total
31/12/2019				
2. Additions during the year	2,436,401.04	5,326.01	364,316.91	2,806,043.96
(1)Provision	2,436,401.04	5,326.01	364,316.91	2,806,043.96
3. Decrease during the year				
(1)Disposals				
(2)Convert to investment property				
(3)Others				
4.Balance As at 31/12/2020	14,198,778.84	12,570.52	993,689.06	15,205,038.42
III.Provision for impairment				
1. Balance as at 31/12/2019				
2. Additions during the year				
(1)Provision				
3. Decrease during the year				
(1)Disposals				
4.Balance As at 31/12/2020				
IV.Carrying amount				
1. Balance As at 31/12/2020	61,913,324.62	51,755.80	1,815,110.94	63,780,191.36
1. Balance as at 31/12/2019	64,349,725.66	27,081.81	2,170,627.85	66,547,435.32

Note: Some of the company's intangible assets have land use rights for education and medical purposes.

14. Long-term deferred expenses

Item	As at 31/12/2019	Additions during the year	Amortisation for the year	Others decreases	As at 31/12/2020
Renovation cost		77,600,317.36	7,727,191.61		69,873,125.75
Total		77,600,317.36	7,727,191.61		69,873,125.75

15. Deferred tax assets and deferred tax liabilities

(1)Deferred tax assets

Item	As at 31/12/2020		As at 31/12/2019	
	Deferred tax assets/ liabilities	Deductible / Taxable temporary differences	Deferred tax assets/ liabilities	Deductible / Taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	20,732,168.83	82,928,675.30	28,566,818.48	114,267,273.92
Deductible tax losses				
Total	20,732,168.83	82,928,675.30	28,566,818.48	114,267,273.92
Deferred tax liabilities:				
Revaluation	885,194,241.70	221,298,560.42	3,407,620.27	851,905.07
Asset book value is greater than the tax base	19,937,936.32	2,700,309.08	6,224,302.00	1,556,075.50
Total	905,132,178.02	223,998,869.50	9,631,922.27	2,407,980.57

16. Other non-current assets

Item	As at 31/12/2020	As at 31/12/2019
Prepaid land transfer fee	314,254,260.00	309,254,974.00
Total	314,254,260.00	309,254,974.00

17. Short-term loans

(1)Short-term loans by category

Category	As at 31/12/2020	As at 31/12/2019
Pledged loans	87,400,000.00	115,000,000.00
Guaranteed loans	461,000,000.00	430,000,000.00
Loans secured by mortgages, pledge and guarantee	80,000,000.00	
Total	628,400,000.00	545,000,000.00

18. Bills payable

(1) Bills payable by category

Category	As at 31/12/2020	As at 31/12/2019
Bank acceptance bills	940,010,000.00	780,000,000.00
Trade acceptance bills		210,000,000.00
Total	940,010,000.00	990,000,000.00

19. Accounts payable

(1) The ageing analysis of accounts payable is as follows:

Ageing	As at 31/12/2020	As at 31/12/2019
Within 1 year	125,650,496.46	355,650,128.02
1-2 years	8,223,107.41	315,456,100.41
2-3 years	7,798,568.79	40,116,329.40
More than 3 years	218,564,644.08	19,187,345.52
Total	360,236,816.74	730,409,903.35

(2) As at 31 December 2020, the five largest accounts payable aggregated by creditor were analysed as follows:

Creditor	Nature of Payment	As at 31/12/2019	Ageing
Project payables	Project payment	315,014,884.28	Within 1 year/1-3 years
Nantong Xianghua Construction Engineering Co., Ltd.	Project payment	5,553,168.17	Within 1 year/1-3 years/More than 3 years
Yongzhi Technology Co., Ltd.	Project payment	3,457,012.10	2-3 years
Nantong Sijian Group Co., Ltd.	Project payment	3,167,339.00	1-3 years
Nantong Jincheng Municipal Construction Engineering Co., Ltd.	Project payment	3,000,000.00	2-3 years
Total	—	330,192,403.55	—

20. Advances from customers

Ageing	As at 31/12/2020	As at 31/12/2019
Within 1 year	7,805,436.59	6,252,085.25
1-2 years	3,356,456.00	470,554.06
2-3 years	200.00	289,291.65
More than 3 years	4,100.00	-
Total	11,166,192.59	7,011,930.96

As at 31 December 2020, the five largest advances from customers aggregated by creditor were analysed as follows:

Creditor	Nature of Payment	As at 31/12/2020	Ageing
Nantong Hongming New Material Co., Ltd.	Rent, utilities	4,296,943.75	1-2 years
Changhe Times pre-collected housing payment	House purchase payment	2,283,901.85	Within 1 year
Fumin Garden Resettlement House to make up the difference	House purchase payment	1,092,830.60	Within 1 year
Jiangsu Hongweite Pharmaceutical Technology Co., Ltd.	Rent, utilities	300,593.00	Within 1 year
Yu Zhilin	House purchase payment	239,766.40	Within 1 year
Total	—	8,214,035.60	—

21. Employee benefits payable

(1) Overall situation

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Short-term employee benefits	1,089,599.00	19,781,833.40	19,829,863.19	1,041,569.21
Post-employment benefits - defined contribution plans		1,070,047.40	1,070,047.40	
Termination benefits				
Other benefits due within one year				
Total	1,089,599.00	20,851,880.80	20,899,910.59	1,041,569.21

(2) Short-term employee benefits

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Salaries, bonus, allowances	1,078,041.00	17,001,639.41	17,038,212.16	1,041,468.25
Staff welfare		1,110,459.48	1,110,459.48	
Social insurances		732,929.46	732,929.46	

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Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Including : 1. Medical insurance		673,695.13	673,695.13	
2. Work-related injury insurance		41,883.23	41,883.23	
3. Maternity insurance		17,351.10	17,351.10	
Housing Fund		885,600.20	885,600.20	
Labor union fees, staff and workers' education fee	11,558.00	51,204.85	62,661.89	100.96
Short-term paid absences				
Short-term profit –sharing plan				
Total	1,089,599.00	19,781,833.40	19,829,863.19	1,041,569.21

(3) Defined contribution plans

Item	As at 31/12/2019	Accrued during the year	Decreased during the year	As at 31/12/2020
Post-employment benefits		837,664.60	837,664.60	
Unemployment insurance		232,382.80	232,382.80	
Enterprise annuity payment				
Total		1,070,047.40	1,070,047.40	

22. Taxes payable

Item	As at 31/12/2020	As at 31/12/2019
VAT	201,203,152.03	295,638,628.80
Corporate income tax	382,157,675.46	253,892,334.60
Urban maintenance and construction tax	7,310,652.81	9,362,081.04
Property tax	2,847,512.49	4,381,775.49
Land usage tax	4,039,331.30	1,464,334.50
Individual income tax	4,905.17	113.85
Educational surcharge	7,281,050.59	8,639,318.58
Land appreciation tax	37,387.16	
Stamp duty	48,233.59	
Total	604,929,900.60	573,378,586.86

23. Other payables

Item	As at 31/12/2020	As at 31/12/2019
Other payables	277,467,356.52	315,029,716.89
Interest payable	20,795,496.92	54,445,939.48
Dividends payable		
Total	298,262,853.44	369,475,656.37

(1) Interest payable

Item	As at 31/12/2020	As at 31/12/2019
Interest payable for long-term loans with interest paid in installments and principal paid on maturity		9,306,518.50
Interest payable on debentures	20,533,333.31	44,487,945.21
Interest payable on short-term loans	262,163.61	651,475.77
Total	20,795,496.92	54,445,939.48

(2) Other payables

① The ageing analysis of other payable is as follows:

Ageing	As at 31/12/2020	As at 31/12/2019
Within 1 year	91,962,426.38	108,974,081.83
1~2 years	104,784,342.87	62,188,643.99
2~3 years	9,981,303.49	409,313.62
Over 3 years	70,739,283.78	143,457,677.45
Total	277,467,356.52	341,972,521.39

② As at 31 December 2020, the five largest other payable aggregated by creditor were analysed as follows:

Creditor	Nature of Payment	As at 31/12/2020	Ageing
Collective fund escrow account in Jugang Town, Rudong County	Current payment	56,226,090.00	1-2 years, over 3 years
Nantong Chuangzhi New Material Technology Co., Ltd.	Current payment	44,500,000.00	Within 1 year, over 3 years
Nantong Dadong Co., Ltd.	Current payment	42,000,000.00	Within 1 year
Rudong County Natural Resources Bureau	Current payment	29,040,000.00	1-2 years
Exchange funds for land	Land acquisition	18,055,609.70	1-3 years

Creditor	Nature of Payment	As at 31/12/2020	Ageing
acquisition in each village			
Total	—	189,821,699.70	—

24. Non-current liabilities due within one year

Item	As at 31/12/2020	As at 31/12/2019
Long-term loans due within one year(Note VI.25)	777,030,000.00	838,953,500.00
Debentures payable within one year(Note VI.26)	1,900,000,000.00	
Long-term payables due within one year(Note VI.27)		16,963,512.19
Total	2,677,030,000.00	855,917,012.19

25. Long-term loans

Item	As at 31/12/2020	As at 31/12/2019
Pledged loans		523,415,000.00
Loans secured by mortgages		612,591,300.00
Guaranteed loans	1,265,430,000.00	1,695,558,500.00
Loans secured by pledge and guarantee	316,000,000.00	
Loans secured by mortgages and guarantee	1,376,494,500.00	
Loans secured by mortgages ,guarantee and pledge	80,000,000.00	
Total	3,281,024,500.00	2,831,564,800.00

26. Debentures payable

(1)Debentures payable

Item	As at 31/12/2020	As at 31/12/2019
18 Tongtai 01		498,073,179.70
18 Tongtai 03		696,452,172.56
18 Tongtai 04		696,607,933.65
19 Tongtuo 01	199,409,534.29	198,309,534.29
20 Tongtuo 01	139,146,573.49	
20 Tongtuo 02	655,295,759.41	
20 Tong Agricultural Special Debentures	591,728,611.88	
Total	1,585,580,479.07	2,089,442,820.20

(2) Increases and decreases of debentures payable (Excluding preferred stocks, perpetual bonds and other financial instruments classified as financial liabilities):

Bond name	Face value	Issuance date	Term	Issuance amount	As at 31/12/2019
18 Tongtai 01	500,000,000.00	2018/7/4	3 years	500,000,000.00	498,073,179.70
18 Tongtai 03	700,000,000.00	2018/9/12	3 years	700,000,000.00	696,452,172.56
18 Tongtai 04	700,000,000.00	2018/10/24	3 years	700,000,000.00	696,607,933.65
19 Tongtou 01	200,000,000.00	2019/12/23	2 years	200,000,000.00	198,309,534.29
20 Tongtou 01	140,000,000.00	2020/6/10	2 years	140,000,000.00	
20 Tongtou 02	660,000,000.00	2020/9/14	2 years	660,000,000.00	
20 Tong Agricultural Special Debentures	600,000,000.00	2020/12/29	7 years	600,000,000.00	
Total				3,500,000,000.00	2,089,442,820.20

(Continued)

Bond name	Issuance during the year	Interest at face value	Amortization of premiums or discounts	Repayment during the year	Balance As at 31/12/2020
18 Tongtai 01			1,926,820.30	500,000,000.00	
18 Tongtai 03			3,547,827.44	700,000,000.00	
18 Tongtai 04			3,392,066.35	700,000,000.00	
19 Tongtou 01			1,100,000.00		199,409,534.29
20 Tongtou 01	140,000,000.00		-853,426.51		139,146,573.49
20 Tongtou 02	660,000,000.00		-4,704,240.59		655,295,759.41
20 Tong Agricultural Special Debentures	600,000,000.00		-8,271,388.12		591,728,611.88
Total	1,400,000,000.00		-3,862,341.13	1,900,000,000.00	1,585,580,479.07

27. Long-term payables

Item	As at 31/12/2020	As at 31/12/2019
Loan	260,000,000.00	
Payable for financing leased fixed assets	183,820,101.27	312,328,087.81

Total	443,820,101.27	312,328,087.81
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28. Paid-in capital

Investor	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Rudong County Investment Management Office	1,400,000,000.00			1,400,000,000.00
Total	1,400,000,000.00			1,400,000,000.00

29. Capital reserve

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Other capital reserves	3,061,301,530.95	100,000,000.00		3,161,301,530.95
Total	3,061,301,530.95	100,000,000.00		3,161,301,530.95

Note: The increase in capital reserve is due to the financial allocation of capital of RMB 100,000,000.00.

30. Other comprehensive income

Item	As at 31/12/2019	Movements during the year					As at 31/12/2020
		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
I.Items that will not be reclassified to profit or loss							
Including:Remeasurement of net defined benefit plan liability							
Share of other comprehensive							

Item	As at 31/12/2019	Movements during the year					As at 31/12/2020
		Before-tax amount	Less: previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of- tax amount attributa ble to non- controlli ng interests	
income of the equity method instruments							
II.Items that may be reclassified to profit or loss	2,555,715.20	881,786,621.43		220,446,655.35			663,895,681.28
Including:Share of other comprehensive income of the equity method instruments							
Gain or loss arising from changes in fair value of available-for-sale financial assets							
Total	2,555,715.20	881,786,621.43		220,446,655.35			663,895,681.28

31. Surplus reserve

Item	As at 31/12/2019	Additions during the year	Reductions during the year	As at 31/12/2020
Statutory surplus	9,006,049.96	5,959,304.27		14,965,354.23
Total	9,006,049.96	5,959,304.27		14,965,354.23

Note: According to the company law and articles of association, the company draws a

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

statutory surplus reserve fund at 10% of the net profit. If the statutory surplus reserve is more than 50% of the company's registered capital, it can no longer be drawn.

The company can appropriate discretionary surplus reserve after appropriating the statutory surplus reserve. Upon approval, the discretionary surplus reserve can be used to make up for previous years' losses or increase share capital.

32. Retained earnings

Item	As at 31/12/2020	As at 31/12/2019
Retained earnings As at 31/12/2019 (before adjustment)	802,016,995.13	586,596,715.80
Total adjustments for opening retained earnings("+" for increase; "-" for decrease)		69,872,110.29
Retained earnings As at 31/12/2019(after adjustment)	802,016,995.13	656,468,826.09
Add: Net profits for the year attributable to shareholders of the Company	193,693,629.21	146,666,628.59
Less: Appropriation for statutory surplus reserve	5,959,304.27	1,118,459.55
Appropriation for discretionary surplus reserve		
Appropriation for general reserve fund		
Cash dividends		
Dividends converted to share capital		
Others		
Retained earnings As at 31/12/2020	988,607,086.48	802,016,995.13

33. Operating income and operating cost

(1) Operating income and Operating cost:

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Principal activities				
Engineering construction	652,379,086.54	559,958,715.96	1,207,772,166.73	1,027,364,200.00
Sanitation and property income	6,013,981.79	632,166.63	525,382.48	242,315.70
Property sales	25,775,434.43	15,031,025.18		

Testing and inspection services	18,452,319.37	15,714,588.55		
Income from coal and steel			573,655.58	623,649.18
Other operating activities				
Leasing	22,096,653.15	26,745,594.38	19,053,469.20	9,793,604.96
Asset transfer	197,699,200.00	161,004,812.00		
Others	2,424,455.29	73,277.74		
Total	924,841,130.57	779,160,180.44	1,227,924,673.99	1,038,023,769.84

34. Taxes and surcharges

Item	Year ended 31/12/2020	Year ended 31/12/2019
Urban maintenance and construction tax	1,058,557.88	5,473,156.05
Education surcharge	1,058,372.79	5,443,939.27
Land appreciation tax	53,477.98	
Property tax	16,355,754.39	
Land usage tax	16,528,457.13	1,487,285.05
Stamp duty	1,406,366.80	802,960.47
Personal Income Tax		3,287,329.14
Vehicle and vessel usage tax	660.00	660.00
Environmental protection tax	69,817.63	
Total	36,531,464.60	16,495,329.98

Note: Please refer to Note V. Taxes for details of various taxes and additional standards.

35. Selling and distribution expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Exhibition promotion fee	59,221.07	
Logistics Freight	62,307.90	
Total	121,528.97	

36.General and administrative expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Employee compensation	17,191,138.22	15,202,829.62
Labour protection fee	10,409.08	
Utility bill	3,212,048.49	1,417,069.26
Repair fees	318,767.28	336,772.80
Vehicle usage fee	103,074.21	
Shipping fee	4,990.43	3,183,729.91
Office expenses	1,249,089.81	
Post and telecommunications fees	274,384.06	235,293.58
Administrative travel expenses	370,000.41	
conference fee	3,237.26	12,044,847.48
Business Hospitality	125,380.16	
Legal service fee	328,521.86	
Audit evaluation fee	2,504,005.39	
Consultation fee	2,771,040.75	996,408.02
Property costs	3,666,393.13	78,232.57
Other intermediary fees		2,435,565.26
Property insurance premium	208,525.38	803,740.89
Warehouse expenses		2,434,296.23
Security costs	45,291.12	619,470.46
Rental costs	1,196,968.32	426,772.74
Technology development costs		10,058,432.87
Superior management fee	300,000.00	4,299,985.44
Depreciation expense	15,631,304.00	20,382.50
Amortization of intangible assets	1,736,978.92	
Amortization of low-value consumables	38,621.85	
Amortization of long-term deferred expenses	80,994.10	
Security for the disabled	33,596.33	
Others	838,159.68	1,071,753.98
Total	52,242,920.24	55,665,583.61

37. Financial expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Interest expenses	38,425,270.01	19,631,531.39
Less: Interest income	20,619,458.88	2,103,282.76
Add: Net exchange losses/gains	-2,920.86	
Bank charges	481,045.75	
Financing fee	30,965,438.56	
Total	49,249,374.58	17,528,248.63

38. Other income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Special subsidies for infrastructure	120,493,419.49	70,000,000.00
County financial subsidies		9,782,825.14
China Merchants Subsidies	48,840.00	
Provincial Business Development Subsidies	1,000,000.00	
Subsidies for training with work	62,600.00	
Expense subsidies for veterans	2,200,000.00	
Public Finance Bureau Community Award		500,000.00
Provincial incubation fund allocation		256,000.00
County finance allocates compensation for Penaeus vannamei		3,304,125.00
Total	123,804,859.49	83,842,950.14

39. Investment income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Investment income from disposal of long-term equity investments	8,520,962.62	6,863,451.97
Others	1,148,674.25	
Total	9,669,636.87	6,863,451.97

40. Impairment losses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Receivables impairment	-31,123,545.10	16,702,229.16

Item	Year ended 31/12/2020	Year ended 31/12/2019
Total	-31,123,545.10	16,702,229.16

41. Gains from assets disposal

Item	Year ended 31/12/2020	Year ended 31/12/2019
Gains from disposals of fixed assets	39,064,408.79	
Total	39,064,408.79	

42. Non-operating income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Compensation income	7,741,946.00	
Other	18,556.28	2,001.00
Total	7,760,502.28	2,001.00

43. Non-operating expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Total non-current asset damage and scrap loss	0.07	
1-1 Loss from damage and scrapping of fixed assets	0.07	
Donations provided	55,000.00	
Operational fines, administrative fines, tax late fees	1,938,867.08	18,800.00
Comprehensive Fund	520,000.00	
Other	9,030.22	
Total	2,522,897.37	18,800.00

44. Income tax expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Current tax expense for the year based on tax law and regulations	25,901,082.01	32,445,119.58
Changes in deferred tax assets	7,780,886.28	-4,157,708.07
Changes in deferred tax liabilities	1,144,233.58	1,556,075.50
Total	34,826,201.87	29,843,487.01

45. Supplementary information on cash flow statement

(1) Supplement to cash flow statement:

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Item	Year ended 31/12/2020	Year ended 31/12/2019
1.Reconciliation of net profit/loss to cash flows from operating activities:		
Net profit	192,582,985.67	145,894,453.74
Add: Provisions for impairment of assets	-31,123,545.10	16,702,229.16
Depreciation of fixed assets, depreciation of investment properties, depletion of oil and gas assets, and depreciation of productive biological assets(delete if there is no such item)	12,933,890.63	12,384,357.10
Amortization of intangible assets	2,806,043.96	308,381.50
Amortization of long-term deferred expenses	7,727,191.61	495,237.73
Losses from disposal of fixed assets, intangible assets, and other long-term assets ("- " for gains)	-39,064,408.79	
Loss from scrapping of fixed assets ("- " for gains)	0.07	
Losses from changes in fair value ("- " for gains)	-12,262,332.32	-1,538,824.87
Financial expenses ("- " for income)	69,390,708.57	50,463,811.91
Losses arising from investment ("- " for gains)	-8,380,775.19	-6,863,451.97
Decrease in deferred tax assets ("- " for increase)	7,780,886.28	-4,157,708.07
Increase in deferred tax liabilities ("- " for decrease)		
Decrease in gross inventories ("- " for increase)	1,185,424,821.71	46,724,196.58
Decrease in operating receivables ("- " for increase)	-907,584,335.56	-2,971,492,481.00
Increase in operating payables ("- " for decrease)	45,551,205.26	1,620,181,243.06
Others		
Net cash flows from operating activities	525,782,336.80	-1,090,898,555.13
2.Investing and financing activities not requiring the use of cash:		
Conversion of debt into capital		
Convertible bonds due within one year		
Acquisition of fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash As at 31/12/2020	1,176,570,228.14	641,828,385.72
Less: cash As at 31/12/2019	641,828,385.72	816,165,866.16
Add: cash equivalents As at 31/12/2020		
Less: cash equivalents As at 31/12/2019		
Net increase/decrease in cash and cash equivalents	534,741,842.42	-174,337,480.44

(2) Details of cash and cash equivalents

Item	Year ended 31/12/2020	Year ended 31/12/2019
I.Cash	1,176,570,228.14	641,828,385.72
Including: Cash on hand	21,272.29	
Bank deposits available on demand	1,176,548,955.85	641,828,385.72
Other monetary funds available on demand		
II.Cash equivalents		
Including: Bond investments with a maturity of 3 months or less		
III.Cash and cash equivalents As at 31/12/2020	1,176,570,228.14	641,828,385.72

Note: Cash and cash equivalents do not include the restricted of cash and cash equivalents by the parent company or its subsidiaries.

46. Government grant

1.The basic situation of the government subsidies initially recognized in the current period

Item	Amount	Related to assets		Related to income				Actually received (Y/N)
		Deferred income	Offset against the carrying amount	Deferred income	Other income	Non-operating income	Offset against related expenses	
Special subsidies for infrastructure	120,493,419.49				120,493,419.49			Y
China Merchants Subsidies	48,840.00				48,840.00			Y
Provincial Business Development Subsidies	1,000,000.00				1,000,000.00			Y
Subsidies for training with work	62,600.00				62,600.00			Y
Expense subsidies for veterans	2,200,000.00				2,200,000.00			Y
Total	123,804,859.49				123,804,859.49			—

2. Recognized in profit or loss for the current period.

Item	Category	Recognised as other income	Recognised as non-operating income	Offset against related expenses
Special subsidies for infrastructure	Appropriation from government	120,493,419.49		
China Merchants Subsidies	Appropriation from government	48,840.00		
Provincial Business Development Subsidies	Appropriation from government	1,000,000.00		
Subsidies for training with work	Appropriation from government	62,600.00		
Expense subsidies for veterans	Appropriation from government	2,200,000.00		
Total	—	123,804,859.49		

47. Assets with restrictive ownership title or right of use

Items	As at 31/12/2019	Reason for restriction
Cash at bank and on hand	1,352,020,000.00	Acceptance Guarantee deposit
Inventories	307,997,356.17	Mortgaged
Fixed assets	97,203,419.26	Mortgaged
Investment properties	1,995,856,732.18	Mortgaged
Intangible assets	32,293,304.55	Mortgaged
Total	3,785,370,812.16	

VII. Change of consolidation scope

1. Subsidiaries, structured entities or other operating entities that have formed control rights that are newly included in the scope of consolidation from January to December 2020.

Name	Shareholding%	Percentage of voting rights %	Acquisition method	Increase year
Nantong Chuangzhi New Material Technology Co., Ltd.	100.00	100.00	Establishment	2020
Rudong Bincheng Property	100.00	100.00	Establishment	2020

Name	Shareholding%	Percentage of voting rights %	Acquisition method	Increase year
Management Co., Ltd.				

2. Subsidiaries, structured entities or other operating entities that have formed control rights that are no longer included in the scope of consolidation from January to December 2020.

Name	Shareholding%	Percentage of voting rights %	Reduction method	Disposal
Rudong Life Tree Venture Capital Partnership (Limited Partnership)	90.90	90.90	Transfer to available-for-sale financial assets cost method accounting	2020

VIII. Related parties and related party transactions

1. Information about the parent of the Company

Name	Registration place	Shareholding percentage %	Percentage of voting rights %
Rudong County Investment Management Office	Rudong	100.00	100.00

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

2. Interests in subsidiaries

NO.	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
1	Rudong Hongtai Construction Co., Ltd.	1	Rudong	Rudong	Infrastructure development and construction; municipal engineering, earthwork engineering, intelligent engineering, foundation and foundation engineering construction; house acquisition labor services; land consolidation and leasing; greening engineering construction; greening maintenance services; land reclamation (involving permits with permit qualifications Operation); wholesale and retail of building materials, mechanical and electrical equipment; planting, wholesale, and retail of crops and seedlings; fish and crab breeding and sales; property management; real estate leasing and sales; cleaning services.	100.00	100.00	Establishment
2	Rudong Tianyi Construction Development Co., Ltd.	1	Rudong	Rudong	Real estate development; land and infrastructure development and consolidation; construction and installation engineering, water conservancy and hydropower engineering, municipal engineering, decoration engineering, earth and stone engineering, foundation and foundation engineering, glass curtain wall engineering, steel structure engineering, and greening engineering construction; greening maintenance services; Wholesale and retail of building materials, mechanical and electrical equipment, and technical defense equipment; planting, wholesale and retail of seedlings and crops; fish and crab	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO.	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
					breeding; aquatic product sales; property management; real estate leasing and sales; cleaning services.			
3	Rudong County Jiugang Trade Logistics Development Co., Ltd.	1	Rudong	Rudong	General cargo road transportation; general cargo storage; real estate development; property management; enterprise management services; house leasing; house acquisition and labor services; tourism project development services; market facility leasing, market management services; conference and exhibition services; primary agricultural products processing, Wholesale, retail, fresh seafood, textiles, clothing, daily necessities, machinery and equipment, hardware and electrical appliances, electronic products wholesale and retail; social and economic consulting services; domestic trade agency services.	100.00	100.00	Establishment
4	Rudong Tongtai Cleaning Service Co., Ltd.	1	Rudong	Rudong	Cleaning service; garbage loading and unloading; river, road, greening management and protection; muck removal and transportation; property management.	100.00	100.00	Establishment
5	Jiangsu Rudong High-tech Biological Technology Co., Ltd.	1	Rudong	Rudong	Biomedicine, functional food, biomedicine incubator technology development; infrastructure development and construction; auto parts, knitwear, agricultural and sideline product processing, technology development; real estate development; property management and business services.	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
6	Rudong Furui Food Technology Co., Ltd.	1	Rudong	Rudong	Health food research and development, production and sales; biomedicine research and development; software development; petroleum machinery processing and production.	100.00	100.00	Establishment
7	Jiangsu Rudong High-tech Economic Development Co., Ltd.	1	Rudong	Rudong	Urban infrastructure construction and development; investment in industries permitted by the state; asset management services; real estate development.	100.00	100.00	Appropriation
8	Jiangsu Rudong High-tech Venture Capital Co., Ltd.	1	Rudong	Rudong	Venture capital business; agent for other venture capital enterprises and other institutions or individuals in venture capital business; venture capital consulting; provide business venture management services for venture enterprises; participate in the establishment of venture capital enterprises and venture capital management consulting institutions.	100.00	100.00	Appropriation
9	Jiangsu Rudong High-tech Property Management Service Co., Ltd.	1	Rudong	Rudong	Property management; real estate agency; cleaning service; greening maintenance; parking lot management.	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
10	Jiangsu Rudong High-tech Intelligent Electromechanics Co., Ltd.	1	Rudong	Rudong	Manufacture and sales of lighting equipment, electronic products and components, household appliances, and electrical equipment; integrated circuit and software development and sales and services; computer system integration services; business management consulting and services; power equipment, environmental protection equipment, communication equipment, mechanical equipment, Monitoring equipment, metal products, production and sales of instruments and meters; self-operated and agent of various commodities and technology import and export business (except for the state-restricted company operation or import and export) real estate development; property management.	100.00	100.00	Appropriation
11	Rudong Hengyuan Intelligent Equipment Co., Ltd.	1	Rudong	Rudong	R&D, production, and sales of smart equipment, sensors, motors, and electrical equipment; construction, sales, and leasing of self-owned plants. General items: sales of special electronic equipment; sales of special equipment for semiconductor devices; sales of mechanical equipment; sales of power electronic components; sales of electrical machinery and equipment; sales of office equipment; sales of special equipment for oil refining and chemical production; sales of gas compression machinery	100.00	100.00	Appropriation
12	Rudong Daobo Intelligent	1	Rudong	Rudong	R&D, production, and sales of smart equipment, sensors, motors, and electrical equipment; lease and sale of workshops; R&D, production, and sales of special	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
	Equipment Co., Ltd.				electronic materials, dielectric and insulating materials for semiconductors. (Projects subject to approval in accordance with the law can only be carried out after approval by relevant departments) General projects: sales of electronic special equipment; sales of special equipment for semiconductor devices; sales of mechanical equipment; sales of power and electronic components; sales of electrical machinery and equipment; sales of office equipment ; Sales of special equipment for oil refining and chemical production; sales of gas compression machinery			
13	Rudong Tianxiang New Material Technology Co., Ltd.	1	Rudong	Rudong	R&D and production of new materials (except restricted by national industrial policy); R&D and production of semiconductor equipment; integrated development and application of intelligent systems; development and application of intelligent equipment; software development.	100.00	100.00	Appropriation
14	Rudong Electronic Technology Co., Ltd.	1	Rudong	Rudong	License items: food business; food business (sales of pre-packaged food); grain purchase; food business (sale of bulk food); refined oil retail (excluding hazardous chemicals); general projects: electronic special materials research and development; electronic components wholesale; Electronic product sales; trade brokerage; domestic trade agent; sales agent; non-ferrous metal alloy	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
					sales; metal matrix composite materials and ceramic matrix composite materials sales; construction steel products sales; construction metal accessories sales; new metal functional materials sales; high performance Sales of non-ferrous metals and alloy materials; sales of non-metallic minerals and products; sales of metal structures; sales of metal materials; sales of metal products; sales of new ceramic materials; wholesale of hardware products; retail of hardware products; sales of optical cables; sales of light construction materials; construction materials Sales; sales of architectural ceramics; sales of optical fibers; sales of wires and cables; sales of photovoltaic equipment and components; sales of railway transportation equipment; sales of electrical equipment; sales of building decoration materials; sales of coal and products; sales of beans and potatoes; sales of grains; Retail of edible agricultural products; wholesale of edible agricultural products; sales of special equipment for agricultural and sideline food processing; sales of agricultural, forestry, animal husbandry, sideline, and fishery machinery; sales of non-edible fish oil and products; refined oil storage (excluding hazardous chemicals); refined oil Wholesale (excluding hazardous chemicals); sales of special electronic equipment; sales of special equipment for semiconductor devices; sales of			

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
					mechanical equipment; sales of power and electronic components; sales of electrical machinery and equipment; sales of office equipment; sales of special equipment for oil refining and chemical production; gas compression machinery Sales			
	Rudong Kete Electromechanica l Technology Co., Ltd.	1	Rudong	Rudong	Mechanical and electrical technology research and development, transfer, service, consulting, promotion; general cargo storage; intelligent system integration development and application; intelligent equipment development and application; software development; auto parts and accessories manufacturing; workshop rental and sales. (Projects subject to approval in accordance with the law can only be carried out after approval by relevant departments) General projects: sales of electronic special equipment; sales of special equipment for semiconductor devices; sales of mechanical equipment; sales of power and electronic components; sales of electrical machinery and equipment; sales of office equipment ; Sales of special equipment for oil refining and chemical production; sales of gas compression machinery	100.00	100.00	Appropriation
16	Rudong County Jiugang Automobile City	1	Rudong	Rudong	For automobile city infrastructure construction, public facilities construction, real estate project investment, project investment management services; automobile city management services; engineering construction projects,	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
	Investment Development Co., Ltd.				bidding agency services; sales of automobiles, auto parts, lubricants, and rubber products; sales and brokerage of second-hand cars Services; car rental; car information consulting services; agency car registration, transfer, and annual inspection services; tourism project planning services.			
17	Rudong Tianye Housing Demolition Co., Ltd.	1	Rudong	Rudong	House demolition (operate with qualification)	100.00	100.00	Appropriation
18	Kangshen Investment Management (Shanghai) Co., Ltd.	1	Rudong	Rudong	Investment management, health management consulting (not engaged in diagnosis and treatment activities, psychological consulting), travel consulting, e-commerce (not engaged in value-added telecommunications, financial services), technology development, technical services, technical consulting, and technology in the fields of medical technology and medical device technology Transfer, sales of a class of medical devices.	100.00	100.00	Appropriation
19	Jiangsu Dingyang Pharmaceutical Technology Co., Ltd.	1	Rudong	Rudong	Pharmaceutical production technology, biotechnology research and development, transfer, and consulting.	100.00	100.00	Appropriation

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
20	Zhongrui Technology Testing (Rudong) Co., Ltd.	1	Rudong	Rudong	Verification analysis of semiconductor panels and electronic related products; R&D, sales and technical consultation of verification equipment and fixtures; Semiconductor testing, production and sales; production and sales of semiconductor panels and electronic related equipment; self-support or agent import and export business of the above products .	70.00	70.00	Establishment
21	Rudong Bincheng Property Management Co., Ltd.	1	Rudong	Rudong	Licensed items: accommodation services; alcohol business; catering services; food business (sales of pre-packaged food); food business (items subject to approval in accordance with the law, business activities can be carried out only after approval by relevant departments, specific business projects are subject to the approval results) General items: property management; professional cleaning, cleaning, and disinfection services; land remediation services; municipal facilities management; non-residential real estate leasing; hotel management; daily necessities sales; conference and exhibition services; leasing services (excluding publication rentals)	100.00	100.00	Establishment
22	Nantong Chuangzhi New Material Technology Co.,	1	Rudong	Rudong	R&D and sales of production technology for high-strength and low-shrinkage polyester industrial yarns and high-strength and low-shrinkage nylon fine denier industrial yarns; sales of chemical fiber raw materials, instruments, machinery and equipment and spare parts; self-operating and agent import and	100.00	100.00	Establishment

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

NO.	Name	Type of enterprise	Registration place	Principal place of business	Business nature	Shareholding percentage %	Percentage of voting rights %	Acquisition method
	Ltd.				export business of various commodities and technologies (national Except for restricted company operations or prohibited import and export)			

Note: Type of enterprise: 1. Domestic non-financial subsidiary, 2. Domestic financial subsidiary, 3. Overseas subsidiary, 4. Public institution, 5. Infrastructure unit.

3. Interests in joint ventures or associates

For details, please refer to the relevant information disclosed in this Note VI.9 Long-term Equity Investment..

IX. Contingencies

1. As at 31 December 2020, there is no material contingency arising from pending litigation and guarantee provided to other entities.

2. As at 31 December 2020, there is no material contingency arising from others.

3. As at 31 December 2020, the company has no contingent assets.

4. As at 31 December 2020, The Company external guarantee is as follows:

Rudong County Tongtai Investment Group Co., Ltd.

Guarantee	Guarantor	Amount of guarantee(Ten thousand yuan)	Form of guarantee	Inception date of guarantee	Maturity date of guarantee	Collateral
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Rudong Hongtai Construction Co., Ltd.	16,000.00	Mortgage	2019.9.17	2032.9.16	Su (2018) Rudong County Real Estate Property No. 0001176
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Rudong County Tongtai Investment Group Co., Ltd.	4,000.00	Guarantee	2017.5.21	2021.11.21	
Rudong Xintiandi Investment Development Co., Ltd.	Rudong County Tongtai Investment Group Co., Ltd.	26,500.00	Guarantee	2020.5.22	2027.5.18	
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	Jiangsu Rudong High-tech Intelligent Electromechanic al Co., Ltd.	200.00	Guarantee	2020.12.29	2021.6.10	
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	Rudong County Tongtai Investment Group Co., Ltd.	4,900.00	Guarantee	2020.9.25	2022.9.24	
Rudong Bincheng Water Supply Co., Ltd.	Rudong County Tongtai Investment Group Co., Ltd.	4,850.00	Guarantee	2020.8.14	2027.27	
Nantong Tianyi Agricultural and Sideline Products Wholesale Market	Rudong County Tongtai Investment Group Co., Ltd.	500.00	Guarantee	2020.3.10	2021.3.10	
Total		56,950.00				

X. Notes to the Company's financial statements**1. Accounts receivable****(1) Accounts receivable by category**

Category	As at 31/12/2020				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	285,263,071.20	100.00			285,263,071.20
Including: Ageing group					
Other group	285,263,071.20	100.00			285,263,071.20
Individually insignificant but assessed for impairment individually					
Total	285,263,071.20	100.00		—	285,263,071.20

(Continued)

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	85,713,532.31	100.00			85,713,532.31
Including: Ageing group					
Other group	85,713,532.31	100.00			85,713,532.31
Individually insignificant but assessed for impairment individually					
Total	85,713,532.31	100.00		—	85,713,532.31

(2) As at 31 December 2020, accounts receivable aggregated by debtors were analysed as follows:

Debtor	Nature of Payment	As at 31/12/2020	Ageing	The proportion of the total accounts receivable (%)	Provision for bad and doubtful debts
Rudong Antai Water Conservancy Construction Co., Ltd.	Project payment	85,713,532.31	1-3 years	30.05	
Jiangsu Tianyi Agricultural Trade Group Co., Ltd.	Project payment	199,549,538.89	Within 1 year	69.95	
Total	—	285,263,071.20	—	100.00	

2. Other receivables

Item	As at 31/12/2020	As at 31/12/2019
Other receivables	4,779,931,359.90	3,493,801,103.57
Interest receivable		
Dividends receivable		
Total	4,779,931,359.90	3,493,801,103.57

(1) Other receivables by category

Category	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	4,780,095,609.90	100.00	164,250.00	<<0.01	4,779,931,359.90
Including: Ageing group	3,308,000.00	0.07	164,250.00	4.97	
Other group	4,776,787,609.90	99.93			
Individually insignificant					

Category	As at 31/12/2020				
	Book balance		Provision for bad and doubtful debts		Carrying amount
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
but assessed for impairment individually					
Total	4,780,095,609.90	100.00	164,250.00	—	4,779,931,359.90

(Continued)

(Continued)

Category	As at 31/12/2019				Carrying amount
	Book balance		Provision for bad and doubtful debts		
	Amount	Proportion (%)	Amount	Percentage of provision(%)	
Individually significant and assessed for impairment individually					
Collectively assessed for impairment based on credit risk characteristics	3,593,808,726.51	100.00	71,396.90	<<0.01	3,593,737,329.61
Including: Ageing group	3,599,949.30	0.10	71,396.90	1.98	3,528,552.40
Other group	3,590,208,777.21	99.90			3,590,208,777.21
Individually insignificant but assessed for impairment individually					
Total	3,593,808,726.51	100.00	71,396.90	—	3,593,737,329.61

A. Other receivables which are collectively assessed for impairment using the ageing analysis method at the end of the year:

Ageing	As at 31/12/2020		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year	23,000.00	0.00	
1-2 years	3,285,000.00	5.00	164,250.00
2-3 years		10.00	
3-4 years		30.00	
4-5 years		50.00	

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Ageing	As at 31/12/2020		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
More than 5 years		100.00	
Total	3,308,000.00	—	164,250.00

(Continued)

Ageing	As at 31/12/2019		
	Book balance	Percentage of provision %	Provision for bad and doubtful debts
Within 1 year	3,362,032.00	0.00	
1-2 years	69,905.00	5.00	3,495.25
2-3 years	29,589.00	10.00	2,958.90
3-4 years	64,326.00	30.00	19,297.80
4-5 years	56,904.70	50.00	28,452.35
More than 5 years	17,192.60	100.00	17,192.60
Total	3,599,949.30	—	71,396.90

(2) As at 31 December 2020, the five largest other receivables aggregated by debtors were analysed as follows:

Debtors	Nature	As at 31/12/2020	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Rudong Hongtai Construction Co., Ltd.	Current payment	2,236,733,811.10	Within 1 year/1-3 years	46.79	
Rudong Jiugang Commercial Logistics Development Co., Ltd.	Current payment	810,028,150.00	Within 1 year/1-2 years	16.95	
Rudong High-tech Zone Finance Branch	Current payment	713,751,759.32	Within 1 year	14.93	
Rudong Daobo Intelligent Equipment Co., Ltd.	Current payment	430,390,000.00	Within 1 year/1-3 years	9.00	
Jiangsu Tianyi Agricultural Trade	Current payment	347,112,875.02	Within 1 year	7.26	

Debtors	Nature	As at 31/12/2020	Ageing	The proportion of other total receivables (%)	Provision for bad and doubtful debts
Group Co., Ltd.					
Total	—	4,538,016,595.44	—	94.93	

3. Long-term equity investments**(1) Long-term equity investments classification:**

Item	As at 31/12/2020			As at 31/12/2019		
	Book balance	Provision for bad and doubtful debts	Carrying amount	Book balance	Provision for bad and doubtful debts	Carrying amount
Subsidiaries	1,294,474,100.00		1,294,474,100.00	1,294,474,100.00		1,294,474,100.00
Joint ventures						
Associates	173,766,555.84		173,766,555.84			
Subtotal	1,468,240,655.84		1,468,240,655.84			
Less: provision for impairment						
Total	1,468,240,655.84		1,468,240,655.84	1,294,474,100.00		1,294,474,100.00

(2) Long-term equity investment details

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
I. Subsidiaries						
Rudong Hongtai Construction Co., Ltd.	50,000,000.00					
Rudong Tianyi Construction	1,133,974,100.00					

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Investee	As at 31/12/2019	Movements during the year				
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements
Development Co., Ltd.						
Jiangsu Rudong High-tech Biological Technology Co., Ltd.	110,000,000.00					
Rudong Tongtai Cleaning Service Co., Ltd.	500,000.00					
Subtotal	1,294,474,100.00					
II. Joint ventures						
III. Associates						
Rudong Taipu Equity Investment Center (Limited Partnership)		174,050,000.00		-283,444.16		
Less: provision for impairment						
Total	1,294,474,100.00	174,050,000.00		-283,444.16		

(Continued)

Investee	Movements during the year			As at 31/12/2020	Balance of provision for impairment As at 31/12/2020	Shareholding percentage %
	Declared distribution of cash dividends or profits	Provision for impairment	Other			
I. Subsidiaries						

Rudong County Tongtai Investment Group Co., Ltd.

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For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

Rudong Hongtai Construction Co., Ltd.				50,000,000.00	100.00
Rudong Tianyi Construction Development Co., Ltd.				1,133,974,100.00	100.00
Jiangsu Rudong High-tech Biological Technology Co., Ltd.				110,000,000.00	100.00
Rudong Tongtai Cleaning Service Co., Ltd.				500,000.00	100.00
Subtotal				1,294,474,100.00	
II. Joint ventures					
III. Associates					
Rudong Taipu Equity Investment Center (Limited Partnership)				173,766,555.84	99.00
Less: provision for impairment					
Total				1,468,240,655.84	

4. Operating income and Operating cost

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Operating income	Operating cost	Operating income	Operating cost
Principal activities:				
Engineering construction	193,737,416.39	166,291,282.41		
Project management			29,602,212.60	
Total	193,737,416.39	166,291,282.41	29,602,212.60	

Rudong County Tongtai Investment Group Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2020 (All amounts in RMB unless otherwise stated)

XI. Other content that should be disclosed in accordance with relevant financial accounting standards

Non

Rudong County Tongtai Investment Group Co., Ltd.

Legal representative:	The person in charge of accounting affairs:	The head of the accounting department:
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ISSUER

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