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This announcement is for informational purposes only and is not an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. Neither this announcement nor any copy hereof may be taken into or distributed in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. No public offer of securities is to be made by the Company in the United States.

PUBLICATION OF OFFERING CIRCULAR

LISHUI ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE INDUSTRIAL DEVELOPMENT GROUP CO., LTD.

(麗水經濟技術開發區實業發展集團有限公司)

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

(the "**Issuer**")

US$100,000,000 2.70 PER CENT. CREDIT ENHANCED BONDS DUE 2025

(Stock Code: 4553)

(the "Bonds")

BACKED BY AN IRREVOCABLE STANDBY LETTER OF CREDIT

ISSUED BY BANK OF NINGBO CO., LTD., LISHUI BRANCH

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Please refer to the offering circular dated 24 February 2022 (the "**Offering Circular**") appended herein in relation to the issuance of the Bonds. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as those defined in the Offering Circular. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published.

Notice to Hong Kong investors: The Issuer confirms that the Bonds 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 on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong or elsewhere. Investors should carefully consider the risks involved.

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

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Issuer, and 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
Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd.

Hong Kong, 4 March 2022

As at the date of this announcement, the board of directors of the Issuer comprises four directors, namely, Mr. Ye Mao, Mr. Liu Gaoshen, Mr. Ji Xiaoli and Mr. Zhang Hehuan.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN 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 therefore 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 defined in the attached Offering Circular) or from Bank of China Limited, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Dongxing Securities (Hong Kong) Company Limited, Hung Sing Securities Limited, CMB Wing Lung Bank Limited and Industrial Bank Co., Ltd. Hong Kong Branch (together, the "**Joint Lead Managers**") as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer and the Joint Lead Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1993, as amended (the "**Securities Act**"); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, 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 Issuer, the Joint Lead Managers, the Trustee (as defined in the attached Offering Circular) and the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisors or any person who controls any of them 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 Joint Lead Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR 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. THE SECURITIES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, 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 THE SECURITIES ACT.

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

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisors or any person who controls any of them 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 such Joint Lead Manager 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 the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward 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 Offering Circular.

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

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORISED TO AND YOU MAY NOT DELIVER OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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LISHUI ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE INDUSTRIAL DEVELOPMENT GROUP CO., LTD.
(丽水经济技术开发区实业发展集团有限公司)

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

U.S.$100,000,000 2.70 per cent. Credit Enhanced Bonds due 2025 backed by an irrevocable standby letter of credit issued by Bank of Ningbo Co., Ltd., Lishui Branch

Issue Price: 100.00 per cent.

The U.S.$100,000,000 2.70 per cent. credit enhanced bonds due 2025 (the "**Bonds**") will be issued by Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (丽水经济技术开发区实业发展集团有限公司) (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability. The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") denominated in U.S. dollars and issued by Bank of Ningbo Co., Ltd., Lishui Branch (the "**LC Bank**"). See "*Appendix I — Form of Standby Letter of Credit*" for the form of the Standby Letter of Credit.

The Bonds will bear interest on their outstanding principal amount from and including 3 March 2022 (the "**Issue Date**") at the rate of 2.70 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear on 3 March and 3 September in each year, commencing on 3 September 2022.

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer undertakes that it will (i) within 15 Registration Business Days (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions**")) after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange ("**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 90 Registration Business Days after the Issue Date), (iii) if applicable, as soon as possible upon being required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Matters concerning the Macro Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於實施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 (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, any implementing measures promulgated thereunder from time to time.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資 [2015]2044 號)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC or its local counterparts ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 16 September 2021 evidencing such registration and undertakes that it will, within 10 Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in relation to the issuance of the Bonds in accordance with the NDRC Circular.

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law as 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 3 March 2025 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee (as defined in the Terms and Conditions) immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations, which change or amendment becomes effective on or after 24 February 2022, and (ii) 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 Taxation Reasons*". Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), a holder of any Bond (each a "**Bondholder**" or "**Holder**") will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at their principal amount, together with accrued interest to (but excluding) the Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events*".

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date (as defined in the Terms and Conditions) immediately falling after the Mandatory Redemption Date (as defined in the Terms and Conditions) (together with interest accrued to, but excluding, the Mandatory Redemption Date), provided that if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bond pursuant to Condition 7(c) of the Terms and Conditions and a Pre-funding Failure Notice (as defined in the Terms and Conditions) is given to the Bondholders in accordance with Condition 4(b) of the Terms and Conditions as a result of the Pre-funding Failure (as defined in the Terms and Conditions) relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Mandatory Redemption upon Pre-funding Failure*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 48 of this Offering Circular.

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

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 17 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Standby Letter of Credit have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered in offshore transactions 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, the Standby Letter of Credit and the distribution of this Offering Circular, see "*Subscription and Sale*".

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

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. 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 or the Issuer, the Group (as defined below) or quality of disclosure in this Offering Circular. 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 disclaims 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.

The Bonds will not be rated.

The Bonds will be represented initially 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 in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See "*Summary of Provisions relating to the Bonds in Global Form*".

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Bank of China **Guotai Junan International** **Dongxing Securities (Hong Kong)** **Hung Sing Securities Limited**

Joint Lead Managers and Joint Bookrunners

CMB Wing Lung Bank Limited **Industrial Bank Co., Ltd. Hong Kong Branch**

Offering Circular dated 24 February 2022

NOTICE TO INVESTORS

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

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 and the Group (as defined below). The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular 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 that (i) this Offering Circular contains all information with respect to the Issuer, the Issuer and its subsidiaries (together, the "**Group**"), the LC Bank, the Bonds and the Standby Letter of Credit, which is material in the context of the issue and offering of the Bonds (including all information which, is required by applicable laws and the relevant rules and regulations imposed by the Hong Kong Stock Exchange and the information which, according to the particular nature of the Issuer, the Group, the LC Bank, the Bonds and the Standby Letter of Credit, is necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Group and the LC Bank and of the rights attaching to the Bonds and the Standby Letter of Credit); (ii) the statements contained in this Offering Circular relating to the Issuer and to the Group are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular are honestly and held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (v) the statements included in this Offering Circular relating to the LC Bank are based on, or derived or extracted from, among other sources, publicly available information which the Issuer believes to be accurate and reliable in all material respects, and represent its good faith estimates that are made on the basis of data so derived from such sources. The Issuer has taken reasonable care in reproducing or extracting, and thus including in this Offering Circular, such data; (vi) this Offering Circular does not include an untrue statement of a material fact; or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward-looking statements, each of which are included in this Offering Circular, are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds and the giving of the Standby Letter of Credit described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Bank of China Limited, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Dongxing Securities (Hong Kong) Company Limited, Hung Sing Securities Limited, CMB Wing Lung Bank Limited and Industrial Bank Co., Ltd. Hong Kong Branch (together, the "**Joint Lead Managers**", each a "**Joint Lead Manager**") or the Issuer to subscribe for or purchase any of the Bonds. 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 possession or distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 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).*

No person has been or is authorised in connection with the issue, offer or sale of the Bonds or the Standby Letter of Credit to give any information or to make any representation concerning the Issuer, the Group, the LC Bank, the Bonds or the Standby Letter of Credit other than as contained in or not consistent with this Offering Circular and, if given or made, any such information or representation should not be relied upon as having been authorised by the Issuer, the LC Bank, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or any person who controls any of them, or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds and the Standby Letter of Credit 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 or the Group since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to, the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented.

None of the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, has independently verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any directors, officers, employees, agents, advisors, representatives or affiliates of any such person or any person who controls any of them, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy, completeness or sufficiency of any of the information contained in this Offering Circular or any other information supplied in connection with the Bonds and the Standby Letter of Credit. 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 LC Bank, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisors, representatives or affiliates or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, or the Agents, or any person who controls any of them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisors, in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the Group and the

merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

IN CONNECTION WITH THE ISSUE OF THE BONDS, EACH JOINT LEAD MANAGER APPOINTED AND ACTING IN SUCH CAPACITY (EACH, A "STABILISING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, PROVIDED THAT INDUSTRIAL BANK CO., LTD. HONG KONG BRANCH SHALL NOT BE ACTING IN SUCH CAPACITY. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGERS (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGERS) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGERS (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

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

Industry and Market Data

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

Presentation of Financial Information

This Offering Circular contains the consolidated financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the three years ended 31 December 2020 (the "**Audited Consolidated Financial Statements**") included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (the "**PRC GAAP**") and have been audited by Asia Pacific (Group) Certified Public Accountants (special general partnership) ("**AP CPA**"), the independent auditor of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants.

This Offering Circular also contains the consolidated financial information of the Issuer as at and for the six months ended 30 June 2020 and 2021, which has been extracted from the unaudited but reviewed consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2021 (the "**Reviewed Consolidated Interim Financial Statements**") included elsewhere in this Offering Circular. The Reviewed Consolidated Interim Financial Statements have been prepared and presented in accordance with PRC GAAP and have been reviewed by AP CPA, the independent auditor of the Issuer in accordance with Auditing Standards for Chinese Certified Public Accountants.

The Reviewed Consolidated Interim Financial Statements have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Joint Lead Managers, the Trustee or the Agents, or any person who controls any of them or any of their respective directors, officers, employees, representatives, advisors, agents or affiliates, makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Group's financial condition and results of operations. In addition, the Issuer's Reviewed Consolidated Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ended 31 December 2021.

PRC GAAP is substantially in line with the International Financial Reporting Standards ("**IFRS**"), except for certain modifications which reflect the PRC's unique circumstances and environment. As advised by AP CPA, there are no material differences between PRC GAAP and IFRS with respect to the determination of the Group's financial position.

Some numerical figures included in this Offering Circular have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. When using the terms the "**Issuer**", the "**Company**", the "**Group**" and words of similar import, Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (丽水经济技术开发区实业发展集团有限公司) itself, is being referred to, or to Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (丽水经济技术开发区实业发展集团有限公司) and its consolidated subsidiaries, as the context requires.

This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of the Issuer, the Group and the terms of the offering and the Bonds, including the merits and risks involved.

In this Offering Circular, all references to "**U.S.$**", "**USD**" and "**U.S. dollars**" are to United States dollars, the lawful currency of the United States; and all references to "**RMB**", "**Renminbi**" or "**CNY**" are to Renminbi, the lawful currency of the People's Republic of China.

This Offering Circular contains translations of certain Renminbi amounts and Hong Kong dollars amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless indicated otherwise, all translations from Renminbi into U.S. dollars in this Offering Circular were made at the rate of RMB6.4566 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the US Federal Reserve Board (the "**Noon Buying Rate**") on 30 June 2021. No representation is made that the U.S. dollars, HK dollars or Renminbi amounts referred to in this Offering Circular could have been or could be converted into Renminbi, U.S. dollars or HK dollars, as the case may be, at any particular rate or at all. For further information relating to exchange rates, see "*Exchange Rate Information*".

References to "**PRC**" and "**China**" are to the People's Republic of China and, for the purposes of this Offering Circular, except where the context otherwise requires, do not include Hong Kong, the Macau Special Administrative Region of the PRC ("**Macau**") or Taiwan. "**PRC government**" or the "**State**" 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. "**Lishui Municipal Government**" means the People's Government of Lishui City (麗水市人民政府) of the PRC.

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.

FORWARD-LOOKING STATEMENTS

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

These forward-looking statements speak only as of the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any of opinions or forward-looking statements expressed or implied in this Offering Circular to reflect any change in the Group's expectations with regard thereto or any new information, change of events, conditions or circumstances, on which any such opinion or statement was based.

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

- the Group's ability to successfully implement its business plans and strategies;
- future development, trends and conditions in the industry and market in which the Group operates;
- the Group's business prospects;
- the Group's capital expenditure plans and its ability to carry out those plans;
- changes in the competition landscape in the industries where the Group operates;
- access and cost of capital and financing;
- 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;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes in global economic conditions; and
- other factors, including those discussed in "*Risk Factors*".

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. All forward-looking statements contained in this Offering Circular are subject to the disclaimer statements listed in this section.

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SUMMARY

OVERVIEW

We are an important state-owned asset operation platform in Lishui Economic and Technological Development Zone (the "**Lishui Development Zone**"). We are wholly owned by, and under the direct supervision of, the Management Committee of Lishui Development Zone (麗水經濟技術開發區管理委員會). We are designated to carry out the Lishui Development Zone's blueprint for the urban development. Over the years, we have played a significant role in implementing Lishui Development Zone Government's urban planning and development policies and have received strong financial and operational support from the Lishui Development Zone Government.

Over the years, we have diversified our business portfolio. We primarily operate in the following business segments:

- ***Commodity Sales.*** We started our commodity sales business in the year of 2020. Since then, our commodity sales business has become a key source of our income. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our commodity sales business was approximately RMB1,418.2 million, nil and RMB879.0 million, respectively, representing approximately 54.8 per cent, nil and 51.4 per cent. of our total revenue for the same periods, respectively.

- ***Property Sales.*** We started our property sales business in the year of 2020. Our property sales business mainly involves the sale of local factories and affordable housing. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our property sales business was approximately RMB498.1 million, RMB72.7 million and RMB473.1 million, respectively, representing approximately 19.2 per cent, 25.0 per cent and 27.7 per cent. of our total revenue for the same periods, respectively.

- ***Construction Business.*** As a primary government-authorised constructor in Lishui Development Zone, we undertake a wide variety of construction projects within Lishui Development Zone, such as the construction of roads, hospitals, schools and other public facilities. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our construction business was approximately RMB474.0 million, RMB419.0 million, RMB313.3 million, RMB0.9 million and RMB100.7 million, respectively, representing approximately 72.6 per cent., 72.3 per cent., 12.1 per cent, 0.3 per cent and 5.9 per cent. of our total revenue for the same periods, respectively.

- ***Land Consolidation Business***. Our land consolidation business involves the preliminary development work necessary to prepare the land for sale by the local government. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our land consolidation business was approximately RMB161.2 million, RMB105.6 million, RMB70.5 million, nil and nil, respectively, representing approximately 24.7 per cent., 18.2 per cent., 2.7 per cent., nil and nil of our total revenue for the same periods, respectively.

- ***Professional Market Management Business.*** We started our professional market management business in the year of 2020. Our professional market management business mainly includes the lease of properties and the provision of property management service for professional wholesale markets. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our professional market management business was approximately RMB162.5 million, RMB19.2 million and RMB198.3 million, respectively, representing approximately 6.3 per cent., 6.6 per cent. and 11.6 per cent. of our total revenue for the same periods, respectively.

- ***Other Businesses.*** We also engage in other business, such as property and land leasing, property management and human resources services. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our other businesses was approximately RMB17.3 million, RMB54.6 million, RMB126.4 million, RMB198.4 million and RMB60.0 million, respectively, representing approximately 2.7 per cent., 9.4 per cent., 4.9 per cent., 68.1 per cent. and 3.5 per cent. of our total revenue for the same periods, respectively.

Our total revenue for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, amounted to approximately RMB652.5 million, RMB579.3 million, RMB2,589.0 million, RMB291.2 million and RMB1,711.0 million, respectively, and our gross profits in the same periods were approximately RMB86.8 million, RMB91.8 million, RMB401.8 million, RMB113.3 million and RMB272.0 million, respectively. As at 30 June 2021, our total assets amounted to RMB1,546.8 million. See "Summary Financial Information of the Group".

COMPETITIVE STRENGTHS

We believe that the following competitive strengths distinguish us from our competitors:

- Strong growth potential benefiting from local economic growth.
- We play a significant role in implementing Lishui Development Zone Government's urban development policies and plans.
- Our diversified business portfolio and new growth engine provide us with stable return.
- Full-scale and strong support from Lishui Development Zone Government.
- Diversified sources of funding and strong credit position.
- Experienced management team with extensive industry knowledge and management expertise.

BUSINESS STRATEGIES

As a state-owned company of the Management Committee of Lishui Development Zone, our goal is to grow our asset base, optimise our capital structure and enhance operational efficiency, with a vision to develop Lishui Development Zone into a modernised place and build a green and ecological environment for its residents and businesses. We intend to achieve our goal by pursuing the following strategies:

- Continue to grow our core business while achieve appropriate diversification.
- Maintain prudent financial policy to improve our financial profile.
- Strengthen risk management and internal control systems.
- Continue to build a strong management team with qualified personnel.

THE OFFERING

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

Issuer	Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (丽水经济技术开发区实业发展集团有限公司).
LC Bank	Bank of Ningbo Co., Ltd., Lishui Branch.
The Legal Entity Identifier of the Issuer	836800LCAT7RXHNGAA63.
The Bonds	U.S.$100,000,000 2.70 per cent. Credit Enhanced Bonds due 2025.
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Issue Date	3 March 2022.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 3 March 2022, at the rate of 2.70 per cent. per annum, payable semi-annually in arrear on 3 March and 3 September in each year, commencing on 3 September 2022.
Maturity Date	3 March 2025.
Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Holders, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding the amount that is required to be pre-funded under the Terms and Conditions and/or failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b); or (ii) an Event of Default has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in U.S. dollars in immediately available funds to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. All amounts received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent the drawing is paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.$102,350,000 (the "**Maximum Limit**"). The Standby Letter of Credit takes effect from the Issue Date and expires at 6:00 p.m. (Hong Kong time) on 2 April 2025 at the place of the LC Bank.

See "*Terms and Conditions of the Bonds — Standby Letter of Credit and Pre-funding" and "Appendix I — Form of Standby Letter of Credit*".

Pre-funding . . . . . In order to provide for the payment of any amount in respect of the Bonds and under the Trust Deed (other than the amounts payable under Condition 7(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (London time) on the Business Day falling ten Business Days (the "**Pre-funding Date**") prior to the due date for such payment under the Terms and Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile or email (x) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the relevant Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such confirmation), or the Trustee has not received the Required Confirmations, in each case by 10:00 a.m. (London time) on the Business Day immediately following the Pre-funding Date (each event, a "**Pre-funding Failure**"), the Trustee shall:

(i) as soon as reasonably practicable send the notice substantially in the form set out in the Trust Deed (the "**Pre-funding Failure Notice**") to the Bondholders by the second Business Day immediately following the Pre-funding Date of (x) the Pre-funding Failure and (y) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure; and

(ii) by no later than 6:00 p.m. (London time) on the second Business Day immediately following the Pre-funding Date, issue, or cause to be issued, a Demand to the LC Bank for an amount not exceeding the Maximum Limit for the aggregate of (i) accrued but unpaid interest under the Bonds, (ii) the principal amount of the outstanding Bonds, and (iii) fees, costs, expenses, indemnity payments and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, provided that, subject to and in accordance with the Standby Letter of Credit, the Trustee or its delegate need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (or in the event that the SWIFT system is not available, by facsimile transmission) to the LC Bank.

	Following receipt by the LC Bank of such Demand by 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after the Business Day on which the LC Bank receives such Demand (or, if such Demand is received by the LC Bank after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day after the Business Day on which the LC Bank receives such Demand), pay to the Trustee or to the order of the Trustee the amount in U.S. dollars specified in the Demand in immediately available funds in accordance with the instructions specified in the Demand. See "*Terms and Conditions of the Bonds — Standby Letter of Credit and Pre-funding" and "Appendix I — Form of Standby Letter of Credit*".
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which will at all times rank *pari passu* and without any preference or priority among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.
Use of Proceeds	See "*Use of Proceeds*".
Events of Default	The Bonds will contain certain events of default, in respect of the Issuer and the LC Bank, as further described in Condition 10 (*Events of Default*) of the Terms and Conditions.
Cross-Default	The Bonds will be subject to a cross-default provision in respect of present or future indebtedness for or in respect of moneys borrowed or raised or any present or future guarantee and/or indemnity thereof of the Issuer or of any of its Subsidiaries which in aggregate equals or exceeds U.S.$20,000,000 or its equivalent. See "*Terms and Conditions of the Bonds — Condition 10(a)(iii) (Cross-Default)*".
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

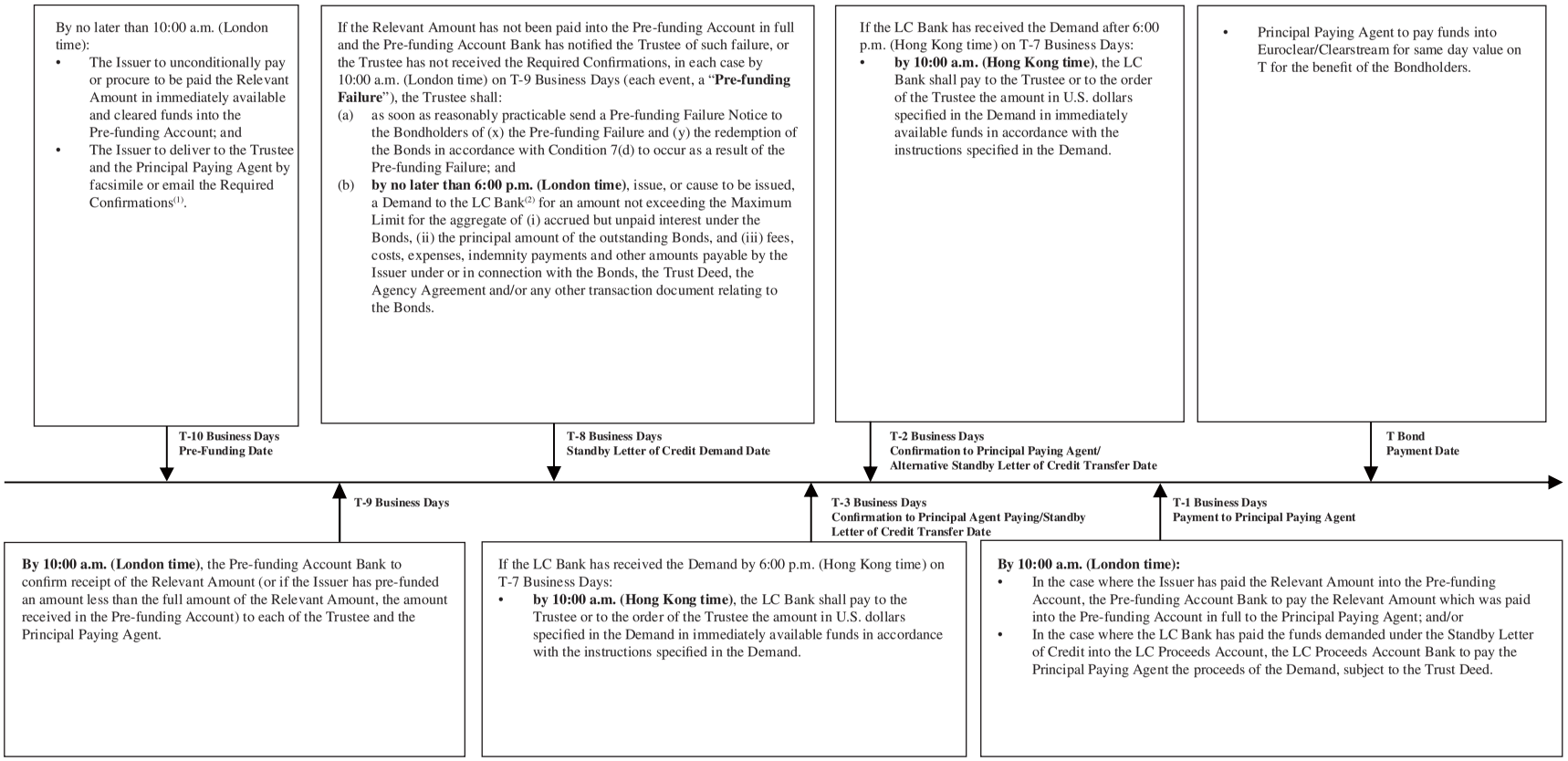
	Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the aggregate rate applicable on 24 February 2022 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been received by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would otherwise have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in the circumstances set out in Condition 9 of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that: (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the 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, which change or amendment becomes effective on or after 24 February 2022; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.
Redemption for Relevant Events .	Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date at their principal amount, together with accrued interest to (but excluding) the Put Settlement Date, as further described in Condition 7(c) of the Terms and Conditions.

Mandatory Redemption upon Pre-funding Failure	The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date on which the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**"), together with interest accrued to, but excluding, the Mandatory Redemption Date, as further described in Condition 7(d) of the Terms and Conditions.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the NDRC Post-issue Filing and the Foreign Debt Registration and, if applicable, for filing of the Bonds pursuant to the Cross Border Financing Circular and for the exercise of a redemption for a No Registration Event) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 16 of the Terms and Conditions.
Trustee	The Bank of New York Mellon, London Branch
Principal Paying Agent	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Dublin Branch
Pre-funding Account Bank and LC Proceeds Account Bank	The Bank of New York Mellon, London Branch
Clearing Systems	The Bonds will be represented initially 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 the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 244834400 and an ISIN XS2448344007.
Notices	So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions.
Governing Law	English law.

Jurisdiction	Exclusive jurisdiction of the courts of Hong Kong.
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.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Ratings	The Bonds will not be rated.

A SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Standby Letter of Credit on each scheduled due date under the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with "*Terms and Conditions of the Bonds*", the Trust Deed and the Agency Agreement referred therein and "*Appendix I — Form of Standby Letter of Credit*". Words and expressions defined in the "*Terms and Conditions of the Bonds*" shall have the same meaning in this summary.



Notes:

(1) The Required Confirmations consist of: (x) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer; and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the relevant Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the Business Day immediately preceding the due date for such payment.

(2) Subject to and in accordance with the Standby Letter of Credit, the Trustee or its Delegate need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (or in the event that the SWIFT system is not available by facsimile transmission) to the LC Bank.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Group as at and for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021 as set forth below, has been derived from the Group's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 and the audited consolidated financial statements as at and for the six months ended 30 June 2020 and 2021, respectively, which are included elsewhere in this Offering Circular.

The Group's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 were prepared and presented in accordance with PRC GAAP and have been audited by Asia Pacific (Group) Certified Public Accountants (special general partnership) in accordance with Auditing Standards for Certified Public Accountants in China.

The Group's audited consolidated financial statements as at and for the six months ended 30 June 2020 and 2021 were prepared and presented in accordance with PRC GAAP and have been audited by Asia Pacific (Group) Certified Public Accountants (special general partnership) in accordance with Auditing Standards for Certified Public Accountants in China.

The summary consolidated financial statements of the Group as set forth below should be read in conjunction with, and is qualified in their entirety by reference to, the Presentation of Financial Information thereto included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

PRC GAAP differs in certain material respects from the IFRS. For a discussion of certain difference between PRC GAAP and IFRS, please see the section entitled "Summary of Certain Differences Between PRC GAAP and IFRS".

SUMMARY CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (unaudited but reviewed)	
Business income	652,543	579,263	2,589,033	291,181	1,711,018
Less: operating costs	565,702	487,472	2,187,189	177,930	1,438,966
Taxes and surcharges	2,673	7,210	32,938	24,790	52,695
Selling expenses	18	1,337	12,577	3	23,493
Administrative expenses	9,991	18,440	104,394	14,573	75,112
R & D expenses	–	–	–	–	9,420
Financial expenses	23,763	29,331	18,578	18,157	11,659
Including: interest expense	–	–	–	24,879	994
Interest income	3,527	2,776	21,220	7,047	14,553
Plus: other income	131,380	174,617	8,611	–	2,056
Investment income	–	–	18,681	–	18,213
Income from changes in fair value	–	–	–	–	29
Credit impairment loss	–	(3,278)	203	–	2,421
Asset impairment loss	(2,291)	215	–	–	(36)
Income from asset disposal	–	–	129	–	–
Operating profit	179,485	207,027	260,983	55,728	122,355
Plus: non operating income	14	171	5,027	2,120	788
Less: non operating expenses	1	35,529	13,123	23	421
Total profit	179,499	171,669	252,888	57,824	122,722
Less: Income tax expense	10,543	42,981	77,242	83	41,822
Net profit	168,956	128,688	175,645	57,741	80,900
Classification by business continuity					
Net profit from continuing operations	168,956	128,688	175,645	57,741	80,900
Classification by ownership					
Net profit attributable to shareholders of the parent company	168,958	127,853	144,136	56,480	20,945
Profit and loss of minority shareholders	(2)	834	31,509	1,262	59,955
Total comprehensive income	168,956	128,688	175,645	57,741	80,900
Total comprehensive income attributable to owners of parent company	168,958	127,853	144,136	56,480	20,945
Total comprehensive income attributable to minority shareholders	(2)	834	31,509	1,262	59,955

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (unaudited but reviewed)
Current assets:				
Monetary Fund	491,913	1,088,757	2,507,684	1,359,702
Trading financial assets	–	–	–	4,969
Notes receivable	–	–	45,745	39,924
Accounts receivable	1,145,207	1,082,771	1,869,609	1,272,980
Advance payment	99,472	163,304	65,333	404,680
Other receivables	1,744,496	1,567,329	1,483,657	1,718,020
Stock	7,186,049	7,837,343	9,252,328	8,652,363
Other current assets	–	–	12,721	24,223
Total current assets	10,667,137	11,739,505	15,237,076	13,476,861
Non-current assets:				
Other debt investment	250,000	250,000	250,000	–
Long term equity investment	–	40,487	45,400	141,668
Investment in other equity instruments	147,000	220,000	822,384	1,086,384
Investment real estate	–	–	906,612	947,703
Fixed assets	32,510	58,661	1,606,274	1,571,570
Construction in progress	4,794,759	5,344,217	6,734,658	6,866,298
Right of use assets	–	–	–	40,059
Intangible assets	–	49,237	195,968	196,380
Goodwill	–	–	1,300,058	1,300,058
Long term deferred expenses	–	8,838	9,588	8,676
Deferred income tax assets	1,905	2,748	7,111	6,995
Other non-current assets	–	–	3,061	4,095
Total non-current assets	5,226,174	5,974,188	11,881,114	12,169,888
Total assets	15,893,310	17,713,693	27,118,190	25,646,749
Current liabilities:				
Short term loan	75,000	550,000	500,173	552,220
Notes payable	–	–	5,007	–
Accounts payable	11,811	676	262,051	237,166
Advances received	305	6,555	715,221	16,726
Contractual liabilities	–	–	–	651,217
Payroll payable	834	768	18,631	10,305
Taxes payable	187,717	236,442	264,248	269,599
Other payables	1,385,827	1,201,709	2,020,580	1,623,578
Including: interest payable	5,833	–	–	–
Dividends payable	–	–	3,423	1,823
Non-current liabilities due within one year	1,169,000	1,113,240	1,031,299	1,980,583
Other current liabilities	–	–	–	17,473
Total current liabilities	2,830,493	3,109,390	4,817,210	5,358,867
Non-current liabilities:				
Long term loan	3,718,500	3,347,000	6,170,403	4,526,090
Bonds payable	1,491,070	3,583,316	4,553,321	4,053,321
Lease liabilities	–	–	–	36,735
Long term accounts payable	–	6,316	17,605	24,460
Deferred income	–	–	22,350	22,375
Deferred income tax liabilities	–	–	44	44
Total non-current liabilities	5,209,570	6,936,632	10,763,723	8,663,025
Total liabilities	8,040,063	10,046,022	15,580,933	14,021,892
Owners' equity (or shareholder's equity):				
Paid in capital (or share capital)	100,000	300,000	300,000	300,000
Capital reserve	7,582,041	7,062,937	8,532,508	8,532,508
Undistributed profit	168,958	296,811	440,946	461,892
Total owner's equity attributable to the parent company	7,850,999	7,659,748	9,273,454	9,294,399
Minority interests	2,248	7,923	2,263,803	2,330,458
Total owners' equity (or shareholder's equity)	7,853,247	7,667,671	11,537,257	11,624,857
Total liabilities and owners' equity (or shareholder's equity)	15,893,310	17,713,693	27,118,190	25,646,749

SUMMARY CONSOLIDATED CASH FLOW STATEMENTS

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (unaudited but reviewed)	
Cash flow from operating activities					
Cash received from selling goods and providing labor services	292,812	688,335	2,799,700	530,622	2,342,372
Tax refund received	–	–	514	349	2,152
Other cash received related to operating activities	3,151,482	2,545,497	2,511,053	3,089,339	1,712,225
Subtotal of cash inflow from operating activities	3,444,294	3,233,832	5,311,268	3,620,310	4,056,749
Cash paid for purchasing goods and receiving labor services	145	1,175,558	3,887,956	182,652	1,123,646
Cash paid to and for employees	3,728	20,181	27,526	12,136	73,657
Taxes paid	695	27,994	135,792	56,420	116,257
Other cash paid related to operating activities	1,733,766	3,588,964	1,187,369	3,487,926	947,866
Subtotal of cash outflow from operating activities	1,738,334	4,812,697	5,238,643	3,739,134	2,261,426
Net cash flow from operating activities	1,705,959	(1,578,865)	72,624	(118,824)	1,795,323
Cash flow from investing activities					
Cash received from investment recovery	–	–	20,464	–	3,149
Cash received from investment income	–	17,780	18,098	–	20,945
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	–	–	234	15,800	–
Other cash received related to investment activities	–	–	30,999	17,753	2,664
Subtotal of cash inflow from investment activities	–	17,780	69,795	33,553	26,759
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	443,748	145,122	568,817	423,287	1,010,083
Cash paid for investment	250,000	373,987	550,029	587,676	433,465
Net cash paid for acquiring subsidiaries and other business units	4,750	–	565,338	–	–
Other cash paid related to investment activities	–	–	10,667	28	11,142
Subtotal of cash outflow from investment activities	698,498	519,109	1,694,851	1,010,991	1,455,410
Net cash flow from investment activities	(698,498)	(501,329)	(1,625,056)	(977,437)	(1,428,652)

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (unaudited but reviewed)	
Cash flow from financing activities					
Cash received from investment	107,000	957,827	869,300	–	71,708
Cash received from borrowing	770,000	1,659,000	3,347,603	2,868,726	937,700
Cash received from issuing bonds	–	2,656,110	1,970,000	–	–
Cash received from other financing activities	–	500	–	32,835	1,039
Subtotal of cash inflow from financing activities	877,000	5,273,437	6,186,903	2,901,561	1,010,446
Cash paid for debt repayment	1,851,000	2,174,948	2,664,740	1,092,740	2,079,723
Cash paid for distribution of dividends, profits or interest payments	346,831	409,194	575,447	157,117	272,957
Other cash paid related to financing activities	–	12,257	–	1,910	4,699
Subtotal of cash outflow from financing activities	2,197,831	2,596,398	3,240,187	1,251,767	2,357,380
Net cash flow from financing activities	(1,320,831)	2,677,039	2,946,716	1,649,793	(1,346,934)
Net increase in cash and cash equivalents	(313,370)	596,844	1,394,284	553,532	(980,263)
Add: balance of cash and cash equivalents at the beginning of the period	805,282	491,913	1,088,757	1,088,757	2,483,041
Balance of cash and cash equivalents at the end of the period	491,913	1,088,757	2,483,041	1,642,289	1,502,779

RISK FACTORS

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

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

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, prospects, financial condition and results of operations could be adversely affected by slowdowns in the PRC economy.

The Group primarily engages in business in Lishui Development Zone in (i) commodity sales; (ii) property sales; (iii) construction business; (iv) land consolidation business; (v) professional market management business and (vi) other businesses including property and land leasing, property management and human resources services and the Group's revenue is substantially derived from its operating activities in the PRC, particularly from Lishui. Therefore, the performance of the PRC economy has a material effect on the Group's business, prospects, financial condition and results of operations.

The PRC experienced rapid growth in the past 30 years. There has been a slowdown in the gross domestic product (**GDP**) growth of the PRC since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. Although the PRC economy continues to grow at a faster rate than that of many countries, the rate of growth has slowed down in recent years, primarily as a result of the coronavirus (**COVID-19**) pandemic. In 2018, 2019 and 2020, the PRC's GDP grew 6.7 per cent., 6.1 per cent. and 2.3 per cent., respectively, according to the National Bureau of Statistics of China. There can be no assurance that the PRC government will continue to implement economic reforms and the PRC government's inability to effect timely economic reforms may have a material adverse effect on the Group's business, financial condition and results of operations.

Any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, decrease the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies provided to the Group, any of which may result in a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business, which is targeted at and concentrated in the Lishui Development Zone of Lishui, is closely intertwined with the development of the area. In particular, the PRC government's policies

regarding Lishui have given rise to unique business opportunities for the Group. Similarly, the Group's business is also heavily dependent on the PRC government's policies relating to Lishui and the economic activities in Lishui.

Key factors affecting the development of Lishui include the PRC central government's policies and priority relating to the development of different regions across the country, and the economic conditions in Lishui and in the PRC generally. There can be no assurance that the economy of Lishui will continue to grow at the pace that it has achieved in the past, or at all, and any changes in such policies may have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group's business relies heavily on policies promulgated by the PRC government and investment by difference level of governments, in particular the Management Committee of Lishui Development Zone, since it conducts its land development business and urban infrastructure development business on behalf of the local government. Infrastructure investment by the government is subject to, among others, periodic variations due to national and regional economic policies and changes in the development of the PRC economy. Furthermore, the Group's businesses, such as construction business, often require large capital investments and implementation of the business plans may be limited by the capital available for investment by local governments. If there is any adverse change in the government budgets, public expenses and public policies, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's businesses and assets are highly concentrated in Lishui, specifically in Lishui Development Zone. Accordingly, the Group's business, financial condition and results of operations have been and will continue to be heavily dependent on the level of economic activity in Lishui. There can be no assurance that the level of economy of Lishui will continue to grow at the pace that it has achieved in the past, or at all, and in the event of any unfavourable developments, the Group's business, financial condition and results of operations may be adversely affected.

The Group's business operations are heavily influenced by governmental decisions and actions at various levels over which the Group has no control.

The Group collaborates with the PRC government and its affiliates, in particular the local government in Lishui, especially in its infrastructure construction and operation projects and civil projects. Many aspects of the Group's business are heavily influenced by governmental decisions and actions at various levels. For example, the Lishui municipal government determines the appropriate budget set for each construction project and the tender procedures for contractors to secure such project work. The Group has no control over the decision-making process of the relevant governmental authorities, and certain decisions they make or actions they take may not be in line with the Group's business or financial interests. Depending on the decisions and actions taken by governmental authorities, the Group's business and results of operations could fluctuate significantly from year to year and may be materially and adversely impacted.

The Group is involved in multiple businesses through various portfolio companies, and this business structure exposes the Group to challenges not faced by companies with a single or small number of businesses.

The Group has a large number of portfolio companies operating in multiple industries. As at 30 June 2021, the Group had four directly-owned subsidiaries whose financial statements were consolidated into the Group's financial statements in accordance with PRC GAAP and some of these subsidiaries in turn operated or invested in a large number of subsidiaries and associated companies. The Group's businesses include: (i) commodity sales; (ii) property sales; (iii) construction business; (iv) land consolidation

business; (v) professional market management business and (vi) other businesses including property and land leasing, property management and human resources services. As such, the Group is exposed to risks associated with multiple businesses, including:

- 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. The Group may need to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses;

- due to the large number of the Group's portfolio companies, the successful operation of the Group requires an effective management system and the relevant management experience in the different industries that the Group operates in. As the Group continues to grow its businesses, the Group's operations may become more complex which would increase the difficulty of implementing its management system and acquiring the relevant management experience; and

- the Group may provide borrowing guarantees to certain of its subsidiaries and associated companies. As at 30 June 2021, the Group's outstanding guarantees amounted to RMB0.18 billion, accounting for 0.7 per cent. of the Group's total assets. If a subsidiary or associated company defaults on any borrowings lent or guaranteed by the Group, the Group will not receive the repayment as planned or the relevant lender may exercise its right under the guarantee to demand repayment from the Group. The occurrence of either of these types of events may result in a funding shortage at the Group level and adversely affect the Group's ability to provide financial support to its other portfolio companies. If the Group'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 effect on the Group's business, financial condition and results of operations.

The Group faces risks associated with contracting with public entities, such as the Lishui Municipal Government.

As at the date of this Offering Circular, the Group is directly owned by the Management Committee of Lishui Development Zone. The Group contracts with the Lishui Municipal Government and its controlled entities when it carries on a large number of business activities, such as infrastructure construction and operation. Accordingly, the Lishui Municipal Government has a significant influence on the Group's business, major investment decisions, development strategies, management and financial condition. The Lishui Municipal Government may not take actions that are in the Group's best commercial interests or that aim to maximise the Group's profit when it carries out its administrative function and implements the PRC government's policies. Those actions, which may be beneficial to Lishui City or Zhejiang Province as a whole, could have a material adverse effect on the Group's business, financial condition, and results of operations.

The Group's business, results of operations and financial condition may also be affected by the Lishui Municipal Government's ability to perform its contractual obligations relating to the Group's infrastructure construction and operation business. The Group undertakes a large number of infrastructure projects for city development projects in Lishui Development Zone. The ability of the Lishui Municipal Government or its relevant departments to perform its payment obligations is heavily dependent on its financial health and stability, which are in turn affected by a large number of factors beyond the Group's control. Failure of the Lishui Municipal Government or its relevant departments to pay the Group service fees will have a material adverse effect on the Group's business, financial position and results of operations.

The Group operates businesses in certain highly regulated industries, the non-compliance with which would materially and adversely affect the Group's financial condition and results of operations.

Certain business operations of the Group are subject to extensive regulations in the PRC. To maintain its current operations or to commence a new business, the Group needs to obtain and maintain the necessary government authorisations, including relevant permits, licences and certificates. For instance, the Group's land development business is subject to extensive regulation and supervision by national, provincial and local government authorities with regard to the daily operations, pricing and safety measures of the Group in this business segment. These laws, regulations, rules, policies and measures applicable to the Group's land development business are issued by different central, provincial and local government authorities. Government authorities also have broad discretion in implementing and enforcing applicable laws and regulations. As a result, there are significant uncertainties in the interpretation and implementation of these laws, regulations, rules, policies and measures which may increase the Group's compliance burden and may potentially restrain the Group's ability and flexibility in conducting land development business, including the expansion into new markets. As at the date of this Offering Circular, the Group has not obtained certain approvals, licences and permits from the relevant PRC governmental authorities for some of the projects under construction.

Government authorities may adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its businesses. The Group may be unable to comply with new laws, regulations or policies that may come into effect from time to time with respect to relevant industries in general or the particular processes with respect to the granting of approvals, permits, licences or certificates. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the government authorities, the Group's permits, licences and certificates may be suspended or revoked, and the Group may receive fines or other penalties, which could have a material adverse effect on its relevant businesses, financial condition, results of operations, prospects and reputation.

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

The Group have multiple business segments and subsidiaries and affiliated companies under its control. For examples, the Group started its commodity sale business in 2020, and started conducting professional market management business, auto parts sales business through its corporate control over Lanzhou Lishang Guochao Industrial Group Co., Ltd. (蘭州麗尚國潮實業集團股份有限公司) and Harbin Weidi Electronics Co., Ltd. (哈爾濱威帝電子股份有限公司), both of which are listed on the Shanghai Stock Exchange. The diversification of the Group's business and therefore its assets and management may create difficulties for the Group to manage its assets and financial matters, to exchange information internally and to coordinate among different businesses teams. This inherent management risks may materially and adversely affect its business, financial condition and results of operations.

The Group also strives to implement its internal control measures, corporate governance and operational and safety standards to its subsidiaries and affiliated companies in a uniform manner. However, given the large number of the Group's subsidiaries and affiliated companies, it may be difficult to implement internal control measures, corporate governance and operational and safety standards to the subsidiaries and affiliated companies. There is no assurance that the Group can effectively monitor each subsidiary and affiliated company and prevent non-compliance. Failure to do so may result in violations of local regulations, which may materially and adversely affect the Group's business, financial condition and results of operations.

The Group is also 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. The Group needs to devote substantial resources to becoming familiar with, and monitoring changes in, different operating environments so to succeed in its businesses.

The Group's auditors are currently under investigation initiated by relevant PRC authorities.

AP CPA, the Group's independent auditors, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and the CSRC. During the past few years, regulatory authorities including CSRC and its local branches have announced their administrative decisions against AP CPA in relation to its work for various companies. These companies were all unrelated to the Group. AP CPA has confirmed that they have taken the required rectification measures and made the required written report to the relevant regulatory authorities.

As confirmed by the AP CPA, other than Jimin Wang, the signatory accountant of the Company's financials for the three years ended 31 December 2020, the audit team involved in the regulatory decisions or investigations are not related to the audit team serving as the Group's auditors and do not otherwise disqualify the audit team's participation in this offering. AP CPA has further confirmed that their auditing work for the Group, including in respect of the financial statements included elsewhere in this Offering Circular, its registration as an accounting firm, its ability to provide comfort letters and the qualification of the auditors participating in this offering, are not affected by the regulatory decisions or investigations. As at the date of this Offering Circular, AP CPA has not been suspended with respect to any part of its business.

However, if AP CPA is found to be deficient in performing its audit tasks, it could affect investors' confidence in companies and financial statements audited or reviewed by it. Despite of AP CPA's confirmation that any investigation involving AP CPA and any proceedings taken against it does not have any impact in any material respect on its audit, review and other services provided to the Group, there is no assurance that there is no deficiency or irregularity to AP CPA's work performed for the Group, nor can there be any assurance that there will not be new investigations or administrative measures taken by relevant regulatory authorities against AP CPA in the future. In addition, there is no assurance that further negative news about AP CPA would not have a material and adverse effect on the Group.

Potential investors must consider all the aforementioned factors when evaluating the Group's financial statements and the audit reports included elsewhere in this Offering Circular and prior to making any investment decision.

The Group will require additional financing to fund its capital expenditures, to support the future growth of its businesses and/or to refinance existing debt obligations.

The Group generally formulates and updates its financial revenue and expenditure budget and investment plans on an annual basis, taking into account various factors. The Group's capital expenditure plans, however, are subject to a number of factors, some of which are beyond its control, including its ability to generate sufficient cash flows from its operations and the availability and terms of external financing. If the Group is unable to obtain acceptable financing to fund necessary capital expenditures in the future, the results of its operations and its financial condition could be adversely affected. As at 30 June 2021, the Group had total credit facilities of RMB15.3 billion, of which RMB5.5 billion had not been utilised.

The Group incurred substantial capital expenditures for on-going projects which are subject to delays and cost overruns of the project budget. To date, no material events of this nature have materially and adversely affected the operation of any of the Group's core businesses. There is no assurance that such an event would not happen in the future. As at 30 June 2021, the Group had total liabilities of RMB14.0 billion.

Furthermore, the Group may also incur substantial indebtedness in the future, including the issuance of debt securities or entering into banking or other loan arrangements. The substantial level of indebtedness and incurrence of further indebtedness could have important consequences for the Group's business, including:

- limiting the Group's ability to satisfy its debt obligations;
- increasing the cost of additional financing;
- increasing the Group's vulnerability to general adverse economic and industry conditions;
- impairing the Group's ability to obtain additional financing in the future for capital expenditure or general corporate purposes;
- adding to the Group's interest exposure as a proportion of its costs of doing business;
- requiring the Group to dedicate a substantial portion of its cash flow from operations to the payment of its indebtedness, which would reduce the funds available for its operations;
- limiting the Group's flexibility in planning for, or reacting to, changes in its businesses and the industry in which it operates, any changing circumstances, new opportunities or unforeseen contingencies; and
- placing the Group at a competitive disadvantage compared to its competitors that have less debt.

As the Group's business scale continues to grow, there is no assurance that the Group can maintain the same level of indebtedness or secure credit facilities at all or on the same economic terms. The Group's financial performance and results of operations may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in interest rates that the Group pays on its debt, acceleration of the legal actions against the Group by its creditors, or bankruptcy.

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

Some of the Group's businesses require substantial capital investment. The Group has historically required and expects that in the future it will continue to require substantial external financing to fund its capital expenditures through various channels, such as bank and other borrowings, equity financing and debt issuances, etc. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

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

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

The Group engages in public interest projects which may not be commercially viable and the Group may not be able to achieve commercially viable, or any, financial returns.

The Issuer is owned by the Management Committee of Lishui Development Zone. As a state-owned enterprise, it engages and participates in projects which are motivated by public interests and social welfare development. Such projects may not be commercially viable and the Group may not be able to recover its investment or achieve financial returns in a commercially desirable terms, or at all. The Group has previously received benefits or preferential treatments, such as capital injections, cash or other assets, from the government, and may receive additional benefits or preferential treatments for government-sponsored projects. However, such benefits or preferential treatments may not always be available due to the government's liquidity, budgeting priorities and other considerations. In addition, such benefits or preferential treatments may not be sufficient to cover the Group's investment. Furthermore, the Group has limited resources, and engagement in such projects may reduce its ability to participate in other profit-generating projects. There can be no assurance that the Group's business, financial condition and results of operations will not be adversely affected as a result.

The Group's business may be affected by factors beyond the Group's control.

Certain of the Group's businesses may be affected by factors beyond its control, including shortages of equipment, materials or labour, work stoppages, labour disputes, weather interference, natural disasters, accidents, and unforeseen mechanical, technical, engineering, design, environmental or geological obstacles, any of which could give rise to delays or cost overruns in the Group's operations. The extent of any impact on the Group's business or operations and the timeframes over which such impact may occur are subject to a high degree of uncertainty.

Volatility in the prices of raw materials or limitations on or disruptions in the supply of raw materials of the Group's business could adversely affect the Group's profitability.

The Group's construction projects consume significant amount of resources and raw materials such as pipes, steel, cement, sand and gravel, which are subject to significant price volatility and availability of supply. The availability and prices of raw materials are subject to market forces largely beyond the control of the Group. Raw material prices and availability may be negatively affected by factors including, but not limited to, increases in global demand for such raw materials, depletion of existing sources and decreasing availability of new sources, interruptions in production by suppliers, the bargaining power of raw material suppliers, suppliers' allocations to other purchasers and the escalating business continuity of suppliers, wars, natural disasters and other similar events. There can be no assurance that the Group will always be able to secure a sufficient supply of raw materials at commercially acceptable prices. Although the Group has not experienced significant unanticipated supply disruptions in the past, supply disruptions, which could be caused by natural disasters, political or other events in the regions from which the Group sources its materials, could adversely impact the Group's profitability.

The Group does not have any control over the timing or frequency of the sale of land use rights for the Group's primary land development projects. As a result, the Group's revenue and results of operations may fluctuate significantly from period to period.

The Group is not able to determine the timing or frequency of the sale of land use rights as this is determined by the relevant government authority in its sole discretion. As a result, the Group's results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of the Group's business performance going forward. Suspensions or delays in sales of land use rights, as a result of government policies or decisions, macroeconomic conditions or otherwise, will also have a material adverse impact on the Group's business, financial condition and results of operations.

Certain lands held by the Group are allocated for approved purposes and shall not be transferred, mortgaged or leased without prior approval of relevant government authority.

Pursuant to the Land Administration Law of the People's Republic of China amended on 28 August 2004 and 26 August 2019, there are two methods of obtaining construction land: (1) granting and (2) allocation. Granted land is usually obtained through auction, tendering, listing or by agreement, and the land user shall pay the land-use fees. In addition, the following land could be allocated without paying any land-use fees after obtaining prior approval of relevant government authority: (i) land used by government institutions and the military; (ii) land used for urban infrastructure and public utilities; (iii) land used for energy, transportation, water conservancy facilities and other infrastructure projects supported by the PRC government; and (iv) land used for other purposes stipulated by PRC laws and regulations.

Pursuant to the Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of Urban State-owned Land Use Right (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated and becoming effective on 19 May 1990 and amended on 29 November 2020, allocated land shall not be transferred, mortgaged or leased without prior approval of competent governments and payment of land-use fees.

Certain lands held by the Group are allocated for the use of public utility and public infrastructure and those allocated lands shall not be transferred, mortgaged or leased without prior approval of relevant government authority and payment of land-use fees. There can be no assurance that the relevant PRC government will continue to allow the Group to use the land and properties allocated to it to the same extent as currently used or at all. In addition, restrictions of transfer of such land and properties may have a material adverse impact on the liquidity of the Group's assets.

The PRC government may adopt various restrictive measures regarding construction plans and development timeframes for land granted to property developers which may affect the Group's property development projects.

PRC laws and regulations contain restrictions regarding construction plans and development timeframes for land granted to property developers. On 3 January 2008, the State Council issued the Notice on Promoting the Saving and Intensive Use of Land (國務院關於促進節約集約用地的通知). This notice strictly enforces the policies for dealing with idle land. If a piece of land has been idle for two years or more, it must be repossessed free of charge and reassigned for other uses; if the land does not meet the statutory conditions for repossession, it must be dealt with timely and fully utilised by changing its use, replacement by parity value, temporary use or incorporation into government reserves. If a piece of land has been idle for more than one year but less than two years, the idle land surcharge must be collected at 20 per cent. of the land grant premium. If the land premium has not been completely paid off in accordance with the contract, no land certificate may be granted. Furthermore, it is prohibited to grant the land certificate by dividing the land based on the proportion of the paid land grant fee. In August 2009, the Ministry of Land and Resources of the PRC ("**MLR**") issued a Notice on Restricting the

Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterated the applicable rules on idle land management. In September 2010, the MLR and the Ministry of Housing and Urban-Rural Development of the PRC jointly issued the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before certain illegal behaviours in which it engages, such as leaving land idle for more than one year for its own reasons, have been completely rectified.

According to the Measures on Disposing of Idle Land (閒置土地處置辦法) promulgated by the MLR and effective as at 28 April 1999, as amended in June 2012 and effective in July 2012, with regard to the land for a property project which is obtained by grant and is within the scope of city planning, if the construction work has not commenced within one year of the commencement date as specified in the land use rights grant contract, or the construction and development has been started but the area of land that is under construction and development is less than one-third of the total area of land that should have been under construction and development, or the invested amount is less than 25 per cent. of the total investment, and the construction and development of which has been suspended for more than one year, a surcharge on idle land equivalent to 20 per cent. of the land grant fee may be levied. If the construction work has not been commenced within two years, the land can be confiscated without any compensation, unless the delay is caused by force majeure, or the acts of government or acts of other relevant departments under the government, or by delay in essential preliminary work.

The Emergency Notice on Further Tightening the Administration on Real Estate Land Use and Reinforcing the Results of Real Estate Market Control (關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知) (the "**Emergency Notice**") promulgated on 19 July 2012 further emphasised the strict enforcement of current regulations on land grants. The Emergency Notice further requires that the Measures on Disposing of Idle Land shall be strictly implemented, and the land administration authority shall dispose of idle land on a case-by-case basis and publish related information on the website designated by the MLR. With regard to land users who have committed acts such as failing to make payments for land grants, leaving land idle, hoarding land, land speculation, developing land in excess of its actual development capacity, or failing to fulfil the land use contract, they may be prohibited by the land authority from participating in land auctions for a certain period of time. On 26 February 2013, the General Office of the State Council issued the Notice on the Continuous Effective Regulation of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), which provides that land developers that commit violations such as holding idle land, speculative land trading, being reluctant to sell housing and forcing up the price, shall be prohibited from participating in land bidding, acquiring loans from commercial banks and obtaining relevant approvals from the China Securities Regulatory Commission for public listings, refinancing and major assets restructuring and relevant approvals from the banking regulatory authorities for trust financing.

The various restrictive regulations applicable to property developers on idle land resulted in some companies having their land forfeited and idle land fees or penalties being imposed. The rule adversely impacts upon the Group's commercial property development projects in the future, in so far as it limits flexibility in terms of the timing of development. There is no assurance that the PRC government will not adopt additional or even tighter enforcement measures for forfeiture of idle land or impose any fees or penalties for idle land, which may further potentially adversely affect the Group's flexibility in determining the pace of the Group's commercial property development projects. If the Group is required to forfeit land, it will not be able to continue its property development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development costs incurred up to the date of forfeiture.

In the event that the total gross floor area ("GFA") of any of the Group's property developments exceeded the original authorised area, the excess GFA would be subject to governmental approval and payment of additional land premium.

When the PRC government grants land use rights, it specifies in the land grant contract the permitted use of the land and the total GFA that the developer may develop on the land. However, due to factors such as

subsequent planning and design adjustments, the actual GFA constructed may exceed the total GFA authorised in the land grant contract, due to factors such as subsequent planning and design adjustments. The excess GFA is subject to approval and the developer may be required to pay an additional land premium and a penalty in respect of this excess GFA. If the Group fails to obtain the completion certificate due to such excess GFA, the Group will not be allowed to deliver the relevant properties or recognise the revenue from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. There can be no assurance that the total constructed GFA of the Group's existing projects under development or any future property developments will not exceed the relevant authorised GFA upon completion or that the Group will be able to pay the additional land premium and the penalty and obtain the completion certificate on a timely basis.

Retention of existing senior management and other key personnel is critical to the Group's business operations and financial performance.

The Group's future success depends heavily upon the continuing services of the members of the Group's senior management team. If one or more of the Group's senior executives or other key personnel are unable or unwilling to continue in their present position, the Group may not be able to replace them easily or at all, and its business may be disrupted and its financial condition and results of operations may be materially and adversely affected. As competition in the PRC for quality, experienced senior management and key personnel is intense, and the pool of qualified candidates is very limited, the Group may not be able to retain the services of its senior executives or key personnel, or attract and retain quality senior executives or key personnel in the future. In addition, if any member of its 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.

The Group may not successfully implement its growth strategy.

In connection with the implementation of its business growth strategy, the Group's strategy will, to some extent, depend on the identification and successful tendering of mandates of attractive projects, obtaining required approvals from relevant regulatory authorities in the PRC and the availability and cost of financing. The Group's ability to continue to develop its business will depend on it being able to identify favourable opportunities, to reach agreements with potential joint venture partners on commercial and technical terms satisfactory to the Group, to enter into binding contracts with such parties, and to obtain sufficient project financing to fund the projects. There can also be no assurance that the Group's future projects will provide terms that are equivalent to or as favourable as the Group's existing projects. Failure to identify and develop new projects will adversely affect the Group's growth prospects. Each project will also require certain government consents and approvals as part of the development process. There can be no assurance as to the timing and completion of any particular investment or joint venture arrangement or as to the availability of attractive investment opportunities.

The Group's operations are exposed to environmental risks and subject to various environmental regulations.

The Group's businesses are exposed to environmental risks and subject to a variety of laws and regulations promulgated by the national and local governments of the PRC. For example, the Group's land development business can present environmental risks and hazards in all phases of its operation and is regulated by a number of environmental legislations which provide for, among other things, restrictions and prohibitions on releases or emissions of various substances produced in association with the construction. Such legislations also require that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of the applicable regulatory authorities.

The environmental laws and regulations affecting the Group's businesses also govern the level of fees payable to governmental entities for providing environmental services and prescribe the standards for the use, storage, discharge and disposal of waste gases, chemical by-products of, and water used in, its manufacturing processes. On-going international negotiations or national policy frameworks which seek to reduce greenhouse gases may also result in introduction of regulations that are applicable to the Group. Environmental claims or a failure to comply with any present or future regulations could result in the assessment of damages or imposition of fines against the Group, suspension of production or a cessation of operations. New regulations could require the Group to acquire costly equipment or to incur other significant expenses. Any failure by the Group to control the use of, or adequately restrict the discharge of, hazardous substances could subject it to future liabilities. In light of recent events, there is no assurance that the government would not introduce regulations to further regulate the discharge of hazardous substances, which could affect the Group's operations. See "*— The Group's business, financial condition and results of operation are heavily dependent on the level of economic activity in Lishui*".

If the Group fails to maintain an effective quality control system, its product quality and thus the Group's business may be materially and adversely affected.

The Group relies on its quality control system to ensure the safety and quality of its projects. Accordingly, it has established and maintained stringent quality assurance standards and inspection procedures, including quality control of the components purchased from external suppliers. The effectiveness of the Group's quality control system may be affected by a number of factors, such as timely update of the quality control system to address the changing business need, quality of training programmes, the mechanisms to ensure employees' adherence to quality control policies and guidelines, the ability to monitor and manage supplier quality systems, the Group's and the contractors' willingness and ability to adhere to its quality control policies and guidelines. There is no assurance that the quality of the projects developed by the Group will not be undermined by the underperformance of the Group's contractors. Any failure or deterioration of the Group's quality control system could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. If any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties, and its business may be materially and adversely affected.

The Group may not have sufficient insurance coverage for the risks associated with the operation of its business.

The Group's operations involve certain risks for which full insurance coverage is either not available or not available on commercially reasonable terms. In addition, the severity and frequency of various events, such as accidents and other mishaps, business interruptions, environmental damage, personal injuries and fatalities, or damage to the Group's facilities, property and equipment caused by inclement weather, human error, pollution, labour disputes and acts of God, as well as risks relating to the Group's provision of services or products to customers, may result in losses or expose it to liabilities in excess of its insurance coverage or significantly impair its reputation. There can be no assurance that the Group's insurance coverage will be sufficient to cover the loss arising from any or all such events or that the Group will be able to renew existing insurance coverage on commercially reasonable terms, if at all.

Should an incident occur in relation to which the Group has no insurance coverage or inadequate insurance coverage, it could lose the capital invested in, and anticipated future revenues relating to, any property that is damaged or destroyed or business that is adversely affected and, in certain cases, the Group may remain liable for financial obligations related to the impacted property or business. Similarly, in the event that any assessments are made against the Group in excess of any related insurance coverage that it may maintain, the Group's assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces litigation risks in the course of its business.

The Group's business is subject to the risk of litigation by customers, suppliers, intellectual property rights holders, government agencies and others through private actions, administrative proceedings, regulatory actions or other litigation. The outcome of litigation can be difficult to assess or quantify. Plaintiffs in such lawsuits may seek recovery of large or indeterminate amounts, and the magnitude of potential losses relating to such lawsuits may remain unknown for substantial periods of time. The cost of defending future litigation may be significant and could negatively affect the Group's operating results if changes to its business operations are required. There could also be negative publicity associated with litigation regardless of whether the allegations are valid or whether the Group is ultimately found liable. As a result, any significant litigation could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operations are subject to man-made accidents, natural disasters, outbreaks of contagious diseases, acts of war and terrorist attacks and the COVID-19 pandemic.

Man-made accidents, natural disasters, catastrophe or other events could result in severe personal injury, 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 based in jurisdictions which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. In addition, any man-made accidents or disasters within the jurisdictions where the Group operates also impose risks and uncertainties to the Group's business and prospects. There can be no assurance that consequences of any man-made and environmental damage will not adversely affect the trading and logistics businesses of the Group. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe, man-made accidents 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 revenues. 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.

In particular, the Group's operations are subject to outbreaks of contagious diseases such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), or H7N9 avian flu, Middle East Respiratory Syndrome (MERS), Ebola virus disease or COVID-19. For instance, two serious earthquakes hit Sichuan Province in May 2008 and April 2013, respectively resulting in significant loss of lives and destruction of assets in the region. The outbreak of COVID-19 in the PRC since late 2019 have adversely impacted the PRC economy and growth in 2020. Furthermore, COVID-19 spread around the world in early 2020 and was declared a pandemic on 11 March 2020 by the World Health Organization. In particular, the outbreak of COVID-19 across the PRC and around the world has resulted in a global health crisis and has restricted the level of business activity in affected areas. Stringent measures, including mandatory quarantines and travel restrictions, were imposed in numerous regions across the PRC in an effort to contain the outbreak, causing a noticeable reduction in regional and national economic activities. Government restrictions imposed around the world to limit the spread of COVID-19 resulted in a sharp contraction in global economic activity during 2020. In addition to properly carrying out work to prevent and control the epidemic, the Group has also promptly taken active steps to resume its production and operations in a full manner, while mitigating the negative impacts of the epidemic through measures to broaden revenue streams and reduce expenditure. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the second half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from COVID-19 being achieved by the end of 2021 and government

restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as individual markets return to pre-pandemic levels of activity. The current COVID-19 pandemic has caused delays in some of the Group's construction projects. The further outbreak of COVID-19, a recurrence of SARS or an outbreak of any other epidemics in the PRC especially in the region where the Group has operations, may result in material influence on its related business, which in turn may adversely affect its financial condition and results of operations. Any period of sustained disruption to the Group's operation may have an adverse effect on its business, financial condition and results of operations.

Acts of war and terrorist attacks, including those in foreign countries in which the Group has overseas operations, may cause damage or disruption to the Group, its employees, sub-contractors, operations, equipment and facilities, as well as to its markets, any of which could impact its public image, turnover and cost of sales. The potential for war or terrorist attacks may also create uncertainty and cause its business to suffer in ways that the Group cannot currently predict. Any of these will have a material and adverse effect on the Group's business, results of operations and financial condition.

The Group is reliant on independent contractors, sub-contractors and other service providers.

The Group engages independent third-party contractors and sub-contractors and other service providers to provide various services including construction, transportation, storage and other services. There is no assurance that such independent third-party contractors or sub-contractors will perform their obligations under the respective contracts. Failure by such third-party contractors, sub-contractors or other service providers to perform such obligations may result in material disruption to the Group's operations and significant losses of revenue and increases in costs to the Group. Furthermore, there is no assurance that the services rendered by such service providers engaged by the Group will be satisfactory. The Group is also exposed to the risk that such service providers may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is a risk that the Group's service providers may experience financial or other difficulties which may affect their abilities to discharge their obligations, thus delaying the completion of the Group's projects, impacting the operation of certain businesses or resulting in additional costs for the Group. The timely performance by these service providers may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption or delays in transportation, all of which are beyond the control of the Group. Any of these factors could materially and adversely affect the business, financial condition and results of operations of the Group.

There is no assurance that the Group's contractors will not violate any applicable laws and regulations.

The Group undertakes certain of its construction projects, for example, infrastructure projects and gas pipeline projects, through third-party contractors. The Group's selection criteria for contractors are primarily based on the contractor's technical experience and financial position, as well as the specific requirements of the projects. Prior to engaging any contractor, the Group endeavours to ensure that their capacity and capability, including their quality control systems, are adequate for contract execution. Although the Group has established internal control procedures in the selection of contractors, there is no assurance that the contractors will not violate any applicable laws or regulations in their provision of services. If the Group becomes aware that any of its contractors is involved in any material breach of applicable laws and regulations, the Group will terminate the relevant contracting agreement with such contractor immediately. However, if the Group fails to do so, there is a risk that it may be held liable for the illegal actions of its contractors, in which event the Group's business operations or planned projects may be adversely affected.

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- engaging in improper activities such as offering bribes to counterparties in return for any type of benefits or gains;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

There were instances where charges have been against former senior management personnel of the Issuer, and where certain former senior management personnel and employees of subsidiaries within the Group have been subject to investigation by PRC authorities.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective in all cases. There can be no assurance that fraud or other misconduct will not occur in the future. The occurrence of such fraud or other misconduct may cause negative publicity and damage to the public image of the Group.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. Such financial information is not intended to represent or predict the Group's results of operations of 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.

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

The Issuer from time to time issues debt securities in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Issuer needs to publish its quarterly, semi-annual and annual financial information (as the case may be) to satisfy its continuing disclosure obligations relating to its debt securities issued in the domestic capital markets. After the Bonds are issued, the Issuer is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited periodical financial statements. The quarterly and semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited or reviewed information. The Issuer is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

RISKS RELATING TO THE PRC

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

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) issued jointly by the PBOC and CBRC on 18 March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise notes and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Circular of the State Council on Relevant Issues Concerning Strengthening the Management of Financing Platform Companies of Local Governments (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") and the Circular of the General Office of the NDRC on Relevant Issues Concerning Furthering Regulating the Issuance of Bonds of Local Government Investment and Financing Platform Enterprise (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were separately promulgated on 10 June 2010 and 20 November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact the financing platform's issuance of enterprise notes.

On 21 September 2014, the State Council of the PRC released Several Opinions of the State Council on Strengthening the Administration of Local Government Debts (國務院關於加強地方政府性債務管理的意見) ("**Circular 43**"). In accordance with Circular 43, financing platform companies shall no longer function as a financing vehicle of the local government or incur new government debts. New public interest projects of a local government that are not for profit earning, such as infrastructure construction and primary land development, should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds. Public interest projects that are profit earning, such as the construction of a non-toll free highway, may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Such private investors and special purpose companies shall invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and the special purpose companies shall bear the obligation to repay their debts and the local government shall

not be liable for any of the private investors' or the special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments. There are a few stray cases where certain debts of the local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases is comparable or relevant to other local governments' financing platforms or not is unclear, and different local governments' interpretation and application of Circular 43 may vary from one another. It is unclear what impact Circular 43 has on the existing government debts of the local financing platforms in the PRC.

In addition, on 23 October 2014, the Ministry of Finance promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (地方政府存量債務納入預算管理清理甄別辦法) ("**Circular 351**") based on Circular 43. Circular 351 further requires local governments to clear up the existing debts of the financing platforms of the local governments (the "**Financial Platform**") and classify such existing fiscal debts of the local governments into government debts and non-government debts. On 9 November 2016, the Ministry of Finance promulgated the Circular on Local Government General Debt Budget Management (地方政府一般債務預算管理辦法) ("**Circular 154**") and the Circular on Local Government Special Debt Budget Management (地方政府專項債務預算管理辦法) ("**Circular 155**"), which aim to realise the monitoring of the entire process of borrowing, using and repaying local governments debts, enhance the transparency of local government debts, and strengthen the supervision of local government debt management by central government. Circular 154 and Circular 155 clarify the upper limit of local government debt, budget preparation and approval process, and provide that debts that are not in the form of government bonds shall be included in budget management.

On 11 May 2015, the 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 (財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when Circular 43 was promulgated.

On 13 September 2018, the Guiding Opinions on Strengthening Asset-Liability Constraints on State-owned Enterprises (關於加強國有企業資產負債約束的指導意見) (the "**Guiding Opinions**") was promulgated by the General Office of the CPC Central Committee and the General Office of the State Council Issue and become effective on the same date. Pursuant to the Guiding Opinions, the average debt ratio of state-owned enterprises shall decrease by about 2 percentage points from the end of 2017 by the end of 2020, and thereupon the debt ratios of state-owned enterprises shall be maintained basically at the average level of enterprises of the same size in the same industry. The Guiding Opinions also set forth the basic principles and indicator standards of constraining the debt ratio of the state-owned enterprises.

On 26 April 2017, the Circular on Further Regulating the Debt Financing Behaviours of Local Government (Cai Yu [2017] No. 50) (關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) ("**Circular 50**") was jointly issued by the Ministry of Finance, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission. On 28 May 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu[2017] No. 87) (關於堅決制止地方以政府購買服務名義違

法違規融資的通知(財預[2017]87號)) ("**Circular 87**") was issued by the Ministry of Finance. On 28 March 2018, the Notice on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018]No. 23) (關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) ("**Circular 23**") was issued by the Ministry of Finance. On 11 May 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**") was jointly issued by the NDRC and the Ministry of Finance. On 6 June 2019, the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) ("**Circular 666**") was issued by the General Office of NDRC.

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

In July 2021, the China Banking and Insurance Regulatory Commission issued the Guidelines for Banking and Insurance Institutions to Further Prevent and Defuse the Risks of Implicit Local Government Debt (Yin Bao Jian Fa [2021] No.15) (銀行保險機構進一步做好地方政府隱性債務風險防範化解工作的指導意見(銀保監發[2021]15號)) ("**Circular 15**"), which provides that the banks and insurance institutions shall not increase any new local government implicit debt in any form. Circular 15 also provides that, the financing provided by banks and insurance institutions shall meet the following requirements: (i) It is not allowed to provide financing which actually will be repaid by government fiscal funds, or guaranteed by the government; (ii) the banks and insurance institutions shall not require or accept guarantee documents issued by local government or their departments; (iii) the banks and insurance institutions shall not require or accept any guarantee using the state-owned assets of local government, public institution or social organisation as guaranty; (iv) the banks and insurance institutions shall not require or accept any guarantee with government reserve land or expected land sale income as guaranty; (v) in PPP projects or government investment fund projects, the banks and insurance institutions shall not stipulate or require local government to repurchase the investment principal, bear the loss of the investment principal or guarantee the minimum return; (vi) financing services provided by banks and insurance institutions shall not be included in government purchase services; (vii) existing local government financing shall be rectified in accordance with relevant regulations; (viii) it is not allowed to increase any implicit local government debt in any form.

The PRC government has released several additional regulations and rules relating to the financing vehicles of local governments in the PRC. As Circular 43 and related legislations are relatively new, the implementation and interpretation of the legislation by the PRC central government and different local governments may vary from one to the other. It is uncertain how they will be implemented and how it will affect the Group's business and financial performance in the future.

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

The PRC economy 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;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect the Group's operations. For example, the Group's financial condition and results of operations may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to the Group. 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. Although the Group believes these reforms will have a positive effect on the Group's overall and long-term development, it cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies could have any adverse effect on the Group's current or future business, results of operations or financial condition.

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

Substantially all of the Group's assets are located within the PRC. In addition, the Group's directors and senior management reside within the PRC, and assets of the directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon the Group's directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgments obtained from non-PRC courts against the Group or any of their respective directors or senior management in the PRC.

Uncertainty with respect to the PRC legal system, and lack of uniform interpretation and effective enforcement may cause significant uncertainties to the Group's operations.

As a substantial part of the Group's businesses are conducted, and a substantial part of the Group's assets are located, in the PRC, its 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 may not sufficiently cover all aspects of economic activity in the PRC. In particular, because these laws and regulations (including the MOF Circular and the Joint Circular (as defined below)) 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 its 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 attention.

For example, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知, the "**NDRC Circular**") on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issues outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Group to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 10 of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. The Group has undertaken to notify the NDRC of the particulars of the issue of the Bonds within the prescribed period under the NDRC Circular.

RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity not less than one year with NDRC prior to the issue of the securities. Furthermore, relevant issuers are required to notify the particulars of the relevant issue within 10 PRC working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration certificate on 16 September 2021. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 10 of the Terms and Conditions. Also, there is no clarity as to the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. Additional guidance has been issued by NDRC on 18 December 2015 (the "**NDRC Circular Guidelines**"), which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the registration requirement under the NDRC Circular will be subject to a blacklist and sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by NDRC, or any impact on the holders of the Bonds, in the event of a noncompliance by the Issuer with the NDRC Circular.

Since the NDRC Circular does not stipulate any detailed implementation procedures, there is no assurance that NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures NDRC may impose in case of failure of such registration with, or post issuance report to, NDRC. There is also no assurance that the registration with NDRC will not be revoked or amended in the future or that changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the NDRC Circular and any implementation rules as issued by the NDRC from time to time.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**Foreign Debt Registration Measures**") issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete the foreign debt registration in respect of the issue of the Bonds with the relevant local competent branch of SAFE in accordance with relevant laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within fifteen PRC working days after the Issue Date of the Bonds and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable under the PRC laws 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 offering 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 MOF, 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 Terms and Conditions, the Issuer undertakes that it will use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within 90 Registration Business Days after the Issue Date. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of Bonds. However, notwithstanding such right, 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 Issuer has already consulted with local SAFE branch in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the above-mentioned period.

The PRC government (including but not limited to the State-owned Assets Supervision and Administration Commission of Lishui (麗水市國有資產監督管理委員會) and Lishui Economic and Technological Development Zone Management Committee (麗水經濟技術開發區管理委員會)) shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer.

The PRC government (including but not limited to the State-owned Assets Supervision and Administration Commission of Lishui (麗水市國有資產監督管理委員會) (the "**Lishui SASAC**") and Lishui Economic and Technological Development Zone Management Committee (麗水經濟技術開發區管理委員會) ("**Lishui ETDZMC**")) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds. This position has been reinforced by Circular 23, Circular 706 and Circular 666.

The PRC government, Lishui SASAC and Lishui ETDZMC have no payment or other obligation under the Bonds or the transaction documents relating to the Bonds. Investments in the Bonds are on the credit risk of the Issuer rather than that of the PRC government (including but not limited to Lishui SASAC and Lishui ETDZMC). The control by the PRC government (including but not limited to Lishui SASAC and Lishui ETDZMC) does not provide assurance on the Issuer's and the Group's financial condition. The Bonds are solely to be repaid by the Issuer as an obligor and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person. In the event that 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, and not any other person, including the PRC government, Lishui SASAC, Lishui ETDZMC and any other local or municipal government. The Bondholders shall have no recourse to the PRC government (including but not limited to Lishui SASAC and Lishui ETDZMC) in respect of any obligation arising out of or in connection with the Bonds and the transaction documents relating to the Bonds. As Circular 23, Circular 706 and 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.

The Bonds are unsecured obligations.

As the Bonds are unsecured obligations of the Issuer, the repayment of the Bonds may be compromised if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's 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 Bonds may not be a suitable investment for all investors.

The Bonds may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial advisor) 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 advisors 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. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

The Issuer's subsidiaries, jointly controlled entities and associated companies are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer, its jointly controlled entities and associated companies.

As a holding company, the Issuer will depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy their obligations under the Bonds. The ability of the Issuer's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. There can be no assurance that the Issuer's subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. In particular, the Issuer does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Issuer to make payments under the Bonds. These factors could reduce the payments that the Issuer receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Bonds.

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

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

The Bonds are the Issuer's unsecured obligations and will (i) rank at least equally in right of payment with all the Issuer's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable legislation. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the Holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

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

The 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 turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations, any adverse change in the credit rating, revenues, earnings, results of operations or otherwise in the financial condition of the LC Bank and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

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

The Bonds will carry a fixed interest rate. 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.

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

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility, such as that caused in recent years by the global financial and economic crisis including the European debt crisis, the United Kingdom's withdrawal from the European Union, the recent US-China trade tensions, and the ongoing COVID-19. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

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

On the Maturity Date, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event, the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds. On the Maturity Date or if any of such Relevant 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 on the Maturity Date or in any of such events may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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 their principal amount, together with any interest accrued up to, but excluding, 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 Tax Amounts, as further described in Condition 7 of the Terms and Conditions.

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

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

The Issuer was incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer would likely involve PRC bankruptcy laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar.

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

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In

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

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

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

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

The Terms and Conditions will contain provisions for calling meetings of the Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. The Trust Deed will also provide that a written resolution signed, or an Electronic Consent (as defined in the Trust Deed) given, shall be as valid and effective as an Extraordinary Resolution duly passed at a meeting of Bondholders. There is a risk that the decision of the majority of Bondholders may be adverse to the interests of the individual Bondholder.

The Terms and Conditions will also provide that the Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, the Terms and Conditions, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or the Bonds which, in the Trustee's opinion, is not materially prejudicial to the interest of the Bondholders; (ii) any modification of the Terms and Conditions, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or the Bonds which, in the Trustee's opinion, is of a formal, minor or technical nature, made to correct a manifest error, or to comply with any mandatory provision of law; or (iii) any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of bonds pursuant to Condition 16 of the Terms and Conditions to reflect the new aggregate principal amount of the Bonds following such issue.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit (other than a proposed breach, or a 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 Trustee may request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 10 of the Terms and Conditions and the taking of actions and/or steps and/or the instituting of proceedings pursuant to Condition 14 of the Terms and Conditions), the Trustee may (in its sole discretion) request the

Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any actions and/or steps and/or institutes any proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if it is not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions and, in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of Bank of Ningbo Co., Ltd., Lishui Branch ("Bank of Ningbo").

The LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of the authorisation given by Bank of Ningbo, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, Bank of Ningbo would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit will depend on the financial condition of Bank of Ningbo, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- Impaired loans and advances: Bank of Ningbo's financial condition will be affected by its impaired loans. If Bank of Ningbo is unable to control effectively and reduce the level of impaired loans and advances in its current loan portfolio and in new loans Bank of Ningbo extends in the future, or Bank of Ningbo's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, Bank of Ningbo's financial condition could be materially and adversely affected.

- Collateral and guarantees: A certain portion of Bank of Ningbo's loans is secured by collateral and backed by guarantees. If Bank of Ningbo is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, Bank of Ningbo's financial condition could be materially and adversely affected.

In addition, as neither Bank of Ningbo nor the LC Bank has waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

The Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Standby Letter of Credit.

Payments of principal and interest in respect of the Bonds and the fees, costs, expenses, indemnity payments and other amounts in connection with the Bonds, the Trust Deed and the Agency Agreement will have the benefit of the Standby Letter of Credit up to a maximum limit of U.S.$102,350,000. There can be no assurance that such maximum limit is sufficient to fully satisfy the aforementioned payments.

If such maximum limit is insufficient to cover all of the Issuer's obligations under the Bonds and the Trust Deed after deductions of all amounts to which the Trustee is entitled, the Bondholders might not be able to recover the full amount to their claims under the Bonds from the LC Bank and would therefore need to look to the Issuer to recover any such outstanding amounts.

Proceedings to enforce the Standby Letter of Credit may only be taken in Hong Kong.

Proceedings to enforce the Standby Letter of Credit may only be taken in Hong Kong. This may limit the amount of assets available to the Trustee to make a claim in the event the LC Bank fails to perform its

obligations under the Standby Letter of Credit. The majority of operations of the LC Bank are carried out in the PRC and any judgment obtained in the Hong Kong courts against the LC Bank, if to be enforced against the LC Bank, will be subject to recognition and enforcement of the judgment in the PRC subject to the requirements and conditions and public policy considerations as set forth in applicable provisions of PRC Laws relating to the enforceability of foreign court judgments and all the requirements stipulated in the Arrangement of the Supreme People's Court between the Courts of the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual jurisdiction (《最高人民法院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》), or to re-litigation and the procedures of the PRC courts.

The Standby Letter of Credit expires one month after the Maturity Date.

The Standby Letter of Credit will expire at 6:00 pm (Hong Kong time) on 2 April 2025, one month after the Maturity Date. In the event that the Trustee does not make a Demand under the Standby Letter of Credit by this expiration date, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008 as amended on 24 February 2017 and 29 December 2018, respectively, and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

According to the Arrangement between the Mainland of the PRC 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 if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied. As Bonds will be held in the Clearing System, it is not possible to ascertain the jurisdiction of the Bondholders.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which was amended on 30 June 2011 and 31 August 2018 and effective on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders shall be regarded as PRC-sourced, and therefore be

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

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. Based on the definition of "loans" under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Bonds would be regarded as providing the financial services within China and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6 per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals.

VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located in the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

The Terms and Conditions and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and 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 Recognition Arrangement**"), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Reciprocal Recognition Arrangement. In addition, on 18 January 2019, the Supreme People's Court of the PRC and the government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**New Arrangement**"). The New Arrangement extends the scope of judicial assistance and shall take effect after the necessary procedures to enable its implementation are completed in both the PRC and Hong Kong. The New Arrangement will, upon its commencement, supersede the Arrangement. However, the Arrangement will continue to apply to a "choice of court agreement" in writing (if any) made between the relevant parties before the commencement of the New Arrangement.

While it is expected that the PRC courts may recognise and enforce a judgment given by the Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside of Hong Kong will be limited.

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

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems 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.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their accountholders. A holder of a beneficial interest in a 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. Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for compliance with the NDRC Post-issue Filing and the Foreign Debt Registration and, if applicable, for filing of the Bonds pursuant to the Cross Border Financing Circular and for the exercise of a redemption for a No Registration Event) (see "*Terms and Conditions of the Bonds — Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

EXCHANGE RATE INFORMATION

Renminbi

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

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 12 April 2012, the PBOC announced that on 16 April 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be enlarged from 0.5 per cent. to 1.0 per cent. around the central parity rate, allowing the Renminbi to fluctuate against the U.S. dollar by up to 1.0 per cent. above or below the central parity rate published by the PBOC. The PBOC announced on 15 March 2014 that since 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange spot market of Renminbi against the U.S. dollar was further expanded from 1 per cent. to 2 per cent. On each business day, the spread between the Renminbi and U.S. dollar buying and selling prices offered by the designated foreign exchange banks to their clients shall be within 3.0 per cent. of the published central parity of the U.S. dollar on that day, instead of 2.0 per cent. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. For three conservative days commencing 11 August 2015, the PBOC devalued the Renminbi against the U.S. dollar, leading to declines in the value of the Renminbi versus the U.S. dollar of up to 2.8 per cent. in currency markets and representing the largest single-day drop in the value of the Renminbi since 1994. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. During 2016, along with the progressive interest rate increased by the U.S. Federal Reserve, the Renminbi accumulatively depreciated by 7.2% against the U.S. dollar.

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

The table below sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

	Exchange Rate			
Period	**Period End**	**Average [1]**	**High**	**Low**
		(RMB per U.S.$1.00)		
2016	6.9430	6.6400	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5250
2021				
August	6.4679	6.4772	6.4984	6.4610
September	6.4854	6.4599	6.4854	6.4330
October	6.3907	6.4192	6.4612	6.3856
November	6.3640	6.3889	6.4061	6.3640
December	6.5250	6.3764	6.5250	6.3435
2022				
January	6.4282	6.4672	6.4822	6.4282

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

TERMS AND CONDITIONS OF THE BONDS

The following (subject to modification and other than the text in italics) are the terms and conditions of the Bonds (as defined below) substantially in the form in which they will be endorsed on the definitive Certificates and referred to in the Global Certificate (as defined below).

The U.S.$100,000,000 2.70 per cent. credit enhanced bonds due 2025 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 16 of these Conditions (as defined below) and to be consolidated and forming a single series therewith) of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (丽水经济技术开发区实业发展集团有限公司) (the "**Issuer**") are constituted by a trust deed (as amended, novated and/or supplemented from time to time, the "**Trust Deed**") dated 3 March 2022 (the "**Issue Date**") made between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**", which expression shall, where the context so permits, include its successor(s) and other trustees for the time being under the Trust Deed) as trustee for itself and the Holders (as defined below). The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, which includes the form of the Bonds.

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 22 June 2021 and a resolution of the shareholders of the Issuer dated 29 June 2021.

For so long as any Bond remains outstanding, copies of the Trust Deed, the Standby Letter of Credit (as defined below) and the agency agreement dated 3 March 2022 (as amended, novated and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon, London Branch as the pre-funding account bank (in such capacity, the "**Pre-funding Account Bank**", which expression shall include any successor pre-funding account bank appointed from time to time in connection with the Bonds) with which the Pre-funding Account (as defined below) is held and as the LC proceeds account bank (in such capacity, the "**LC Proceeds Account Bank**", which expression shall include any successor LC proceeds account bank appointed from time to time in connection with the Bonds and, together with the Pre-funding Account Bank, the "**Account Banks**") with which the LC Proceeds Account (as defined below) is held and any other Agents appointed thereunder are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., from Monday to Friday (other than public holidays)) by the Holders at the specified office of the Principal Paying Agent (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) following prior written request and with proof of holding and identity to the satisfaction of the Principal Paying Agent. References herein to "**Paying Agents**" include the Principal Paying Agent, and "**Agents**" means the Paying Agent(s), the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors. The Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") dated 3 March 2022 issued by Bank of Ningbo Co., Ltd., Lishui Branch (the "**LC Bank**") in favour of the Trustee on behalf of itself and the Holders.

The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Standby Letter of Credit and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

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

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be deemed to be and be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

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

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

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

2 STATUS

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause the register (the "**Register**") to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement, on which shall be entered the names and addresses of the Holders and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (in a Specified Denomination) by depositing the Certificate issued in respect of that Bond, with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed by the Holder or his attorney duly authorised in writing, at the specified office of the Registrar or any of the

Transfer Agents and with any other evidence as the Registrar or the relevant Transfer Agent (as the case may be) may require.

In the case of a transfer of part only of a holding of Bonds represented by one Certificate (which shall be in a Specified Denomination), a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. 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. A Bond may not be transferred unless the principal amount of such Bonds to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bonds not being transferred are equal to or more than a Specified Denomination.

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

(c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days of receipt by the Registrar or the relevant Transfer Agent (as the case may be) of a duly completed form of transfer and surrender of the existing Certificate(s) and provision of such other evidence required by the Registrar or the relevant Transfer Agent pursuant to Condition 3(b). The new Certificate(s) shall be made available for collection at the specified office of the Registrar or the relevant Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

In this Condition 3(c), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Formalities Free of Charge

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

(e) Closed Periods

No Holder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal (or premium) in

respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)(ii)); or (iii) after notice of redemption has been given pursuant to Condition 7(b); or (iv) after any such Bond has been put for redemption pursuant to Condition 7(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds (the "**Regulations**"), 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 Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current Regulations will be made available for inspection by the Registrar to any Holder upon prior written request and proof of holding and identity satisfactory to the Registrar at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., from Monday to Friday (other than public holidays)) at the specified office of the Registrar.

4 STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) Standby Letter of Credit:

The Bonds will have the benefit of the Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the Holders, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b); or (ii) an Event of Default (as defined in Condition 10) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in U.S. dollars in immediately available funds to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. All amounts received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds shall, to the extent the drawing is paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.$102,350,000 (the "**Maximum Limit**"). The Standby Letter of Credit takes effect from the Issue Date and expires at 6:00 p.m. (Hong Kong time) on 2 April 2025 at the place of the LC Bank.

(b) Pre-funding:

In order to provide for the payment of any amount in respect of the Bonds and under the Trust Deed (other than the amounts payable under Condition 7(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (London time) on the Business Day falling ten Business Days (the "**Pre-funding Date**") prior to the due date for such payment under these Conditions:

(i) unconditionally pay or procure to be paid the Relevant Amount in immediately available and cleared funds into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile or email (x) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the relevant Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (London time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure (and the Trustee may rely conclusively on any such confirmation), or the Trustee has not received the Required Confirmations, in each case by 10:00 a.m. (London time) on the Business Day immediately following the Pre-funding Date (each event, a "**Pre-funding Failure**"), the Trustee shall:

(a) as soon as reasonably practicable send the notice substantially in the form set out in the Trust Deed (the "**Pre-funding Failure Notice**") to the Bondholders by the second Business Day immediately following the Pre-funding Date of (x) the Pre-funding Failure and (y) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure; and

(b) by no later than 6:00 p.m. (London time) on the second Business Day immediately following the Pre-funding Date, issue, or cause to be issued, a Demand to the LC Bank for an amount not exceeding the Maximum Limit for the aggregate of (i) accrued but unpaid interest under the Bonds, (ii) the principal amount of the outstanding Bonds, and (iii) fees, costs, expenses, indemnity payments and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, *provided that*, subject to and in accordance with the Standby Letter of Credit, the Trustee or its delegate need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT (or in the event that the SWIFT system is not available, by facsimile transmission) to the LC Bank.

Following receipt by the LC Bank of such Demand by 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day after the Business Day on which the LC Bank receives such Demand (or, if such Demand is received by the LC Bank after 6:00 p.m. (Hong Kong time) on a Business Day, then by 10:00 a.m. (Hong Kong time) on the fifth Business Day after the Business Day on which the LC Bank receives such Demand) pay to the Trustee or to the order of the Trustee

the amount in U.S. dollars specified in the Demand in immediately available funds in accordance with the instructions specified in the Demand.

The Pre-funding Account Bank shall notify the Trustee and the Principal Paying Agent forthwith upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions.

For the purposes of this Condition 4:

"**Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in Hong Kong, Beijing, London and New York City;

"**LC Proceeds Account**" means a non-interest bearing U.S. dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate substantially in the form set forth in the Agency Agreement, stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (i) payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 4(b) and (ii) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest bearing U.S. dollar account established in the name of the Issuer with the Pre-funding Account Bank and designated for the purposes specified above.

5 COVENANTS

(a) Undertakings relating to Foreign Debt Registration and applicable PRC Laws

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline, (iii) if applicable, as soon as possible upon being required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Matters concerning the Macro Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於實施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 (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, any implementing measures promulgated thereunder from time to time.

(b) Notification to the NDRC

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

(c) Notification of Completion of the NDRC Post-issue Filing and the Foreign Debt Registration

The Issuer shall, on or before the Registration Deadline and within 15 Registration Business Days after the later of the submission of the NDRC Post-issue Filing and receipt of the registration record from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) confirming (A) the completion of the NDRC Post-issue Filing and the Foreign Debt Registration and (B) that no Change of Control, Event of Default (as defined in Condition 10) or Potential Event of Default has occurred; and (ii) copies of the relevant documents evidencing the completion of the NDRC Post-issue Filing and the Foreign Debt Registration, each certified in English as being a true and complete copy of the original by an Authorised Signatory (the items specified in (i) and (ii) together, the "**Registration Documents**").

In addition, the Issuer shall, within 10 Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 17) confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor or ensure the Foreign Debt Registration with SAFE is completed as required by Condition 5(a) or the NDRC Post-issue Filing is made as required by Condition 5(b); or to assist with the NDRC Post-issue Filing or the Foreign Debt Registration; or to verify the accuracy, content, completeness, validity and/or genuineness of any Registration Document, certificate, confirmation or other document in relation to or in connection with the Foreign Debt Registration, the NDRC Post-issue Filing, and/or the Registration Documents; or to translate, or procure the translation of, any Registration Document, certificate, confirmation or other document in relation thereto not in English into English; or to verify the accuracy or completeness of any English translation of any Registration Document, certificate, confirmation or other document; or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration or the NDRC Post-issue Filing. The Trustee shall not be liable to the Issuer, the Bondholders, the LC Bank or any other person for not doing any of the foregoing.

(d) Financial Information

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

(i) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each such case with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate;

(ii) a copy of the relevant Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together in each such case with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate; and

(iii) a Compliance Certificate (on which the Trustee may rely conclusively and without investigation as to such compliance without liability to the Issuer, any Bondholder, the LC Bank or any other person) (A) at the same time as the relevant Audited Financial Reports are provided pursuant to Condition 5(d)(i) and in any event within 120 days of the end of each Relevant Period, and (B) within 14 days of any request therefor from the Trustee.

The Trustee and the Agents may rely conclusively on the translation of any financial reports provided under this Condition 5(d) and assume that the same is a true, complete and accurate translation of such financial reports. None of the Trustee and the Agents shall be responsible to translate, or to procure the translation of, or to verify the accuracy or completeness of the translation of, any financial reports (including any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to such financial reports or intended to be read with any of them), and none of them shall not be liable to the Issuer, any Bondholder, the LC Bank or any other person for not doing so.

(e) Definitions

In these Conditions:

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

"**Compliance Certificate**" means a certificate in English of the Issuer, substantially in the form set out in the Trust Deed, signed by an Authorised Signatory certifying that, having made all 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:

(i) no Event of Default, Potential Event of Default or Relevant Event had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer has complied with all its covenants and obligations under the Trust Deed and the Bonds or, if non-compliance had occurred, giving details of it;

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

"**NDRC**" means the National Development and Reform Commission of the PRC or its local counterparts;

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

"**Potential Event of Default**" means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

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

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

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

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Issuer's financial year (being 31 December of that financial year); or (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer's first half financial year (being 30 June of that financial year);

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

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

"**Unaudited Financial Reports**" means, for a Relevant Period, the semi-annual unaudited consolidated balance sheet, income statement, cash flows statement and statement of changes in owners' equity of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them, if any.

6 INTEREST

(a) Interest Rate and Interest Payment Dates

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.70 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$13.50 per Calculation Amount (as defined below) on 3 March and 3 September in each year (each an "**Interest Payment Date**"), commencing on 3 September 2022.

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

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

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). Save as provided above in relation to equal instalments, the amount of interest payable per Calculation Amount for each Interest Period (and for any period less than a complete Interest Period) shall be equal to the product of the rate of interest specified above, the Calculation Amount and 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, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 3 March 2025 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**"), which shall specify the date for redemption and the names and addresses of all Paying Agents, and the method by which payment shall be made, to the Bondholders in accordance with Condition 17 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the 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, which change or amendment becomes effective on or after 24 February 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 7(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such changes or amendments. The Trustee shall be entitled (but shall not be obliged) to accept and rely on such certificate and opinion (without further investigation or enquiry and without liability to the Issuer, the Bondholders, the LC Bank or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition 7(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

Following the occurrence of a Relevant Event, the Holder of any Bond will have the right (the "**Relevant Event Put Right**"), at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds on the Put Settlement Date (as defined below in this Condition 7(c)) at their principal amount, together with accrued interest to (but excluding) the Put Settlement Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following the occurrence of a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 17.

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

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

Not later than 14 days (in the case of a Change of Control) or five days (in the case of a No Registration Event) following the first day on which the Issuer becomes aware of the occurrence of a Relevant Event, the Issuer shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Holders (in accordance with Condition 17) stating:

(i) the Put Settlement Date;

(ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or No Registration Event;

(iii) the date by which the Put Exercise Notice must be given;

(iv) the redemption amount and the method by which such amount will be paid;

(v) the names and addresses of all Paying Agents;

(vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Relevant Event Put Right; and

(vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

Neither Trustee nor any Agent shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions and none of them shall be responsible or liable to the Issuer, the Bondholders, the LC Bank or any other person for not doing so.

For the purpose of this Condition 7:

(i) a "**Change of Control**" occurs when:

(A) the Government Persons or any person directly or indirectly Controlled by the Government Persons cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(B) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person(s), except where such Person(s) (in the case of asset sale or transfer) or the surviving entity (in the case of consolidation or merger) is/are directly or indirectly 100 per cent. held or owned by the Government Persons;

(ii) "**Control**" means (i) the ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person's board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has meanings correlative to the foregoing;

(iii) "**Government Persons**" means (A) the State-owned Assets Supervision and Administration Commission of the State Council or any successor entity thereto, (B) the State-owned Assets Supervision and Administration Commission of Lishui (麗水市國有資產監督管理委員會) or any successor entity thereto; (C) Lishui Economic and Technological Development Zone Management Committee (麗水經濟技術開發區管理委員會) or any successor entity thereto; and (iv) the government of the PRC or the municipal government of Lishui or the provincial government of Zhejiang Province;

(iv) a "**No Registration Event**" occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;

(v) a "**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect subsidiaries;

(vi) "**Registration Conditions**" means the receipt by the Trustee of all the Registration Documents as set forth in Condition 5(c); and

(vii) a "**Relevant Event**" means:

(A) a No Registration Event; or

(B) a Change of Control.

(d) Mandatory Redemption upon Pre-funding Failure

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date on which the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the "**Mandatory Redemption Date**") (together with interest accrued to, but excluding, the Mandatory Redemption Date), *provided that* if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bond pursuant to Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date, and the term "**Mandatory Redemption Date**" shall be construed accordingly.

(e) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder thereof to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders or for the purposes of Condition 10, Condition 13(a) and Condition 14.

(f) Notice of redemption

All Bonds in respect of which any notice of redemption is given under this Condition 7 shall, subject to Condition 7(d), be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 7. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 7(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 7(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and none of them shall be liable to the Issuer, the Bondholders, the LC Bank or any other person for not doing so.

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

(g) Cancellation

All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer or any of its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so

surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(h) No duty to monitor

The Trustee and the Agents shall not be obliged: (i) to take any steps to ascertain whether a Relevant Event, Potential Event of Default, Event of Default or any of the circumstances mentioned in this Condition 7 has occurred or may occur, (ii) to monitor or investigate the occurrence of any Relevant Event, Potential Event of Default, Event of Default or any of the circumstances mentioned in this Condition 7, or (iii) to verify the accuracy, validity and/or genuineness of any documents in relation thereto or in connection therewith. None of them shall be liable to the Bondholders, the Issuer, the LC Bank or any other person for not doing so.

8 PAYMENTS

(a) Method of Payment:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Registrar or any Transfer Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) by transfer to the registered account (as defined below) of the Bondholder.

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date"**). Payments of interest on each Bond shall be made in U.S. dollars by transfer to the registered account of the Holder of such Bonds. For the purposes of this Condition 8(a), a Holder's "**registered account**" means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

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

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

(b) **Payments subject to Fiscal Laws**: Payments will be subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9, 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 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

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

(d) **Appointment of Agents**: The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer (or, as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, *provided that* the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

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

(e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 8, "**Payment Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of U.S. dollar payments in New York City, in the place in which the specified office of the Principal Paying Agent is located and (if surrender of the relevant Certificate is required) in the relevant place of presentation.

9 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the

PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the aggregate rate applicable on 24 February 2022 (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 received by them had no such withholding or deduction been required.

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

(a) **Other connection**: to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond or where the withholding or deduction could be avoided by the Holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or

(b) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate representing it is presented or surrendered (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such Additional Tax Amounts on presenting or surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

None of the Trustee, the Agents or the Account Banks shall in any event be responsible for paying any tax, duty, charges, assessments, withholding or other payment referred to in this Condition 9 or otherwise in connection with the Bonds or the Standby Letter of Credit, or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder, the LC Bank or any other person to pay such tax, duty, charges, assessments, withholding or other payment or be responsible to provide any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in relation to the Bonds or the Standby Letter of Credit without deduction or withholding for or on account of any tax, duty, charges, assessments, withholding or other payment imposed by or in any jurisdiction.

10 EVENTS OF DEFAULT

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

(a) **With respect to the Issuer:**

(i) **Non-Payment**: there has been a failure to pay (i) the principal or any premium (if any) of the Bonds when due, or (ii) any interest on the Bonds when due and such failure to pay interest continues for a period of 14 days; or

(ii) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than those referred to in Condition 10(a)(i)) and other than where such default gives rise to a right of redemption pursuant to Condition 7(c)), which default: (i) is, in the opinion of the Trustee, incapable of remedy, or (ii) if, in the opinion of the Trustee, capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; *provided that* if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds and/or to provide the Required Confirmations in accordance with Condition 4(b) and such amount has subsequently been paid by the LC Bank following a drawing under the Standby Letter of Credit to or to the order of the Trustee and paid to Holders of the Bonds, then such breach will not constitute an Event of Default under this Condition 10(a)(ii); or

(iii) **Cross-Default**: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised *provided that* the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(a)(iii) have occurred equals or exceeds in the aggregate U.S.$20,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any bank on the day on which this Condition 10(a)(iii) operates); or

(iv) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days; or

(v) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on any material part of its assets becomes enforceable and any step is taken to enforce it

(including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or

(vi) **Insolvency**: the Issuer or any of its Principal Subsidiaries is (or is deemed by law to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Principal Subsidiaries (otherwise than, in the case of a Principal Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent on terms approved by an Extraordinary Resolution of the Bondholders); or

(vii) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except in each case above for the purpose of and followed by (A) a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation: (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or any other Subsidiaries of the Issuer or (B) disposals of or by a Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal are vested in the Issuer or any of its Subsidiaries); or

(viii) **Nationalisation**: any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Subsidiaries; or

(ix) **Authorisation and Consents**: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order: (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong and the PRC is not taken, fulfilled or done; or

(x) **Illegality**: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(xi) **Standby Letter of Credit:** the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect; or

(xii) **Analogous Events**: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(a)(i) to 10(a)(xi) (both inclusive).

In this Condition 10(a):

"**Principal Subsidiary**" means any Subsidiary of the Issuer:

(1) whose total revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total revenue, as shown by its latest audited income statement, is at least five per cent. of the consolidated total revenue as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or

(2) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement, is at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer and its Subsidiaries 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

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

(4) to which is transferred the whole or substantially the whole of the assets of a Subsidiary of the Issuer which immediately prior to such transfer was a Principal Subsidiary, *provided that* (x) 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 forthwith become a Principal Subsidiary and (y) on or after 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, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (1), (2) or (3) above of this definition;

provided that, in relation to paragraphs (1), (2) and (3) above of this definition:

(A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the 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;

(B) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, 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 or on behalf of the Issuer;

(C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, 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 or on behalf of the Issuer; and

(D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the 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 prepared for this purpose by or on behalf of the Issuer.

A certificate in English signed by any Authorised Signatory, accompanied by relevant audited accounts (consolidated, if appropriate), that in the opinion of the Issuer a Subsidiary is or is not, or was or was not at any particular time or during any particular period, a Principal Subsidiary of the Issuer shall, in the absence of manifest error, be conclusive and binding on the Issuer and the Bondholders, and the Trustee shall be entitled to rely conclusively on any such certificate without further investigation or query and without liability to the Issuer, the LC Bank, any Bondholder or any other person.

(b) **With respect to the LC Bank:**

(i) **Cross-Default**: (A) any other present or future Public External Indebtedness of the LC Bank or any of the LC Bank Subsidiaries becomes due and payable prior to its stated maturity by reason of any actual default, event of default or the like (howsoever described) in respect of the terms thereof, or (B) any principal of such Public External Indebtedness is not paid when due or, as the case may be, within any applicable grace period, *provided that* the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this paragraph have occurred equals or exceeds U.S.$25,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against U.S. dollars as quoted by any leading bank on the day on which this paragraph operates); or

(ii) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the LC Bank or any of the LC Bank Material Subsidiaries and is not discharged or stayed within 30 days; or

(iii) **Insolvency**: the LC Bank or any of the LC Bank Material Subsidiaries is insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of the debts of the LC Bank or any of the LC Bank Material Subsidiaries; or

(iv) **Winding-up**: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the LC Bank or any of the LC Bank Material Subsidiaries, or the LC Bank ceases to carry on all or a substantial part of its business or operations, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders and by the shareholders of the LC Bank and/or the relevant LC Bank Material Subsidiaries or (ii) a solvent winding up of any LC Bank Material Subsidiary or (iii) in the case of an LC Bank Material Subsidiary, whereby the undertaking and assets of such LC Bank Material Subsidiary are transferred to or otherwise vested in the LC Bank and/or any other LC Bank Material Subsidiaries; or

(v) **Illegality**: it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit.

In this Condition 10(b):

"**LC Bank Material Subsidiary**" means an LC Bank Subsidiary whose total assets, total revenue or net profit on the date as at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which such audited financial statements relate, account for five per cent. or more of the consolidated total assets, consolidated total revenue or consolidated net profit of the LC Bank as of such date or for such period. If an LC Bank Subsidiary transfers all of its assets and business to another LC Bank Subsidiary, the transferee shall become a LC Bank Material Subsidiary and the transferor shall cease to be an LC Bank Subsidiary on completion of such transfer;

"**LC Bank Subsidiary**" means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank; and

"**Public External Indebtedness**" means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by such entity of indebtedness, for money borrowed which (A) 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) and which is issued outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (B) has an original maturity of more than 365 days.

A certificate in writing signed by any authorised officer of the LC Bank that, in the LC Bank's opinion, an entity is or is not, or was or was not at any particular time or during any particular period, a LC Bank Subsidiary or a LC Bank Material Subsidiary shall be conclusive and binding on the Issuer, the LC Bank and the Bondholders, and the Trustee shall be entitled to rely conclusively upon any such certificate without further investigation or query and without liability to the Issuer, the Bondholders, the LC Bank or any other person.

11 PRESCRIPTION

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

12 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to the Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as (a) the Issuer may require (*provided that* the requirement is reasonable in light of prevailing market practice) or (b) the Registrar or the relevant Transfer Agent (as the case may be) may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

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

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders and passing resolutions in writing or by Electronic Consent (as defined in the Trust Deed) to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (v) to modify or release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of bonds pursuant to Condition 16 or modification pursuant to Condition 13(b)), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders, whether or not they were present at the meeting at which such resolution was passed.

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed), shall for all purposes be as valid and effective as an Extraordinary Resolution duly passed at a meeting of the Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing or by Electronic Consent

will be binding on all Bondholders whether or not they participated in such written resolution or Electronic Consent.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, these Conditions, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or the Bonds which, in the Trustee's opinion, is not materially prejudicial to the interest of the Bondholders; (ii) any modification of these Conditions, the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or the Bonds which, in the Trustee's opinion, is of a formal, minor or technical nature, made to correct a manifest error, or to comply with any mandatory provision of law; or (iii) any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of bonds pursuant to Condition 16 to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 17.

(c) Entitlement of the Trustee

In connection with the performance and exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13), the Trustee shall have regard to the general interests of the Bondholders as a class and shall not have regard to the interest of, or be responsible for, the consequences of such exercise for individual Bondholders 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 Bondholders.

14 ENFORCEMENT

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and/or the Bonds and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking any steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or these Conditions in respect of the Bonds and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its

satisfaction. The Trustee and the LC Proceeds Account Bank are entitled to be paid or reimbursed for its fees, costs, expenses, indemnity payments, and other amounts in priority to the claims of the Bondholders.

The Trustee and its affiliates are entitled (i) to enter into business transactions with the Issuer, the LC Bank, any of their respective Subsidiaries and/or any entity related (directly or indirectly) to any of them and to act as trustee for the holders of any other securities issued by, or relating to, the Issuer, the LC Bank, any of their respective Subsidiaries and/or any entity related (directly or indirectly) to any of them, (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.

The Trustee may rely conclusively, and may act or refrain from acting, without liability to the Issuer, the LC Bank, the Holders or any other person on any report, information, confirmation or certificate from, or any opinion or advice of, any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert or professional adviser, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the LC Bank and the Holders. The Trustee shall not be responsible or liable to the Issuer, the LC Bank, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, information, confirmation, certificate, opinion or advice.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions or by law to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction, to seek directions or clarification of any such direction from the Bondholders by way of Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the LC Bank, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision or giving such direction as a result of seeking such direction or clarification of any such direction from the Bondholders or in the event that the direction or clarification sought is not provided to the Trustee by the Bondholders. The Trustee shall not be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by it in accordance with the instructions of the Bondholders.

None of the Trustee, the Agents or the Account Banks shall be responsible or liable for the performance by the Issuer, the LC Bank and/or any other person appointed by the Issuer and/or the LC Bank in relation to the Bonds or for the duties and obligations on their part expressed in respect of the same. Unless it has written notice from the Issuer to the contrary, the Trustee, the Agents and the Account Banks shall be entitled to assume that the same are being duly performed. None of the Trustee, the Agents or the Account Banks shall be liable to any Bondholder, the Issuer, the LC Bank or any other person for any action taken by the Trustee, an Agent or an Account Bank in accordance with the instructions, directions, requests or resolutions of the Bondholders. The Trustee shall be entitled to rely conclusively on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding, or passed at a meeting of Bondholders convened and held, in accordance with the Trust Deed.

None of the Trustee, the Agents or the Account Banks shall have any obligation or be required to monitor or take any steps to ascertain compliance with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions or to monitor or ascertain whether an Event of Default, a Potential Event of Default, a Relevant Event, a Pre-funding Failure or any event which could lead to any of the foregoing has occurred or may occur, and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer, and shall not be responsible or liable to the Issuer, the LC Bank, the Bondholders or any other person for not doing so.

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

16 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the NDRC Post-issue Filing and the Foreign Debt Registration and, if applicable, for filing of the Bonds pursuant to the Cross Border Financing Circular and for the exercise of a redemption for a No Registration Event) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the "Bonds" include (unless the context requires otherwise) any further bonds issued pursuant to this Condition 16 and forming a single series with the outstanding Bonds.

However, such further bonds may only be issued if a further or supplemental or replacement irrevocable standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental or replacement irrevocable standby letter of credit represents an increase at least equal to the principal of, and interest payment for one Interest Period due on, such further bonds and an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and other amounts under or in connection with, *inter alia*, such further bonds) and such further or supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended irrevocable standby letter of credit.

Any such further bonds forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

17 NOTICES

Notices to the holders of Bonds shall be mailed to them by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) 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. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream, or an Alternative Clearing System, notices to the holders

of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, or the Alternative Clearing System, 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.

18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Without prejudice to Condition 14, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this shall not affect any right or remedy which exists or is available apart from such Act.

19 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement and the Standby Letter of Credit ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. The LC Bank has, in the Standby Letter of Credit, irrevocably submitted to the jurisdiction of such courts and waived any objection that any other courts are more appropriate or convenient.

(c) Agent for Service of Process

The Issuer has irrevocably appointed The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds, the Trust Deed or the Agency Agreement. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to or received by the Issuer). If for any reason the Issuer ceases to have such an agent in Hong Kong, the Issuer shall promptly appoint a substitute agent in Hong Kong to accept service of process and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

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 depositary on behalf of Euroclear and Clearstream.

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

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Bondholders. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive certificates.

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

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 of the relevant clearing system on the Clearing System Business Day immediately prior to the date for payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

CALCULATION OF INTEREST

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer will pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation will be made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

NOTICES

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

MEETINGS

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

BONDHOLDER'S REDEMPTION

The Bondholder's redemption option in Condition 7(c) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent within the time limits specified in the Conditions, in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System), and stating the principal amount of Bonds in respect of which the option is exercised.

ISSUER'S REDEMPTION

The option of the Issuer provided for in Condition 7(b) and Condition 7(d) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

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 represented by the Global Certificate will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is held on behalf of, or 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 certificate, report or other information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$100,000,000. The Issuer intends to use the net proceeds from the offering of the Notes for project construction and general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness and total capitalisation of the Group as at 30 June 2021 on an actual basis and on an adjusted basis to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering:

	As of 30 June 2021			
	Actual		As adjusted	
	(RMB'000)	(U.S.$'000) [1]	(RMB'000)	(U.S.$'000) [1]
Current liabilities:				
Short-term loans	552,220	85,528	552,220	85,528
Total current liabilities	**552,220**	**85,528**	**552,220**	**85,528**
Non-current liabilities:				
Long-term loans	4,526,090	701,002	4,526,090	701,002
Bonds payable	4,053,321	627,779	4,053,321	627,779
Bonds to be issued[2]	–	–	645,660	100,000
Total non-current liabilities	**8,579,410**	**1,328,781**	**9,225,071**	**1,428,781**
Total liabilities[3]	**9,131,630**	**1,414,309**	**9,777,291**	**1,514,309**
Total owners' equity	**11,624,857**	**1,800,461**	**11,624,857**	**1,800,461**
Total capitalisation[4]	**20,756,487**	**3,214,770**	**21,402,148**	**3,314,770**

Notes:

(1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.4566 to U.S.$1.00 on 30 June 2021 as set forth in the H. 10 statistical release of the Federal Reserve Board.

(2) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the underwriting fees and commissions, offering discounts and other expenses payable by the Issuer in connection with the issuance of the Notes.

(3) Total liabilities equals the sum of current liabilities and non-current liabilities.

(4) Total capitalisation equals the sum of total liabilities and total owners' equity.

There has been no material adverse change in the capitalisation and indebtedness of the Group since 30 June 2021.

DESCRIPTION OF LC BANK

The information below included in the Offering Circular is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that are referenced in the Offering Circular but is not separately included in the Offering Circular shall not be deemed to be incorporated by reference to the Offering Circular. The Company has taken reasonable care in the compilation and reproduction of the information. However, none of the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisors or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents and advisors or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

The Bonds will have the benefit of the Standby Letter of Credit which will be issued by Bank of Ningbo Co., Ltd., Lishui Branch as the LC Bank. Under the PRC law, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by Bank of Ningbo, and the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, Bank of Ningbo would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit.

OVERVIEW

Bank of Ningbo was established on 10 April 1997 and was listed on Shenzhen Stock Exchange on 19 July 2007. It is the first city commercial bank listed on Shenzhen Stock Exchange. Bank of Ningbo has set up 16 branches outside Ningbo district in the cities of Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi, Jinhua, Shaoxing, Taizhou, Jiaxing, Lishui, Huzhou, Quzhou and Zhoushan, and with an overall 439 banking offices. Bank of Ningbo also successfully set up Maxwealth Fund Management Co., Ltd. in November 2013. Maxwealth Financial Leasing Co., Ltd., the wholly-owned subsidiary of Bank of Ningbo was officially opened in May 2015 and in December 2019, Ningyin Finance Co., Ltd., the wholly-owned subsidiary of Bank of Ningbo was officially opened.

After 25 years of growth since its establishment, along with the rapid growth of Chinese economy and the strong support from its customers and all sectors of society, Bank of Ningbo has achieved substantial development. The Bank of Ningbo has developed into a public listed regional bank with a total net capital of over RMB160.96 billion, a total asset of over RMB1,626.75 billion as at 31 December 2020, and more than 24,000 employees as at 31 December 2020, ranking 110th among the world's banks according to the "Top 1000 World Banks, 2020" issued by "The Banker" magazine of the United Kingdom. As at 31 December 2020, Bank of Ningbo has 15 branches, 19 first tier sub-branches and one capital operation centre.

The Bank of Ningbo's business head office and sub-branches are located in downtown, suburbs and counties (cities) of Ningbo, Zhejiang Province, and branches are located in Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou, Wenzhou, Beijing, Wuxi, and Jinhua, Shaoxing, Taizhou, Jiaxing, Lishui, Huzhou and Quzhou, and its capital operation centre is located in Shanghai.

As of the end of 2020, its total asset stood at RMB1.63 trillion, an increase of 23.45% compared to the end of 2019, and it recorded a net profit of RMB15.05 billion, a year-on-year increase of 9.73%. It ranked 110th among the banks around the world in 2020 by the British magazine The Banker in terms of Tier 1 capital.

BUSINESS ACTIVITIES

Adopting the core principle of "focus on familiar market and familiar customers" and the main strategy to serve equivalent customer segment by satisfying customer needs on diversified and various financial services, Bank of Ningbo has developed nine profit centres, including corporate banking, SME banking, personal banking, financial market, credit card, notes, investment banking, asset custody and asset management. This brings diversified and multiple business inner drivers and good branding reputation to Bank of Ningbo.

Bank of Ningbo has obtained many honours and awards throughout the years, among which, it was selected as the "2020 Top 1,000 International Banks", "2020 Top 500 International Banking Brands" awarded by The Banker; the first ranking among "Competitive Urban Commercial Banks with over RMB1,000 billion assets scale" and the "Best Urban Commercial Bank" for three consecutive years in the Competitiveness Report of Chinese Commercial Banks 2020 issued by the Banker of China; the "Best Urban Commercial Bank of the Year" award in 2020 (the 8th) comprehensive selection of financial banks by Sina; the "Best Inclusive Financial Service Small and Medium-sized Bank of the Year" award in the "Golden Award of China's Financial Institutions in 2020" sponsored by Financial Times of China; "Top 50 Small and Medium-sized Listed Companies in Value" and "Top 10 Management Teams of Small and Medium-sized Listed Companies" in the 14th Value Evaluation of Listed Companies of China organized by Securities Times; "Golden Bull for Financing Banks" in the first Golden Bull selection among financial banks of China held by China Securities Journal; "2020 Outstanding Competitiveness and Social Responsibility Bank" in the "5th Outstanding Competitiveness Small and Medium-sized Banks" held by China Business; "Annual Outstanding Inclusive Financial Bank" in the election of "2019 - 2020 Annual Outstanding Financial Enterprises" organized by The Economic Observer; "Outstanding Asset Custody Bank 2020" by 21st Century Business Herald in 2020 (the 13th) China Asset Management "Jin Bei Award"; "Outstanding Retail Bank of 2020" award in the banking industry selection of 18th China Financial Situation List organized by Hexun; "Excellent Fortune Management Bank" and "Outstanding Social Responsibility Enterprise" in "Jinxi Award" organized by China Investment Network; and "Outstanding Urban Commercial Bank" and "Outstanding Inclusive Finance" in the 2020 Leading China Election organized by jrj.com.

FINANCIAL INFORMATION

Copies of Bank of Ningbo's published audited consolidated financial statements and unaudited but reviewed consolidated financial statements, as well as its public filings, can be downloaded free of charge from the websites of Bank of Ningbo and the Shenzhen Stock Exchange at https://www.nbcb.com.cn and http://www.szse.com.cn, respectively. The financial statements of Bank of Ningbo are not included in and do not form part of the Offering Circular. The information contained on the websites of Bank of Ningbo and the Shenzhen Stock Exchange is subject to change from time to time.

No representation is made by the Issuer, the Joint Lead Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, representatives, agents or advisors or any person who controls any of them and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisors or any person who controls any of them, takes any responsibility for any information contained on websites of the Bank of Ningbo and the Shenzhen Stock Exchange.

DESCRIPTION OF THE GROUP

OVERVIEW

We are an important state-owned asset operation platform in Lishui Economic and Technological Development Zone (the "**Lishui Development Zone**"). We are wholly owned by, and under the direct supervision of, the Management Committee of Lishui Development Zone (麗水經濟技術開發區管理委員會). We are designated to carry out the Lishui Development Zone's blueprint for the urban development. Over the years, we have played a significant role in implementing Lishui Development Zone Government's urban planning and development policies and have received strong financial and operational support from the Lishui Development Zone Government.

Over the years, we have diversified our business portfolio. We primarily operate in the following business segments:

- ***Commodity Sales.*** We started our commodity sales business in the year of 2020. Since then, our commodity sales business has become a key source of our income. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our commodity sales business was approximately RMB1,418.2 million, nil and RMB879.0 million, respectively, representing approximately 54.8 per cent, nil and 51.4 per cent. of our total revenue for the same periods, respectively.

- ***Property Sales.*** We started our property sales business in the year of 2020. Our property sales business mainly involves the sale of local factories and affordable housing. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our property sales business was approximately RMB498.1 million, RMB72.7 million and RMB473.1 million, respectively, representing approximately 19.2 per cent, 25.0 per cent and 27.7 per cent. of our total revenue for the same periods, respectively.

- ***Construction Business.*** As a primary government-authorised constructor in Lishui Development Zone, we undertake a wide variety of construction projects within Lishui Development Zone, such as the construction of roads, hospitals, schools and other public facilities. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our construction business was approximately RMB474.0 million, RMB419.0 million, RMB313.3 million, RMB0.9 million and RMB100.7 million, respectively, representing approximately 72.6 per cent., 72.3 per cent., 12.1 per cent, 0.3 per cent and 5.9 per cent. of our total revenue for the same periods, respectively.

- ***Land Consolidation Business***. Our land consolidation business involves the preliminary development work necessary to prepare the land for sale by the local government. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our land consolidation business was approximately RMB161.2 million, RMB105.6 million, RMB70.5 million, nil and nil, respectively, representing approximately 24.7 per cent., 18.2 per cent., 2.7 per cent., nil and nil of our total revenue for the same periods, respectively.

- ***Professional Market Management Business.*** We started our professional market management business in the year of 2020. Our professional market management business mainly includes the lease of properties and the provision of property management service for professional wholesale markets. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our professional market management business was approximately RMB162.5 million, RMB19.2 million and RMB198.3 million, respectively, representing approximately 6.3 per cent., 6.6 per cent. and 11.6 per cent. of our total revenue for the same periods, respectively.

- ***Other Businesses.*** We also engage in other business, such as property and land leasing, property management and human resources services. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our other businesses was approximately RMB17.3 million, RMB54.6 million, RMB126.4 million, RMB198.4 million and RMB60.0 million, respectively, representing approximately 2.7 per cent., 9.4 per cent., 4.9 per cent., 68.1 per cent. and 3.5 per cent. of our total revenue for the same periods, respectively.

Our total revenue for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, amounted to approximately RMB652.5 million, RMB579.3 million, RMB2,589.0 million, RMB291.2 million and RMB1,711.0 million, respectively, and our gross profits in the same periods were approximately RMB86.8 million, RMB91.8 million, RMB401.8 million, RMB113.3 million and RMB272.0 million, respectively. As at 30 June 2021, our total assets amounted to RMB1,546.8 million. See "Summary Financial Information of the Group".

COMPETITIVE STRENGTHS

We believe that the following competitive strengths distinguish us from our competitors:

Strong growth potential benefiting from local economic growth.

Zhejiang Province is located in the south wing of the Yangtze River Delta Economic Zone with an area of approximately 105,500 square kilometers. The Yangtze River Delta Economic Zone has one of the most dynamic regional economies in China. As an important province in the Yangtze River Delta Economic Zone, Zhejiang Province has experienced rapid economic and social development in recent years. According to the statistics disclosed by the People's Government of Zhejiang Province, Zhejiang Province recorded an annual GDP of approximately RMB6,461.3 billion in 2020, representing an increase of approximately 3.6 per cent. as compared to 2019. The fixed asset investment amount in Zhejiang Province in 2020 increased by approximately 5.4 per cent. as compared to 2019.

Lishui is located in the south-western part of Zhejiang Province with an area of approximately 17,300 square kilometers. It takes only 2.5 hours to reach Shanghai, 1.5 hours to reach Hangzhou, and half an hour to reach Wenzhou. It is known as the "Green Land in Zhejiang" and "Ecological Barrier of East China".

Lishui Development Zone is located in the south of downtown Lishui. Established as a provincial-level development zone in 1993, Lishui Development Zone launched the development and construction of Shuige Industrial Zone Block in 2002. Lishui Development Zone was upgraded to a national-level economic and technological development zone in October 2014 with the approval of the State Council. Lishui Development Zone is hosting the South Mingshan Street (南明山街道), with the total population of approximately 110,000, and new residents accounting for about 70%. The total area is 110 square kilometers, of which 58 square kilometers are urban planning, area including the "Five Groups (五大組團)" of Shuige, Qibaiyang, Fuling, Sidu and Lijing Park.

During the 13th Five-Year Plan Period, the development and construction scale of Lishui Development Zone expanded from around 14 square kilometers to approximately 30 square kilometers. A number of commercial complexes were built. Around 600,000 square meters of real estate development were completed. Infrastructure such as road network, power grid, heating network, and supporting facilities were gradually improved. We anticipate continued urban and economic growth in Lishui Development Zone and the greater Lishui area in the near future, which we believe will continue to provide strong growth opportunities for our core businesses.

We play a significant role in implementing Lishui Development Zone Government's urban development policies and plans.

As an important subsidiary of the Management Committee of Lishui Development Zone, we are a leading integrated operating company engaged in urban construction and development in Lishui Development Zone. Our business is closely intertwined with the development of Lishui Development Zone, which presents a multitude of business opportunities. One of our missions is to assist Lishui Development Zone Government in developing public and other municipal infrastructure in the urban and rural areas to accelerate the urbanisation.

Our business segments are strategically aligned with the urban planning and development policies of Lishui Development Zone. We believe that our market position as one of the most important state-owned investment, financing and operation platforms for urban development under Lishui Development Zone Government as well as our track record in a diverse range of businesses will support and enable our continued expansion and growth.

For the avoidance of doubt, no PRC government entity or department, including the Management Committee of Lishui Development Zone, is an obligor and shall not under any circumstances bear any obligations arising out of or in connection with the Bonds in lieu of us. The Lishui Development Zone Government and relevant PRC government entity or department only assumes limited liability as a shareholder, which is limited to its equity contributions only. The Bonds are solely to be repaid by us is to be provided by us only.

Our diversified business portfolio and new growth engine provide us with stable return.

We have a diversified business portfolio and asset base which provide us with steady revenue and cash flows and enhance our risk resilience. We have historically focused on urban construction and development and have been dedicated to expanding our business into other business segments, including commodity sales and property sales, since 2020.

While undertaking our primary mission to construct and develop urban infrastructure and property in Lishui Development Zone, we have diversified our business portfolio to include commodity sales, property sales, professional market management business and other businesses. Our diversified business portfolio minimises the risk of business concentration and the level of volatility in our overall earnings and financial position as a result of changes in industry conditions, selling prices or costs within any one sector. In addition, we actively diversify the source of revenue from our business segments. Such a diversified business portfolio allows us to be less reliant on any single business segment and to achieve more stable growth. Moreover, the steady and diversified source of revenue and cash flows give us stability as well as flexibility in managing our operations. We believe that our diversified business portfolio, as well as the diversified financing channels available to us, will continue to enable us to prepare for future growth and capture potential opportunities.

Full-scale and strong support from Lishui Development Zone Government.

We are a state-owned company directly and wholly-owned by the Management Committee of Lishui Development Zone. We have received strong support from the local government since our inception, which is critical for us to carry out large-scale and capital-intensive projects. Since our establishment, we have received financial support in different forms from Lishui Development Zone Government, including government subsidies, capital injections, governmental grants and tax returns.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, we received government subsidies from Lishui Development Zone Government and other governmental institutions in the amount of RMB13.1 million, RMB17.5 million, RMB8.6 million and RMB2.1 million, respectively.

Leveraging the strong financial support and favourable policy from Lishui Development Zone Government, we have continued to enhance our position as a leading state-owned investment, financing and operation platform in Lishui Development Zone.

Diversified sources of funding and strong credit position.

We have access to diversified financing channels to fund our project development, including bank loans, debt financing, equity financing and financial leasing. We maintain stable and long-term relationships with a number of reputable banks, such as China Development Bank, Bank of China, China Construction Bank, Agricultural Bank of China and China CITIC Bank. We believe that we have a robust liquidity position. We actively manage our cash flow and capital commitments to ensure that we have sufficient funds to meet our existing and future cash flow requirements, and maintain a healthy debt composition. We require use of our capital expenses to be in line with the national and industrial policies and ensure that we only invest in legally compliant industries. We conduct feasibility studies and prepare capital expense plans which will then be reported to our management for discussion and confirmation. Further, any major investment projects affecting our capital structure are required to be reviewed and approved by our management team.

Our ability to access diversified sources of funding and our strong financing capability have enabled us to fulfil the capital need of our businesses and to capitalise on various business opportunities. We believe that we will continue to have access to sufficient capital to support our business operations and expansion.

Experienced management team with extensive industry knowledge and management expertise.

We have an experienced management team with extensive knowledge in the industries in which we operate. We believe that the team's industry knowledge and technical expertise enable us to make prudent decisions so as to strengthen our operations in the relevant sectors. Most of our senior management members are involved in the day-to-day management of our businesses. Please see "Directors, Supervisors and Management" for further information on our senior management team.

We believe that our senior management team's extensive experience, industry knowledge and technical expertise, as well as their unparalleled loyalty, leadership and determination, have contributed significantly to our success and will be instrumental to the sustainable development of our business in the future.

BUSINESS STRATEGIES

As a state-owned company of the Management Committee of Lishui Development Zone, our goal is to grow our asset base, optimise our capital structure and enhance operational efficiency, with a vision to develop Lishui Development Zone into a modernised place and build a green and ecological environment for its residents and businesses. We intend to achieve our goal by pursuing the following strategies:

Continue to grow our core business while achieve appropriate diversification.

We will continue to focus on core business segments while achieve appropriate diversification and synergistic development. We strive to ensure the preservation and appreciation of state-owned assets and realise our growth targets by leveraging on support from the Lishui Development Zone Government and market-based operation.

We will continue to develop our core business and align our operation with respective urban planning and development strategies of the national, provincial, municipal and district governments. We believe that the existing urban planning and development policies of the Lishui Development Zone Government will

lead to further growth opportunities in our urban construction and development business segments. We also aim to continue to leverage on our existing close working relationship with the Lishui Development Zone Government with a view to winning mandates to undertake major urban construction projects which are capable of generating a stable revenue stream. By utilising our existing competitive strengths alongside the future planning and development policies of the Lishui Development Zone Government, we will continue to seek business opportunities arising from the rapid social and economic growth in Lishui in order to further enhance our core competitive advantages in the urban construction and development businesses.

We also intend to actively seek opportunities to grow other businesses to achieve appropriate diversification. We navigate our business course from city comprehensive operation and development to commodity sales, property sales, professional market management business and other businesses. We seek to diversify our sources of earnings and mitigate potential risks through engaging in various business segments.

Maintain prudent financial policy to improve our financial profile.

We intend to continue to adopt a centralised capital management system to achieve the efficient deployment of our capital. We intend to be prudent with our finances, and adhere to key financial policies. We believe these measures will help us achieve sustainable growth.

We also intend to explore and employ new financing channels, and develop closer cooperation with financial institutions, to better support the overall financing needs of our operations. We plan to take advantage of our credit profile, as well as established relationships with a number of large financial institutions, in order to ensure the availability of viable financing channels. We constantly monitor financial market developments to optimize financing arrangements and reduce our cost of financing.

We plan to continue to actively monitor the balance of our assets and liabilities to maintain a reasonable capital and liquidity structure. In addition, we maintain a capital structure that is appropriate for our credit profile, yet in line with the nature of our business and industry standards. We intend to continue to employ stringent financial controls and have monitoring mechanisms in place to ensure that we repay obligations on time.

Strengthen risk management and internal control systems.

We believe that a prudent risk management and internal control systems will contribute to minimising our operational and financial risks and increasing our safety and quality control capabilities.

We intend to continue to adopt various risk control measures to improve our risk management structure and internal control systems. We plan to continue to implement a stringent financial reporting and controlling system focusing on centralised management in order to ensure strict compliance with applicable laws and regulations, and allocate more resources to collect risk management information from our subsidiaries periodically and conduct safety and risk inspections.

We strive to prudently manage our finances while fulfilling our investment and development needs to drive our profitability.

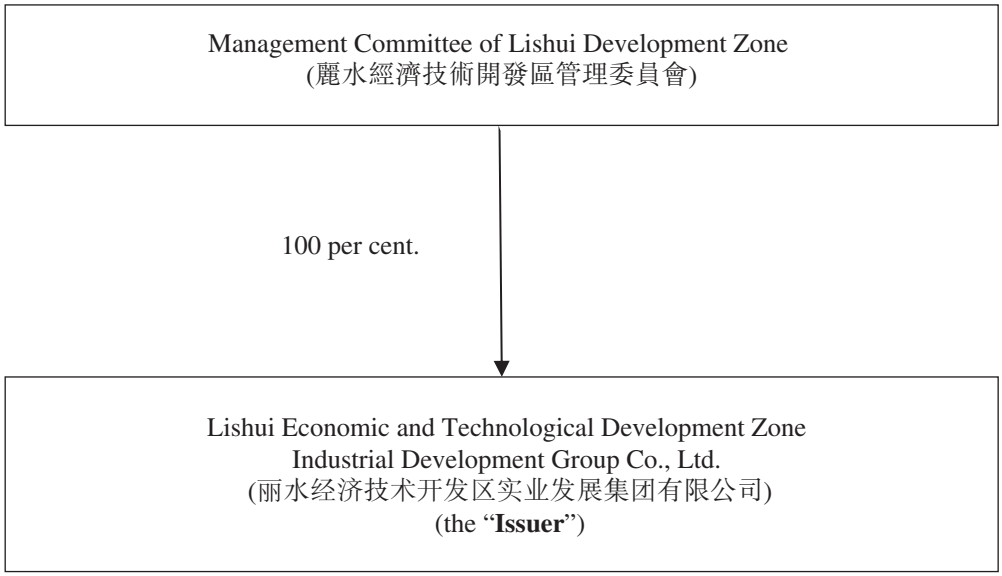
Continue to build a strong management team with qualified personnel.

We intend to further improve management systems and mechanisms, strengthen supervision, standardise operations, and promote a stable and healthy development strategy. We will continue to build a professional management team with well-qualified and experienced personnel so as to enable us to continue to improve the efficiency of our operations and achieve our strategic goals, and will continue to improve and streamline our management structure and internal control systems to control operational and investment risks and enhance the efficiency of our business operations.

We plan to continue to train our existing employees and hire additional qualified personnel. We intend to continue to sponsor our employees to attend training classes in key aspects of our business, such as advanced technology, sales and marketing. We plan to establish an evaluation and performance incentive system to encourage the growth and development of our employees. We believe that a strong team with qualified personnel will help ensure our long-term and sustained growth.

CORPORATE STRUCTURE

The following diagram sets forth a simplified structure of us as at the date of this Offering Circular:



The table below sets forth the subsidiaries directly owned by the Company:

Direct Subsidiary	**Ownership (per cent.)**
Lishui Nancheng Xinlan Construction and Operation Co., Ltd. (麗水南城新瀾建設經營有限公司)	100.0
Lishui Nancheng New Zone Investment Development Co., Ltd. (麗水南城新區投資發展有限公司)	100.0
Lishui Nancheng Xinrun Development and Construction Co., Ltd. (麗水南城新潤開發建設有限公司)	100.0
Lishui Nancheng Xincheng Industrial Innovation Service Co., Ltd. (麗水南城新澄產業創新服務有限公司)	100.0
Lishui Technology Semiconductor Materials Research Center Co., Ltd. (麗水中科半導體材料研究中心有限公司)	51.0

The table below sets forth the major subsidiaries indirectly owned by the Company:

Indirect Subsidiary	**Ownership (per cent.)**
Lanzhou Lishang Guochao Industrial Group Co., Ltd. (蘭州麗尚國潮實業集團股份有限公司)	20.0
Harbin Weidi Electronics Co., Ltd. (哈爾濱威帝電子股份有限公司)	21.4
Zhejiang Yuanhao international Trade Co., Ltd. (浙江元浩國際貿易有限公司)	51.0

HISTORY AND DEVELOPMENT

The following table sets forth the key milestones in our development.

Year	Key events
2016	Our Company was established in December 2016 upon the approval of Lishui State-owned Assets Supervision and Administration Commission, with a registered capital of RMB300 million.
2018	On 21 March 2018, Lishui SASAC transferred our equity interests held by it to the Management Committee of Lishui Development Zone. After the transfer, the Management Committee of Lishui Development Zone becomes the sole shareholder of the Company.
2020	We purchased 20.00% shares in Lanzhou Lishang Guochao Industrial Group Co., Ltd., and obtained a total of 29.99% voting rights through equity ownership and contractual arrangements. After the transaction, we became the controlling shareholder of Lanzhou Lishang Guochao Industrial Group Co., Ltd. Lanzhou Lishang Guochao Industrial Group Co., Ltd. is a company listed on the Shanghai Stock Exchange (stock code: 600738).
2020	We purchased 21.43% shares in Harbin Weidi Electronics Co., Ltd. After the transaction, we became the controlling shareholder of Harbin Weidi Electronics Co., Ltd. Harbin Weidi Electronics Co., Ltd. is a company listed on the Shanghai Stock Exchange (stock code: 603023).
2021	Our registered capital has been increased to RMB1,146 million.

AWARDS AND RECOGNITIONS

The following table sets forth some of our awards and recognitions for our business operations:

Year	Awards/Recognitions	Organisers
2018	Model Enterprise of Safety Production	Management Committee of Lishui Development Zone
2018	Advanced Enterprise of Property Management	Property Service Industry Association of Lishui Development Zone
2019	Advanced Enterprise of Property Management	Construction Bureau of Lishui Development Zone
2019	Urban Greening Work Garden-style Enterprise	Lishui City Greening Office
2020	Advanced Enterprise of Property Management	Construction Bureau of Lishui Development Zone
2020	Home of Talent Technology Specialist	Talent Technology Leading Group of Lishui Development Zone

Year	Awards/Recognitions	Organisers
2021	Model Community of "Lishui Zhigan"	Lishui Municipal Committee of the Communist Party of China/Lishui Municipal People's Government

BUSINESS

Our business portfolio is composed of the following business segments: (i) commodity sales; (ii) property sales; (iii) construction business; (iv) land consolidation business; (v) professional market management business; and (vi) other businesses.

The table below sets forth a breakdown of our total revenue by each business segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2018		2019		2020		2020		2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except percentages)									
Business segment										
Commodity sales	–	–	–	–	1,418.2	54.8	–	–	879.0	51.4
Property sales	–	–	–	–	498.1	19.2	72.7	25.0	473.1	27.7
Construction business	474.0	72.6	419.0	72.3	313.3	12.1	0.9	0.3	100.7	5.9
Land consolidation business	161.2	24.7	105.6	18.2	70.5	2.7	–	–	–	–
Professional market management business	–	–	–	–	162.5	6.3	19.2	6.6	198.3	11.6
Other businesses	17.3	2.7	54.6	9.4	126.4	4.9	198.4	68.1	60.0	3.5
Total revenue	**652.5**	**100.0**	**579.3**	**100.0**	**2,589.0**	**100.0**	**291.2**	**100.0**	**1,711.0**	**100.0**

The table below sets forth a breakdown of our total gross profits by each business segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2018		2019		2020		2020		2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except percentages)									
Business segment										
Commodity sales	–	–	–	–	53.1	13.2	–	–	52.8	19.4
Property sales	–	–	–	–	114.8	28.6	72.5	64.0	36.5	13.4
Construction business	57.3	66.0	42.0	45.8	29.0	7.2	0.9	0.8	2.9	1.1
Land consolidation business	19.3	22.2	12.6	13.7	8.7	2.2	–	–	–	–
Professional market management business	–	–	–	–	121.3	30.2	15.2	13.4	153.0	56.3
Other businesses	10.2	11.8	37.2	40.5	74.9	18.6	24.7	21.8	27.0	9.9
Total gross profits	**86.8**	**100.0**	**91.8**	**100.0**	**401.8**	**100.0**	**113.3**	**100.0**	**272.0**	**100.0**

1. Commodity Sales

We started our commodity sales business in the year 2020. Since then, our commodity sales business has become a key source of our income. We conduct our commodity sales business mainly through Zhejiang Yuanhao International Trade Co., Ltd. (浙江元浩國際貿易有限公司, "**Zhejiang Yuanhao**"), Lanzhou Lishang Guochao Industrial Group Co., Ltd. (蘭州麗尚國潮實業集團股份有限公司, "**Lishang Guochao**") and Harbin Weidi Electronics Co., Ltd. (哈爾濱威帝電子股份有限公司). For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, our commodity sales business mainly involves the procurement and sale of electrolytic copper.

For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our commodity sales business was approximately RMB1,418.2 million, nil and RMB879.0 million, respectively, representing approximately 54.8 per cent, nil and 51.4 per cent. of our total revenue for the same periods, respectively.

Business Model

We conduct our commodity sales business mainly through a "demand-driven" business model, where we determine the type and amount of commodities to be procured strictly based on the actual purchase orders placed by customers. We generate profits from the price differences between the procurement and sales of such commodities.

When entering into sales agreements with customers, we determine the selling prices based on the prevailing market prices of the relevant commodities and our historical procurement costs. After the selling prices are fixed, we procure the relevant commodities in accordance with the specifications and amount ordered by the customers.

We usually enter into framework procurement agreements with suppliers, and determine the procurement amount and price for the commodities when placing the actual procurement orders. The procurement price is usually determined based on the selling price to the customer, with reference to the prevailing market prices of the relevant commodities. Given our sound relationship with the suppliers and the large amount of commodities procured, we usually procure commodities at prices lower than the prevailing market prices. We may also compare the prices offered by different suppliers and determine our source of procurement accordingly.

Major Suppliers

We select our suppliers carefully, and will consider their creditworthiness and operation conditions before entering into business relations so as to minimise counterparty risks. We have maintained good business relationships with our major suppliers.

For the year ended 31 December 2020 and the six months ended 30 June 2021, purchases made by us from our five largest suppliers under our commodity sales business in aggregate amounted to approximately RMB648.5 million and RMB464.3 million, respectively, representing 47.5 per cent. and 60.6 per cent. of our total cost of commodity sales, respectively.

The following table shows certain details in relation to our five largest suppliers for the year ended 31 December 2020:

No.	Supplier	Commodity Supplied	Amount	Percentage of Total Cost of Commodity Sales
			(RMB in millions)	(%)
1	Shenzhen Baoxin Supply Chain Co., Ltd. (深圳寶信供應鏈有限公司)	Electrolytic copper	198.7	14.5
2	Shanghai Tongcan International Trade Co., Ltd. (上海同粲國際貿易有限公司)	Electrolytic copper	144.8	10.6
3	Ningde Zhengwei Development Co., Ltd. (寧德正威發展有限公司)	Electrolytic copper	102.7	7.5
4	Shanghai Huiao Nonferrous Metals Co., Ltd. (上海惠翱有色金屬有限公司)	Electrolytic copper	101.7	7.5
5	Anhui Tongwei New Material Technology Co., Ltd. (安徽銅威新材料科技有限公司)	Electrolytic copper	100.6	7.4
Total			**648.5**	**47.5**

The following table shows certain details in relation to our five largest suppliers for the six months ended 30 June 2021:

No.	Supplier	Commodity Supplied	Amount	Percentage of Total Cost of Commodity Sales
			(RMB in millions)	(%)
1	Zhengwei (Bolo) Supply Chain Management Co., Ltd. (正威(博羅)供應鏈管理有限公司)	Electrolytic copper	125.4	16.4
2	Guangdong Zhengwei Kecheng Supply Chain Co., Ltd. (廣東正威科城供應鏈有限公司)	Electrolytic copper	110.9	14.5
3	Xinjiang Taowei New Material Technology Co., Ltd. (新疆韜威新材料科技有限公司)	Electrolytic copper	99.3	13.0
4	Quanwei (Shanghai) Nonferrous Metals Co., Ltd. (全威(上海)有色金屬有限公司)	Electrolytic copper	65.2	8.5
5	Ningde Zhengwei Development Co., Ltd. (寧德正威發展有限公司)	Electrolytic copper	63.4	8.3
Total			**464.3**	**60.6**

Major Customers

For the year ended 31 December 2020 and the six months ended 30 June 2021, sales to our five largest customers under our commodity sales business in aggregate amounted to approximately RMB1,087.3 million and RMB707.8 million, respectively, representing 80.5 per cent. and 80.5 per cent. of our revenue generated from our commodity sales business, respectively.

The following table shows certain details in relation to our five largest customers for the year ended 31 December 2020:

No.	Customer	Commodity Sold	Amount	Percentage of Revenue of Commodity Sales
			(RMB in millions)	(%)
1	Yifeng (Wuhan) Energy Co., Ltd. (熠豐(武漢)能源有限公司)	Electrolytic copper	555.1	41.1
2	Quanwei Tangshan Energy Co., Ltd. (全威唐山能源有限公司)	Electrolytic copper	177.4	13.1
3	Tangshan Huilang International Trade Co., Ltd. (唐山惠郎國際貿易有限公司)	Electrolytic copper	176.0	13.0
4	Jiangxi Lianghe Industrial Development Co., Ltd. (江西良和實業發展有限公司)	Electrolytic copper	89.4	6.6
5	Tangshan Xie Le International Trade Co., Ltd. (唐山協樂國際貿易有限公司)	Electrolytic copper	89.3	6.6
Total			**1,087.3**	**80.5**

The following table shows certain details in relation to our five largest customers for the six months ended 30 June 2021:

No.	Customer	Commodity Sold	Amount	Percentage of Revenue of Commodity Sales
			(RMB in millions)	(%)
1	Hubei Hongtai United International Trade Co., Ltd. (湖北宏泰聯合國際貿易有限公司)	Electrolytic copper	258.3	29.4
2	Tangshan Xie Le International Trade Co., Ltd. (唐山協樂國際貿易有限公司)	Electrolytic copper	155.7	17.7
3	Quanwei Tangshan Energy Co., Ltd. (全威唐山能源有限公司)	Electrolytic copper	133.0	15.1
4	Shandong Jiatou Energy Technology Co., Ltd. (山東佳投能源科技有限公司)	Electrolytic copper	89.2	10.2
5	Yifeng (Wuhan) Energy Co., Ltd. (熠豐(武漢)能源有限公司)	Electrolytic copper	71.6	8.2
Total			**707.8**	**80.5**

2. Property Sales

We started our property sales business in the year 2020. We conduct our property sales business mainly through Lishui Nancheng New Zone Investment Development Co., Ltd. (麗水南城新區投資發展有限公司, "**Nancheng Investment**"). Our property sales business mainly involves the sale of local factories and affordable housing.

For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our property sales business was approximately RMB498.1 million, RMB72.7 million and RMB473.1 million, respectively, representing approximately 19.2 per cent, 25.0 per cent and 27.7 per cent. of our total revenue for the same periods, respectively.

Property Sourcing

We obtain properties mainly through project buyback, public auction and self-operated project construction.

Under the project buyback model, we enter into buyback agreement with relevant contractors, which sets out the key aspects of relevant projects, such as the construction schedule and the buyback arrangement. Upon completion and inspection of the project, we buyback the property in accordance with the buyback arrangement.

Under the public auction model, before participating in the auction process, we conduct market research to assess the quality of the relevant property. The factors we may consider in assessing the quality of the property include, among others, the profitability of the property and the surrounding economic environment.

As a primary government-authorised constructor in Lishui Development Zone, we undertake a wide variety of construction projects within this area. The construction of our self-operated project provides us with a stable source of properties which can be sold at the time and price we deem appropriate.

Sales of properties

We sell properties both to governmental institutions and on the open market.

We mainly sell the properties we obtained to governmental entities, such as the Management Committee of Lishui Development Zone. The purchase price is determined based on the appraisal value or the actual construction cost plus a markup.

Some of the properties are also sold on the open market. The prices are generally determined based on factors such as prevailing market prices, our cost and expected profit margin.

The following table shows particulars of our major properties sold as of 30 June 2021:

No.	Project Name	Property Sourcing	Sales of Properties	Sales Revenue
				(RMB in millions)
1	Zhuopu Factory (卓普廠房)	Public Auction	The Management Committee of Lishui Development Zone	120.2
2	South Sixth Road (Country Garden) (南六路(碧桂苑))	Project Buyback	Open Market	212.0
3	Shiniu Road Technology Incubator (石牛路科技孵化器)	Self-operated Project Construction	The Management Committee of Lishui Development Zone	78.8
4	Rainbow City Affordable Housing Project (彩虹城保障房項目)	Project Buyback	The Management Committee of Lishui Development Zone	71.2
5	Saibao Factory (賽寶廠房)	Public Auction	The Management Committee of Lishui Development Zone	68.6
6	Jiangnan Road Standard Factory (江南路標準廠房)	Self-operated Project Construction	The Management Committee of Lishui Development Zone	30.7
7	Lisha Industrial Park (Jiangfeng Electronics Factory) (麗沙產業園(江豐電子廠房))	Public Auction	The Management Committee of Lishui Development Zone	87.6
8	South City Kindergarten (南城幼兒園)	Self-operated Project Construction	Nanmingshan Sub-district Social Affairs Comprehensive Service Center (南明山街道社會事務綜合服務中心)	80.0
9	Caihe Wenyuan Real Estate Sales Project (采荷文苑不動產銷售項目)	Self-operated Project Construction	Open Market	188.4
Total				**937.5**

3. Construction Business

Our construction projects are driven by the urban planning and development policies of Lishui Development Zone Government. As a primary government-authorised constructor in Lishui Development Zone, we undertake a wide variety of construction projects within Lishui Development Zone, such as the construction of roads, hospitals, schools and other public facilities. Our construction business is mainly conducted by certain subsidiaries, including Nancheng Investment and Zhejiang Tuopeng Construction Co., Ltd. (浙江拓鵬建設有限公司, "**Zhejiang Tuopeng**").

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our construction business was approximately RMB474.0 million, RMB419.0 million, RMB313.3 million, RMB0.9 million and RMB100.7 million, respectively, representing approximately 72.6 per cent., 72.3 per cent., 12.1 per cent, 0.3 per cent and 5.9 per cent. of our total revenue for the same periods, respectively.

Agent Construction

Our construction projects are generally conducted under the agent construction model. Under the agent construction model, we conduct construction work in accordance with the agent construction agreement entered into with Lishui Development Zone Urban Construction Investment Co., Ltd. (麗水開發區城市建設投資有限公司, "**Development Zone Investment**"), which sets out that we are responsible for the financing and construction of relevant projects, and that Development Zone Investment will settle the payment with us based on the progress of relevant project.

The following table sets forth our ongoing agent construction projects as at 30 June 2021:

No.	Project Name	Commencement Year	Estimated Completion Year	Estimated Total Investment Amount	Total Amount Invested
				(RMB in 100 millions)	(RMB in 100 millions)
1	Lishui Fuling Area Flood Control and Drainage River Improvement Project (麗水富嶺片區防洪排澇河道整治工程項目)	2013	2022	6.1	2.5
2	Shaxi Pavilion Apartment (沙溪亭公寓)	2014	2022	2.7	2.7
3	Low Hill and Gentle Slope Exhibition Hall (低丘緩坡展示館)	2014	2022	1.0	0.9
4	Yangmeishan Demolition Resettlement Community Unified Housing (楊梅山拆遷安置小區統建房)	2014	2022	5.2	5.2
5	Yuzhuang Former Farmer Housing Project (余莊前農民安居工程)	2014	2023	40.0	10.3
6	Nancheng Fuling Farmer Housing Project (南城富嶺農民安居工程)	2015	2022	6.3	5.9
7	Technology Incubator Construction Project (科技孵化器建設項目)	2015	2022	1.8	0.8
8	Shuige Village Economic Association Project (水閣村經濟聯合社項目)	2018	2023	6.1	0.8
9	Zhangcun Economic Union Project (張村經濟聯合社項目)	2018	2023	6.0	2.2
10	Fuling West Block Road Network Project (富嶺西區塊路網項目)	2019	2025	14.7	1.5
Total				**90.0**	**32.7**

Engineering Construction

We carry out our engineering construction projects primarily through Zhejiang Tuopeng. Under this engineering construction model, we enter into engineering construction contracts with relevant customers, under which we are responsible for carrying out the construction work of a project. Unlike the agent construction model, under engineering construction, we act as a contractor to undertake general infrastructure construction projects.

The following table sets forth our ongoing engineering construction projects as at 30 June 2021:

No.	Project Name	Commencement Year	Estimated Completion Year	Estimated Total Investment Amount	Total Amount Invested
				(RMB in 100 millions)	(RMB in 100 millions)
1	Lishui Technician College Project Phase I (麗水技師學院工程一期)	2020	2021	1.8	0.9
2	Lishui Nancheng Lisa Small and Micro Industrial Park Project (麗水南城麗沙小微產業園工程)	2020	2021	0.8	0.7
Total				**2.6**	**1.6**

Self-operated Projects

We also have some self-operated projects. Our self-operated projects are mainly conducted by certain subsidiaries, including Nancheng Investment, Lishui Nancheng Xinlan Construction and Operation Co., Ltd. (麗水南城新瀾建設經營有限公司) and Ningbo Xinrun Yuanfa Construction Co., Ltd. (寧波新潤元發建設有限公司). We intend to generate revenue from our self-operated projects mainly through the lease or sale of relevant projects in the future.

The following table sets forth our ongoing self-operated projects as at 30 June 2021:

No.	Project Name	Commencement Year	Estimated Completion Year	Estimated Total Investment Amount	Total Amount Invested
				(RMB in 100 millions)	(RMB in 100 millions)
1	Nancheng Apartment Project (南城公寓項目)	2018	2022	7.7	3.7
2	Zhangcun-9 Apartment Relocation Project (張村-9公寓安置項目)	2018	2022	8.2	3.4
3	Airport Community Relocation Project (機場小區安置項目)	2018	2022	8.3	5.7
4	Lishui Nancheng Wu'an Apartment Project (麗水南城吳垵公寓項目)	2021	2025	8.8	0.5
5	Ningbo Hangzhou Bay New District Lishui Industrial Park (Enclave) Project Phase I (寧波杭州灣新區麗水工業園(飛地)一期項目)	2019	2022	4.4	1.4
Total				**37.4**	**14.7**

Project Funding

We invest in and finance construction projects with internal working capital and external financing.

Our internal working capital comes from government grants, subsidies and self-generated revenue. Financial support from the government is an important source of working capital and such support substantially strengthens our profitability and ability to invest in large-scale capital-intensive construction projects. For the years ended 31 December 2018, 2019 and 2020, we received government grants and subsidies in cash of approximately RMB31.5 million.

We also fund our investment in construction projects with external financing. We raise funds mainly through bank loans and corporate bonds. We maintain close relationships with reputable PRC banks, including but not limited to China Development Bank, Bank of China, China Construction Bank, Agricultural Bank of China and China CITIC Bank. As at 30 June 2021, we had total credit facilities of RMB15.3 billion, of which RMB5.5 billion had not been utilised.

Quality Control

We have established comprehensive quality control procedures, and conduct our construction projects in accordance with such procedures to ensure construction quality and compliance with contract requirements.

We conduct raw material inspections in accordance with our quality standards, both prior to the payment and after the delivery of relevant raw materials.

We also conduct periodic inspections and spot inspections on our construction projects, and implement timely rectification measures if any quality control issues are identified.

4. Land Consolidation Business

Our land consolidation business involves the preliminary development work necessary to prepare the land for sale by the local government. The land consolidation process typically consists of site selection and master planning, preparation of land and construction, and revenue recognition.

We conduct our land consolidation business mainly through Lishui Low Hill and Gentle Slope Comprehensive Development Co., Ltd. (麗水市低丘緩坡綜合開發有限公司, the "**Lishui Comprehensive Development Company**"). According to the "Authorization Form regarding Lishui City Low Hill and Gentle Slope Comprehensive Development Co., Ltd. Land Development and Consolidation Project" (Likai Management Office [2015] No. 7) (《關於麗水市低丘緩坡綜合開發有限公司土地開發整理項目授權抄告單》(麗開管辦抄[2015]7號)), Lishui Comprehensive Development Company is authorized to engage in certain land consolidation and development business in Lishui Development Zone.

We conduct land consolidation work in accordance with the land consolidation agreement entered into with the Management Committee of Lishui Development Zone, which sets out that we are responsible for the financing and development of relevant projects, and that the Management Committee of Lishui Development Zone will settle the payment with us every six months based on the progress of relevant project. We are entitled to receive our actual development cost plus a 10%-20% markup for our land consolidation work under such agreement.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our land consolidation business was approximately RMB161.2 million, RMB105.6 million, RMB70.5 million, nil and nil, respectively, representing approximately 24.7%, 18.2%, 2.7%, nil and nil of our total revenue for the same periods, respectively.

As at 30 June 2021, we had three land consolidation projects under construction with estimated investment totalling RMB47.2 million. The following table shows some of the land consolidation projects under construction:

No.	Project Name	Commencement Year	Estimated Completion Year	Estimated Total Investment Amount	Total Amount Invested
				(RMB in 100 millions)	(RMB in 100 millions)
1	Dongkuo Phase II Second Bid Section (東擴二期2標) and Qiaoting Land Parcel (橋亭區塊)	2012	2022	26.7	25.4
2	Lishui Nancheng Xiaoye Land Parcel (麗水南城小葉區塊)	2012	2022	21.0	18.9
3	Qianyang Land Parcel (前垟區塊)	2014	2022	3.6	2.9
Total				**51.3**	**47.2**

5. Professional Market Management Business

We carry out professional market management business through Lishang Guochao. Lishang Guochao operates two professional wholesale markets in Hangzhou and Nanjing respectively, and is committed to constructing a new sales model that combines online platform with offline operation. Our professional market management business mainly includes the lease of properties and the provision of property management service for professional wholesale markets.

Different from our property sales business, we only lease properties to customers under our professional market management business. We enter into a written lease agreement with tenants, specifying all of the terms of the lease arrangement, such as relevant lease term, rental rates and subletting restriction. The rental price is typically determined based on a fixed amount plus a pre-determined percentage of the income of the tenants.

We also provide property management service for professional wholesale markets. The management services we provide typically include cleaning and maintenance of the common areas, and provision of water and electricity. We charge property management fee for our services.

For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our professional market management business was approximately

RMB162.5 million, RMB19.2 million and RMB198.3 million, respectively, representing approximately 6.3%, 6.6% and 11.6% of our total revenue for the same periods, respectively.

6. Other Businesses

Property Leasing

We conduct our property leasing business mainly through Lishui Nancheng New Zone Investment Development Co., Ltd. (麗水南城新區投資發展有限公司) and Lishui Yuanwei Land Reserve Management Co., Ltd. (麗水市元衛土地儲備經營管理有限公司). We lease properties when urban planning and development policies so require, or when we believe that the economic benefits of leasing are likely to exceed that of selling. Most of our leased properties are public rental house, factory buildings, shops and state-owned construction land.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our property leasing business was approximately nil, RMB1.6 million, RMB58.1 million, RMB4.4 million and RMB18.2 million, respectively, representing approximately nil, 0.3 per cent., 2.2 per cent., 1.5 per cent. and 1.1 per cent. of our total revenue for the same periods, respectively.

Property Management

We provide comprehensive property management services to commercial properties located in Liandu District, Lishui City. Our property management services are primarily conducted through Zhejiang Yuanjia Financial Service Co., Ltd. (浙江元佳金服物業服務有限公司). We provide various property management services, including property maintenance services, parking management services, housekeeping services, landscaping engineering construction and maintenance services, property management consulting and planning services, security services, cleaning services, logistics management services, conference services and environmental services.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our property management business was approximately RMB0.4 million, RMB1.9 million, RMB7.0 million, nil and RMB4.7 million, respectively, representing approximately 0.1 per cent., 0.3 per cent., 0.3 per cent., nil and 0.3 per cent. of our total revenue for the same periods, respectively.

Human Resources Services

We provide human resources services primarily through Lishui Yuanxin Commercial Comprehensive Service Co., Ltd. (麗水市元信商業綜合服務有限公司). Our human resources services mainly include provision of production labour and supporting staff to our customers.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our human resources services business was approximately nil, RMB13.6 million, RMB19.3 million, nil and RMB11.7 million, respectively, representing approximately nil, 2.3 per cent., 0.7 per cent., nil and 0.7 per cent. of our total revenue for the same periods, respectively.

Advertising Services

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our advertising services business was approximately nil, RMB0.3 million, RMB0.7 million, RMB9.8 million and RMB0.2 million, respectively,

representing approximately nil, 0.1 per cent., 0.0 per cent., 3.4 per cent. and 0.0 per cent. of our total revenue for the same periods, respectively.

Catering Room Business

We started our catering room business in the year of 2020. For the year ended 31 December 2020 and the six months ended 30 June 2020 and 2021, the revenue generated from our catering room business was approximately RMB0.6 million, RMB1.1 million and RMB4.0 million, respectively, representing approximately 0.0 per cent., 0.4 per cent. and 0.2 per cent. of our total revenue for the same periods, respectively.

EMPLOYEES

As at 30 June 2021, we had a total of 87 employees.

Our ability to attract, retain and motivate qualified personnel is critical to our success. We believe that we offer our employees competitive compensation and we are able to attract and retain qualified personnel. Remuneration to employees is based on their performance, working experience, duties and the prevailing market rates.

We provide trainings to new employees and existing employees in order to develop their technical and industry knowledge, awareness of workplace safety standards and knowledge of our corporate standards and culture.

All of our management and key executives, and substantially all of our other employees, have entered into employment agreements with us, which contain confidentiality provisions.

Our directors believe that we maintain a good working relationship with our employees. As at the date of this Offering Circular, we have not experienced any labour disputes that could cause material adverse effect to our operation and performance.

INSURANCE

We are required to obtain contractors all-risk and third-party liability insurance for most of the projects we undertake in the capacity of a project constructor. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. We also purchase pension insurance, unemployment insurance and medical insurance for our employees according to the relevant PRC laws and regulations. We maintain insurance coverage in amounts that we believe are consistent with our risk of loss and industry practice.

Consistent with what we believe to be customary practice in the PRC, we do not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC.

ENVIRONMENTAL MATTERS

We are subject to various PRC national environmental laws and regulations and also environmental regulations promulgated by the local governments in relation to air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters. According to the PRC national environmental laws, the Ministry of Environmental Protection of the PRC sets national environmental protection standards and the local environmental protection department may set stricter local standards. Enterprises are required to comply with the stricter of the two standards.

We believe that we are in compliance in all material respects with applicable environmental laws and regulations. As of the date of this Offering Circular, we have not received any material fines or penalties associated with the breach of any environmental laws or regulations.

OCCUPATIONAL HEALTH AND SAFETY

We adopt a comprehensive work safety system to ensure employee safety. We have established safety protocols and also implemented guidelines setting out the responsibilities of safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety objectives are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents.

We believe that we are in compliance in all material respects with applicable safety regulations. As of the date of this Offering Circular, we have not been subject to any fines or administrative action by any PRC governmental authorities due to non-compliance with any relevant regulations that could cause material adverse effect to our operation and performance.

LEGAL PROCEEDINGS

We are involved in legal or other disputes from time to time during the ordinary course of our business.

As of the date of this Offering Circular, we are not involved in any material litigation, arbitration or administrative proceedings that could have a material adverse effect on our financial condition and results of operations, taken as a whole.

DIRECTORS

The Group's board of directors determines major matters of the Group including its management policies, internal regulations, and the appointment or removal of members of the senior management of the Group. The Group's board of directors consists of five directors. As at the date of this Offering Circular, one of the five directors is pending shareholder's appointment, and this is not expected to have a material adverse impact on our operation as the meetings of the board of directors can be validly held with the presence of more than half of the directors in accordance with our Articles of Association. The table below sets forth the members of the Group's board of directors.

Name	Age	Position
YE Mao (葉茂)	47	Vice Chairman, General Manager
LIU Gaoshen (劉高深)	51	Vice Chairman, Vice General Manager
JI Xiaoli (季曉立)	34	Director, Vice General Manager
ZHANG Hehuan (張何歡)	38	Employee Director

Mr. Ye Mao (葉茂), aged 47, serves as the vice chairman and general manager of the Group. Mr. Ye is a member of the Communist Party of China. He graduated with a bachelor's degree. He previously served as an engineer of Lishui City Architectural Planning and Design Institute (麗水市建築規劃設計院), the deputy station director of Lishui City Construction Engineering Quality Supervision and Inspection Station (麗水市建築工程質量監督檢驗站), the general manager and branch secretary of Lishui City Public Transportation Co., Ltd. (麗水市公共交通有限公司), the head of the Construction Industry Division of Lishui City Construction Bureau (麗水市建設局), the deputy county head of People's Government of Yunhe County (雲和縣人民政府), a member of the Party Committee and the deputy general manager of Lishui City Investment Co., Ltd. (麗水市城市投資有限公司), and the secretary of the Party Committee of Lishui City Automobile Transportation Group Co., Ltd. (麗水市汽車運輸集團有限公司).

Mr. Liu Gaoshen (劉高深), aged 51, serves as the vice chairman and vice general manager of the Group. He previously served as the chief of Land Management Bureau of Qingyuan County (慶元縣土管局), a member of the Organization Section of Qingyuan County Organization Department (慶元縣委組織部), the head of the Organization Section of Qingyuan County Organization Department, the deputy secretary of the Party Working Committee of Qingyuan County Lingtou Township Government (慶元縣嶺頭鄉政府) and the mayor of Lingtou Township, the head of Qingyuan County Land and Resources Bureau (慶元縣國土資源局), the secretary of the Party Committee of Hedi Town Government (荷地鎮政府), the deputy director of office of Qingyuan County Government (慶元縣政府), the secretary of the Party Committee and head of Qingyuan County Land and Resources Bureau (慶元縣國土資源局), the head and secretary of the Party Committee of Qingyuan County Finance (Local Tax) Bureau (慶元縣財政(地稅)局), and a member of the Party Working Committee and the deputy director of the Management Committee of Lishui Ecological Industry Cluster District (麗水生態產業集聚區).

Mr. Ji Xiaoli (季曉立), aged 34, serves as a Director and the vice general manager of the Group. He graduated with a master degree. He previously served as the assistant to the Dean of the Environmental Engineering Branch of Lishui Vocational and Technical College (麗水職業技術學院), a director of Lishui Nancheng New District Investment Development Co., Ltd. (麗水南城新區投資發展有限公司), the chairman and the general manager of Lishui Nancheng New District Investment Development Co., Ltd., a director and the head of the Development Strategy Department of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (丽水经济技术开发区实业发展集团有限公司), and the head of the office of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd..

Mr. Zhang Hehuan (張何歡), aged 38, serves as an Employee Director of the Group. He previously served as an architectural structure designer of Lishui Tongde Architectural Design Co., Ltd. (麗水市同德建築設計有限公司), the pre-engineering technical manager of Lishui Nancheng New District Investment Development Co., Ltd., the deputy director of the Technology (Early Stage) Department of Lishui Nancheng New District Investment Development Co., Ltd., the deputy head of the Human Resources Department and the employee director of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd., and the chairman and legal representative of Lishui Nancheng New District Investment and Development Co., Ltd..

SUPERVISORS

The Group's board of supervisors is responsible for monitoring the Group's financial matters and overseeing the actions of the board of directors and the senior management team of the Group, and other functions stipulated by laws and administrative regulations. As at the date of this Offering Circular, the Group's board of supervisors consists of five supervisors. The table below sets forth the members of the Group's board of supervisors:

Name	Age	Position
TANG Qiaomin (湯巧敏)	36	Chairman of the Board of Supervisors
LI Yeqing (李葉青)	41	Supervisor
CHEN Huiping (陳慧萍)	40	Supervisor
CAI Junrui (蔡均瑞)	45	Supervisor
LV Jing (呂婧)	37	Supervisor

Ms. Tang Qiaomin (湯巧敏), aged 36, serves as the Chairman of the Board of Supervisors of the Group. She graduated with a bachelor's degree. She previously served as an employee of Yunnan Weixi Changyuan Mining Co., Ltd. (雲南維西長袁礦業有限公司), a family planning staff of Bihu Town People's Government (碧湖鎮人民政府), and a staff member of the State-owned Assets Management Division of Lishui Economic and Technological Development Zone Finance Bureau (麗水經濟技術開發區財政局).

Mr. Li Yeqing (李葉青), aged 41, serves as a Supervisor of the Group. He graduated with a bachelor's degree. He previously served as a driver of Jinliwen Expressway Lishui Management Office (金麗溫高速公路麗水管理處), an employee of the Party and Government Office of the Management Committee of Lishui Economic and Economic Development Zone, and the deputy team leader of the agency fleet of the Management Committee of Lishui Economic and Technological Development Zone.

Ms. Chen Huiping (陳慧萍), aged 40, serves as a Supervisor of the Group. She graduated with a bachelor's degree. She previously served as an employee of the Information Center of the Party and Government Comprehensive Office of the Management Committee of Lishui Economic and Economic Development Zone, and an employee of Lishui Xinze Industrial Service Co., Ltd. (麗水新澤產業服務有限公司).

Mr. Cai Junrui (蔡均瑞), aged 45, serves as a Supervisor of the Group. Mr. Zhang graduated with a bachelor's degree. He previously served as a staff member of the Technical Department of Lishui Nancheng Xinrun Development and Construction Co., Ltd., the executive director and deputy general manager of Ningbo Xinrun Yuanfa Construction Co., Ltd. (寧波新潤元發建設有限公司), and the deputy director of the Technical Department of Lishui Nancheng Xinrun Development and Construction Co., Ltd..

Ms. Lv Jing (呂婧), aged 37, serves as a Supervisor of the Group. She graduated with a bachelor's degree. She previously served as a staff member of Lishui Wanbang Tianyi Certified Public Accountants Co., Ltd. (麗水萬邦天義會計師事務所有限公司), a staff member of Lishui Economic and Technological Development Zone Audit Bureau (麗水經濟技術開發區審計局), the deputy chief of the Trial (Regulations) Section of Lishui Economic and Technological Development Audit Bureau, a staff member of Lishui Nancheng New District Investment Development Co., Ltd., and the deputy director of the General Department of Lishui Nancheng New District Investment Development Co., Ltd.

SENIOR MANAGEMENT

The Group's senior management is responsible for the day-to-day management of the business. The following table sets forth certain members of the Group's senior management team:

Name	Age	Position
YE Mao (葉茂)	47	Vice Chairman, General Manager
LIU Gaoshen (劉高深)	51	Vice Chairman, Vice General Manager
JI Xiaoli (季曉立)	34	Director, Vice General Manager

For the business and working experience of Mr. Ye Mao, see "— *Directors*" above for detailed information.

For the business and working experience of Mr. Liu Gaoshen, see "— *Directors*" above for detailed information.

For the business and working experience of Mr. Ji Xiaoli, see "— *Directors*" above for detailed information.

PRC REGULATIONS

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

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

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

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

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

- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.

- Ministry of Ecology and Environment of the PRC (former State Environmental Protection Administration, the "**SEPA**") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

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

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC (the "**New Budget Law**"), which took effect on 1 January 2015 and was 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 (財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when the Circular 43 was promulgated.

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

- *Support stock financing needs for projects under construction*. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.

- *Regulate increment financing for projects under construction*. Local governments at all levels shall pay close attention to the increment financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.

- *Administer in an effective and proper manner follow-up financing for projects under construction*. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies in respects such as farmland water conservancy facilities, affordable housing projects and urban railway systems.

- *Improve supporting measures*. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amount of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more efforts to effectively use the stock of fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

On 28 May 2017, Circular 87 was issued by the Ministry of Finance, which requires that local governments and their departments shall not take advantage of, or fabricate contracts for, government procurement of services in such a manner that conceals an underlying objective of raising funds for construction projects. In July 2021, the China Banking and Insurance Regulatory Commission issued the Circular 15, which provides that the banks and insurance institutions shall not increase any new local government implicit debt in any form.

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 and amended by No. 86 Presidential Decree in 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 and amended on 1 March 2017, 19 March 2018 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 on 8 March 2003 and amended on 11 March 2013 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 Ministry of Housing and Urban-Rural Development ("**MOHURD**") on 24 January 2017 and became effective on 1 May 2017, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 which was subsequently amended and became effective on 28 September 2018.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for 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(一)) issued by the Supreme People's Court on 29 December 2020 and became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 which was subsequently amended on 7 October 2017 and on 23 April 2019 and became effective on the same day, 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 amended by MOHURD on 1 April 2021, the Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOHURD and MOF and amended on 20 June 2017 which 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, 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 31 March 2004 and became effective on 1 October 2004, and its Implementation Rules 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 on 29 December 2018 and became effective on the same day, and 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, amended on 16 July 2017 and became effective on 1 October 2017.

In accordance with the provisions of the Administrative Regulations on Environmental Protection of Construction Projects and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion, the PRC Government implements the system of environmental impact assessment on construction projects. After the completion of a construction project, the competent administrative department of environmental protection will undergo environmental protection acceptance process and assess whether the construction project has met the requirements for environmental protection.

Environmental Protection

The Environmental Protection Law (中華人民共和國環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, as amended on 24 April 2014 and became effective on 1 January 2015, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law (大氣污染防治法), amended on 29 August 2015 and 26 October 2018 by the Standing Committee of the National People's Congress, which became effective on 1 January 2016 and on 26 October 2018 respectively, 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 28 February 2008 and 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 a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The 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 2018, 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 on 29 December 2018 and became effective on the same day, 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, amended on 16 July 2017 and effected on 1 October 2017.

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011 and amended on 29 December 2018 and became effective on the same day, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and amended on 24 March 2019 and became effective on the same day, 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 on 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 Approval and Filing of Overseas Investment Projects (境外投資項目核准和備案管理辦法) effective from 8 May 2014, amended on 27 December 2014, abolished on 1 March 2018 and replaced by the Administrative Measures for the Outbound Investment of Enterprises (企業境外投資管理辦法), 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 Approval and Filing of Overseas Investment Projects.

According to the Administrative Measures for the Outbound Investment of Enterprises (企業境外投資管理辦法) which was promulgated by the NDRC on 26 December 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.

The Administrative Measures for the Outbound Investment of Enterprises shall apply when investors make investments abroad through enterprises that are located in Hong Kong, Macao and Taiwan region and under their control while the Measures shall not apply when natural persons within the territory of China directly make investments abroad or in Hong Kong, Macao and Taiwan region.

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 (which became effective on 13 May 2013) and its operating guidelines (which was amended on 4 May 2015 and became effective on the same day), 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 29 April 2016, the PBOC issued the Circular of the People's Bank of China on the Nationwide Implementation of the Macro-prudence Management of Cross-border Financing in Full Aperture (中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知), which came into effect on 3 May 2016 and was abolished on 12 January 2017. This circular has since been replaced by the Circular of the PBOC on Issues Concerning the Overall Macro Prudential Management System for 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 was issued by the PBOC on 12 January 2017 and came into effect on the same date (the "**Cross Border Financing Circular**"). The Issuer is also required to file the issue of the Bonds with SAFE after the execution of the cross-border financing documents but no later than three working days before the funds withdrawal date in accordance with the Cross Border Financing Circular. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale. The Issuer has confirmed with the local counterpart of SAFE that the Cross Border Financing Circular is not applicable to the Issuer since it is regarded a financing platform of a local government.

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.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Consolidated Financial Statements included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. 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 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.

GOVERNMENT GRANT

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

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

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including investment property valued under cost model, long-term equity investments, fixed assets, intangible assets and goodwill, among others), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

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

RELATED PARTY DISCLOSURES

Under PRC GAAP, state-controlled companies without other related party relationship are not treated as related parties.

Under IFRS, state-controlled companies are all treated as related parties.

In making an investment decision, each prospective investor must rely upon its own examination of the Issuer, the terms of the offering and other disclosure contained herein. Each prospective 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.

TAXATION

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

PRC

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

Enterprise Income Tax

Withholding on interest

Pursuant to the EIT Law, the IIT Law, and the implementation regulations of the EIT Law and the IIT Law, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Bondholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals. IIT Law was further amended on 31 August 2018 and became effective on 1 January 2019, according to which, the rate of such income tax remains at 20 per cent. for non-PRC individuals (or a lower treaty rate, if any).

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. The tax so charged on interests paid on the Bonds to non-PRC Bondholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by the State Administration of Taxation. To enjoy this preferential tax rate of 7 per cent., the Issuer could apply, on behalf of the Bondholders, to the State Administration of Taxation of the PRC for the application of the tax rate of 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Bonds.

Capital gains

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

Value-add Tax

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

According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Bonds would be regarded as providing the financial services within the PRC and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6 per cent 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. Given that the Issuer pays interest income to Bondholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and certain surcharges from the payment of interest income to Bondholders who are located outside of the PRC.

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 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.

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

Stamp Duty

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

HONG KONG

Withholding Tax

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

Profits Tax

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

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

(a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

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

Stamp Duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 24 February 2022 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

Joint Lead Managers	**Principal amount of the Bonds to be subscribed (U.S.$)**
Bank of China Limited, Singapore Branch	US$35,000,000
Guotai Junan Securities (Hong Kong) Limited	US$35,000,000
Dongxing Securities (Hong Kong) Company Limited	US$10,000,000
Hung Sing Securities Limited	US$10,000,000
CMB Wing Lung Bank Limited	US$5,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	US$5,000,000
Total	US$100,000,000

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

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

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer for which they have received, or will receive, fees and expenses.

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

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and 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, otherwise than in accordance with any applicable legal or regulatory requirements.

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

General

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

No action has been taken or will be taken in any jurisdiction that would 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, in any country or jurisdiction where action for that purpose is required.

United States

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

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

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

United Kingdom

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

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

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

Hong Kong

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

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

The People's Republic of China

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

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

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

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 244834400 and the ISIN for the Bonds is XS2448344007.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by board resolutions of the Issuer dated 22 June 2021 and shareholders' resolutions of the Issuer dated 29 June 2021.

3. **No Material and Adverse Change:** There has not occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material and adverse in the context of the issue and offering of the Bonds, since 30 June 2021.

4. **Litigation:** None of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the Issuer's or the Group's business, results of operations and financial condition or is material in the context of the issue and offering of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened.

5. **Available Documents:** For so long as any Bond remains outstanding, copies of the Trust Deed, the Standby Letter of Credit and the Agency Agreement will be available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., from Monday to Friday (other than public holidays)) by the holders at the specified office of the Principal Paying Agent (being, as of the date hereof, One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent.

6. **Financial Statements:** The audited consolidated financial statements of the Group as at and for the years ended 31 December 2018, 2019 and 2020, which are included elsewhere in this Offering Circular, have been audited by Asia Pacific (Group) Certified Public Accountants (special general partnership) as stated in its report dated 26 April 2021. The reviewed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2021 which are included elsewhere in this Offering Circular, have been reviewed by Asia Pacific (Group) Certified Public Accountants (special general partnership) as stated in its reports dated 19 November 2021.

7. **Listing of Bonds:** 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. Such permission is expected to become effective on or about 4 March 2022.

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Lishui Economic and Technological Development Zone
Industrial Development Group Co. LTD
January 1, 2021 - June 30, 2021
Consolidated financial statements
Review report

Asia Pacific (Group) Certified Public Accountants (special general partnership)

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Review report

Asian Council Review (2021) No.01610006

All shareholders of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd:

We have reviewed the attached financial statements of Lishui Economic and Technological Development Zone Industrial Development Group (hereinafter referred to as the "group company"), including the consolidated and parent company's balance sheet on June 30, 2021, the consolidated and parent company's income statement, cash flow statement, statement of changes in owner's equity and notes to financial statements from January to June 2021. The preparation of these financial statements is the responsibility of the management of the group company. Our responsibility is to issue a review report on these financial statements on the basis of review.

We comply with the provisions of the review standards for Chinese certified public accountants No. 2101 - review of financial statements-The review business has been executed. The standard requires us to plan and implement the review to review the financial statements Whether there is no material misstatement to obtain limited assurance. The review is mainly limited to asking relevant personnel of the company and Financial data analysis procedures are implemented, and the degree of assurance provided is lower than that of audit. We did not conduct an audit,Therefore, no audit opinion is issued.

According to our review, we have not noticed anything that makes us believe that the financial statements have not been prepared in accordance with the accounting standards for business enterprises, and fail to fairly reflect the financial position of the group company as of June 30, 2021 and the operating results and cash flow from January to June 2021 in all material aspects.

（There is no text on this page, which is the signature and seal page of Asian Council Review (2021) No.01610006）

Asia Pacific (Group) Certified Public Accountants
(special general partnership)

Chinese certified public accountant:

Chinese certified public accountant:

Beijing, China

November 19, 2021

Consolidated balance sheet

2021.6.30

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Assets	Note	2021-6-30	2020-12-31
Current assets:			
Monetary Fund	7.(1)	1,359,702,388.16	2,507,683,632.26
Trading financial assets	7.(2)	4,968,789.60	
Derivative financial assets			
Notes receivable	7.(3)	39,923,680.30	45,744,743.11
Accounts receivable	7.(4)	1,272,980,006.57	1,869,609,043.23
Receivables financing			
Advance payment	7.(5)	404,679,593.63	65,333,203.65
Other receivables	7.(6)	1,718,020,366.77	1,483,656,791.46
Including: interest receivable			
Dividends receivable			
Stock	7.(7)	8,652,362,825.67	9,252,327,716.46
Contract assets			
Assets held for sale			
Non current assets due within one year			
Other current assets	7.(8)	24,223,010.72	12,721,104.61
Total current assets		**13,476,860,661.42**	**15,237,076,234.78**
Non current assets:			
Debt investment			
Other debt investment			250,000,000.00
Long term receivables			
Long term equity investment	7.(9)	141,667,933.70	45,400,000.00
Investment in other equity instruments	7.(10)	1,086,384,120.00	822,384,120.00
Other non current financial assets			
Investment real estate	7.(11)	947,703,467.28	906,611,678.59
Fixed assets	7.(12)	1,571,570,495.14	1,606,273,787.34
Construction in progress	7.(13)	6,866,298,087.66	6,734,658,225.30
Productive biological assets			
Oil and gas assets			
Right of use assets	7.(14)	40,059,107.98	
Intangible assets	7.(15)	196,380,068.97	195,968,398.34
Development expenditure			
Goodwill	7.(16)	1,300,058,464.83	1,300,058,464.83
Long term deferred expenses	7.(17)	8,676,404.06	9,587,533.52
Deferred income tax assets	7.(18)	6,995,357.42	7,110,931.64
Other non current assets	7.(19)	4,094,986.40	3,061,091.03
Total non current assets		**12,169,888,493.44**	**11,881,114,230.59**
Total Assets		**25,646,749,154.86**	**27,118,190,465.37**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Consolidated balance sheet (Continued)

2021.6.30

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Liabilities	Note	2021-6-30	2020-12-31
Current liabilities:			
Short term loan	7.(20)	552,219,521.11	500,172,944.44
Trading financial liabilities			
Derivative financial liabilities			
Notes payable	7.(21)		5,007,253.85
Accounts payable	7.(22)	237,166,182.27	262,050,570.33
Advances received	7.(23)	16,726,409.86	11,923,067.54
Contractual liabilities	7.(24)	651,216,951.89	703,298,093.42
Payroll payable		10,304,647.65	18,630,802.79
Taxes payable	7.(25)	269,599,398.19	264,248,404.33
Other payables	7.(26)	1,623,578,227.92	2,020,579,819.22
Including: interest payable			
Dividends payable	7.(26)	1,823,030.95	3,423,030.95
Liabilities held for sale			
Non current liabilities due within one year	7.(27)	1,980,583,030.03	1,031,299,077.79
Other current liabilities		17,472,791.62	
Total current liabilities		**5,358,867,160.54**	**4,817,210,033.71**
Non current liabilities:			
Long term loan	7.(28)	4,526,089,709.05	6,170,403,020.05
Bonds payable	7.(29)	4,053,320,754.72	4,553,320,754.72
Including: preferred shares			
Perpetual debt			
Lease liabilities		36,734,677.05	
Long term accounts payable		24,460,455.20	17,605,118.50
Long term payroll payable			
Estimated liabilities			
Deferred income		22,375,227.59	22,350,000.00
Deferred income tax liabilities	7.(18)	43,978.66	44,366.33
Other non current liabilities			
Total non current liabilities		**8,663,024,802.27**	**10,763,723,259.60**
Total liabilities		**14,021,891,962.81**	**15,580,933,293.31**
Owner's equity (or shareholder's equity):			
Paid in capital (or share capital)	7.(30)	300,000,000.00	300,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual debt			
Capital reserve	7.(31)	8,532,507,544.52	8,532,507,544.52
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve			
Undistributed profit	7.(32)	461,891,854.96	440,946,430.50
Total owner's equity attributable to the parent company		**9,294,399,399.48**	**9,273,453,975.02**
Minority interests		2,330,457,792.57	2,263,803,197.04
Total owner's equity (or shareholder's equity)		**11,624,857,192.05**	**11,537,257,172.06**
Total liabilities and owner's equity (or shareholder's equity)		**25,646,749,154.86**	**27,118,190,465.37**

Legal representative: **person in charge of Accounting:** **person in charge of accounting orga**

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Balance sheet of parent company

2021.6.30

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Assets	Note	2021年6月30日	2020年12月31日
Current assets:			
Monetary Fund		12,707,622.99	7,658,710.72
Trading financial assets			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables financing			
Advance payment			
Other receivables	14.(1)	622,094,211.45	330,990,411.45
Including: interest receivable			
Dividends receivable			
Stock			
Contract assets			
Assets held for sale			
Non current assets due within one year			
Other current assets			
Total current assets		**634,801,834.44**	**338,649,122.17**
Non current assets:			
Debt investment			
Other debt investment			
Long term receivables			
Long term equity investment	14.(2)	911,100,000.00	907,700,000.00
Investment in other equity instruments			
Other non current financial assets			
Investment real estate			
Fixed assets		144,194.78	164,587.20
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right of use assets			
Intangible assets		711,790.96	747,679.60
Development expenditure			
Goodwill			
Long term deferred expenses			
Deferred income tax assets			
Other non current assets			
Total non current assets		**911,955,985.74**	**908,612,266.80**
Total Assets		**1,546,757,820.18**	**1,247,261,388.97**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organiz**

Balance sheet of parent company (Continued)

2021.6.30

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltc Unit: RMB

Liabilities	Note	2021年6月30日	2020年12月31日
Current liabilities:			
Short term loan			
Trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances received			
Contractual liabilities			
Payroll payable		240,291.88	13.00
Taxes payable		4,170.82	71,183.36
Other payables		206,655,370.00	51,570.00
Including: interest payable			
Dividends payable			
Liabilities held for sale			
Non current liabilities due within one year		1,000,000.00	1,000,000.00
Other current liabilities			
Total current liabilities		**207,899,832.70**	**1,122,766.36**
Non current liabilities:			
Long term loan		198,500,000.00	99,000,000.00
Bonds payable			
Including: preferred shares			
Perpetual debt			
Lease liabilities			
Long term accounts payable			
Long term payroll payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non current liabilities			
Total non current liabilities		198,500,000.00	99,000,000.00
Total liabilities		**406,399,832.70**	**100,122,766.36**
Owner's equity (or shareholder's equity):			
Paid in capital (or share capital)		300,000,000.00	300,000,000.00
Other equity instruments			
Including: preferred shares			
Perpetual debt			
Capital reserve		856,000,000.00	856,000,000.00
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve			
Undistributed profit		-15,642,012.52	-8,861,377.39
Total owner's equity attributable to the parent company		**1,140,357,987.48**	**1,147,138,622.61**
Minority interests			
Total owner's equity (or shareholder's equity)		**1,140,357,987.48**	**1,147,138,622.61**
Total liabilities and owner's equity (or shareholder's equity)		**1,546,757,820.18**	**1,247,261,388.97**

Legal representative: 陈 **person in charge of Accounting:** **person in charge of accounting organization:** 孙

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Consolidated income statement

2021.1-6

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Liabilities	Note	2021.1-6	2020.1-6
1、business income	7.(33)	1,711,017,511.91	291,180,675.49
Less: operating costs	7.(33)	1,438,965,645.44	177,929,838.94
Taxes and surcharges	7.(34)	52,695,280.54	24,789,577.80
selling expenses	7.(35)	23,493,099.82	3,141.51
Administrative expenses	7.(36)	75,111,568.62	14,573,296.49
R & D expenses	7.(37)	9,420,281.02	
Financial expenses	7.(38)	11,659,125.65	18,157,132.77
Including: interest expense		993,838.93	24,878,728.82
Interest income		14,552,801.51	7,046,721.69
Plus: other income	7.(39)	2,055,526.48	
Investment income (loss expressed with "-")	7.(40)	18,213,274.68	
Including: investment income from associates and joint ventures			
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss expressed with "-")			
Income from changes in fair value (loss expressed with "-")		28,789.60	
Credit impairment loss (loss expressed with "-")	7.(41)	2,420,799.56	
Asset impairment loss (loss expressed with "-")	7.(42)	-35,949.66	
Income from asset disposal (loss expressed with "-")			
Exchange gain (loss expressed with "-")"			
2、 Operating profit (loss expressed with "-")		**122,354,951.48**	**55,727,687.98**
Plus: non operating income	7.(43)	787,676.18	2,120,087.99
Less: non operating expenses	7.(44)	420,623.00	23,412.17
3、 Total profit (total loss expressed with "-")		**122,722,004.66**	**57,824,363.80**
Less: income tax expense	7.(45)	41,821,614.56	83,180.69
4、 Net profit (net loss expressed with "-")		**80,900,390.10**	**57,741,183.11**
（1） Classification by business continuity			
1. Net profit from continuing operations (net loss expressed with "-")		80,900,390.10	57,741,183.11
2. Net profit from discontinued operation (net loss expressed with "-")			
（2） Classification by ownership			
1. Net profit attributable to shareholders of the parent company		20,945,424.46	56,479,579.63
2. Profit and loss of minority shareholders		59,954,965.64	1,261,603.48
5、 Net amount after tax of other comprehensive income			
Net amount after tax of other comprehensive income attributable to the owner of the parent company			
（1） Other comprehensive income that cannot be reclassified into profit or loss			
1. Re measure the change amount of defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the enterprise's own credit risk			
（2） Other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Profit and loss from changes in fair value of available for sale financial assets			
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
8. Translation difference of foreign currency financial statements			
9. Others			
Net after tax amount of other comprehensive income attributable to minority shareholders			
6、 Total comprehensive income		**80,900,390.10**	**57,741,183.11**
Total comprehensive income attributable to owners of parent company		20,945,424.46	56,479,579.63
Total comprehensive income attributable to minority shareholders		59,954,965.64	1,261,603.48
7、 Earnings per share:			
（1） Basic earnings per share (yuan / share)			
（2） Diluted earnings per share (yuan / share)			

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Income statement of parent company

2021.1-6

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Liabilities	Note	2021.1-6	2020.1-6
1、 Operating income			
Less: operating costs			
Taxes and surcharges			62,500.00
selling expenses			
Administrative expenses		4,058,178.16	1,843,465.61
R & D expenses			
Financial expenses		2,722,456.97	-65,260.23
Including: interest expense			
Interest income			
Plus: other income			
Investment income (loss expressed with "-")			
Including: investment income from associates and joint ventures			
Income from derecognition of financial assets measured at amortized cost			
Net exposure hedging income (loss expressed with "-")			
Income from changes in fair value (loss expressed with "-")			
Credit impairment loss (loss expressed with "-")			
Asset impairment loss (loss expressed with "-")			
Income from asset disposal (loss expressed with "-")			
2、 Operating profit (loss expressed with "-")		**-6,780,635.13**	**-1,840,705.38**
Plus: non operating income			25,910.90
Less: non operating expenses			
3、 Total profit (total loss expressed with "-")		**-6,780,635.13**	**-1,814,794.48**
Less: income tax expense			
4、 Net profit (net loss expressed with "-")		**-6,780,635.13**	**-1,814,794.48**
（1） Net profit from continuing operations (net loss expressed with "-")			
（2） Net profit from discontinued operations (net loss expressed with "-")			
5、 Net amount after tax of other comprehensive income			
（1） Other comprehensive income that cannot be reclassified into profit or loss			
1. Re measure the change amount of defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of the enterprise's own credit risk			
5. Others			
（2） Other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Profit and loss from changes in fair value of available for sale financial assets			
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)			
8. Translation difference of foreign currency financial statements			
9. Others			
6、 Total comprehensive income		**-6,780,635.13**	**-1,814,794.48**
7、 Earnings per share			
（1） Basic earnings per share (yuan / share)			
（2） Diluted earnings per share (yuan / share)			

Legal representative: 、 **person in charge of Accounting:** **person in charge of accounting organization:**

Consolidated cash flow statement

2021.1-6

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Liabilities	Note	2021.1-6	2020.1-6
1、Cash flow from operating activities:			
Cash received from selling goods and providing labor services		2,342,372,171.38	530,621,834.06
Tax refund received		2,151,630.57	349,128.93
Other cash received related to operating activities		1,712,225,436.47	3,089,339,186.87
Subtotal of cash inflow from operating activities		**4,056,749,238.42**	**3,620,310,149.86**
Cash paid for purchasing goods and receiving labor services		1,586,443,083.93	182,652,286.93
Cash paid to and for employees		73,657,012.84	12,135,690.40
Taxes paid		116,256,710.87	56,419,596.22
Other cash paid related to operating activities		919,766,585.26	3,487,926,111.09
Subtotal of cash outflow from operating activities		**2,696,123,392.90**	**3,739,133,684.64**
Net cash flow from operating activities		**1,360,625,845.52**	**-118,823,534.78**
2、Cash flow from investing activities:			-
Cash received from investment recovery		3,149,014.50	-
Cash received from investment income		21,298,328.24	-
Net cash received from disposal of fixed assets, intangible assets and other long-term a		-	15,800,160.00
Net cash received from disposal of subsidiaries and other business units		-	-
Other cash received related to investment activities		2,664,160.21	17,752,979.88
Subtotal of cash inflow from investment activities		**27,111,502.95**	**33,553,139.88**
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		747,634,829.62	423,286,587.65
Cash paid for investment		433,465,000.00	587,675,631.50
Net cash paid for acquiring subsidiaries and other business units			
Other cash paid related to investment activities		11,142,499.46	28,365.56
Subtotal of cash outflow from investment activities		**1,192,242,329.08**	**1,010,990,584.71**
Net cash flow from investment activities		**-1,165,130,826.13**	**-977,437,444.83**
3、Cash flow from financing activities:			-
Cash received from investment		71,707,500.00	
Including: cash received by subsidiaries from minority shareholders' investment			
Cash received from borrowing		937,700,000.00	2,868,725,925.00
Cash received from issuing bonds			
Cash received from other financing activities		1,038,630.88	32,834,650.00
Subtotal of cash inflow from financing activities		**1,010,446,130.88**	**2,901,560,575.00**
Cash paid for debt repayment		2,079,723,311.00	1,092,740,000.00
Cash paid for distribution of dividends, profits or interest payments		272,957,351.67	157,117,087.22
Including: dividends and profits paid by subsidiaries to minority shareholders			
Other cash paid related to financing activities		4,699,414.28	1,910,381.94
Subtotal of cash outflow from financing activities		**2,357,380,076.95**	**1,251,767,469.16**
Net cash flow from financing activities		**-1,346,933,946.07**	**1,649,793,105.84**
4、Impact of exchange rate changes on cash and cash equivalents			-
5、Net increase in cash and cash equivalents		**-1,151,438,926.68**	**553,532,126.23**
Add: balance of cash and cash equivalents at the beginning of the period		2,483,041,406.91	1,088,757,130.10
6、Balance of cash and cash equivalents at the end of the period		**1,331,602,480.23**	**1,642,289,256.33**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

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Cash flow statement of parent company

2021.1-6

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd Unit: RMB

Liabilities	Note	2021.1-6	2020.1-6
1、 Cash flow from operating activities:			
Cash received from selling goods and providing labor services			
Tax refund received		324.00	
Other cash received related to operating activities		1,162,530.06	75,325,513.13
Subtotal of cash inflow from operating activities		**1,162,854.06**	**75,325,513.13**
Cash paid for purchasing goods and receiving labor services			
Cash paid to and for employees		2,059,626.78	704,355.62
Taxes paid		131,834.68	
Other cash paid related to operating activities		88,140,854.61	1,431,942.36
Subtotal of cash outflow from operating activities		**90,332,316.07**	**2,136,297.98**
Net cash flow from operating activities		**-89,169,462.01**	**73,189,215.15**
2、 Cash flow from investing activities:			
Cash received from investment recovery			
Cash received from investment income			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash received related to investment activities			
Subtotal of cash inflow from investment activities			
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		10,688.00	4,999.00
Cash paid for investment			77,700,000.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash paid related to investment activities		3,400,000.00	
Subtotal of cash outflow from investment activities		**3,410,688.00**	**77,704,999.00**
Net cash flow from investment activities		**-3,410,688.00**	**-77,704,999.00**
3、 Cash flow from financing activities:			
Cash received from investment			
Cash received from borrowing		100,000,000.00	
Cash received from issuing bonds			
Cash received from other financing activities		500,000.00	
Subtotal of cash inflow from financing activities		**100,500,000.00**	
Cash paid for debt repayment		500,000.00	
Cash paid for distribution of dividends, profits or interest payments		1,912,604.39	
Other cash paid related to financing activities		458,333.33	
Subtotal of cash outflow from financing activities		**2,870,937.72**	
Net cash flow from financing activities		**97,629,062.28**	
4、 Impact of exchange rate changes on cash and cash equivalents			
5、 Net increase in cash and cash equivalents		**5,048,912.27**	**-4,515,783.85**
Add: balance of cash and cash equivalents at the beginning of the period		7,658,710.72	**7,283,356.03**
6、 Balance of cash and cash equivalents at the end of the period		**12,707,622.99**	**2,767,572.18**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

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Consolidated statement of changes in owner's equity

2021.1-6

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Current period												
	Owner's equity attributable to the parent company											minority Shareholders' equity	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less:treasury stock	other Comprehensive income	Special reserve	Surplus reserve	Commonly risk preparation*	Unassigned profit	Subtotal	
		Preferred stock	Perpetual debt	Other									
1、 Ending balance of last year	300,000,000.00				8,532,507,544.52						440,946,430.50	9,273,453,975.02	2,263,803,197.04	11,537,257,172.06
Add: changes in accounting policies														
Correction of previous errors														
Business combination under the same control														
Others														
2、 Opening balance of the current year	300,000,000.00				8,532,507,544.52						440,946,430.50	9,273,453,975.02	2,263,803,197.04	11,537,257,172.06
3、 Increase or decrease in current period (decrease expressed with "-")											20,945,424.46	20,945,424.46	66,654,595.53	87,600,019.99
（1） Total comprehensive income											20,945,424.46	20,945,424.46		20,945,424.46
（2） Capital invested and reduced by owners													7,682,500.00	7,682,500.00
1. Ordinary shares invested by the owner														
2. Capital invested by other equity instrument holders													7,682,500.00	7,682,500.00
3. Amount of share based payment included in owner's equity														
4. Others														
（3） Profit distribution													-982,870.12	-982,870.12
1. Withdrawal of surplus reserve														
2. Withdraw general risk reserves*														
3. Distribution to owners (or shareholders)													-982,870.12	-982,870.12
4. Others														
（4） Internal carry forward of owner's equity														
1. Capital reserve converted into capital (or share capital)														
2. Surplus reserves converted into capital (or share capital)														
3. Surplus reserves to cover losses														
4. Carry forward retained earnings from changes in defined benefit plans														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
（5） Special reserve														
1. Withdrawal in current period														
2. Current use														
（6） Others													59,954,965.65	59,954,965.65
4、 Ending balance of current period	300,000,000.00				8,532,507,544.52						461,891,854.96	9,294,399,399.48	2,330,457,792.57	11,624,857,192.05

Legal representative: [signature] person in charge of Accounting: [signature] person in charge of accounting organization: [signature]

Consolidated statement of changes in owner's equity

2020

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Current period													
	Owner's equity attributable to the parent company												minority Shareholders' equity	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less:treasury stock	other Comprehensive income	Special reserve	Surplus reserve	Commonly risk preparation*	Unassigned profit	Subtotal		
		Preferred stock	Perpetual debt	Other										
1、 Ending balance of last year	**300,000,000.00**				**7,062,937,344.52**						**296,810,700.78**	**7,659,748,045.30**	**7,922,914.74**	**7,667,670,960.04**
Add: changes in accounting policies														
Correction of previous errors														
Business combination under the same control														
Others														
2、 Opening balance of the current year	**300,000,000.00**				**7,062,937,344.52**						**296,810,700.78**	**7,659,748,045.30**	**7,922,914.74**	**7,667,670,960.04**
3、 Increase or decrease in current period (decrease expressed with "-")					**1,469,570,200.00**						**144,135,729.72**	**1,613,705,929.72**	**2,255,880,282.30**	**3,869,586,212.02**
（1） Total comprehensive income											144,135,729.72	**144,135,729.72**		**144,135,729.72**
（2） Capital invested and reduced by owners					556,000,000.00							**556,000,000.00**	2,225,582,568.18	**2,781,582,568.18**
1. Ordinary shares invested by the owner														
2. Capital invested by other equity instrument holders					556,000,000.00							**556,000,000.00**	2,225,582,568.18	**2,781,582,568.18**
3. Amount of share based payment included in owner's equity														
4. Others														
（3） Profit distribution														
1. Withdrawal of surplus reserve														
2. Withdraw general risk reserves*														
3. Distribution to owners (or shareholders)														
4. Others														
（4） Internal carry forward of owner's equity														
1. Capital reserve converted into capital (or share capital)														
2. Surplus reserves converted into capital (or share capital)														
3. Surplus reserves to cover losses														
4. Carry forward retained earnings from changes in defined benefit plans														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
（5） Special reserve														
1. Withdrawal in current period														
2. Current use														
（6） Others					913,570,200.00							**913,570,200.00**	30,297,714.12	**943,867,914.12**
4、 Ending balance of current period	**300,000,000.00**				**8,532,507,544.52**						**440,946,430.50**	**9,273,453,975.02**	**2,263,803,197.04**	**11,537,257,172.06**

Legal representative: person in charge of Accounting: person in charge of accounting organization:

Churlish Economic and Technological Development Zone Industrial Development Group Co., Ltd

January 1, 2021 - June 30, 2021

Notes to financial statements

Note 1.Basic information of the company

Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (hereinafter referred to as "group company" or "company") is a wholly state-owned company established with the approval of Lishui Municipal People's government; Founded on December 23, 2016, it was funded by the Management Committee of Lishui Economic Development Zone and now holds a business license with a unified social credit code of 91331100MA28JC9Q44. The current registered capital of the company is 300 million yuan, the legal representative is Ye Mao, and the company address is No. 238, Lugu Avenue, Liandu District, Lishui City, Zhejiang Province. In February 2020, the Management Committee of Lishui Economic Development Zone allocated Lishui Nancheng New Area Investment Development Co., Ltd. to the group company free of charge.

Business scope: Construction and operation of urban infrastructure and public utilities projects; Land consolidation and comprehensive development; Real estate development and operation; General contracting of engineering construction and project agent construction; Property and other asset management and labor talent services (excluding labor dispatch); Comprehensive services such as urban comprehensive development and operation management; Other businesses authorized by the government.

Note2. Scope of consolidated financial statements for the year

As of June 30, 2021, there are 22 entities included in the scope of consolidated statements in the current period, as follows:

Serial number	Name of subsidiary	Hereinafter referred to as
1	Lishui Nancheng Xinlan Housing Management Co., Ltd	Lishui Xinlan
2	Lishui Nancheng Xinrun development and Construction Co., Ltd	Lishui Xinrun
3	Lishui Zhongke semiconductor material Research Center Co., Ltd	Zhongke semiconductor

Serial number	Name of subsidiary	Hereinafter referred to as
4	Lishui Nancheng New Area Investment Development Co., Ltd	Lishui Nantou
5	Ningbo Xinrun Yuanfa Construction Co., Ltd	Xinrun Yuanfa
6	Lishui Xinrun Yuansheng Market Management Co., Ltd	Xinrun Yuansheng
7	Zhejiang tuopeng Construction Co., Ltd	Tuopeng construction
8	Lishui low hill gentle slope comprehensive development Co., Ltd	Lishui low hill
9	Lishui Yuanxin commercial Comprehensive Service Co., Ltd	Lishui Yuanxin
10	Zhejiang Yuanjia Jinfu Property Service Co., Ltd	Lishui Yuanjia
11	Lishui green industry development fund Co., Ltd	Green industry fund
12	Lishui Yuanwei Reserve Land Management Co., Ltd	Lishui Yuanwei
13	Lishui Yuanyou Culture Communication Co., Ltd	Lishui Yuanyou
14	Lishui Yuanxu new energy Co., Ltd	Lishui Yuanxu
15	Lishui yuanneng Electronic Materials Research Institute	Lishui yuanneng
16	Zhejiang Yuanming Holding Co., Ltd	Lishui Yuanming
17	Zhejiang Yuanhao International Trade Co., Ltd	Lishui Yuanhao
18	Lishui Yuanqi Enterprise Management Co., Ltd	Lishui Yuanqi
19	Lanzhou Lishang Guochao Industrial Group Co., Ltd	Lishang Guochao
20	Lishui Jiuyou equity investment fund partnership (limited partnership)	Lishui for a long time
21	Harbin Weidi Electronics Co., Ltd	Harbin Weidi
22	Lishui jinxun Equity Investment Co., Ltd	Lishui jinxun

See "Note8. Change of consolidation scope" and "Note9. equity in other entities" in this note for the scope and changes of consolidated financial statements in this period.

Note 3.Preparation basis of financial statements

1.Preparation basis

The financial statements of the company are based on the assumption of continuous operation, according to the actual transactions and events, in accordance with the accounting standards for business enterprises - Basic Standards and 38 specific accounting standards issued by the Ministry of Finance on February 15, 2006, the application guide of accounting standards for business enterprises issued later, the interpretation of accounting standards for business enterprises and other relevant provisions.

The accounting of the company is based on the accrual basis. Except for some financial instruments, the financial statements are measured on the basis of historical cost. If an asset is impaired, the corresponding

impairment provision shall be withdrawn in accordance with relevant regulations.

2.Going concern

The company has no events or circumstances that cause major doubts about the assumption of going concern within 12 months from the end of the reporting period.

Note 4. Significant accounting policies and accounting estimates

1. Statement of compliance with accounting standards for business enterprises

The financial statements prepared by the company comply with the accounting standards for business enterprises (2006) issued by the Ministry of Finance and its application guidelines and interpretation requirements, and truly and completely reflect the financial status, operating results, changes in shareholders' equity, cash flow and other relevant information of the enterprise.

2.Accounting period

The accounting year of the company starts from January 1 to December 31 of the Gregorian calendar.

3.Business cycle

The company takes 12 months as an operating cycle and takes it as the liquidity division standard of assets and liabilities.

4.Recording currency

The bookkeeping base currency of the company is RMB, and the currency used for the preparation of financial statements is RMB. The bookkeeping functional currency selected by the company and its subsidiaries is based on the pricing and settlement currency of main business revenue and expenditure.

5.Business combination

(1) Business combination under the same control

A business combination under the same control is a business combination in which the enterprises participating in the combination are ultimately controlled by the same party or the same parties before and after the combination, and the control is not temporary. The merger date is the date on which the combining party actually obtains control over the merged party.

The assets and liabilities obtained in business combination shall be measured according to the book value of the combined party in the consolidated financial statements of the final controller on the combination date. If the accounting policies adopted by the merged parties are inconsistent with those of the company, the merging party shall adjust them according to the accounting policies of the company on the merger date, and recognize them according to the adjusted book value on this basis.

For the difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total face value of the issued shares), the share capital premium in the capital reserve shall be adjusted. If the share capital premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

All directly related expenses incurred for business combination, including audit fees, evaluation fees and legal service fees paid for business combination, shall be included in the current profit and loss when incurred.

The handling charges and commissions arising from the issuance of equity securities in business combination shall offset the premium income of equity securities. If the premium income is insufficient to offset, it shall offset the retained earnings.

If the business combination under the same control realized step by step through multiple transactions is a "package deal", the company will treat each transaction as a transaction to obtain control. If it is not a "package deal", the accounting treatment shall be carried out according to the following steps on the date of obtaining the control right:

① Determine the initial investment cost of long-term equity investment formed by business combination under the same control. On the merger date, the initial investment cost of the long-term equity investment shall be determined according to the share of the book value of the net assets of the combined party in the

consolidated financial statements of the final controller after the merger.

② Treatment of the difference between the initial investment cost of long-term equity investment and the book value of merger consideration. For the difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for the shares obtained on the merger date, the capital reserve (capital premium or equity premium) shall be adjusted. If the capital reserve (capital premium or equity premium) is insufficient to offset, the retained earnings shall be offset.

③ For the equity investment held before the merger date, the other comprehensive income recognized due to the adoption of the equity method or the recognition and measurement standards of financial instruments will not be subject to accounting treatment until the disposal of the investment is conducted on the same basis as the investee's direct disposal of relevant assets or liabilities; Other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by using the equity method shall not be subject to accounting treatment until the investment is transferred to the current profit and loss when it is disposed of. Among them, if the remaining equity after disposal is accounted by cost method or equity method, other comprehensive income and other owner's equity shall be carried forward in proportion. If the remaining equity after disposal is accounted for according to the recognition and measurement standards of financial instruments, other comprehensive income and other owner's equity shall be carried forward in full.

④See note4.(6) for the accounting treatment in the consolidated financial statements.

（2） Business combination not under the same control

If the parties involved in the merger are not ultimately controlled by the same party or the same parties before and after the merger, it is a business merger not under the same control.

On the acquisition date, the acquirer shall measure the assets paid, liabilities incurred or assumed as the consideration for business combination at fair value. The difference between the fair value and its book value shall be included in the current profits and losses.

The acquirer allocates the merger cost on the acquisition date and recognizes the fair value of all identifiable assets, liabilities and contingent liabilities obtained from the acquiree.

The acquirer shall recognize the difference between the combination cost and the fair value of the identifiable net assets of the acquiree obtained in the combination as goodwill; The difference between the combination cost and the fair value of the identifiable net assets of the acquiree obtained in the combination shall be included in the current profits and losses after review.

Other assets of the acquiree obtained in business combination other than intangible assets (not limited to the assets originally recognized by the acquiree), if the economic benefits brought by them are likely to flow into the company and the fair value can be measured reliably, they shall be recognized separately and measured at the fair value; Intangible assets whose fair value can be reliably measured shall be separately recognized as intangible assets and measured at fair value; All liabilities other than contingent liabilities obtained from the acquiree, which are likely to cause economic benefits to flow out of the company and whose fair value can be measured reliably, shall be recognized separately and measured at fair value; If the fair value of the acquired contingent liabilities can be reliably measured, they shall be separately recognized as liabilities and measured at fair value.

During the initial recognition of the acquiree's assets obtained in the merger, the intangible assets owned by the acquiree but not recognized in its financial statements shall be fully identified and reasonably judged. If one of the following conditions is met, they shall be recognized as intangible assets: ① from contractual rights or other legal rights;② It can be separated or divided from the acquiree and can be used for sale, transfer, licensing, lease or exchange alone or together with relevant contracts, assets and liabilities.

If the deductible temporary difference of the acquiree obtained by the acquirer in the business combination does not meet the conditions for the recognition of deferred income tax assets on the acquisition date, it shall not be recognized. Within 12 months after the purchase date, if new or further information is obtained indicating that the relevant situation on the purchase date already exists and the economic benefits brought by the deductible temporary difference of the acquiree on the purchase date are expected to be realized, the relevant deferred income tax assets shall be recognized and the goodwill shall be reduced. If the goodwill is insufficient

to be offset, the difference shall be recognized as the current profit and loss; In addition to the above, the deferred income tax assets related to business combination shall be recognized and included in the current profits and losses.

For business combinations not under the same control, the intermediary expenses such as audit, legal services, evaluation and consultation and other relevant management expenses incurred by the acquirer for business combinations shall be included in the current profits and losses when incurred; The transaction expenses of equity securities or debt securities issued by the Purchaser as merger consideration shall be included in the initial recognition amount of equity securities or debt securities.

If the acquirer realizes business combination not under the same control step by step through multiple transactions, which is a "package deal", the company will treat each transaction as a transaction that obtains control. If it is not a "package deal", in individual financial statements, the sum of the book value of the equity investment held by the acquiree before the purchase date and the new investment cost on the purchase date shall be regarded as the initial investment cost calculated according to the cost method; Other comprehensive income recognized from the equity investment of the acquiree held before the acquisition date due to the adoption of the equity method shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the investee The owner's equity recognized due to changes in owner's equity other than other comprehensive income and profit distribution shall be transferred to the current profit and loss during the disposal period when the investment is disposed. Among them, if the remaining equity after disposal is accounted by the cost method or equity method according to the long-term equity investment standards, other comprehensive income and other owner's equity shall be carried forward in proportion. If the remaining equity after disposal is accounted for according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owner's equity shall be carried forward. See note4.(6) for the accounting treatment in the consolidated financial statements.

If the equity investment held before the acquisition date is accounted for using the recognition and measurement standards of financial instruments, the sum of the fair value of the equity investment plus the new investment cost shall be regarded as the initial investment cost calculated according to the cost method, The difference between the fair value and book value of the originally held equity and the cumulative changes in fair

value originally included in other comprehensive income are all transferred to the current investment profit and loss accounted by cost method.

（3）Criteria for judging multiple transactions as a package deal

The company's criteria for judging multiple transactions as package transactions are as follows:

①These transactions are concluded at the same time or taking into account mutual influence;

②These transactions as a whole can achieve a complete business result;

③ The occurrence of one transaction depends on the occurrence of at least one other transaction;

④A transaction is uneconomic when considered alone, but it is economical when considered together with other transactions.

6. Preparation method of consolidated financial statements

The consolidation scope of the company's consolidated financial statements is determined on the basis of control, which means that the investor has the power of the investee, enjoys variable returns by participating in relevant activities of the investee, and is able to use its power over the investee to affect its return amount. Related activities refer to activities that have a significant impact on the return of the investee.

The relevant activities of the investee are judged according to the specific situation, usually including the sales and purchase of goods or services, the management of financial assets, the purchase and disposal of assets, research and development activities and financing activities.

After comprehensively considering the establishment purpose of the investee, the relevant activities of the investee and how to make decisions on the relevant activities, whether the rights enjoyed by the company enable it to lead the relevant activities of the investee, and whether it enjoys variable returns by participating in the relevant activities of the investee Whether it has the ability to use its power over the investee to affect its return amount and its relationship with other parties to judge whether it controls the investee. Once the change of relevant facts and circumstances leads to the change of relevant elements involved in control, it will be reassessed.

When judging whether it has the right to the investee, it only considers the substantive rights related to the investee, including its own substantive rights and the substantive rights enjoyed by other parties.

Based on the financial statements of itself and its subsidiaries, the company regards the whole enterprise group as an accounting entity according to other relevant materials. According to the recognition, measurement

and presentation requirements of relevant accounting standards for business enterprises, the company has reflected the overall financial status, operating results and cash flow of the enterprise group in accordance with unified accounting policies and accounting periods. The consolidation procedure specifically includes: merging the assets, liabilities, owner's equity, income, expenses and cash flow of the parent company and subsidiaries; Offset the long-term equity investment of the parent company in the subsidiary and the share of the parent company in the owner's equity of the subsidiary; Offset the impact of internal transactions between the parent company and subsidiaries or between subsidiaries. If the internal transaction indicates that the impairment loss of relevant assets occurs, the loss shall be recognized in full; Adjust special transactions from the perspective of enterprise groups.

The shares in the owner's equity of subsidiaries that do not belong to the parent company are listed as minority shareholders' equity under the owner's equity item in the consolidated balance sheet as "minority shareholders' equity".

The shares belonging to minority shareholders' equity in the current net profit and loss of subsidiaries are listed as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. The shares belonging to minority shareholders' equity in the current comprehensive income of subsidiaries are listed as "total comprehensive income attributable to minority shareholders" under the item of total comprehensive income in the consolidated income statement.

If the current loss shared by minority shareholders of a subsidiary exceeds the share of minority shareholders in the owner's equity of the subsidiary at the beginning of the period, the balance shall still be offset against the reduced shareholder's equity.

Unrealized internal transaction gains and losses arising from the sale of assets to subsidiaries shall fully offset the "net profit attributable to the owner of the parent company". Unrealized internal transaction profits and losses arising from the sale of assets by a subsidiary to the parent company shall be distributed and offset between "net profit attributable to the owner of the parent company" and "minority shareholder profit and loss" according to the distribution proportion of the parent company to the subsidiary. Unrealized internal transaction profits and losses arising from the sale of assets between subsidiaries shall be distributed and offset between "net profit attributable to the owner of the parent company" and "minority shareholder profit and loss" according to the distribution proportion of the parent company to the seller's subsidiaries.

For the subsidiaries and businesses added by the company due to business combination under the same control during the reporting period, when preparing the consolidated statements, the opening balance of the consolidated balance sheet shall be adjusted, the income, expenses and profits of the subsidiary and business combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated income statement, and the cash flow shall be included in the consolidated cash flow statement, At the same time, the relevant items of the comparative report are adjusted. It is deemed that the consolidated

report entity has existed since the time when the final controller began to control.

For subsidiaries and businesses added by the company due to business combination or other means not under the same control during the reporting period, when preparing the consolidated balance sheet, the opening amount of the consolidated balance sheet will not be adjusted, and the income, expenses, profit and cash flow of the subsidiary and business from the purchase date to the end of the reporting period will be included in the consolidated income statement and consolidated cash flow statement.

When the company disposes of subsidiaries and businesses during the reporting period and prepares the consolidated balance sheet, the opening balance of the consolidated balance sheet will not be adjusted. The income, expenses and profits of the subsidiaries and businesses from the beginning of the period to the disposal date will be included in the consolidated income statement, and the cash flow will be included in the consolidated cash flow statement.

When the parent company purchases the equity of the subsidiary owned by the minority shareholders of the subsidiary, in the consolidated financial statements, the capital reserve (capital premium or share capital premium) shall be adjusted according to the difference between the newly obtained long-term equity investment due to the purchase of minority equity and the share of net assets of the subsidiary continuously calculated from the purchase date or the merger date according to the newly increased shareholding ratio, If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

If the business combination under the same control realized step by step through multiple transactions is not a "package deal", the relevant profits and losses have been recognized between the later of the acquisition date and the date when the acquirer and the merged party are under the final control of the same party and the merger date Other comprehensive income and other changes in owner's equity offset the beginning retained earnings or current profit and loss during the comparative statement period respectively.

If the business combination not under the same control is realized step by step through multiple transactions, which is not a "package deal", in the consolidated financial statements, the equity of the acquiree held before the acquisition date shall be re measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income; If the equity of the acquiree held before the acquisition date involves other comprehensive income under the equity method, the relevant other comprehensive income shall be transferred to the current income on the acquisition date. Except for other comprehensive income arising from changes in net liabilities or assets of the investee's remeasurement of the defined income plan.

If the parent company partially disposes the long-term equity investment in the subsidiary without losing control, in the consolidated financial statements, the difference between the disposal price and the share of net assets of the subsidiary continuously calculated from the purchase date or the consolidation date corresponding to the disposal of the long-term equity investment shall be adjusted to adjust the capital reserve (capital

premium or share capital premium). If the capital reserve is insufficient to offset, Adjust retained earnings.

If the control over the investee is lost due to the disposal of part of the equity investment, the remaining equity shall be re measured according to its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary continuously calculated from the purchase date or the merger date calculated according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost, and the goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary is transferred to the current investment income when the control right is lost.

If the equity investment in a subsidiary is disposed step by step through multiple transactions until the control right is lost, if the transactions of disposing the equity investment in a subsidiary until the control right is lost belong to a package transaction, each transaction shall be treated as a transaction of disposing the subsidiary and losing the control right for accounting treatment; However, before the loss of control, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profits and losses of the current period when the control is lost.

The consolidated statement of changes in owner's equity is prepared according to the consolidated balance sheet and consolidated income statement.

7.Criteria for determining cash and cash equivalents

When preparing the cash flow statement, the company's cash equivalents refer to the short-term (generally due within 3 months from the purchase date), highly liquid investments that are easy to be converted into known amounts of cash and have little risk of value change.

8.Foreign currency transactions and translation of foreign currency statements

(1)Foreign currency business

For foreign currency business, the spot exchange rate on the transaction date is used as the conversion exchange rate to convert the foreign currency amount into RMB for bookkeeping.

The balance of foreign currency monetary items is translated at the spot exchange rate on the balance sheet date. The exchange differences arising therefrom are included in the current profit and loss, except for the exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of capitalization of borrowing costs. Foreign currency non monetary items measured at historical cost shall still be translated at the spot exchange rate on the transaction date without changing the amount in the functional currency. Foreign currency non monetary items measured at fair value are translated at the spot exchange rate

on the date when the fair value is determined, and the resulting exchange difference is included in the current profit and loss or other comprehensive income.

(2)Translation of foreign currency statements

The assets and liability items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; Except for the "undistributed profit" item, other items of owner's equity are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated at the spot exchange rate on the transaction date. According to the translation difference of foreign currency financial statements generated by the above translation, the item of "translation difference of foreign currency statements" is listed separately under other comprehensive income.

When disposing of overseas operations, the translation difference of foreign currency financial statements related to the overseas operations listed under other comprehensive income items in the balance sheet shall be transferred from other comprehensive income items to the current profits and losses of disposal; For partial disposal of overseas operations, the translation difference of foreign currency financial statements of the disposal part shall be calculated according to the disposal proportion and transferred to the current profit and loss of disposal.

9.Financial instruments

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties. A financial asset or financial liability is recognized when the company becomes a party to the financial instrument contract.

(1)Classification of financial instruments

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company divides financial assets into: financial assets measured at amortized cost; Financial assets measured at fair value and whose changes are included in other comprehensive income; Financial assets measured at fair value through profit or loss.

(2) Recognition and measurement of financial assets

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initially recognized amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider major financing components, the company shall take the amount of consideration expected to be entitled to receive as the initial recognition amount.

①Financial assets measured at amortized cost

The business model of the company's management of financial assets measured at amortized cost is to

collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. The company adopts the effective interest method for subsequent measurement of such financial assets according to the amortized cost, and the gains or losses arising from amortization or impairment are included in the current profit and loss.

② Financial assets measured at fair value with changes included in other comprehensive income

The company's business model for managing such financial assets is both to collect contractual cash flow and to sell, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The company measures such financial assets at fair value and the changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest rate method are included in the current profit and loss.

In addition, the company designates some non tradable equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. The company will record the relevant dividend income of such financial assets into the current profits and losses, and the changes in fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and not included in current profits and losses.

③Financial assets measured at fair value through profit or loss

The company classifies the above financial assets other than the financial assets measured at amortized cost and the financial assets measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value and whose changes are included in current profits and losses. For such financial assets, the company adopts fair value for subsequent measurement, and changes in fair value are included in current profits and losses.

(3)Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

① Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value with changes included in current profits and losses include

trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated as measured at fair value with changes included in current profits and losses at initial recognition.

Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for hedging accounting, changes in fair value are included in current profits and losses.

For financial liabilities designated to be measured at fair value and whose changes are included in the current profits and losses, the changes in fair value caused by the changes in the company's own credit risk are included in other comprehensive income. When the liability is derecognized, the cumulative changes in fair value caused by the changes in its own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in fair value are included in current profits and losses. If dealing with the impact of changes in credit risk of such financial liabilities in the above way will cause or expand the accounting mismatch in profits and losses, the company will include all gains or losses of such financial liabilities (including the amount affected by changes in credit risk of the enterprise) in the current profits and losses.

② Other financial liabilities

Except for the financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization are included in the current profits and losses.

(4)Recognition basis and measurement method of financial asset transfer

Financial assets meeting one of the following conditions shall be derecognized: ① the contractual right to receive the cash flow of the financial asset shall be terminated; ② The financial asset has been transferred, and almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has abandoned its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and does not give up its control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the

book value of the transferred financial assets and the sum of the consideration received due to the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income shall be included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned between the derecognized and non derecognized parts according to their relative fair value, The difference between the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part and the apportioned carrying amount is included in the current profit and loss.

If the company sells the financial assets with recourse or transfers the held financial assets by endorsement, it is necessary to determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred. If almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; If almost all the risks and rewards of the ownership of a financial asset are retained, the recognition of the financial asset shall not be terminated; If almost all the risks and rewards in the ownership of financial assets are neither transferred nor retained, continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles described in the preceding paragraphs.

(5)Derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the company shall derecognize the financial liability (or part thereof). If the company (borrower) signs an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from the original financial liability, the original financial liability shall be derecognized and a new financial liability shall be recognized at the same time. If the company makes substantial amendments to the contract terms of the original financial liabilities (or part thereof), the original financial liabilities shall be derecognized, and a new financial liability shall be recognized in accordance with the revised terms.

Where a financial liability (or part thereof) is derecognized, the company shall record the difference between its book value and the consideration paid (including non cash assets transferred out or liabilities assumed) into the current profits and losses.

(6) Offset of financial assets and financial liabilities

When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and such legal right is currently enforceable, and the company plans to settle the financial assets and settle the financial liabilities at net amount or realize the financial assets and settle the financial liabilities at the same time, the net amount of financial assets and financial liabilities after mutual offset is listed in the balance

sheet. In addition, financial assets and financial liabilities are presented separately in the balance sheet and shall not offset each other.

(7) Determination method of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is an active market for financial instruments, the company uses the quotation in the active market to determine its fair value. Quotation in an active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurring in fair transactions. If there is no active market for financial instruments, the company uses valuation technology to determine their fair value. Valuation techniques include reference to the prices used in recent market transactions by parties familiar with the situation and willing to trade, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method and option pricing model. During the valuation, the company adopts the valuation technology applicable in the current situation and supported by sufficient available data and other information, selects the input value consistent with the asset or liability characteristics considered by market participants in the transaction of relevant assets or liabilities, and gives priority to the use of relevant observable input values as far as possible. When the relevant observable input value cannot be obtained or it is impractical to obtain, the unobservable input value shall be used.

(8)Equity instruments

Equity instruments refer to contracts that can prove the ownership of the company's residual interests in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the company are treated as changes in equity, and the transaction expenses related to equity transactions are deducted from equity. The company does not recognize the changes in fair value of equity instruments.

If the company's equity instruments distribute dividends (including the "interest" generated by the instruments classified as equity instruments) during the existence period, it shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets that the company needs to recognize impairment losses are financial assets measured at amortized cost, debt instrument investment and lease receivables measured at fair value and whose changes are included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, creditor's rights investment, other creditor's rights investment, long-term receivables, etc. In addition, for contract assets and some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this part.

(1)Recognition method of impairment provision

Based on the expected credit loss, the company accrues the impairment provision and recognizes the credit impairment loss for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the company discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, the company discounts the purchased or originated financial assets with credit impairment according to the actual interest rate adjusted by the credit of the financial assets.

The general method of measuring expected credit loss means that the company assesses whether the credit risk of financial assets (including contract assets and other applicable items, the same below) has increased significantly since initial recognition on each balance sheet date. If the credit risk has increased significantly since initial recognition, The company measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration; If the credit risk does not increase significantly after initial recognition, the company measures the loss reserve according to the amount equivalent to the expected credit loss in the next 12 months. When evaluating expected credit losses, the company considers all reasonable and based information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, assuming that their credit risk has not increased significantly since initial recognition, the company chooses to measure the loss provision according to the expected credit loss in the next 12 months, depending on whether their credit risk has increased significantly since initial recognition, The loss provision is measured based on the expected credit loss amount in the next 12 months or the whole duration.

(2) Criteria for judging whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the probability of default within the expected duration determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole duration to determine whether the credit risk has increased significantly since initial recognition.

(3)A portfolio approach to assessing expected credit risk on a portfolio basis

The company evaluates the credit risk of financial assets with significantly different credit risks, such as accounts receivable from related parties; Receivables in dispute with the other party or involving litigation and arbitration; Receivables that have obvious signs that the debtor is likely to be unable to perform its repayment obligations.

In addition to the financial assets that individually assess the credit risk, the company divides the financial assets into different groups based on the common risk characteristics, and evaluates the credit risk on the basis

of combination.

(4) Accounting treatment of impairment of financial assets

At the end of the period, the company calculates the expected credit loss of various financial assets. If the expected credit loss is greater than the book amount of its current impairment provision, the difference is recognized as impairment loss; If it is less than the carrying amount of the current impairment provision, the difference is recognized as impairment gain.

(5) Determination method of credit loss of various financial assets

①Notes receivable

For bills receivable aged within 1 year, the company judges that there is no difference between the cash flow of bills receivable and the expected cash flow, and does not recognize the provision for impairment of bills receivable; For notes receivable with an aging of more than 1 year, an impairment test shall be conducted separately. The expected credit loss amount of notes receivable shall be recognized according to the difference between the book amount of the notes receivable and the present value of the expected cash flow, and the bad debt provision shall be withdrawn individually.

In addition to accounts receivable and contract assets that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis for determining combination
Aging combination	This portfolio is composed of notes receivable with an aging of less than 1 year as credit risk characteristics.

② Accounts receivable and contract assets

For receivables and contract assets without major financing components, the company measures the loss reserves according to the amount equivalent to the expected credit loss in the whole duration.

For receivables, contract assets and lease receivables with significant financing components, the company chooses to always measure the loss reserves according to the amount equivalent to the expected credit loss during the duration.

In addition to accounts receivable and contract assets that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis for determining combination
Aging combination	The portfolio takes the aging of accounts receivable as the credit risk feature (except for accounts receivable other than individually assessed credit risk and related parties within the consolidation

Items	Basis for determining combination
	scope).

For accounts receivable classified as risk portfolio, the company refers to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, prepares the comparison table between the overdue days of accounts receivable and the expected credit loss rate for the whole duration, and calculates the expected credit loss.

No provision for credit loss shall be made for the receivables of related parties within the consolidation scope.

Impairment ratio of estimated credit loss based on aging credit risk characteristics:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years (including 2 years)	10.00
2-3 years (including 3 years)	20.00
More than 3 years	30.00

③Other receivables

The company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss according to whether the credit risk of other receivables has increased significantly since initial recognition. In addition to other receivables individually assessed for credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis for determining combination
Dividends receivable	The portfolio is dividends receivable.
Interest receivable	This portfolio is interest receivable.
Aging combination	The portfolio takes the aging of accounts receivable as the credit risk feature (except for accounts receivable other than individually assessed credit risk and related parties within the consolidation scope).

The expected credit losses of other receivables at different stages are measured in three stages:

1) Other receivables whose credit risk has not increased significantly since initial recognition are in the first stage and no bad debt provision is withdrawn. It mainly includes: other receivables of subsidiaries within the

consolidation scope of the company. If there is a difference between the book amount of the above other receivables in the next 12 months and the present value of the expected cash flow, it shall be transferred to the other two stages and the bad debt provision shall be withdrawn according to the amount of expected credit loss in the whole duration.

2) Other receivables whose credit risk has increased significantly since initial recognition but whose credit impairment has not occurred are in the second stage. The bad debt provision shall be withdrawn according to the amount equivalent to the expected credit loss of the other receivables throughout the duration, and shall be withdrawn by aging analysis method. It mainly includes: other receivables except the first and third stages.

Impairment ratio of estimated credit loss based on aging credit risk characteristics:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years (including 2 years)	10.00
2-3 years (including 3 years)	20.00
More than 3 years	30.00

3) Other receivables with credit impairment after initial recognition (there are obvious signs that the debtor is likely to be unable to perform the repayment obligation) are in the third stage, and the bad debt provision is withdrawn according to the amount equivalent to the expected credit loss in the whole duration. The expected credit loss amount of other receivables shall be recognized according to the difference between the book amount of the other receivables and the present value of the expected cash flow, and the bad debt provision shall be withdrawn.

11.Stock

(1)Classification of inventories

Inventory refers to the development products or commodities held by the company for sale in the daily activities of the enterprise, products in progress in the development process, materials and materials consumed in the development process or the provision of labor services, etc. It mainly includes: raw materials, development costs, low value consumables, inventory commodities, land reserves, forest assets, etc.

(2)Pricing method of issued inventory

The inventory shall be accounted according to the actual cost when it is obtained; At the time of delivery, the inventory goods and raw materials shall be priced separately.

(3)Determination basis of net realizable value of inventory and withdrawal method of inventory falling price reserves

On the balance sheet date, inventories are measured at the lower of cost and net realizable value.Net

realizable value refers to the amount of the estimated selling price of inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes in daily activities.

The specific methods for determining the net realizable value of different inventories are as follows:

① The net realizable value of inventories of finished products, commodities, materials for sale and other commodities directly for sale shall be determined by the amount of the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes in the normal production and operation process.

② In the normal production and operation process, the net realizable value of the material inventory that needs to be processed is determined by the estimated selling price of the finished products minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes.

③ On the balance sheet date, if the contract price is agreed for one part of the same inventory and there is no contract price for the other parts, the net realizable value shall be determined respectively, and the amount of inventory falling price reserves withdrawn or reversed shall be determined respectively by comparing it with its corresponding cost. The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated based on the contract price. If the quantity of inventory held by the enterprise is more than the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

On the balance sheet date, the company withdraws inventory falling price reserves according to a single inventory item. For the inventory with large quantity and low unit price, the inventory falling price reserves shall be withdrawn according to the inventory category. For the difference between the net realizable value of the inventory and the book value, the company shall withdraw the inventory falling price reserve and record it into the current profit and loss. If the inventory value recovers in subsequent periods, it shall be reversed from the amount of inventory falling price reserves that have been withdrawn, and the reversed amount shall be included in the current profits and losses.

(4)Inventory system of inventory

The company adopts the perpetual inventory system.

(5) Amortization method of low value consumables and packaging materials

Low value consumables and packaging materials shall be valued at their actual cost when they are obtained, and the one-off amortization method shall be adopted for accounting when they are received.

(6)Accounting method of development cost

The costs of the company's development projects include:

①Compensation for land acquisition and Demolition: collect all expenses incurred by purchasing or participating in the auction of land for the development of real estate, including land price, resettlement fee, compensation for demolition of original buildings, deed tax, auction service fee, etc.

②Preliminary engineering cost: collect the planning, design, feasibility study, hydrogeological exploration, surveying and mapping, site leveling and other expenses incurred before development.

③Infrastructure cost: collect the cost of water supply, power supply, gas supply, sewage discharge, flood discharge, communication, lighting, greening, sanitation facilities, Guangcai project, roads and other infrastructure costs incurred in the development process.

④ Construction and installation engineering cost: collect various construction and installation engineering costs and equipment costs incurred during the development process according to the construction drawings of construction and installation engineering.

⑤Supporting facilities expenses: the expenses of public supporting facilities incurred in the development project, such as boiler room, water tower (box), bicycle shed, public security and fire room, power distribution room, public toilet, kindergarten, school, entertainment and sports facilities, club, neighborhood committee, garbage room and other facilities.

Development indirect costs: the costs incurred in organizing and managing the development project at the development project site, which cannot be directly determined to be borne by a project, shall be distributed among various development projects according to certain standards at the end of the month. Including: borrowing costs incurred before the completion of the development project, office expenses, telephone expenses, transportation travel expenses, repair expenses, labor protection expenses, depreciation expenses, amortization of low value consumables, amortization of swing space, remuneration of management personnel, and other expenses.

When the development project is completed, when it is accepted by relevant government departments and meets the delivery conditions, the total saleable area of development products such as houses, shops, office rooms and parking spaces shall be calculated or estimated, and the collected development cost shall be apportioned among the development products according to the proportion of the saleable area of each development product in the total saleable area, so as to calculate the actual cost of each development product. If the final settlement has not been made, it shall be included in the developed products according to the estimated cost, and the developed products shall be adjusted according to the difference between the actual cost and the estimated cost after the final settlement.

12.Contract assets and contract liabilities

The company lists contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The company shall present the contract assets and contract liabilities under the same contract in net amount after offsetting each other.

The company lists the right to receive consideration from customers unconditionally (i.e. only depending on the passage of time) as receivables, and lists the right to receive consideration for goods transferred to

customers (the right depends on other factors other than the passage of time) as contract assets.

The company lists the obligation to transfer goods to customers for the consideration received or receivable from customers as contract liabilities.

13.Long term equity investment

Long term equity investment is divided into: long-term equity investment in subsidiaries, long-term equity investment in joint ventures and long-term equity investment in associated enterprises.

(1)Determination of investment cost

For the long-term equity investment formed by business combination, the investment cost shall be determined in accordance with the following provisions:

① For the long-term equity investment formed by business combination under the same control, if the combining party pays cash, transfers non cash assets or assumes debts, and issues equity securities as the merger consideration, the share of the book value of the owner's equity of the combined party obtained on the merger date shall be regarded as the investment cost of the long-term equity investment. The capital reserve shall be adjusted according to the difference between the cost of long-term equity investment and the consideration paid; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

② For the long-term equity investment formed by the merger of enterprises not under the same control, the acquirer shall take the merger cost determined on the acquisition date as the investment cost of the long-term equity investment. The merger cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain the control over the acquiree on the acquisition date. For business combination realized step by step through multiple exchange transactions, the combination cost is the sum of the costs of each single transaction. If the future events that may affect the merger cost are agreed in the merger contract, if it is estimated that the future events are likely to occur on the purchase date and the amount of impact on the merger cost can be measured reliably, it shall also be included in the merger cost.

③ In addition to the long-term equity investment formed by business combination, the investment cost of long-term equity investment obtained by other means shall be determined in accordance with the following provisions

For the long-term equity investment obtained by paying cash, the actual purchase price shall be taken as the initial investment cost;

The investment cost includes the expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment;

For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the investment cost; For the long-term equity investment invested by investors, the value agreed in the investment contract or agreement shall be regarded as the investment cost,

except for the unfair value agreed in the contract or agreement;

For the long-term equity investment obtained by non monetary asset exchange, if the item has commercial substance and the fair value of the assets received or surrendered can be measured, the fair value of the assets surrendered and relevant taxes shall be taken as the investment cost; The difference between the fair value and the book value of the assets surrendered shall be included in the current profits and losses; If the exchange of non monetary assets does not meet the above two conditions at the same time, the book value of the assets surrendered and relevant taxes shall be regarded as the investment cost;

For the long-term equity investment obtained by debt restructuring, the fair value of the obtained equity shall be taken as the investment cost; The difference between the investment cost and the book value of creditor's rights is included in the current profit and loss.

When a long-term equity investment is obtained, if the investment cost includes declared but not yet distributed cash dividends or profits, it shall be deducted and measured separately.

For the investment in associates or joint ventures, the difference between the investment cost and the fair value of the identifiable net assets of the investee at the time of investment shall not adjust the initial investment cost of long-term equity investment; The difference between the investment cost and the fair value share of the investee's identifiable net assets at the time of investment shall be included in the current profits and losses.

(2) Subsequent measurement and profit and loss recognition method

① The company's long-term equity investment in subsidiaries is accounted by cost method in individual financial statements, and adjusted according to equity method when preparing consolidated financial statements.

In the consolidated financial statements, the difference between the newly acquired long-term equity investment and the identifiable net assets of the subsidiary calculated continuously from the acquisition date (or consolidation date) according to the newly increased shareholding ratio when the company purchases the minority shareholders' equity of the subsidiary, and adjust the capital reserve (capital premium or share capital premium) and capital reserve in the consolidated financial statements If the balance of (capital premium or equity premium) is insufficient to offset, the retained earnings shall be adjusted.

Under the cost method, the long-term equity investment accounted by the cost method is priced according to the initial investment cost, and the cost of long-term equity investment is adjusted by adding or recovering the investment.

When the investee announces the distribution of cash dividends or profits, in addition to the declared but not distributed cash dividends or profits included in the price or consideration actually paid when obtaining the investment, the investing enterprise shall recognize the investment income according to the cash dividends or profits declared to be distributed by the investee.

② The company's long-term equity investment that has joint control or significant influence on the invested unit shall be accounted with the equity method.

Under the equity method, after the company obtains the long-term equity investment, on the balance sheet date, it shall recognize the investment income and other comprehensive income respectively according to the share of the net profit and loss and other comprehensive income realized by the investee that should be enjoyed or shared, and adjust the book value of the long-term equity investment; the company shall calculate the share according to the profit or cash dividend declared to be distributed by the investee The book value of the long-term equity investment shall be reduced accordingly; when the company recognizes the share of the net profit and loss of the investee, it shall recognize the net profit of the investee after adjusting the fair value of all identifiable assets of the investee at the time of obtaining the investment.

The unrealized profits and losses of internal transactions between the company and associated enterprises and joint ventures shall be offset by the part attributable to the company calculated according to the shareholding ratio, and the investment profits and losses shall be recognized on this basis.

If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the investor, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the investor, and the investment income and other comprehensive income shall be recognized.

When the company confirms that it should share the losses incurred by the investee, it shall be handled in the following order: first, offset the book value of the long-term equity investment. Second, if the book value of the long-term equity investment is not enough to offset, continue to recognize the investment loss to the extent of the book value of other long-term equity that substantially constitutes the net investment in the investee, and offset the long-term receivables Book value. Finally, after the above treatment, if the enterprise still undertakes additional obligations according to the investment contract or agreement, the estimated liabilities shall be recognized according to the estimated obligations and included in the current investment losses. If the investee makes profits in the future, the company shall, after deducting the unrecognized loss share, deal with it in the reverse order to write down the book value of the recognized estimated liabilities Balance, recover the book value of other long-term equity and long-term equity investments that substantially constitute the net investment in the investee, and recognize the investment income at the same time.

For other changes in the owner's equity of the invested entity other than net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the owner's equity.

③ Disposal of long-term equity investment

For the disposal of long-term equity investment, the difference between its book value and the actually

obtained price shall be included in the current profits and losses. For the long-term equity investment accounted by the equity method, if it is included in the owner's equity due to other changes in the owner's equity of the invested entity other than the net profits and losses, the part originally included in the owner's equity shall be transferred into the current profits and losses according to the corresponding proportion when disposing the investment.

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without losing control, and the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is included in the owner's equity.

(3)Basis for determining joint control and significant impact on the invested unit

The company's subsidiaries can control the investee. Control means that the investor has the right to the investee, enjoys variable returns through participating in relevant activities of the investee, and has the ability to use the power to the investee to affect its return amount.

The joint venture of the company and other parties can jointly control the invested unit. Joint control refers to the joint control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control right.

The company's associated enterprises are those that can exert significant influence on the investee. Significant influence means that the investor has the power to participate in the decision-making of the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. When determining whether to exert significant influence on the investee, the investor and other parties shall be considered Potential voting factors such as current convertible corporate bonds and current executable warrants of the investee held by the investor.

(4) Impairment test method and impairment provision method

On the balance sheet date, if the long-term equity investment shows signs of impairment due to the continuous decline of market price or the deterioration of the operating condition of the invested entity, the recoverable amount of the long-term equity investment shall be determined according to the higher of the net amount of the fair value of the long-term equity investment minus the disposal expenses and the current value of the estimated future cash flow of the long-term equity investment When the recovered amount is lower than the book value, the book value of the asset is written down to the recoverable amount. The written down amount is recognized as asset impairment loss and included in the current profits and losses. At the same time, the corresponding provision for impairment of long-term equity investment is withdrawn. Once the impairment loss of long-term equity investment is recognized, it will not be reversed in future accounting periods.

14.Fixed assets

(1) Recognition conditions of fixed assets

The fixed assets of the company refer to the tangible assets with a service life of more than one accounting year held for the production of goods, provision of labor services, lease or operation and management. Fixed assets are recognized when the following conditions are met simultaneously:

① The economic benefits related to the fixed assets are likely to flow into the enterprise;

② The cost of the fixed assets can be measured reliably.

(2) Classification of fixed assets

The fixed assets of the company are classified as houses and buildings, machinery and equipment, transportation equipment, electronic equipment and other equipment.

(3) Initial measurement of fixed assets

Fixed assets are initially measured at their actual cost upon acquisition.

The cost of purchased fixed assets is determined by the purchase price, relevant taxes, transportation expenses, loading and unloading expenses, installation expenses and professional service expenses incurred before the fixed assets reach the expected serviceable state.

If the payment of the purchase price of fixed assets is delayed beyond the normal credit conditions, which is essentially of a financing nature, the cost of fixed assets shall be determined based on the present value of the purchase price.

The cost of self built fixed assets consists of the necessary expenses incurred before the construction of the assets reaches the expected serviceable state.

For the fixed assets obtained by the debtor for debt repayment through debt restructuring, the entry value shall be determined based on the fair value of the fixed assets, and the difference between the book value of the restructured debt and the fair value of the fixed assets for debt repayment shall be included in the current profits and losses;

On the premise that the exchange of non monetary assets has commercial substance and the fair value of the assets received or surrendered can be measured reliably, the entry value of the fixed assets received shall be determined based on the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the assets received is more reliable; For the exchange of non monetary assets that do not meet the above premise, the book value of the assets surrendered and the relevant taxes payable shall be regarded as

the cost of the fixed assets received.

(4) Depreciation method of various fixed assets

The depreciation of fixed assets, except for shaft and roadway works, is accrued by the straight-line method within the estimated useful life after the entry value minus 3% or 5% of the estimated net residual value. The estimated residual value rate, depreciation life and annual depreciation rate of various fixed assets are as follows:

category	Depreciation method	useful life of fixed assets	Residual value rate	Annual depreciation rate
Houses and buildings	Straight line method	10-20 years	4%	3.17%-9.50%
Means of transport	Straight line method	4 years	4%	9.50%-19.00%
Electronic equipment	Straight line method	3-4 years	4%	13.57%-19.00%
machinery equipment	Straight line method	10 years	4%	9.60%
Tools, appliances and furniture	Straight line method	3-5 years	4%	19.00%-23.75%
Other equipment	Straight line method	5 years	4%	19.00%-23.75%

(5)Impairment test method and impairment provision method of fixed assets

On the balance sheet date, if there are signs of impairment of fixed assets, the company estimates its recoverable amount and carries out impairment test. The recoverable amount is determined by the higher one between the net amount of the fair value of the asset minus the disposal expenses and the present value of the future cash flow of the asset. The estimated recoverable amount is based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. Provision for impairment of fixed assets shall be made for the difference between the recoverable amount and the book value. Once the provision for impairment of fixed assets is withdrawn, it shall not be reversed in subsequent accounting periods.

(6)Recognition basis, valuation method and depreciation method of fixed assets under financing lease

Finance lease refers to a lease that transfers substantially all the risks and rewards related to the ownership of assets. If one or more of the following criteria are met, it shall be recognized as a financial lease:

① At the expiration of the lease term, the ownership of the leased assets shall be transferred to the company.

② The company has the option to purchase the leased assets, and the purchase price is expected to be much lower than the fair value of the leased assets when the option is exercised.

③ Even if the ownership of the asset is not transferred, the lease term accounts for most of the service life of the leased asset.

④ The present value of the company's minimum lease payments on the lease commencement date is almost equal to the fair value of the leased assets on the lease commencement date; The present value of the

lessor's minimum lease receipts on the lease commencement date is almost equal to the fair value of the leased asset on the lease commencement date.

⑤ The leased assets are special in nature and can only be used by the company without major transformation.

The fixed assets leased by the company under finance are included in the cost of fixed assets on the lease start date according to the lower of the fair value of the leased assets and the present value of the minimum lease payment on the lease start date, plus the initial direct expenses.

The depreciation method of fixed assets under financing lease is the same as that of similar self owned fixed assets of the company.

(7)Subsequent expenditure on fixed assets

The subsequent expenditure of fixed assets incurred by the company shall meet the following requirements at the same time: ① the economic benefits related to the subsequent expenditure are likely to flow into the enterprise; ② When the cost of the subsequent expenditure can be measured reliably, it shall be included in the fixed assets; If there is any replacement part, its book value shall be deducted. Subsequent expenditures on fixed assets that do not meet the above conditions shall be included in the current profits and losses when incurred.

The improvement expenses of fixed assets leased in by operating lease shall be capitalized as long-term deferred expenses and amortized within a reasonable period.

15. Construction in progress

(1)Category, recognition and measurement of construction in progress

Construction in progress refers to various construction and installation projects for the construction or repair of fixed assets, which are classified by project approval projects, including preliminary construction preparation, construction projects under construction, installation projects, technical transformation projects, major repair projects, etc.

The construction in progress shall be recognized when the economic benefits are likely to flow in and the cost can be measured reliably. Construction in progress is measured at the actual cost incurred before the asset reaches the expected serviceable state.

(2)Standard and time point for carrying forward construction in progress to fixed assets

For construction in progress, the necessary expenses incurred before the asset reaches the expected usable state shall be regarded as the entry value of fixed assets. If the construction in progress of fixed assets has reached the expected serviceable state, but the final settlement of completion has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the fixed assets depreciation policy of the company. After the final settlement of completion is handled, The original estimated value is adjusted according to the actual cost, but the accrued depreciation amount is not adjusted.

(3)Impairment test method and provision method for impairment of construction in progress

On the balance sheet date, if there is any sign of impairment of a single project under construction, the company estimates its recoverable amount and conducts an impairment test. Provision for impairment of construction in progress shall be made for the difference between the recoverable amount and the book value. Once the provision for impairment of construction in progress is withdrawn, it shall not be reversed in subsequent accounting periods.

16. Borrowing costs

(1)Recognition principle of capitalization of borrowing costs

Borrowing costs refer to the interest and other related costs incurred by the company for borrowing or issuing corporate bonds, including borrowing interest, amortization of discount or premium, auxiliary expenses and exchange differences incurred for foreign currency borrowings.

If the borrowing costs incurred by the company can be directly attributable to the acquisition, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of relevant assets; Other borrowing costs shall be recognized as expenses according to the amount incurred and included in the current profits and losses.

(2)Capitalization period of borrowing costs

When the borrowing costs meet the following conditions at the same time, they shall be capitalized:

① Asset expenditure has occurred, including the expenditure incurred in the form of cash payment, transfer of non cash assets or bearing interest bearing liabilities for the acquisition and construction or production of assets eligible for capitalization;

② Borrowing costs have occurred;

③ The acquisition and construction or production activities necessary to make the assets ready for the intended use or sale have begun.

(3)Period of suspension of capitalization of borrowing costs

If the acquisition, construction or production of assets eligible for capitalization is interrupted abnormally and the interruption time exceeds 3 months continuously, the capitalization of borrowing costs shall be suspended; The borrowing costs incurred during the interruption period are recognized as current expenses until the acquisition and construction or production activities of the assets restart.

If the interruption is a necessary procedure for the acquisition, construction or production of assets eligible for capitalization to reach the expected serviceable or marketable state, the capitalization of borrowing costs shall continue.

(4) Stop capitalization of borrowing costs

The capitalization of borrowing costs shall be stopped when the assets purchased, constructed or produced that meet the capitalization conditions are ready for the intended use or sale.

The borrowing costs incurred after the assets eligible for capitalization reach the expected serviceable or marketable state shall be recognized as expenses according to the amount incurred and included in the current profits and losses.

(5) Capitalization amount of borrowing costs

If a special loan is borrowed for the acquisition and construction or production of assets eligible for capitalization, it shall be determined by the amount of the interest expense actually incurred in the current period of the special loan minus the interest income obtained by depositing the unused loan funds in the bank or the investment income obtained from temporary investment, and shall be included in the cost of assets eligible for capitalization during the capitalization period.

If a general loan is occupied for the acquisition and construction or production of assets eligible for capitalization, the company shall calculate and determine the interest amount of the general loan to be capitalized according to the weighted average of the asset expenditure of the part of the accumulated asset expenditure exceeding the special loan multiplied by the capitalization rate of the occupied general loan.

If the auxiliary expenses incurred by special borrowings occur before the assets eligible for capitalization purchased, constructed or produced reach the expected usable or marketable state, they shall be capitalized according to the amount incurred and included in the cost of assets eligible for capitalization; If it occurs after the qualified assets purchased, constructed or produced reach the expected usable or marketable state, it shall be recognized as an expense according to the amount incurred and included in the current profits and losses.

Auxiliary expenses incurred for general borrowings shall be recognized as expenses according to the amount incurred and included in the current profits and losses.

17.Intangible assets

（1） Recognition conditions of intangible assets

Intangible assets refer to identifiable non monetary assets without physical form owned or controlled by an enterprise. If an asset meets one of the following conditions, it meets the recognizability standard in the definition of intangible assets:

① It can be separated or divided from the enterprise and can be used for sale, transfer, licensing, lease or exchange alone or together with relevant contracts, assets or liabilities.

② Derived from contractual rights or other legal rights, whether or not these rights can be transferred or separated from enterprises or other rights and obligations.

Intangible assets can only be recognized if they meet the following conditions at the same time:

① The economic benefits related to the intangible assets are likely to flow into the enterprise;

② The cost of the intangible asset can be measured reliably.

(2)Valuation and classification of intangible assets

Intangible assets are initially measured at actual cost.

The cost of self-developed intangible assets includes the total expenditure incurred from meeting the recognition conditions of intangible assets to reaching the intended purpose, but the expenditure that has been expensed in previous periods will not be adjusted.

The intangible assets of the company include land use rights and software.

(3) Estimated service life of intangible assets with limited service life

For intangible assets with limited service life, the following factors are usually considered when estimating their service life: ① the usual life cycle of the products produced by the asset and the available information about the service life of similar assets; ② Current situation of technology and process and estimation of future development trend; ③ Market demand for products or services produced with the assets; ④ Actions expected to be taken by current or potential competitors; ⑤ Expected maintenance expenditure to maintain the ability of the asset to bring economic benefits, and the company's expected ability to pay relevant expenses; ⑥ Relevant legal provisions or similar restrictions on the control period of the asset, such as concession period, lease period, etc; ⑦ Correlation with the service life of other assets held by the company, etc.

(4) Amortization of intangible assets

Intangible assets with limited service life shall be amortized in the same way as the expected realization of the economic benefits related to the intangible assets within the service life. If the expected realization method cannot be reliably determined, the straight-line method shall be adopted for amortization.

Intangible assets with uncertain service life are not amortized, but the service life of the intangible assets is reviewed every year. If there is evidence that the service life of intangible assets is limited, the company estimates its service life and amortizes it with the straight-line method within the service life.

(5)Impairment test method and impairment provision method of intangible assets

On the balance sheet date, if there are signs of impairment of a single intangible asset, the company estimates its recoverable amount and conducts an impairment test. Provision for impairment of intangible assets shall be made for the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is withdrawn, it shall not be reversed in subsequent accounting periods.

(6)Specific standards for research stage and development stage of internal research and development projects

The research stage refers to the planned investigation period for acquiring new technology and knowledge, which has the following characteristics:

The research stage is based on planned investigation, that is, the R & D project has been approved by the board of directors or relevant management of the company, and starts to collect relevant data and conduct market research. The research stage is basically exploratory, and data and related aspects are prepared for further development activities. Phased results will not be formed at this stage.

The development stage refers to the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices and products before commercial production or use. It has the following characteristics:

The development stage is based on the research stage, so it is targeted for the development of the project. R & D projects entering the development stage are often more likely to form results.

(7) Specific standards for expenditures at the development stage meeting capitalization conditions

The expenditures of the company's internal research and development projects at the research stage shall be included in the current profits and losses when incurred. The expenditures in the development stage of the company's internal research and development projects that meet the following conditions are recognized as intangible assets:

① Technically speaking, it is technically feasible to complete the intangible asset so that it can be used or sold.

② It has the intention to complete the intangible asset and use or sell it.

③ The ways in which intangible assets generate economic benefits, including being able to prove that there is a market for the products produced by using the intangible assets or there is a market for the intangible assets themselves; If an intangible asset is to be used internally, its usefulness shall be proved;

④ Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets.

⑤ The expenditure attributable to the development stage of the intangible asset can be measured reliably.

18.Long term deferred expenses

Long term deferred expenses shall be recorded according to the actual amount and amortized evenly by stages during the benefit period or within the specified period. If the long-term deferred expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

The improvement expenses of the fixed assets leased by the company in the form of operating lease shall be capitalized as long-term unamortized expenses, which shall be averagely amortized within the shorter of the lease service life and the remaining service life of the leased assets.

Other long-term deferred expenses shall be calculated according to the actual amount and amortized evenly within the benefit period of the project.

19.Employee compensation

Employee compensation refers to various forms of remuneration and other related expenses given by the company to obtain the services provided by employees. The employee compensation of the company includes: short-term employee compensation, post employment welfare, dismissal welfare and other long-term employee compensation.

Short term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, trade union funds, employee education funds, non monetary benefits, etc. During the accounting period when employees

provide services to the company, the company recognizes the actual short-term employee compensation as liabilities and records it into the current profits and losses or relevant asset costs. Non monetary welfare is measured at fair value.

Post employment benefits mainly include defined contribution plans. The defined contribution plan mainly includes basic endowment insurance, unemployment insurance, etc., and the corresponding amount payable shall be included in relevant asset costs or current profits and losses when incurred.

Terminate the labor relationship with the employee before the expiration of the employee labor contract, or put forward a proposal for compensation to encourage the employee to voluntarily accept the layoff, whichever is earlier when the company cannot unilaterally withdraw the dismissal benefits provided by the plan for terminating the labor relationship or the layoff proposal, or when the company confirms the costs related to the restructuring involving the payment of dismissal benefits, The employee compensation liabilities arising from dismissal welfare shall be recognized and included in the current profits and losses. However, if the dismissal welfare cannot be fully paid within 12 months after the end of the annual reporting period, it shall be treated as other long-term employee remuneration.

The internal retirement plan of employees shall be handled in the same principle as the above dismissal benefits. The company will include the wages and social insurance premiums of early retirees to be paid from the date when the employees stop providing services to the normal retirement date into the current profits and losses (dismissal welfare) when they meet the recognition conditions of estimated liabilities.

Other long-term employee benefits provided by the company to employees that meet the defined contribution plan shall be accounted for according to the defined contribution plan. In addition, they shall be accounted for according to the defined income plan.

20. Estimated liabilities

If the obligations related to contingencies meet the following conditions at the same time, the company will recognize them as estimated liabilities.

(1) The obligation is the current obligation undertaken by the enterprise;

(2) The performance of this obligation is likely to cause economic benefits to flow out of the company;

(3) The amount of the obligation can be measured reliably.

The estimated liabilities are initially measured according to the best estimate of the expenses required to perform relevant current obligations. If there is a range of required expenses, the best estimate is determined according to the average of the upper and lower limits of the range. If the required expenditure does not have an amount range, the best estimate is treated as follows:

(1) If the contingency involves a single item, it shall be determined according to the most likely amount.

(2)If the contingency involves multiple projects, it shall be determined according to various possible results and relevant probability calculation.

If all or part of the expenses required for the estimated liabilities recognized by the company are expected to be compensated by a third party, the compensation amount will be recognized separately as an asset only when it is basically determined that it can be received. The amount of compensation recognized shall not exceed the book value of estimated liabilities.

21.Income

(1)Revenue recognition principle

On the commencement date of the contract, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

If one of the following conditions is met, it belongs to the performance obligation within a certain period of

time, otherwise it belongs to the performance obligation at a certain point of time: 1) the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; 2) The customer can control the goods under construction during the performance of the company; 3) The goods produced by the company during the performance of the contract have irreplaceable uses, and the company has the right to collect payment for the performance part accumulated so far during the whole contract period.

For the performance obligations performed within a certain period of time, the company shall recognize the revenue according to the performance progress within that period of time. If the performance schedule cannot be reasonably determined and the costs incurred are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance schedule can be reasonably determined. For the performance obligations performed at a certain point in time, revenue is recognized when the customer obtains control over relevant goods or services. When judging whether the customer has obtained control over the goods, the company considers the following signs: 1) the company has the current collection right for the goods, that is, the customer has the current payment obligation for the goods; 2) The company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity; 3) The company has transferred the goods in kind to the customer, that is, the customer has occupied the goods in kind; 4) The company has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the commodity; 5) The customer has accepted the commodity; 6) Other signs indicating that the customer has obtained control of the goods.

(2) Revenue measurement principle

1) The company measures the income according to the transaction price apportioned to each individual performance obligation. The transaction price refers to the amount of consideration that the company is expected to be entitled to receive due to the transfer of goods or services to customers, excluding the amount collected on behalf of third parties and the amount expected to be returned to customers.

2) If there is variable consideration in the contract, the company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount that the accumulated recognized income is unlikely to be significantly reversed when the relevant uncertainty is eliminated.

3) If there are significant financing components in the contract, the company shall determine the transaction price according to the payable amount assumed to be paid in cash when the customer obtains the control over the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. On the commencement date of the contract, if the company expects that the interval between the customer's acquisition of control over the goods or services and the customer's payment of the price will not exceed one year, the major financing components in the contract will not be considered.

4) If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation on the contract commencement date according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation.

(3)Specific methods of revenue recognition

①Revenue from sales of goods

The company has delivered the goods to the buyer according to the contract or purchase invoice, the amount of sales revenue has been determined, the payment for goods has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, and the cost related to the

goods can be measured reliably.

The collection of contract or agreement price adopts deferred method. If it is essentially of financing nature, the amount of revenue from sales of goods shall be determined according to the fair value of the receivable contract or agreement price. The difference between the receivable contract or agreement price and its fair value shall be amortized by the effective interest rate method during the period of the contract or agreement and included in the current profit and loss.

② Income from provision of labor services

On the balance sheet date, if the result of the transaction of providing labor services can be reliably estimated, the income from providing labor services shall be recognized by the percentage of completion method. The result of the transaction of providing labor services can be estimated reliably, which means that the following conditions can be met at the same time: first, the amount of income can be measured reliably; Second, relevant economic benefits are likely to flow into the enterprise; Third, the completion schedule of the transaction can be determined reliably; Fourth, the costs incurred and to be incurred in the transaction can be measured reliably.

The company can choose the following methods to determine the completion progress of providing labor services: first, the measurement of completed work; Second, the proportion of labor services already provided in the total labor services to be provided; Third, the proportion of the cost incurred in the estimated total cost.

If the transaction results of providing labor services cannot be reliably estimated on the balance sheet date, they shall be handled according to the following circumstances:

First, if the labor costs incurred are expected to be compensated, the revenue from providing labor services shall be recognized according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount. Second, if the labor costs incurred are not expected to be compensated, the labor costs incurred shall be included in the current profit and loss, and the income from the provision of labor services shall not be recognized.

③ Income from transferring the right to use assets

Only when the income from the assignment of the right to use assets meets the following conditions can it be recognized:

First, relevant economic benefits are likely to flow into the enterprise; Second, the amount of income can be measured reliably.

The income from transferring the right to use assets includes interest income, royalty income, etc. The amount of interest income shall be calculated and determined according to the time when others use the company's monetary funds and the actual interest rate. The amount of royalty income shall be calculated and determined according to the charging time and method agreed in relevant contracts or agreements.

④ Commercial housing sales revenue: for commercial housing sales, the seller and the buyer shall sign a sales contract and record it in the land and resources department; The real estate development products have been completed and reached the expected usable state, and have passed the acceptance of relevant competent departments and gone through the filing procedures; When the buyer pays the agreed house purchase price (usually the down payment of the sales contract and the payment arrangement of the confirmed remaining house price) according to the payment terms of the sales contract and completes the physical handover procedures of the commercial house, the realization of the sales revenue shall be recognized.

If the buyer receives the written delivery notice and fails to complete the physical handover procedures of the commercial house within the specified time without justified reasons, the realization of sales revenue shall be confirmed on the next day after the end of the time limit specified in the written delivery notice.

The company will manage the price obtained from the pre-sale of commercial houses after obtaining the

pre-sale license as the advance payment, and confirm the realization of sales revenue when handling the handover procedures after the completion and acceptance of commercial houses.

⑤ Land sales revenue: for land sales, the seller and the buyer have signed a sales contract; The land has been handed over to the buyer and the land delivery certificate has been obtained; The realization of sales revenue is recognized when the payment is received or the collection voucher is obtained.

⑥Property management income: when property management services have been provided, the amount of property management income has been determined, the property management fee has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, the costs related to property management can be measured reliably.

⑦ Rental property income: the realization of house rental income is recognized according to the lease payment date and amount specified in the contract or agreement signed with the lessee. If the lease free period is agreed in the contract, the lease fee charged shall be apportioned according to the straight-line method and recognized as rental income within the whole lease term without deducting the lease free period.

⑧ Income from settlement of agent built houses and projects: for settlement of agent built houses and projects, the completion degree of agent built houses and projects can be reliably determined after signing an irrevocable construction contract; The company determines the percentage of completion according to the proportion of the accumulated actual contract cost to the estimated total contract cost (or: the proportion of the completed contract workload to the estimated total contract workload or: the actually measured completion progress), and recognizes the revenue according to the percentage of completion method.

⑨ The revenue recognition of development products shall meet the following conditions: after the development products have been completed and accepted, the sales contract has been signed and the obligations specified in the contract have been fulfilled, the main risks and rewards of the ownership of the development products have been transferred to the purchaser, and the company will no longer retain the continuous management right usually associated with the ownership and exercise effective control over the sold development products, Moreover, the amount of sales revenue of developed products has been determined, the payment has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, and the costs related to the development of products can be measured reliably.

⑩The recognition of catering and room service revenue shall meet the following conditions: when catering and room service have been provided, the amount of catering and room service revenue has been determined, the service payment has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, the costs related to catering and room service can be measured reliably.

⑪ The recognition of rental income of market berths shall meet the following conditions: the company has leased the berths to merchants in accordance with the lease contract, the amount of relevant business income has been determined, the rent has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, and the costs related to the rental of berths can be measured reliably.

⑫ Revenue recognition principles of Harbin Weidi: (1) if the product sales is in the consignment mode, the sales revenue shall be recognized when the consignment list or consignment settlement notice provided by the customer is received every month after the product is launched. (2) If the products agreed in the contract need to be accepted by the customer, the sales revenue shall be recognized when the customer accepts the warehousing and receives the settlement notice provided by the customer. (3) If the contract stipulates that the goods shall be delivered after the payment, the sales revenue shall be recognized when the goods are delivered.

22.Government subsidy

Government subsidy refers to monetary assets or non monetary assets obtained by the company from the government free of charge. It is divided into asset related government subsidies and income related government subsidies.

(1) Judgment basis and accounting treatment method of government subsidies related to assets

The government subsidies obtained by the company for the purchase and construction or the formation of long-term assets in other ways shall be regarded as the government subsidies related to assets.

Government subsidies related to assets shall offset the book value of relevant assets (or: recognized as deferred income and included in profits and losses by stages within the service life of relevant assets according to a reasonable and systematic method). Government subsidies measured in nominal amount shall be directly included in current profits and losses.

If relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the undistributed balance of relevant deferred income shall be transferred to the profits and losses of the current period of asset disposal.

(2)Judgment basis and accounting treatment method of government subsidies related to income

Other government subsidies obtained by the company other than those related to assets are regarded as government subsidies related to income. The government subsidies related to income shall be handled according to the following circumstances:

①If it is used to compensate the relevant costs or losses of the company in the future, it shall be recognized as deferred income and included in the current profit and loss (or: offset the relevant costs) during the period when the relevant costs or losses are recognized.

②Those used to compensate the relevant costs or losses incurred by the company shall be directly included in the current profits and losses (or: offset the relevant costs).

For government subsidies that include both asset related parts and income related parts, accounting treatment shall be carried out separately according to different parts; Those that are difficult to distinguish are classified as income related government subsidies as a whole.

Government subsidies related to the company's daily activities are included in other income (or: offset relevant costs) according to the essence of economic business. Government subsidies unrelated to the company's daily activities shall be included in non operating revenue and expenditure.

23.Deferred income tax assets and deferred income tax liabilities

According to the book value of the assets, liabilities and its tax base the difference between the (not confirmed project as assets and liabilities of its tax base can be determined in accordance with the provisions of the tax law, the tax base and the difference between the book number), according to the forecast of the asset is recovered or the applicable tax rate calculation during the debt confirmed deferred income tax assets and deferred income tax liabilities.

(1)Recognition and measurement of deferred income tax assets

①Where there is a deductible temporary difference between the carrying value of an asset or liability and its tax base, the deferred income tax asset arising from the deductible temporary difference shall be recognized to the extent that the taxable income is likely to be obtained to offset the deductible temporary difference. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in the transaction with the following characteristics shall not be recognized: the transaction is not an enterprise merger; the transaction does not affect the accounting profit and does not affect the amount of taxable income (or deductible loss).

② The company recognizes the corresponding deferred income tax assets for the deductible temporary

differences related to the investments of subsidiaries, associated enterprises and joint ventures, if the following conditions are met: The temporary differences are likely to be reversed in the foreseeable future; St is likely to obtain the taxable income amount used to offset the deductible temporary differences in the future.

③For the deductible losses and tax credits that can be carried forward to the next year, the company recognizes the corresponding deferred income tax assets to the extent that it is likely to obtain future taxable income to offset the deductible losses and tax credits.

④ On the balance sheet date, the company rechecks the book value of deferred income tax assets. Write down the carrying value of the deferred income tax asset if it is likely that it cannot obtain sufficient taxable income to offset the benefit of the deferred income tax asset in the future period; The amount written down shall be reversed when sufficient taxable income is likely to be obtained.

(2)Recognition and measurement of deferred income tax liabilities

The Company recognizes all deferred income tax liabilities arising from taxable temporary differences except those arising from:

① Initial recognition of goodwill;

②simultaneously satisfy the initial recognition of assets or liabilities arising from the transaction with the following characteristics: The transaction is not an enterprise merger; the transaction does not affect the accounting profit and does not affect the amount of taxable income (or deductible loss).

③The company has taxable temporary differences related to the investment of its subsidiaries, associated companies and joint ventures, and the following conditions are met: The investment enterprise can control the reversal time of the temporary differences; the temporary difference is unlikely to reverse in the foreseeable future.

24. Lease

Determination method and accounting treatment method of lease under the new lease standard

1. The company as lessee

On the beginning date of the lease term, the company recognizes the lease with a lease term of no more than 12 months and excluding the purchase option as a short-term lease; When a single leased asset is a brand-new asset, the lease with lower value is recognized as a low value asset lease. If the company sublets or expects to sublet the leased assets, the original lease is not recognized as a low value asset lease.

For all short-term leases and low value asset leases, the company shall record the lease payment amount into the relevant asset cost or current profit and loss according to the straight-line method in each period of the lease term.

In addition to the above short-term leases and low value asset leases with simplified treatment, the company recognizes the right to use assets and lease liabilities for the lease on the beginning date of the lease term.

(1) Right of use assets

The right of use assets are initially measured at cost, which includes: 1) the initial measurement amount of lease liabilities; 2) For the lease payment paid on or before the beginning of the lease term, if there is lease incentive, the relevant amount of lease incentive enjoyed shall be deducted; 3) Initial direct expenses incurred by the lessee; 4) The estimated cost incurred by the lessee for dismantling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state agreed in the lease terms.

The company depreciates the right of use assets according to the straight-line method. If it can be reasonably determined that the ownership of the leased asset is obtained at the expiration of the lease term, the company shall accrue depreciation within the remaining service life of the leased asset. If it is impossible to

reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the company shall accrue depreciation within the shorter of the lease term and the remaining service life of the leased asset.

(2) Lease liabilities

On the lease commencement date, the company recognizes the present value of the unpaid lease payments as lease liabilities. When calculating the present value of lease payments, the embedded interest rate of the lease is used as the discount rate. If the embedded interest rate of the lease cannot be determined, the company's incremental loan interest rate is used as the discount rate. The difference between the lease payment amount and its present value shall be regarded as unrecognized financing expenses, and the interest expenses shall be recognized according to the discount rate of the present value of the lease payment amount during each period of the lease term and included in the current profits and losses. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses when actually incurred.

After the beginning date of the lease term, when the actual fixed payment changes, the expected payable amount of the guaranteed residual value changes, the index or ratio used to determine the lease payment changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option change, the company remeasures the lease liability according to the present value of the changed lease payment, The book value of the right to use assets shall be adjusted accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be included in the current profits and losses.

2. The company as lessor

On the lease commencement date, the company classifies the leases that have substantially transferred almost all the risks and rewards related to the ownership of the leased assets as financial leases, and all other leases are operating leases.

(1) Operating lease

During each period of the lease term, the company recognizes the lease receipts as rental income according to the straight-line method, and the initial direct expenses incurred are capitalized, amortized on the same basis as the recognition of rental income, and included in the current profit and loss by stages. The company's variable lease payments related to operating leases that are not included in the lease receipts are included in the current profits and losses when they actually occur.

On the beginning date of the lease term, the company recognizes the financial lease receivables according to the net amount of the lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received on the beginning date of the lease term discounted according to the embedded interest rate of the lease), and terminates the recognition of the financial lease assets. During each period of the lease term, the company calculates and recognizes the interest income according to the interest rate embedded in the lease.

The amount of variable lease payments obtained by the company that are not included in the measurement of net lease investment shall be included in the current profits and losses when actually incurred.

3. Sale and leaseback

(1) Company as lessee

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to sales in accordance with the provisions of accounting standards for Business Enterprises No. 14 - revenue.

If the asset transfer in the sale and leaseback transaction belongs to sales, the company shall measure

the right to use assets formed by the sale and leaseback according to the part of the book value of the original assets related to the right to use obtained by the leaseback, and only recognize the relevant gains or losses on the rights transferred to the lessor.

If the asset transfer in the sale and leaseback transaction does not belong to sales, the company shall continue to recognize the transferred asset, recognize a financial liability equal to the transfer income, and conduct accounting treatment for the financial liability in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

(2) Company as lessor

The company evaluates and determines whether the asset transfer in the sale and leaseback transaction belongs to sales in accordance with the provisions of accounting standards for Business Enterprises No. 14 - revenue.

If the asset transfer in the sale and leaseback transaction belongs to sales, the company shall conduct accounting treatment for asset purchase in accordance with other applicable accounting standards for business enterprises, and accounting treatment for asset lease in accordance with accounting standards for Business Enterprises No. 21 - leasing.

If the asset transfer in the sale and leaseback transaction is not sales, the company does not recognize the transferred asset, but recognizes a financial asset equal to the transfer income, and carries out accounting treatment on the financial asset in accordance with the accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments.

25. Related parties

Where one party controls, jointly controls the other party or exerts significant influence on the other party, and two or more parties are jointly controlled and jointly controlled by one party, an affiliated party shall be constituted. The related party may be an individual or an enterprise. Only with the state controlled enterprises without any other related party relationship, does not constitute a related party.

The company's affiliated parties include but are not limited to:

(1) Parent company;

(2) Subsidiaries;

(3) Other enterprises controlled by the same parent company;

(4) the implementation of joint control of investors;

(5) Investors who exert significant influence;

(6) Joint venture, including its subsidiaries;

(7) Associated enterprises, including subsidiaries of the associated enterprises;

(8) Major investors and their close family members;

(9) Key management personnel and close family members of the company or its parent company;

(10)Other enterprises controlled or jointly controlled by individual major investors, key management personnel or close family members of the company.

Note5. Description of changes in accounting policies and accounting estimates and error correction

1. Changes in accounting policies

(1) The company will implement the accounting standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the new revenue standard) revised by the Ministry of finance from January 1, 2021.

According to the relevant provisions on the connection between the old and new standards, the information of the comparable period shall not be adjusted. The cumulative impact of the implementation of the new standards on the first implementation date shall be retroactively adjusted to the amount of retained earnings at the beginning of the reporting period and other relevant items in the financial statements.

1) The main impact of the implementation of the new income standard on the company's financial statements on January 1, 2021 is as follows:

project	Balance sheet		
	2020.12.31	Impact of new income standard adjustment	2021.1.1
Advances received	715,221,160.96	-703,298,093.42	11,923,067.54
Contractual liabilities		703,298,093.42	703,298,093.42

2)For contract changes before January 1, 2021, the company adopts a simplified treatment method to identify the performed and outstanding performance obligations, determine the transaction price and allocate the transaction price between the performed and outstanding performance obligations for all contracts according to the final arrangement of contract changes. Adopting this simplified method has no significant impact on the company's financial statements.

(2) The company shall implement the accounting standards for Business Enterprises No. 21 - leasing (hereinafter referred to as the "new leasing standards") revised by the Ministry of finance from January 1, 2021. As the lessee, the company will not adjust the information of the comparable period according to the convergence provisions of the new lease standards. The difference between the implementation of the new lease standards and the original standards on the first implementation date will retroactively adjust the amount of retained earnings at the beginning of the reporting period and other relevant items in the financial statements. The implementation of the new leasing standards has no impact on the company's financial statements on January 1, 2021.

2. Changes in accounting estimates

The company has no accounting estimate during the reporting period.

3. Correction of accounting errors

There was no error correction in the company during the reporting period.

Note6.Taxes

1. Main taxes and tax rates

Tax category	Tax basis	Tax rate
value added tax	The output tax is calculated according to the taxable sales income, and the value-added tax is calculated and paid after deducting the input tax allowed to be deducted in the current period	5%、6%、9%、13%
excise tax	Taxable sales (volume)	5%
Land value added tax	Value added arising from paid transfer of state-owned land use right and property rights of aboveground buildings and other attached objects	The land value-added tax shall be withdrawn and paid in advance according to the proportion of 5% of the real estate sales income and the house payment received in
Property tax	If ad valorem, 1.2% of the residual value after deducting 30% from the original value of the house; If it is levied from rent, it shall be calculated and	1.2%、12%
Urban maintenance and construction tax	Paid in VAT	7%
Education surcharge	Paid in VAT	3%
Local education additional	Paid in VAT	2%
corporate income tax	Taxable income	25% 15%

2. Other instructions

Other taxes shall be calculated and paid in accordance with relevant national and local regulations.

Note7. Explanation of important items in consolidated financial statements

(Note: unless otherwise specified, the amount unit of notes to each item of the following financial statements is RMB)

(1)Monetary Fund

Item	Ending balance	Opening balance
Cash	176,524.84	14,867.03
Bank deposit	1,359,512,447.05	2,494,569,550.11
Other monetary funds	13,416.27	13,099,215.12
Total	1,359,702,388.16	2,507,683,632.26

At the end of the period, the cash balance is restricted, the mortgage deposit is 9,059,267.19 yuan, the deposit fund of prepaid card is 19,040,640.74 yuan, and the restricted fund is 28,099,907.93 yuan.

(2)Trading financial assets

Item	Ending balance	Opening balance
It is measured at fair value and its changes are included in current profits and losses	4,968,789.60	-
Financial assets	-	-
Total	4,968,789.60	-

(3)Notes receivable

1. Classified presentation of notes receivable

Item	Ending balance	Opening balance
Bank acceptance bill	36,179,536.02	43,262,161.64
Commercial acceptance bill	3,744,144.28	2,482,581.47
Total	39,923,680.30	45,744,743.11

2. Notes receivable pledged by the company at the end of the period

Item	Pledged amount at the end of the period
Bank acceptance bill	-

3.Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Item	Amount derecognized at the end of the period	Unrecognized amount at the end of the period
Bank acceptance bill	5,690,536.32	- -
Commercial acceptance bill	-	-
Total	5,690,536.32	-

4.At the end of the period, the company had no notes that were converted into accounts receivable due to the drawer's failure to perform.

（4）Accounts receivable

1. Disclosure of accounts receivable by category

Category	Ending balance			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Accounts receivable with single provision for bad debts	1,248,192,855.87	97.25	803,371.58	0.06
Accounts receivable with bad debt reserves withdrawn by portfolio	35,253,934.65	2.75	9,663,412.37	27.41
Including: aging combination	35,253,934.65	2.75	9,663,412.37	27.41
Total	1,283,446,790.52	100.00	10,466,783.95	0.82

（Continued）

Category	Opening balance			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Accounts receivable with single provision for bad debts	1,827,520,291.19	97.18	803,371.58	0.04
Accounts receivable with bad debt reserves withdrawn by portfolio	53,031,562.31	2.82	10,139,438.69	19.12
Including: aging combination	53,031,562.31	2.82	10,139,438.69	19.12
Total	1,880,551,853.50	100.00	10,942,810.27	0.58

Accounts receivable with provision for bad debts by aging analysis method in the portfolio:

(1)In the combination, accounts receivable with provision for bad debts by aging analysis method:

Aging	Ending balance		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within 1 year	23,764,766.43	1,162,254.83	4.89
1 to 2 years	2,881,053.10	576,210.62	20.00
2 to 3 years	1,366,336.41	683,168.21	50.00
Over 3 years	7,241,778.71	7,241,778.71	100.00
Total	35,253,934.65	9,663,412.37	

Description of accounts receivable for which bad debt provision is made according to the combination of credit risk characteristics:

According to the credit of the accounts receivable customers, the background of the shareholders of the customers, the length of the accounts receivable and the financial status of the customers, no provision for bad debts shall be made for the accounts receivable of the wholly state-owned companies and government departments with good credit and the aging within 1 year and the financial status of the customers, and no provision for bad debts shall be made for the accounts receivable of the related parties;

2. Provision for bad debts accrued, recovered or reversed in the current period:

Category	Balance at the beginning of the year	Amount of change in the current period			Ending balance
		Provision	Recovery or reversal	Write off or write off	
Individual provision	803,371.58	-	-	-	803,371.58
External customer portfolio	10,139,438.69	-	-	476,026.32	9,663,412.37
Total	10,942,810.27	-	-	476,026.32	10,466,783.95

3.The accounts receivable with the top 5 ending balances by debtor are as follows:

Unit name	Relationship with the company	Amount of money	Aging	Proportion in total accounts receivable (%)
Lishui Development Zone Urban Construction Investment Co., Ltd	Non related parties	890,453,647.35	More than 3 years	69.38
Lishui Economic and Technological Development Zone Management Committee	Related parties	139,626,503.97	More than 3 years	10.88
Yifeng (Wuhan) energy Co., Ltd	Non related	80,939,568.30	Within 1 year	6.31
Tangshan xiele International Trade Co., Ltd	Non related parties	75,535,371.85	Within 1 year	5.89
Construction management service center of Lishui Economic and Technological Development Zone	Non related parties	18,680,000.00	Within 1 year	1.46
Total		1,205,235,091.47		93.91

(5)Prepayments

1.Prepayments are listed by aging:

Aging	Ending balance		Opening balance	
	Amount of money	Percentage in the total amount (%)	Amount of money	Percentage in the total amount (%)
Within 1 year (including 1 year)	343,326,449.81	84.84	65,125,034.46	99.68
1-2 years	61,352,143.82	15.16	208,169.19	0.32
2-3 years	1,000.00	-	-	-
Over 3 years	-	-	-	-
Total	404,679,593.63	100.00	65,333,203.65	100.00

2.Top 5 prepayments in terms of closing balance by prepayment object:

Unit name	Amount of money	Aging	Proportion in total	Nature of payment
Yuanshan Investment Holding Co., Ltd	140,107,500.00	Within 1 year	34.62	payment for goods
Lishui natural resources and Planning Bureau	183,790,000.00	Within 1 year	29.53	Land payment
Zhejiang bolisheng New Energy Technology Co., Ltd	27,310,337.00	1-2 years	15.88	payment for goods
Youyan Engineering Technology Research Institute Co., Ltd	24,522,123.90	1-2 years	6.75	engineering funds
Shanghai Jiuyou Equity Investment Fund Management Co., Ltd	12,021,000.00	Within 1 year	6.06	management expense
Total	387,750,960.90		92.85	

(6)Other receivables

Item	Ending balance	Opening balance
Interest receivable	-	-
Dividends receivable	-	-
Other receivables	1,718,020,366.77	1,483,656,791.46
Total	1,718,020,366.77	1,483,656,791.46

1. Other receivables disclosed by category

Category	Ending balance			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for	1,641,463,894.18	95.01	-	-
Other receivables with provision for bad debts by	86,190,763.11	4.99	9,634,290.52	11.18
Including: aging portfolio	86,190,763.11	4.99	9,634,290.52	11.18
Total	1,727,654,657.29	100.00	9,634,290.52	0.56

（Continued）

Category	Opening balance			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for	1,445,011,220.39	96.63	-	-
Other receivables with provision for bad debts by	50,324,723.63	3.37	11,679,152.56	23.21
Including: aging portfolio	50,324,723.63	3.37	11,679,152.56	23.21
Total	1,495,335,944.02	100.00	11,679,152.56	0.78

2.In the combination, other receivables of Provision for bad debts are accrued using the balance percentage method:

Group name	Ending balance		
	Amount of money	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	54,671,258.67	4.75	2,599,014.67
1-2 years	9,899,675.55	5.57	551,669.06
2-3 years	2,246,815.60	24.66	554,139.32
Over 3 years	19,373,013.29	30.61	5,929,467.47
Total	86,190,763.11	11.18	9,634,290.52

（Continued）

Group name	Opening balance		
	Amount of money	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	5,901,906.53	2.72	160,344.87
1-2 years	6,799,067.21	3.55	241,658.63
2-3 years	2,340,493.93	24.47	572,723.79
Over 3 years	35,283,255.96	30.34	10,704,425.27
Total	50,324,723.63	23.21	11,679,152.56

2. Provision for bad debts:

At the end of June 2021, the amount of bad debt provision for other receivables was 2,755,287.96 yuan, and the amount of bad debt provision recovered or written off was 4,800,150.00 yuan.

3.Top 5 other receivables in terms of closing balance collected by other receivables:

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Development Zone Finance	Non related parties	790,573,734.34	More than 3 years	45.76%
Lishui Nancheng Construction Co., Ltd	Non related parties	296,093,800.00	1-2 years	17.14%
Lishui Development Zone Urban Construction Investment Co., Ltd	Non related parties	215,000,000.00	Within 1 year	12.44%
Lishui Nancheng land reserve center	Non related parties	190,274,355.33	More than 3 years	11.01%
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	Related parties	21,159,057.50	1-2 years	1.22%
Total		1,513,100,947.17		87.58%

(7)Inventories

1. Disclosure of inventories by Category

Item	Ending balance		
	Book balance	Provision for decline in	Book value
Stock goods	167,367,611.01	3,332,810.46	164,034,800.55
Land to be developed	7,062,868,274.44	-	7,062,868,274.44
Development cost	1,344,370,277.28	-	1,344,370,277.28
Raw material	60,998,271.65	1,826,833.12	59,171,438.53
Revolving materials	51,230.34	-	51,230.34
Entrusted processing materials	34,595.52	-	34,595.52
In product	3,198,530.86	-	3,198,530.86
Issue goods	5,815,635.08	-	5,815,635.08

Item	Ending balance		
	Book balance	Provision for decline in	Book value
Self made semi-finished products	13,431,278.64	613,235.57	12,818,043.07
Total	8,658,135,704.82	5,772,879.15	8,652,362,825.67

（Continued）

Item	Opening balance		
	Book balance	Provision for decline in	Book value
Stock goods	218,915,238.37	3,335,724.08	215,579,514.29
Land to be developed	7,062,868,274.44	-	7,062,868,274.44
Development cost	1,896,209,313.07	-	1,896,209,313.07
Raw material	58,336,075.78	1,811,607.84	56,524,467.94
Revolving materials	49,014.13	-	49,014.13
Entrusted processing materials	35,589.76	-	35,589.76
In product	3,454,847.00	-	3,454,847.00
Issue goods	3,044,024.29	-	3,044,024.29
Self made semi-finished products	15,175,014.81	612,343.27	14,562,671.54
Total	9,258,087,391.65	5,759,675.19	9,252,327,716.46

(8)Other current assets

Item	Ending balance	Opening balance
Prepaid tax	17,821,304.41	7,527,685.36
Input VAT to be deducted	3,610,219.27	3,440,692.35
Deferred expenses	2,791,487.04	1,752,726.90
Total	24,223,010.72	12,721,104.61

(9)Long term equity investment

Item	Ending balance		
	Book balance	Provision for impairment	Book value
Investment in associates	141,667,933.70	-	141,667,933.70
Total	141,667,933.70	-	141,667,933.70

（Continued）

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Investment in associates	45,400,000.00	-	45,400,000.00
Total	45,400,000.00	-	45,400,000.00

2.Details

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Table I continued

Investee	Opening balance	Make an additional investment	Reduce investment	Reclassification
Lishui Jiaotou construction industrialization Manufacturing Co., Ltd	16,000,000.00	-	-	-
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	29,400,000.00	-	-	-
Lishui Tianji equity investment partnership (limited partnership)	-	79,000,000.00	-	-
Beijing Xiaoyao erchang Culture Communication Co., Ltd	-	10,000,000.00	-	-
Beijing Ruili Digital Technology Co., Ltd		10,000,000.00	-	-
Total	45,400,000.00	99,000,000.00	-	-

Table 2 continued

Investee	Investment profit and loss under equity method	Other comprehensive income adjustment	Cash dividends or profits declared	Provision for impairment	Ending balance
Lishui Jiaotou construction industrialization Manufacturing Co., Ltd	-184,319.42	-	-	-	15,815,680.58
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	-2,547,746.88	-	-	-	26,852,253.12
Lishui Tianji equity investment partnership (limited partnership)	-	-	-	-	79,000,000.00
Beijing Xiaoyao erchang Culture Communication Co., Ltd	-	-	-	-	10,000,000.00
Beijing Ruili Digital Technology Co., Ltd	-	-	-	-	10,000,000.00
Total	-2,732,066.30	-	-	-	141,667,933.70

2.Other notes:

Investee	Date of establishment	registered capital	Investment amount	Investment proportion (%)	Investment unit
Lishui Jiaotou construction industrialization Manufacturing Co., Ltd	2019-11-25	80,000,000.00	16,000,000.00	20.00	Lishui Nantou company
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	2018-11-26	10,000,000.00	29,400,000.00	49.00	Lishui Nantou company
Lishui Tianji equity investment partnership (limited partnership)	2020-10-21	160,000,000.00	50,000,000.00	36.25	Lishui Nantou company
Lishui Tianji equity investment partnership (limited partnership)	2020-10-21	160,000,000.00	50,000,000.00	62.50	Lanzhou Lishang Guochao
Beijing Xiaoyao erchang Culture Communication Co., Ltd	2020-05-20	6,666,667.00	10,000,000.00	25.00	Lanzhou Lishang Guochao
Beijing Ruili Digital Technology Co., Ltd	2020-07-08	1,000,000.00	10,000,000.00	10.00	Lanzhou Lishang Guochao

Investee	Date of establishment	registered capital	Investment amount	Investment proportion (%)	Investment unit
Total			144,400,000.00		

(10)Other equity instrument investment

1. Details of other equity instrument investments are as follows:

Investee	Ending balance	Opening balance
Lishui ecological economy industry fund management Co., Ltd	210,000,000.00	210,000,000.00
Aiqikang Pharmaceutical Technology (Shanghai) Co., Ltd	20,000,000.00	20,000,000.00
Zhejiang Haoteng Electronic Technology Co., Ltd	35,035,000.00	35,035,000.00
Zhejiang baishibao Electric Appliance Co., Ltd	29,730,000.00	29,730,000.00
Zhejiang Jiali (Lishui) Industry Co., Ltd	32,487,000.00	32,487,000.00
East Bank Asset Management Co., Ltd	30,000,000.00	30,000,000.00
Zhejiang Guangpo Intelligent Technology Co., Ltd	100,000,000.00	100,000,000.00
Zhejiang Fangde Robot System Technology Co., Ltd	15,000,000.00	15,000,000.00
Kaisi Kaidi (Shanghai) Pharmaceutical Technology Co., Ltd	31,500,000.00	31,500,000.00
Zhejiang Yuxin Microelectronics Co., Ltd	100,000,000.00	100,000,000.00
Lishui Lihu Enterprise Management Co., Ltd	40,000,000.00	40,000,000.00
Zhejiang lovini intelligent engraving machine Co., Ltd	12,000,000.00	12,000,000.00
Zhejiang apex Energy Technology Co., Ltd	20,000,000.00	20,000,000.00
Hangxun Information Technology Co., Ltd	150,000,000.00	30,500,000.00
Lishui Jiangfeng equity investment partnership (limited partnership)	19,500,000.00	-
Yixin Semiconductor Co., Ltd	25,000,000.00	-
Hangzhou Zhongxin wafer semiconductor Co., Ltd	100,000,000.00	-
Bank of Lanzhou Co., Ltd	116,082,120.00	116,082,120.00
Jiangsu high energy Times Online Co., Ltd	50,000.00	50,000.00
Total	1,086,384,120.00	822,384,120.00

2.Other notes:

Investee	Date of establishment	registered capital	Investment amount	Investment proportion (%)	Investment unit
Lishui ecological economy industry fund management Co., Ltd	2015-12-11	700,000,000.00	210,000,000.00	12.00	Lishui Nantou company
Aiqikang Pharmaceutical Technology (Shanghai) Co., Ltd	2007-7-5	1,652,526.00	20,000,000.00	13.24506	Lishui Nantou company
Zhejiang Haoteng Electronic Technology Co., Ltd	2005-10-24	125,324,258.00	35,035,000.00	5.19%	Lishui Nantou company
Zhejiang baishibao Electric Appliance Co., Ltd	2005-9-22	116,283,072.00	29,730,000.00	9.46	Lishui Nantou company
Zhejiang Jiali (Lishui) Industry Co., Ltd	2006-12-25	116,957,895.00	32,487,000.00	4.36	Green industry fund company
East Bank Asset Management Co., Ltd	2018-8-21	52,631,578.95	30,000,000.00	5.00%	Green industry fund company
Zhejiang Guangpo Intelligent Technology Co., Ltd	2015-5-14	59,970,000.00	100,000,000.00	16.25	Green industry fund company
Zhejiang Fangde Robot System Technology Co., Ltd	2016-8-17	11,428,571.00	15,000,000.00	12.50	Green industry fund company
Kaisi Kaidi (Shanghai) Pharmaceutical Technology Co., Ltd	2017-12-26	3,750,000.00	31,500,000.00	7.00	Lishui Jiuyou fund Co., Ltd
Zhejiang Yuxin Microelectronics Co., Ltd	2019-6-20	300,000,000.00	100,000,000.00	33.33333	Green industry fund company
Lishui Lihu Enterprise Management Co., Ltd	2020-6-23	100,000,000.00	40,000,000.00	50.00	Green industry fund company
Zhejiang lovini intelligent engraving machine Co., Ltd	2019-1-30	28,000,000.00	12,000,000.00	28.57143	Green industry fund company
Zhejiang apex Energy Technology Co., Ltd	2017-10-24	46,395,900.00	20,000,000.00	25.63998	Green industry fund company
Hangxun Information Technology Co., Ltd	2014-9-16	77,777,844.00	40,000,000.00	8.22581	Lishui Jiuyou fund Co., Ltd
Hangxun Information Technology Co., Ltd	2014-9-16	77,777,844.00	110,000,000.00	17.74193	Lishui jinxun company
Lishui Jiangfeng equity investment partnership (limited partnership)	2020-11-27	105,000,000.00	19,500,000.00	64.6766	Lishui Nantou company
Yixin Semiconductor Co., Ltd	2021-02-25	150,000,000.00	25,000,000.00	33.33	Green industry fund company

Investee	Date of establishment	registered capital	Investment amount	Investment proportion (%)	Investment unit
Hangzhou Zhongxin wafer semiconductor Co., Ltd	2017-9-28	4,875,373,309.00	100,000,000.00	0.6837	Green industry fund company
Bank of Lanzhou Co., Ltd	1998-8-10	5,126,127,451.00	116,082,120.00	1.03	Lanzhou Lishang Guochao
Jiangsu high energy Times Online Co., Ltd	1987-3-12	57,218,250.00	50,000.00	0.03	Lanzhou Lishang Guochao
Total			1,086,384,120.00		

(11)Investment properties

1. Investment real estate with cost measurement model

Item	Buildings and structures	Land use right	Total
Original book value			
Opening balance	875,943,607.53	527,676,485.18	1,403,620,092.71
Increase in current period	64,915,630.67	-	64,915,630.67
purchase	-	-	-
Transfer from construction in progress	-	-	-
Decrease in current period	-	-	-
Other	-	-	-
Ending balance	940,859,238.20	527,676,485.18	1,468,535,723.38
Accumulated depreciation and amortization			
Opening balance	336,226,845.59	160,781,568.53	497,008,414.12
Increase in current period	16,813,111.08	7,010,730.90	23,823,841.98
Provision or amortization	-	-	-
Decrease in current period	-	-	-
Other	-	-	-
Ending balance	353,039,956.67	167,792,299.43	520,832,256.10
Provision for impairment			
Opening balance	-	-	-
Increase in current period	-	-	-
Decrease in current period	-	-	-
Ending balance	-	-	-
book value			
Book value at the end of the period	587,819,281.53	359,884,185.75	947,703,467.28
Book value at the beginning of the period	539,716,761.94	366,894,916.65	906,611,678.59

(12)Fixed assets

1. Fixed assets are classified as follows

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
I. total original book value:	2,113,496,277.36	8,341,194.11	495,237.66	2,121,342,233.81
Buildings	1,951,687,404.92	-241,076.25	495,237.66	1,950,951,091.01
Means of transportation	9,928,884.80	330,876.11	-	10,259,760.91
Electronic equipment	17,276,598.00	603,351.83	-	17,879,949.83
machinery equipment	45,067,842.08	5,895,057.74	-	50,962,899.82
Tools and furniture	69,506,123.85	1,634,802.34	-	71,140,926.19
Other equipment	20,029,423.71	118,182.34	-	20,147,606.05
2. Total accumulated depreciation:	507,222,490.02	42,549,248.65	-	549,771,738.67
Buildings	420,828,183.76	34,509,361.68	-	455,337,545.44
Means of transportation	4,829,449.79	824,605.88	-	5,654,055.67
Electronic equipment	4,805,456.72	1,071,510.91	-	5,876,967.63
machinery equipment	13,787,562.89	1,870,799.06	-	15,658,361.95
Tools and furniture	48,676,416.76	1,693,505.57	-	50,369,922.33
Other equipment	14,295,420.10	2,579,465.55	-	16,874,885.65
3. Total net book value	1,606,273,787.34	-	-	1,571,570,495.14
Buildings	1,530,859,221.16	-	-	1,495,613,545.57
Means of transportation	5,099,435.01	-	-	4,605,705.24
Electronic equipment	12,471,141.28	-	-	12,002,982.20
machinery equipment	31,280,279.19	-		35,304,537.87
Tools and furniture	20,829,707.09	-	-	20,771,003.86
Other equipment	5,734,003.61	-	-	3,272,720.40
4. Total provision for impairment	-	-	-	-
Buildings	-	-	-	-

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Means of transportation	-	-	-	-
Electronic equipment	-	-	-	-
Machinery equipment	-	-	-	-
Tools and furniture	-	-	-	-
Other equipment	-	-	-	-
5. Total book value	1,606,273,787.34	-	-	1,571,570,495.14
Buildings	1,530,859,221.16	-	-	1,495,613,545.57
Means of transportation	5,099,435.01	-	-	4,605,705.24
Electronic equipment	12,471,141.28	-	-	12,002,982.20
machinery equipment	31,280,279.19	-	-	35,304,537.87
Tools and furniture	20,829,707.09	-	-	20,771,003.86
Other equipment	5,734,003.61	-	-	3,272,720.40

2.Temporary idle fixed assets

None.

3 .Fixed assets acquired through financing lease

None.

4 Fixed assets leased out under operating leases

None.

5 .Fixed assets without certificate of title

None.

(13)Construction in progress

1. Classification of construction in progress

Item	Ending balance		
	Book balance	Provision for impairment	Book value
Secure housing and affordable housing item	1,907,180,816.14	-	1,907,180,816.14
School construction item	300,927,285.49	-	300,927,285.49
Park and plant items	515,184,830.35	-	515,184,830.35
Low hill gentle slope regulation and development project	4,060,028,379.98	-	4,060,028,379.98
Decoration project of Asia Europe International Mall	3,215,000.00		3,215,000.00
Other	79,761,775.71	-	79,761,775.71
Total	6,866,298,087.66	-	6,866,298,087.66

（Continued）

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Secure housing and affordable housing item	1,852,381,807.91	-	1,852,381,807.91
School construction item	316,062,969.68	-	316,062,969.68
Park and plant items	460,902,382.38	-	460,902,382.38
Low hill gentle slope regulation and development project	4,053,742,530.59	-	4,053,742,530.59
Decoration project of Asia Europe International Mall	3,215,000.00		3,215,000.00
other	48,353,534.75	-	48,353,534.75
Total	6,734,658,225.30	-	6,734,658,225.30

2.Changes in items of major construction in progress

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Caihe apartment item	945,493,899.27	44,522,830.59	254,362,617.52	735,654,112.34
Jiangnan Road Middle School	210,834,912.41	129,824.58	-	210,964,736.99
Item of resettlement community of plot-9, Zhangcun village, Nancheng, Lishui	646,680,800.59	141,921,386.05	-	788,602,186.64
Xiushan Road Primary School item	88,438,375.59	34,997.96	-	88,473,373.55
Nancheng Xiaoye low hill gentle slope regulation project	1,671,191,115.57	-	-	1,671,191,115.57
Qianlong block low hill gentle slope development project item	125,322,983.74	3,289,555.56	-	128,612,539.30
Qiaoting block low hill gentle slope development and utilization project	2,255,802,883.45	4,421,841.66	-	2,260,224,725.11
Total	5,943,764,970.62	194,320,436.40	254,362,617.52	5,883,722,789.50

(14)Right of use assets

Item	right to use housing	Total
1、 Original book value		
1.Opening balance	-	-
2. Increase in current period	40,465,298.12	40,465,298.12
3. Decrease in current period	-	-
4.Ending balance	40,465,298.12	40,465,298.12
2、 Accumulated depreciation		
1.Opening balance	-	-
2. Increase in current period	406,190.14	406,190.14
(1) Provision	406,190.14	406,190.14
3. Decrease in current period	-	-
(1) Disposition	-	-
4.Ending balance	406,190.14	406,190.14
3、 Provision for impairment		
1.Opening balance	-	-
2. Increase in current period	-	-
(1) Provision	-	-
3. Decrease in current period	-	-
(1) Disposition	-	-
4.Ending balance	-	-
4、 Book value		
1. Closing book value	40,059,107.98	40,059,107.98
2. Opening book value	-	-

(15)Intangible assets

1. Details of intangible assets are as follows:

Item	Land use right	Patent right	Nonpatented technology	Concession	Software	Total
1、Original book value						
1.Opening balance	185,300,045.22	-	-	10,033,962.30	17,123,630.52	212,457,638.04
2. Increase in current period		4,900,000.00	-	-	28,301.89	4,928,301.89
(1) Purchase	-	4,900,000.00		-	28,301.89	4,928,301.89
(2) Internal R & D	-	-	-	-	-	-
(3) Increase in business combination	-	-	-	-	-	-
3. Decrease in current period	267,475.65	-	-	-	-	267,475.65
(1) Disposition	-	-	-	-	-	-
(2) Other	267,475.65	-	-	-	-	267,475.65
4.Ending balance	185,032,569.57	4,900,000.00	-	10,033,962.30	17,151,932.41	217,118,464.28
2、Accumulated amortization						
1.Opening balance	5,353,349.69	-	-	2,966,856.12	8,169,033.89	16,489,239.70
2. Increase in current period	2,082,069.05	196,000.00	-	950,062.98	1,021,023.58	4,249,155.61
(1) Provision	2,082,069.05	196,000.00	-	950,062.98	1,021,023.58	4,249,155.61
3. Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4.Ending balance	7,435,418.74	196,000.00	-	3,916,919.10	9,190,057.47	20,738,395.31
3、Provision for impairment						
1.Opening balance	-	-	-	-	-	-
2. Increase in current period	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3. Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4.Ending balance	-	-	-	-	-	-
4、Book value	-	-	-	-	-	-
1. Closing book value	177,597,150.83	4,704,000.00	-	6,117,043.20	7,961,874.94	196,380,068.97
2. Opening book value	179,946,695.53	-	-	7,067,106.18	8,954,596.63	195,968,398.34

2. There is no intellectual property with uncertain service life at the end of the period.

3. There are no intellectual property rights with limited ownership or use right at the end of the period.

4. At the end of the period, there was no land use right without property right certificate.

(16) Goodwill

1. Original book value of goodwill

Name of investee or Matters forming goodwill	Opening balance	Increase in current period	Decrease in current period	Ending balance
		Formation of business combination	Management	
Lanzhou Lishang Guochao	669,257,899.94	-	-	669,257,899.94
Harbin Weidi	587,900,564.89	-	-	587,900,564.89
Zhejiang tuopeng construction	42,900,000.00	-	-	42,900,000.00
Total	1,300,058,464.83	-	-	1,300,058,464.83

2. Provision for impairment of goodwill

Name of investee or matters forming goodwill	Opening balance	Increase in current period	Decrease in current period	Ending balance
		Provision	management	
	-	-	-	-
Total	-	-	-	-

3. Information about the asset group or combination of asset groups in which the goodwill is located

(1) Zhejiang Yuanming company, a subsidiary of the company, acquired 20% of the equity of Lanzhou Lishang Guochao company on June 24, 2020. The difference between the total acquisition consideration of RMB 1 billion and the fair value of identifiable net assets of Lanzhou Lishang Guochao company of RMB 1,653,710,500.32 is RMB 669,257,899.94. The company presents the difference as "goodwill" in the consolidated financial statements.

(2) On December 31, 2020, the company's Sun company Lishui Jiuyou partnership acquired 21.43% of the equity of Harbin Weidi company. The difference between the total acquisition consideration of RMB 750 million and the fair value of identifiable net assets of Harbin Weidi company of RMB 756,413,603.05 is RMB 587,900,564.89. The company presents the difference as "goodwill" in the consolidated financial statements.

(3) Lishui Xinrun company, a subsidiary of the company, acquired 100% equity of Zhejiang tuopeng company on July 31, 2020. The difference between the total acquisition consideration of RMB 42,900,000.00 and the fair value of identifiable net assets of Zhejiang tuopeng company of RMB 0 is RMB 42,900,000.00. The company presents the difference as "goodwill" in the consolidated financial statements.

(17)Long term deferred expenses

(1) The details of long-term deferred expenses are as follows:

Item	Opening balance	Increase in current period	Current amortization	Other decrease	Ending balance
Decoration cost of Asia Europe commercial building brand counter	838,790.85	442,477.90	328,041.14	-	953,227.61
Decoration of rented shops on the 7th floor of Silk City	3,576,831.93	716,738.22	1,254,624.92	-	3,038,945.23
Power cable channel rental fee	1,085,671.15	-	92,500.02	-	993,171.13
Decoration cost of Asia Europe commercial building office building	3,840,691.98	-	591,868.20	-	3,248,823.78
Decoration cost of Yuanwei Office	235,547.61	804,253.77	867,522.72	-	172,278.66
Green fund housing rent	-	449,107.20	224,553.60	-	224,553.60
Decoration of tuopeng Office	-	21,342.32	-	-	21,342.32
Zhongke semiconductor rent	10,000.00	55,309.73	41,248.00	-	24,061.73
Total	9,587,533.52	2,489,229.14	3,400,358.60	-	8,676,404.06

(2) Other instructions

The decoration cost of Asia Europe commercial building brand counter is the decoration cost of some well-known brands introduced by the company. According to the contracts signed with these brand dealers, the company shall bear the decoration cost of its brand counter and amortize it according to the benefit period.

(18)Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets not offset

Item	Ending balance		Opening balance	
	Deferred tax assets	Deductible temporary	Deferred tax assets	Deductible temporary
Provision for asset impairment	5,354,405.67	27,986,932.40	5,422,552.46	12,157,741.76
Tax difference of fixed assets	1,338,431.76	5,353,727.04	1,350,494.35	5,401,977.38
Accrued expenses	302,519.99	2,016,799.94	337,884.83	5,401,977.38
Recoverable loss	-	-	-	-
Non deductible property loss	-	-	-	-
Total	6,995,357.42	35,357,459.38	7,110,931.64	22,961,696.52

2. Deferred income tax liabilities not offset:

Item	Ending balance		Opening balance	
	Taxable temporary difference	Deferred Tax Liability	Taxable temporary difference	Deferred Tax Liability
Fixed assets subject to one-time pre tax deduction in 2018	95,558.36	23,889.59	177,465.32	44,366.33
Changes in fair value of other equity instrument investments	80,356.27	20,089.07	-	-
Total	175,914.63	43,978.66	177,465.32	44,366.33

2. There are no unrecognized deferred income tax assets at the end of the period.

(19)Other non current assets

Item	Ending balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for project	310,891.05	-	310,891.05	313,891.05	-	313,891.05
Prepayment for product and software development	3,784,095.35	-	3,784,095.35	2,747,199.98	-	2,747,199.98
Total	4,094,986.40	-	4,094,986.40	3,061,091.03	-	3,061,091.03

(20) Short term loan

1. Classification of short-term borrowings

Item	Ending balance	Opening balance
Credit loan	-	-
Mortgage loan	152,219,521.11	-
Guaranteed loan	400,000,000.00	500,172,944.44
Pledge loan	-	-
Total	552,219,521.11	500,172,944.44

2.Details of short-term borrowings

（1）2021.6.30

Loan bank	Loan term		2021.6.30		Loan conditions	Usage of loan
	Loan date	Repayment date	Interest rate	Principal		
Industrial Bank Yiwu Branch	2021-1-8	2022-1-8	One year LPR+0.735	200,000,000.00	Guaranteed loan	Working capital loan
Industrial Bank Yiwu Branch	2021-1-4	2022-1-4	One year LPR+0.65	200,000,000.00	Guaranteed loan	Working capital loan
Bank of Lanzhou Zhongshan sub branch	2020-7-20	2021-7-20	5.66	100,000,000.00	Mortgage loan	Working capital loan
Bank of Lanzhou Zhongshan sub branch	2021-6-21	2022-6-17	5.20	52,000,000.00	Mortgage loan	Working capital loan

Note: the short-term loan interest of Bank of Lanzhou Zhongshan branch from June 21, 2021 to June 30, 2021 is 219,521.11 yuan, and the borrower is Lanzhou Asia Europe Commercial Building Co., Ltd.

(2) There is no overdue short-term loan at the end of the period.

(21)Notes payable

Category	Ending balance	Opening balance
Bank acceptance bill	-	5,007,253.85
Total	-	5,007,253.85

There are no bills payable due and unpaid at the end of the period。

(22)Accounts payable

(1) Accounts payable listed by aging are as follows:

Item	Ending balance	Opening balance
Within 1 year (including 1 year)	162,931,615.48	167,858,574.63
1-2 years (including 2 years)	74,234,566.79	94,191,995.70
2-3 years (including 3 years)	-	-
More than 3 years	-	-
Total	237,166,182.27	262,050,570.33

(2) The top five accounts payable are listed as follows:

Item	Ending balance	Reasons for outstanding or carried forward
Zhejiang Construction Engineering Group Co., Ltd	115,075,412.00	Unsettled
Zhejiang Zhongnan Construction Group Co., Ltd	20,825,373.46	Unsettled
Zhejiang Lishui Jiacheng Concrete Co., Ltd	7,801,349.67	Unsettled
Schindler (China) Elevator Co., Ltd	4,091,982.00	Unsettled
Zhejiang Lijing Construction Labor Service Co., Ltd	3,942,919.04	Unsettled
Total	151,737,036.17	

(23)Advances received

Item	Ending balance	Opening balance
Rent received in advance	12,382,983.58	6,262,033.45
Parking fee collected in advance	653,424.70	1,199,671.48
Land lease fee received in advance	3,619,777.24	4,461,362.61
Other funds received in advance	70,224.34	-
Total	16,726,409.86	11,923,067.54

Note: the opening balance of advance receipts is inconsistent with that of the previous period. Reason: the new income standard is adopted this year, and some advance receipts are reclassified to contract liabilities.

(24)Contractual liabilities

Item	Ending balance	Opening balance
Land payment received in advance	226,703,645.00	156,426,641.56
Advance collection and sale of houses	153,572,139.88	415,555,518.19
Advance payment	136,931,905.92	54,729.31
Construction funds received in advance	130,282,520.00	130,035,983.00
Other	3,726,741.09	1,225,221.36
Total	651,216,951.89	703,298,093.42

(25)Taxes payable

Item	Ending balance	Opening balance
value added tax	64,245,971.63	67,544,481.83
Sales Tax	44,681,189.98	44,681,189.98
Urban construction tax	9,712,965.22	9,625,631.64
Education surcharge	4,143,968.93	4,114,569.12
Local education additional	2,794,365.91	2,761,384.59
Corporate income tax	130,932,543.42	131,378,533.17
Individual income tax	185,511.84	291,738.20
Stamp duty	1,520,964.92	1,910,277.47
Excise tax	287,280.15	342,734.35
Property tax	10,862,681.07	1,499,642.51
Land use tax	231,266.83	98,221.47
Other	688.29	-
Total	269,599,398.19	264,248,404.33

(26)Other payables

Item	Ending balance	Opening balance
Interest payable	-	-
Dividends payable	1,823,030.95	3,423,030.95
Other payables	1,621,755,196.97	2,017,156,788.27
Total	1,623,578,227.92	2,020,579,819.22

1. Other payables are listed as follows according to their nature:

Item	Ending balance	Opening balance
Item	644,279,068.85	709,334,432.94
Performance bond	946,250,255.33	1,286,538,207.73
Provisional accounts payable	14,811,829.14	3,436,186.26
deposit	18,237,074.60	21,270,992.29
Total	1,623,578,227.92	2,020,579,819.22

2. Other payables are listed by aging as follows:

Aging	Ending balance	Opening balance
Within 1 year (including 1 year)	722,643,072.19	1,294,172,602.36
1-2 years (including 2 years)	499,500,580.55	706,220,135.03
2-3 years (including 3 years)	390,969,665.94	10,894,511.72
More than 3 years	10,464,909.24	9,292,570.11
Total	1,623,578,227.92	2,020,579,819.22

3.Top five other payables:

Name of the company	Relationship with the company	Amount of money	Item properties	Proportion in total other payables (%)
Lishui Tourism Investment Development Co., Ltd	Non related parties	486,000,000.00	Current account	29.93
Lishui hi tech Financial Investment Holding Co., Ltd	Non related parties	313,031,000.00	Current account	19.28
Lishui Nancheng Construction Co., Ltd	Non related parties	182,560,900.66	Current account	11.24
Zhejiang Zhongli Construction Co., Ltd	Non related parties	46,529,030.00	bond	2.87
Blue city real estate construction management group Co., Ltd	Non related parties	4,080,000.00	bond	0.25
Total		1,032,200,930.66		63.58

(27)Non current liabilities due within one year

1. Non current liabilities due within one year are listed as follows:

Item	Ending balance	Opening balance
Non current liabilities due within one year	1,980,583,030.03	1,031,299,077.79
Total	1,980,583,030.03	1,031,299,077.79

2. Classification by borrower:

Loan unit	Ending balance	Opening balance
Bohai International Trust Co., Ltd	355,000,000.00	240,000,000.00
Zhejiang Fuzhe Financial Leasing Co., Ltd	-	25,000,000.00
China Construction Bank Lishui Economic Development Zone sub branch	190,000,000.00	190,000,000.00
Agricultural Development Bank of China Lishui branch	92,000,000.00	63,500,000.00
Bank of Hangzhou	800,000,000.00	300,000,000.00
YONGYING Financial Leasing Co., Ltd	20,000,000.00	20,000,000.00
China Resources SDIC Trust Co., Ltd	-	160,000,000.00
Huaxia Bank Lishui branch	2,000,000.00	2,000,000.00
Bank of communications Lishui branch	34,990,000.00	30,000,000.00
Shanghai Fuxiao Finance Leasing Co., Ltd	200,000,000.00	-
Guolong juntu Financial Leasing Co., Ltd	285,800,000.00	-
Long term loan interest of Bank of Lanzhou Zhongshan sub branch	409,722.22	458,333.33
Long term loan interest of Huaxia Bank Xixi sub branch	383,307.81	340,744.46
Total	1,980,583,030.03	1,031,299,077.79

(28) Long term loan

1. Classification by long-term loan category:

Item	Ending balance	Opening balance
Pledge loan	1,144,000,000.00	1,654,500,000.00
Mortgage loan	803,500,000.00	935,409,709.05
Guaranteed loan	1,498,589,709.05	2,700,493,311.00
Credit loan	1,080,000,000.00	880,000,000.00
Other borrowings	-	-
Total	4,526,089,709.05	6,170,403,020.05

Note: (1) details of pledged loans

As of June 30, 2021, the balance of pledged loans was 1554 million yuan, of which the balance of loans belonging to Lishui Nancheng New Area Investment Development Co., Ltd. and its subsidiaries was 352.5 million yuan. It is a loan from

Zhejiang Lishui Development Zone sub branch of China Construction Bank, with a loan balance of RMB 260 million, loan contract No.: 694600002 (2016) 085, and set a pledge with accounts receivable (payer of accounts receivable: Finance Bureau of Lishui Economic and Technological Development Zone, amount: RMB 1,478,795,500.00); The loan from Lishui branch of Agricultural Development Bank of China has a balance of 35 million yuan and 57.5 million yuan, of which 35 million yuan is the balance. The loan contract number is 33119901-2016 (Liying) Xue No. 0014. The accounts receivable under the agreement on purchasing services entrusted by the item of Xiushan Road Primary School in Lishui Economic Development Zone (the payer of accounts receivable: Lishui Municipal People's government, amount: 104.168 million yuan) ： The balance is 57.5 million yuan. The loan contract No.: 33119901-2016 (Liying) Xue No. 0019. The receivables under the purchase service agreement entrusted by the item of Jiangnan Road middle school in Lishui Economic Development Zone (the payer of the receivables: Lishui Municipal People's government, amount: 259,972,800.00 million yuan), of which the pledged loan due within one year is 410million yuan.

(2) Mortgage loan details

As of June 30, 2021, the balance of mortgage loans was 832 million yuan, of which 387 million yuan was attributable to Lishui Nancheng New Area Investment Development Co., Ltd. and its subsidiaries: it was a loan from Lishui branch of Agricultural Development Bank of China, mortgage contract No.: 694600002 (2012) 035, of which 28.5 million yuan was due within one year.

(3) Guaranteed loan details

As of June 30, 2021, the guaranteed loan balance is 2,055,579,700.00 yuan, of which 1,655,170,000.00 yuan belongs to Lishui Nancheng New Area Investment Development Co., Ltd. and its subsidiaries: it is guaranteed by Lishui Nancheng Construction Co., Ltd. and its subsidiaries on the loan contract (2019yyzl020055-zl-01, 2020 Lizhong Jing Yin He Ren Dai Zi No. 002, 182c110202000002, 564002a20070001, etc.), The guaranteed loan due within one year is 555.99 million yuan. The loan balance attributable to Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. and its subsidiaries is 330,409,700.00 yuan, and the loan of 100 million yuan from Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. is guaranteed by its subsidiary Lishui low hill gentle slope comprehensive development Co., Ltd. (Contract No.: LS01 (gaobao) 20200015), of which 1 million yuan is due within one year.

2.Details of long-term borrowings:

Loan unit	Ending balance	Opening balance
Bohai International Trust Co., Ltd	470,000,000.00	815,000,000.00
Shanghai Fuxiao Finance Leasing Co., Ltd	-	200,000,000.00
Guolong juntu Financial Leasing Co., Ltd	-	285,800,000.00
Zhejiang Fuzhe Financial Leasing Co., Ltd	-	-
China Development Bank Zhejiang Branch	-	-
Agricultural Bank of China Lishui Economic Development Zone sub branch	540,000,000.00	1,215,523,311.00
China Construction Bank Lishui Economic Development Zone sub branch	240,000,000.00	242,000,000.00
Bank of China Lishui Economic Development Zone sub branch	501,170,000.00	311,170,000.00
Zhejiang Chouzhou bank Lishui sub branch	-	-
Bank of Wenzhou Lishui sub branch	-	-
Agricultural Development Bank of China Lishui branch	387,500,000.00	386,000,000.00
Bank of Hangzhou	100,000,000.00	500,000,000.00
YONGYING Financial Leasing Co., Ltd	40,000,000.00	50,000,000.00
Bank of Ningbo Lishui branch	980,000,000.00	880,000,000.00
China Resources SDIC Trust Co., Ltd	-	-
Huaxia Bank Lishui branch	196,500,000.00	198,000,000.00
Bank of communications Lishui branch	460,010,000.00	480,000,000.00
ICBC Lishui Development Zone sub branch	130,909,709.05	126,909,709.05
Bank of Lanzhou Zhongshan sub branch	250,000,000.00	250,000,000.00
Huaxia Bank Xixi sub branch	230,000,000.00	230,000,000.00
Total	4,526,089,709.05	6,170,403,020.05

(29)Bonds payable

Category	Term	Issue date	Interest period	Total face value	Interest adjustment	Ending balance
19 Nantou 01	3 years	2019-12-13	2019	1,500,000,000.00	-9,622,641.51	1,490,377,358.49
19 Lishui Nancheng PPN001	3 years	2019-5-23	2019	600,000,000.00	-	600,000,000.00
20 Li Tou 01	3 years	2020-6-15	2020	1,100,000,000.00	-7,056,603.77	1,092,943,396.23
20 Lishui Nancheng PPN001	5 years	2020-10-26	2020	870,000,000.00	-	870,000,000.00
Total	-	-	-	4,070,000,000.00	-16,679,245.28	4,053,320,754.72

(30) Paid in capital

Name of shareholder	Opening balance	Increase in current period	Decrease in current period	Ending balance
Lishui Economic and Technological Development	300,000,000.00	-	-	300,000,000.00
Total	300,000,000.00	-	-	300,000,000.00

(31)Capital reserve

Item	Opening balance	Increase in current	Decrease in current	Ending balance
Appropriation transfer in	1,476,000,000.00	-	-	1,476,000,000.00
other	7,056,507,544.52	-	-	7,056,507,544.52
Total	8,532,507,544.52	-	-	8,532,507,544.52

(32)Undistributed profit

Item	Ending balance	Opening balance
Balance at the beginning of the current	440,946,430.50	296,810,700.78
Add: changes in accounting policies	-	-
Accounting Error Correction	-	-
Other adjustments	-	-
Undistributed profit at the beginning of	440,946,430.50	296,810,700.78
Increase in current period	20,945,424.46	144,135,729.72
Including: net profit transfer in current	20,945,424.46	144,135,729.72
Other adjustment factors	-	-
Decrease in current period	-	
Including: surplus reserve withdrawn	-	
General risk reserves	-	
Cash dividends distributed in	-	-
Converted capital	-	-
Other decrease	-	-
Ending balance in current period	461,891,854.96	440,946,430.50

(33)Operating income and operating costs

Detailed presentation of main business income:

Item	Current amount	
	Income	Costs
1. Subtotal of main business	1,691,917,178.27	1,438,639,682.23
Land arrangement	-	-
Construction construction	100,696,429.77	97,828,569.02
Property income	4,655,872.78	3,479,003.42
Human resources services	11,713,131.43	10,404,378.28
Commodity sales revenue	878,964,981.83	826,172,949.56
Real estate sales	473,112,718.99	436,648,841.51
Real estate lease	18,168,904.66	12,391,698.73
Advertising services	2,279,426.37	1,697,282.38
Professional market management	198,275,965.76	45,280,157.02
Catering room business	4,049,746.68	4,736,802.31
2. Subtotal of other operations	19,100,333.64	325,963.21
Total	1,711,017,511.91	1,438,965,645.44

（Continued）

Item	Amount incurred in the previous period	
	Income	Costs
1. Subtotal of main business	108,094,349.59	15,729,269.38
Land arrangement	-	-
Construction construction	886,533.01	-
Property income	-	-
Human resources services	-	-
Commodity sales revenue	-	-
Real estate sales	72,738,502.59	46,099.50
Real estate lease	4,431,227.12	2,644,578.94
Advertising services	9,754,450.82	7,821,112.89

Item	Amount incurred in the previous period	
	Income	Costs
Professional market management	19,192,075.45	3,998,569.05
Catering room business	1,091,560.60	1,218,909.00
2. Subtotal of other operations	183,086,325.90	162,200,569.56
Total	291,180,675.49	177,929,838.94

(34)Taxes and surcharges

Item	Current amount	Amount incurred in the previous period
Urban maintenance and construction tax	1,608,028.85	163,886.17
Education surcharge	701,600.50	76,824.52
Local education surcharges	446,970.77	52,900.90
Land value added tax	20,529,993.74	13,227,882.02
Urban land use tax	7,234,115.35	9,793,591.82
Excise tax	2,868,232.42	-
Property tax	18,220,563.30	834,709.47
Vehicle and vessel tax	3,243.84	-
Stamp duty	1,079,533.49	639,782.90
Other	2,998.28	-
Total	52,695,280.54	24,789,577.80

(35)Selling expenses

Item	Current amount	Amount incurred in the previous period
Employee compensation	12,634,650.26	-
Amortization of long-term deferred expenses	1,012,409.36	-
Water and electricity	1,621,751.38	-
Advertising expenses	2,221,782.25	3,141.51
Property management fee	2,845,110.91	-
Heating fuel power cost	273,380.70	-
Travel expenses	846,207.68	-
Other	1,243,529.67	-
Office expenses	13,721.63	-
Freight	313,873.14	-
Depreciation charge	73,445.43	-
Maintenance cost	259,238.06	-
Storage fee	4,733.45	-
Rental fee	129,265.90	-
Total	23,493,099.82	3,141.51

(36)Administrative expenses

Item	Current amount	Amount incurred in the previous period
Depreciation charge	30,048,674.90	3,405,770.36
Amortization of intangible assets	2,853,761.91	-
Consulting fee	1,292,919.10	626,478.40
Wages	25,070,184.95	4,577,905.23
Property management fee	36,222.65	610,575.47
Assessment fee	6,800.00	658,745.65
Other expenses	3,868,296.27	1,120,572.64
Legal audit service fee	2,158,089.21	119,558.64
Office expenses	1,509,260.76	215,150.30
Social insurance premium	765,447.92	276,328.07
Welfare funds	228,288.05	145,941.40
Employee housing accumulation fund	510,995.00	468,250.00
Maintenance cost	2,773.94	-1,000.00
Water and electricity	4,725.85	94,452.80
Trade union funds	27,576.70	66,240.00
Amortization of billboard rental fee	-	-
Party organization activity fee	5,800.00	13,362.75
Travel expenses	250,884.71	79,474.10
Deposit for the disabled	-	-
Business entertainment expenses	1,225,391.40	23,762.80
Vehicle funds	47,423.55	13,931.40
Testing fee	-	24,083.02
Communication fee	5,176.25	2,222.93
Sstaff training expense	43,095.66	15,596.22
Taxation	-	109.92
House rental fee	543,679.85	171,600.00
Labor cost	606,099.99	502,552.89
Management expense	4,000,000.00	1,341,631.50
Total	75,111,568.62	14,573,296.49

(37)Research and development costs

Item	Current amount	Amount incurred in the previous period
Office	42,634.85	-
Travel	172,607.91	-
Wage and welfare	3,909,532.15	-
Housing accumulation fund	125,684.00	-
Social insurance premiums	734,622.14	-
Cost of raw materials	347,783.55	-
Software amortization	997,690.42	-
Depreciation of fixed assets	1,860,413.01	-
Detect cost	71,662.76	-
Maintenance fee	796,780.47	-
Fuel	127,842.99	
Power	229,693.27	
Equipment rental fee	3,333.50	
Total	9,420,281.02	-

(38)Financial expenses

Item	Current amount	Amount incurred in the previous period
Interest expense	25,218,088.23	24,878,728.82
Less: interest income	14,552,801.51	7,046,721.69
bank charges	993,838.93	325,125.64
Total	11,659,125.65	18,157,132.77

(39)Other income

Item	Current amount	Amount incurred in the previous period
VAT input tax plus deduction	478,829.15	-
grants related to income	606,453.22	-
Additional deduction of input tax	8,500.00	-
Tax refund	918,760.16	-
Individual income tax return	42,983.95	-
Total	2,055,526.48	-

(40)Investment income

Item	Current amount	Amount incurred in the previous period
Long term equity investment income accounted by equity method	-2,732,066.30	-
Investment income from disposal of long-term equity investment	-	-
Investment income of trading financial assets during holding period	-	-
Dividend income from other equity instrument investments during the holding period	-	-
Interest income from debt investment during holding period	-	-
Interest income from other debt investments during the holding period	17,789,106.98	-
Investment income from disposal of trading financial assets	-	-
Investment income from disposal of other equity instrument investments	-	-
Investment income from disposal of debt investment	-	-
Investment income from disposal of other debt investments	-	-
Investment income during the holding period of financial instruments	3,156,234.00	-
Total	18,213,274.68	-

(41)Credit impairment loss

Item	Current amount	Amount incurred in the previous period
1、 Bad debt loss	2,420,799.56	-
2、 Other impairment losses	-	-
Total	2,420,799.56	-

(42)Asset impairment loss

Item	Current amount	Amount incurred in the previous period
1.Bad debt loss	-	-
2.Inventory depreciation loss and contract performance cost impairment loss	-35,949.66	-
3.Impairment loss of long-term equity investment	-	-
4.Impairment loss of investment real estate	-	-
5.Impairment loss of fixed assets	-	-
6.Impairment loss of engineering materials	-	-
7.Impairment loss of construction in progress	-	-
8.Impairment loss of productive biological assets	-	-
9.Impairment loss of oil and gas assets	-	-
10.Impairment loss of intangible assets	-	-
11.Goodwill impairment loss	-	-
12.Other	-	-
Total	-35,949.66	-

(43)Non operating income

Item	Current amount	Amount incurred in the previous period
Government grants	414,312.01	1,308,141.76
Liquidated damages	-	596,862.51
Fine income	138416.69	14,585.17
Unpaid amount	-	0.00
Other	234,947.48	200,498.55
Total	787,676.18	2,120,087.99

(44)Non operating expenses

Item	Current amount	Amount incurred in the previous period
Debt restructuring losses	-	-
Donation expenditure	100,000.00	-
Loss on damage and scrapping of non current assets	-	-
Compensation and penalty	319,120.75	-
Other	1,502.25	23,412.17
Total	420,623.00	23,412.17

(45)Income tax expense

Item	Current amount	Amount incurred in the previous period
Current income tax calculated according to tax law and relevant regulations	41,775,742.13	83,180.69
Deferred income tax adjustment	45,872.43	-
Total	41,821,614.56	83,180.69

(46)Notes to cash flow statement

1.Supplementary information of cash flow statement

Supplementary information	Current amount	Amount incurred in the previous period
1. Adjusting net profit to cash flow from operating activities:		
Net profit	80,900,390.10	57,741,183.11
Provision for impairment	35,949.66	-
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	66,169,857.30	3,319,464.52
Amortization of intangible assets	4,167,086.56	-
Amortization of long-term deferred expenses and long-term assets	3,400,358.60	-
Losses from disposal of fixed assets, intangible assets and other long-term assets (less: income)	-	-
Loss on retirement of fixed assets	-	-

Supplementary information	Current amount	Amount incurred in the previous period
Loss from changes in fair value (less: income)	-28,789.60	-
Financial expenses	272,957,351.67	157,117,087.22
Investment loss (less: income)	-	-
Decrease in deferred income tax assets (less: increase)	115,574.22	-
Increase in deferred income tax liabilities (less: decrease)	-88,344.99	-
Decrease in inventories (less: increase)	599,964,890.79	-246,533,803.42
Decrease in operating receivables (less: increase)	17,238,228.07	-554,320,950.51
Increase in operating items payable (less: decrease)	315,793,293.14	463,853,484.30
Other		-
Net cash flow from operating activities	1,360,625,845.52	-118,823,534.78
2. Investment and financing activities not involving cash receipts and payments		
Debt to capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under finance lease	-	-
3. Net increase in cash and cash equivalents:		
Ending balance of cash	1,331,602,480.23	1,642,289,256.33
Less: opening balance of cash	2,483,041,406.91	1,088,757,130.10
Plus: ending balance of cash equivalents		-
Less: opening balance of cash equivalents		-
Net increase in cash and cash equivalents	-1,151,438,926.68	553,532,126.23

Note 8.Change of consolidation scope

(1)Business combination not under the same control

There was no business combination not under the same control in June 2021.

(2)Business combination under the same control

There was no business combination under the same control in June 2021.

(3)Newly established subsidiaries of the company

Lishui jinxun Equity Investment Co., Ltd.: 99% holding, company domicile: 11 / f-123, building 15, International Auto City, 309 Lvgu Avenue, nanmingshan street, Liandu District, Lishui City, Zhejiang Province, business scope of the subsidiary: enterprise management; Equity investment; Asset management services invested by its own funds.

The company was jointly established by Lishui Nancheng New Area Investment Development Co., Ltd. (49.00%) and Lishui green industry development fund Co., Ltd. (50.00%) on March 1, 2021.

Note 9.Equity in other entities

(1) Equity in subsidiaries

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
	Lishui Nancheng Xinlan Housing Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Affordable housing construction; Shanty town construction; Urbanization construction	Direct	Indirect	
1	Lishui Nancheng Xinrun development and Construction Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Investment, construction, operation and management of urban infrastructure and public utilities; Land consolidation and comprehensive development	100.00		Investment establish
2	Lishui Zhongke semiconductor material Research Center Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Semiconductor materials, devices and integrated circuit products; Instrument products	100.00		Investment establish
3	Lishui Nancheng New Area Investment Development Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Construction of urban infrastructure and social public facilities; asset management	51.00		Investment establish
4	Ningbo Xinrun Yuanfa Construction Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Urban infrastructure construction, construction and project construction contracting; Project agent	100.00		Investment establish
5	Lishui Xinrun Yuansheng Market Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Market construction, development and management; Market stall rental and cleaning services		100.00	Investment establish
6	Zhejiang tuopeng Construction Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	General contracting of housing construction and municipal infrastructure project		51.00	Investment establish
7	Lishui low hill gentle slope comprehensive development Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Low hill gentle slope item development; Infrastructure construction		100.00	Investment establish
8	Lishui Yuanxin commercial Comprehensive Service	Lishui, Zhejiang	Lishui, Zhejiang	Commercial comprehensive services, outsourcing services and labor		100.00	Investment establish

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
					Direct	Indirect	
9	Zhejiang Yuanjia Jinfu Property Service Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	estate management; House repair, water and electricity installation and maintenance services		100.00	Investment establish
10	Lishui green industry development fund Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Industrial investment and investment management		55.00	Investment establish
11	Lishui Yuanwei Reserve Land Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Temporary development and utilization of reserved land and daily inspection and management		99.8004	Investment establish
12	Lishui Yuanyou Culture Communication Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Advertising production and operation		51.00	Investment establish
13	Lishui Yuanxu new energy Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Development of solar energy, wind energy, hydropower, electric vehicles, energy-saving technology, photovoltaic technology, lighting technology, etc		55.00	Investment establishestablish
14	Lishui yuanneng Electronic Materials Research Institute	Lishui, Zhejiang	Lishui, Zhejiang	R & D, design, production, sales and technical services of semiconductor materials, electronic materials, integrated circuits, automatic control equipment, etc		51.00	Investment establish
15	Zhejiang Yuanming Holding Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Holding company services; Equity investment, etc		80.00	Investment establish
16	Zhejiang Yuanhao International Trade Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Sales of building materials; Non ferrous alloy sales; Sales of chemical products, import and export of goods and technology, etc		85.00	Investment establish
17	Lishui Yuanqi Enterprise Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	business management; Equity investment; Venture capital, etc		51.00	Investmentes tablishment
18	Lanzhou Lishang Guochao Industrial Group Co., Ltd	Lanzhou, Gansu	Lanzhou, Gansu	Department stores, restaurants and hotels in Lanzhou, and professional market management in Hangzhou and Nanjing.		50.50505	Investment establish
19	Lishui Jiuyou equity investment fund partnership (limited partnership)	Lishui, Zhejiang	Lishui, Zhejiang	Equity investment; Information consulting services		20.00	Business combination not under the same control

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
	Lishui Nancheng Xinlan Housing Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Affordable housing construction; Shanty town construction; Urbanization construction	Direct	Indirect	
20	Harbin Weidi Electronics Co., Ltd	Heilongjiang Harbin	Heilongjiang Harbin	R & D, design, manufacturing and sales of automotive electronic products		99.00	Investment establish
21	Name of subsidiary	Place of registration	Main place of business	Nature of business		21.43	Business combination not under the same control
22	Lishui jinxun Equity Investment Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Equity investment; Asset management services invested by self owned funds		99.00	Investmentes tablishment

(2)Equity in joint arrangements or associates

1.Important joint ventures or associates

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
	Lishui Nancheng Xinlan Housing Management	Lishui,	Lishui,	Affordable housing construction; Shanty town construction;	Direct	Indirect	
	Joint venture						
1	Lishui Jiaotou construction industrialization	Lishui, Zhejiang	Lishui, Zhejiang	Ready mixed commercial concrete, standard prefabricated components for housing construction (PC	20.00		Equity method accounting
2	Lishui Nancheng Zhejiang Petroleum Comprehensive Energy	Lishui, Zhejiang	Lishui, Zhejiang	Food business; Retail of tobacco products; Accommodation services; Food and Beverages; Lubricating	49.00		Equity method accounting
3	Lishui Tianji equity investment partnership (limited partnership)	Lishui, Zhejiang	Lishui, Zhejiang	Equity investment, venture capital		98.75	Equity method accounting
4	Beijing Xiaoyao erchang Culture Communication Co., Ltd	Beijing	Beijing	Radio and television program production; Theatrical performances; Performance broker		25.00	Equity method accounting
5	Beijing Ruili Digital Technology Co., Ltd	Beijing	Beijing	E-commerce technical services; Software development; Organize cultural and artistic exchange activities		10.00	Equity method accounting

Notes: (1) description of the situation where the shareholding ratio in the joint venture or associated enterprise is different from the voting right ratio:

The consolidated shareholding ratio of the company to Lishui Tianji equity investment partnership (limited partnership) is 98.75%, that of Lishui Nantou company is 36.25%, that of Hangzhou Huanbei Silk Garment City Co., Ltd. (Lanzhou Lishang Guochao subsidiary) is 62.50%, and that of Hangzhou Chenghe Venture Capital Co., Ltd. is 1.25%. The reason why it is not included in the merger is that the company does not have substantive control over Lishui Tianji equity investment partnership (limited partnership). Hangzhou Chenghe Venture Capital Co., Ltd. is the general partner and executive partner. The agreement stipulates that the executive partner has the right to invest, manage, use and dispose of the property of the partnership and accept the supervision of the limited partners.

(3) Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but not having significant influence: the company holds 10.00% of the equity of Beijing Ruili company, but the company has a representative on the board of directors of Beijing Ruili company and enjoys substantive decision-making power accordingly. The company can participate in Beijing Ruili company through the representative The formulation of the company's financial and operating policies can exert a significant impact on Beijing Ruili company.

Note 10.Contingencies

1. As of June 30, 2021, major litigation or arbitration matters of the company are as follows;

Wang Yuhong, Wei Hongsheng and fan bin of Lanzhou Lishang Guochao company require the company to bear economic compensation, economic compensation, wages for unused annual leave and overtime pay of 694,091.10 yuan, 781,171.37 yuan and 1,197,714.20 yuan respectively for the termination of labor contract, economic compensation, compensation and other labor disputes with the company. After the arbitration by the labor and personnel dispute arbitration commission of Chengguan District, Lanzhou City, the arbitration request of the three persons was rejected, and the three persons refused to accept the lawsuit and went to the people's Court of Chengguan District, Lanzhou city. As of the balance sheet date, the above cases are still under trial.

2. As of June 30, 2021, the external guarantees of the company are as follows:

Lanzhou Lishang Guochao company provided mortgage guarantee for house purchase. As of the balance sheet date, the company provided phased mortgage loan guarantee for office building offtakers, with a total guarantee balance of RMB 177,780,000.00.

Note 11.Events after the balance sheet date

Nothing

Note 12.Related parties and related transactions

(1) Related relationship

1. Parent company of the enterprise

The Management Committee of Lishui Economic and Technological Development Zone is the controlling shareholder of the company, and the shareholding and voting rights of the company are 100%.

2. Subsidiaries of the enterprise

See "Note 9. equity in other entities" in this note for details of the company's subsidiaries.

3. Joint ventures and associated enterprises of the company

See "Note 9. equity in other entities" in this note for details of the company's subsidiaries.

4. Details of directors, supervisors and senior managers

Full name	Post	Gender
Ye Mao	Director, vice chairman (presiding over the work) and legal representative	Male
Ji Xiaoli	Director	Male
Liu Gaoshen	Director, vice chairman and Deputy General Manager (presiding over the work)	Male
Zhang Hehuan	Director	Male
Tang Qiaomin	Supervisory board chairman	Female
Li Yeqing	Supervisor	Male
Cai Junrui	Supervisor	Male

(2)Related party transactions

1. Related party transactions of purchasing and selling goods, providing and receiving labor services

Name of related party	Content of related party transactions	Current amount	Amount incurred in the previous period
Lishui Economic and Technological Development Zone Management Committee	Land arrangement	-	70,456,291.80
Lishui Economic and Technological Development Zone Management Committee	Real estate sales	87,643,240.33	369,408,133.27

2.Except for the above "1" related party transactions, there are no other related party transactions

(3)Receivables and payables of related parties

Item and related party name	Ending balance		Opening balance	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Lishui Economic and Technological Development Zone Management Committee	139,626,503.97	-	411,226,503.98	-
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	21,159,057.50	-	21,159,057.50	-

Note 13.Assets with limited ownership or use rights

Item	Land certificate	Closing book value	Restricted reason
Construction land of Nancheng apartment item in Lishui Economic and Technological Development Zone	Zhe (2019) Lishui real estate property right No. 0012903	538,029,900.00	Agricultural Bank of China Lishui branch borrowed 570 million yuan and used the project construction land as collateral (Nantou company)
Monetary Fund		28,099,907.93	Mortgage deposit and prepaid card custodian funds (Lanzhou Lishang Guochao company)
fixed assets		90,030,599.48	As collateral for bank loans (Lanzhou Lishang Guochao company)
Investment real estate		636,926,191.40	As collateral for bank loans (Lanzhou Lishang Guochao company)
Total		1,293,086,598.81	

Note 14.Notes to major items in the accounting statements of the parent company

(1)Other receivables

1.Other receivables disclosed by category

Category	Ending balance			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for	622,094,211.45	100.00	-	-
Other receivables with provision for bad debts by	-	-	-	-
Including: aging portfolio	-	-	-	-
Total	622,094,211.45	100.00	-	-

(Continued)

Category	Opening balance			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for	330,990,411.45	100.00	-	-
Other receivables with provision for bad debts by	-	-	-	-
Including: aging portfolio	-	-	-	-
Total	330,990,411.45	100.00	-	-

2. Other receivables in the top five of ending balance collected by other receivables:

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Lishui Nancheng Construction Co., Ltd	Non related parties	296,093,800.00	1-2 years	47.60
Lishui Development Zone Urban Construction Investment Co., Ltd	Non related parties	215,000,000.00	Within 1 year	34.56
Lishui Nancheng New Area Investment Development Co., Ltd	Related parties	100,000,000.00	Within 1 year	16.07
Lishui Nancheng Xinrun development and Construction Co., Ltd	Related parties	10,000,000.00	Within 1 year	1.61
Lishui Xinze Industrial Service Co., Ltd	Non related parties	1,000,000.00	1-2 years	0.16
Total		622,093,800.00		100.00

(2)long term equity investment

1. Long term equity investment:

Item	Ending balance		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	911,100,000.00	-	911,100,000.00
Investment in associates and joint ventures	-	-	-
Total	911,100,000.00	-	911,100,000.00

（Continued）

Item	Opening balance		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	907,700,000.00	-	907,700,000.00
Investment in associates and joint ventures	-	-	-
Total	907,700,000.00	-	907,700,000.00

2.Investment in subsidiaries and affiliated enterprises

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for
Lishui Nancheng Xinlan Housing Management Co., Ltd	300,000,000.00	-	-	300,000,000.00	-
Lishui Nancheng Xinrun development and Construction Co., Ltd	50,000,000.00	-	-	50,000,000.00	-
Lishui Zhongke semiconductor material Research Center Co., Ltd	1,700,000.00	3,400,000.00	-	5,100,000.00	-
Lishui Nancheng New Area Investment Development Co., Ltd	556,000,000.00	-	-	556,000,000.00	-
Total	907,700,000.00	3,400,000.00	-	911,100,000.00	-

Enterprise name: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Person in charge of the company: Person in charge of accounting: Head of accounting organization:

Date: Date: Date:

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

姓名 Full name 孙志军
性别 Sex 男
出生日期 Date of birth 1972-01-10
工作单位 Working unit
身份证号码 Identity card No. 420111197201104079



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年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

证书编号：
No. of Certificate 420003074354

批准注册协会：
Authorized Institute of CPAs 湖北省注册会计师协会

发证日期：
Date of Issuance 2002 年 10 月 26 日

孙志军
420003074354
深圳市注册会计师协会

2004年7月1日 新报社



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No. of Certificate
474201630023

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Authorized Institute of CPAs
深圳市注册会计师协会

发证日期:
Date of Issuance
年 2019 月 04 日 25

4

年度检验登记
Annual Renewal Registration

本证书 This cert 一年, this rene after

刘铭哲
474701630023
深圳市注册会计师协会

年 月 日

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THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会

深证协秘字[2021]75号

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

深圳计恒会计师事务所有限公司

转出协会盖章
Stamp of the transferred-out Institute of CPAs
2021 年 8 月 13 日

同意调入
Agree the holder to be transferred to

亚太(集团)会计师事务所(特殊普通合伙)深圳分所

转入协会盖章
Stamp of the transferred-in Institute of CPAs
2021 年 8 月 13 日

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注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所 CPAs

转出协会盖章
Stamp of the transferred-out Institute of CPAs
年 月 日

同意调入
Agree the holder to be transferred to

事务所 CPAs

转入协会盖章
Stamp of the transferred-in Institute of CPAs
年 月 日

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姓 名 Full name 刘铭哲
性 别 Sex 女
出生日期 Date of birth 1983-12-14
工作单位 Working unit 深圳计恒会计师事务所有限公司
身份证号码 Identity card No. 410411198312145545

统一社会信用代码

91110000785632412

营业执照

（副 本）(6-2)

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　亚太（集团）会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　赵庆军

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年09月02日

合伙期限　2013年09月02日 至 长期

主要经营场所　北京市丰台区丽泽路16号院3号楼20层2001

登记机关　北京市丰台区市场监督管理局 11010[illegible]944520

2021年 07月 21日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



会计师事务所

执业证书

名　　称：亚太（集团）会计师事务所（特殊普通合伙）

首席合伙人：赵庆军

主任会计师：

经营场所：北京市丰台区丽泽路16号院3号楼20层2001

组织形式：特殊普通合伙

执业证书编号：11010075

批准执业文号：京财会许可[2013]0052号

批准执业日期：2013年08月09日

证书序号 0014468

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇二〇年 十一月十一日

中华人民共和国财政部制

证书序号：000366

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

亚太（集团）会计师事务所（特殊普通合伙）执行证券、期货相关业务。

首席合伙人：王子龙

证书号：51　　发证时间：二〇〇九年十二月十日

证书有效期至：二〇二一年十二月十日

Lishui Economic and Technological Development Zone Industrial Development Group Co. LTD

January 1, 2018 - December 31, 2020

Consolidated financial statements
audit report

Asia Pacific (Group) Certified Public Accountants (special general partnership)

order record

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audit report

Asian Council Review (2021) No. 01610104

All shareholders of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd:

1、 Audit opinion

We have audited the financial statements of Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (hereinafter referred to as "the group company"), assuming that the group company has acquired Lishui Nancheng New Area Investment Development Co., Ltd. since January 1, 2018. This audit includes the consolidated and parent company's balance sheets on December 31, 2018, December 31, 2019 and December 31, 2020 Consolidated and parent company's income statement, cash flow statement, statement of changes in owner's equity and notes to financial statements in 2019 and 2020.

In our opinion, the attached financial statements are prepared in accordance with the accounting standards for business enterprises and the preparation basis described in note III, and fairly reflect the consolidated and parent company's financial position as of December 31, 2018, December 31, 2019 and December 31, 2020, as well as the consolidated and parent company's operating results and cash flow in 2018, 2019 and 2020.

2、 Basis for forming audit opinions

We conducted our audit in accordance with the auditing standards for Chinese certified public accountants. The "responsibilities of certified public accountants for the audit of consolidated financial statements" in the audit report further expounds our responsibilities under these standards. In accordance with the code of professional ethics for Chinese certified public accountants, we are independent of the group company and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate, which provides a basis for our audit opinion.

3、 Other information

The management of the group company is responsible for other information. Other information includes the information covered in the annual report, but does not include the financial statements and our audit report.

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

In combination with our audit of the financial statements, our responsibility is to read other information and consider whether other information is materially inconsistent with the financial statements or the information we have learned in the audit process, or there seems to be material misstatement.

Based on the work we have performed, if we determine that there is a material misstatement in other information, we should report that fact. In this regard, we have nothing to report.

4、 Responsibilities of management and governance for financial statements

The management of the group company is responsible for preparing the financial statements in accordance with the provisions of the accounting standards for business enterprises to achieve a fair reflection, and designing, implementing and maintaining necessary internal control so that the financial statements are free from material misstatement caused by fraud or error.

In preparing the financial statements, the management is responsible for assessing the group company's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumption, unless the management plans to liquidate the group company, terminate the operation or has no other realistic choice.

The management is responsible for supervising the financial reporting process of the group company.

5、 Responsibilities of certified public accountants for the audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high-level assurance, but it does

not guarantee that an audit performed in accordance with audit standards can always be found when a major misstatement exists. Misstatement may be caused by fraud or error. If it is reasonably expected that the misstatement alone or in summary may affect the economic decisions made by the users of the financial statements based on the financial statements, the misstatement is generally considered to be significant.

In the process of performing audit work in accordance with audit standards, we use professional judgment and maintain professional doubt. At the same time, we also carry out the following work:

（1） Identify and assess the risks of material misstatement of financial statements due to fraud or error, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. As fraud may involve collusion, forgery, intentional omission, misrepresentation or override of internal control, the risk of failure to find material misstatement caused by fraud is higher than that caused by error.

（2） Understand the internal control related to audit to design appropriate audit procedures.

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

（4） Draw conclusions on the appropriateness of management's use of going concern assumptions. At the same time, according to the audit evidence obtained, draw a conclusion on whether there are major uncertainties in the matters or circumstances that may lead to major doubts about the sustainable operation ability of the group company. If we conclude that there is significant uncertainty, the auditing standards require us to draw the attention of statement users to the relevant disclosures in the financial statements in the audit report; If the disclosure is insufficient, we should express a non unqualified opinion. Our conclusions are based on the information available as of the date of the audit report. However, future events or circumstances may cause the group company to be unable to continue its business.

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

We communicate with the management on the planned audit scope, schedule and major audit findings, including the noteworthy internal control defects identified in the audit.

Asia Pacific (Group) Certified Public Accountants (special general partnership)

Chinese certified public accountant:

Chinese certified public accountant:

Beijing, China

April 26, 2021

Consolidated balance sheet

2018-2020.12.31

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Assets	Note	2020-12-31	2019-12-31	2018-12-31
Current assets:				
Monetary Fund	7.(1)	2,507,683,632.26	1,088,757,130.10	491,912,715.02
Trading financial assets				
Derivative financial assets				
Notes receivable	7.(2)	45,744,743.11		
Accounts receivable	7.(3)	1,869,609,043.23	1,082,771,160.90	1,145,207,094.63
Receivables financing				
Advance payment	7.(4)	65,333,203.65	163,303,864.00	99,472,212.99
Other receivables	7.(5)	1,483,656,791.46	1,567,329,451.15	1,744,495,990.33
Including: interest receivable				
Dividends receivable				
Stock	7.(6)	9,252,327,716.46	7,837,343,330.16	7,186,048,737.48
Contract assets				
Assets held for sale				
Non current assets due within one year				
Other current assets	7.(7)	12,721,104.61		
Total current assets		**15,237,076,234.78**	**11,739,504,936.31**	**10,667,136,750.45**
Non current assets:				
Debt investment				
Other debt investment		250,000,000.00	250,000,000.00	250,000,000.00
Long term receivables				
Long term equity investment	7.(8)	45,400,000.00	40,487,000.00	
Investment in other equity instruments	7.(9)	822,384,120.00	220,000,000.00	147,000,000.00
Other non current financial assets				
Investment real estate	7.(10)	906,611,678.59		
Fixed assets	7.(11)	1,606,273,787.34	58,661,154.14	32,510,117.12
Construction in progress	7.(12)	6,734,658,225.30	5,344,217,440.73	4,794,758,541.46
Productive biological assets				
Oil and gas assets				
Intangible assets	7.(13)	195,968,398.34	49,236,660.84	
Development expenditure				
Goodwill		1,300,058,464.83		
Long term deferred expenses		9,587,533.52	8,837,995.57	
Deferred income tax assets	7.(14)	7,110,931.64	2,747,927.41	1,904,861.03
Other non current assets	7.(15)	3,061,091.03		
Total non current assets		**11,881,114,230.59**	**5,974,188,178.69**	**5,226,173,519.61**
Total Assets		**27,118,190,465.37**	**17,713,693,115.00**	**15,893,310,270.06**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Consolidated balance sheet (Continued)

2018-2020.12.31

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Liabilities	Note	2020-12-31	2019-12-31	2018-12-31
Current liabilities:				
Short term loan	7.(16)	500,172,944.44	550,000,000.00	75,000,000.00
Notes payable	7.(17)	5,007,253.85		
Accounts payable	7.(18)	262,050,570.33	676,251.06	11,810,534.74
Advances received	7.(19)	715,221,160.96	6,555,034.92	304,961.00
Contractual liabilities				
Payroll payable		18,630,802.79	767,790.09	833,600.50
Taxes payable	7.(20)	264,248,404.33	236,441,906.30	187,717,032.53
Other payables	7.(21)	2,020,579,819.22	1,201,708,962.29	1,385,826,941.58
Including: interest payable				5,833,333.33
Dividends payable		3,423,030.95		
Liabilities held for sale				
Non current liabilities due within one year	7.(22)	1,031,299,077.79	1,113,240,000.00	1,169,000,000.00
Other current liabilities				
Total current liabilities		**4,817,210,033.71**	**3,109,389,944.66**	**2,830,493,070.35**
Non current liabilities:				
Long term loan	7.(23)	6,170,403,020.05	3,347,000,000.00	3,718,500,000.00
Bonds payable	7.(24)	4,553,320,754.72	3,583,316,110.30	1,491,070,170.98
Including: preferred shares				
Perpetual debt				
Long term accounts payable		17,605,118.50	6,316,100.00	
Long term payroll payable				
Estimated liabilities				
Deferred income		22,350,000.00		
Deferred income tax liabilities	7.(15)	44,366.33		
Other non current liabilities				
Total non current liabilities		**10,763,723,259.60**	**6,936,632,210.30**	**5,209,570,170.98**
Total liabilities		**15,580,933,293.31**	**10,046,022,154.96**	**8,040,063,241.33**
Owner's equity (or shareholder's equity):				
Paid in capital (or share capital)	7.(25)	300,000,000.00	300,000,000.00	100,000,000.00
Other equity instruments				
Including: preferred shares				
Perpetual debt				
Capital reserve	7.(26)	8,532,507,544.52	7,062,937,344.52	7,582,041,040.08
Less: treasury shares				
Other comprehensive income				
Special reserve				
Surplus reserve				
Undistributed profit	7.(27)	440,946,430.50	296,810,700.78	168,957,532.40
Total owner's equity attributable to the parent company		**9,273,453,975.02**	**7,659,748,045.30**	**7,850,998,572.48**
Minority interests		2,263,803,197.04	7,922,914.74	2,248,456.25
Total owner's equity (or shareholder's equity)		**11,537,257,172.06**	**7,667,670,960.04**	**7,853,247,028.73**
Total liabilities and owner's equity (or shareholder's equity)		**27,118,190,465.37**	**17,713,693,115.00**	**15,893,310,270.06**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Balance sheet of parent company

2018-2020.12.31

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Assets	Note	2020-12-31	2019-12-31	2018-12-31
Current assets:				
Monetary Fund		7,658,710.72	7,283,356.03	99,892,119.47
Trading financial assets				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables financing				
Advance payment				
Other receivables	14.(1)	330,990,411.45	354,700,411.45	
Including: interest receivable				
Dividends receivable				
stock				
Contract assets				
Assets held for sale				
Non current assets due within one year				
Other current assets				
Total current assets		**338,649,122.17**	**361,983,767.48**	**99,892,119.47**
Non current assets:				
Debt investment				
Other debt investment				
Long term receivables				
Long term equity investment	14.(2)	907,700,000.00	260,500,000.00	
Investment in other equity instruments				
Other non current financial assets				
Investment real estate				
Fixed assets		164,587.20	136,784.31	38,175.00
Construction in progress				
Productive biological assets				
Oil and gas assets				
Intangible assets		747,679.60		
Development expenditure				
Goodwill				
Long term deferred expenses				
Deferred income tax assets				
Other non current assets				
Total non current assets		**908,612,266.80**	**260,636,784.31**	**38,175.00**
Total Assets		**1,247,261,388.97**	**622,620,551.79**	**99,930,294.47**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Balance sheet of parent company (Continued)

2018-2020.12.31

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Liabilities	Note	2020年12月31日	2019年12月31日	2018年12月31日
Current liabilities:				
Short term loan				
Trading financial liabilities				
Derivative financial liabilities				
Notes payable				
Accounts payable				
Advances received				
Contractual liabilities				
Payroll payable		13.00	33,128.49	11,637.75
Taxes payable		71,183.36	29,039.47	
Other payables		51,570.00	25,030,750.00	
Including: interest payable				
Dividends payable				
Liabilities held for sale				
Non current liabilities due within one year		1,000,000.00		
Other current liabilities				
Total current liabilities		**1,122,766.36**	**25,092,917.96**	**11,637.75**
Non current liabilities:				
Long term loan		99,000,000.00		
Bonds payable				
Including: preferred shares				
Perpetual debt				
Long term accounts payable				
Long term payroll payable				
Estimated liabilities				
Deferred income				
Deferred income tax liabilities				
Other non current liabilities				
Total non current liabilities		99,000,000.00		
Total liabilities		**100,122,766.36**	**25,092,917.96**	**11,637.75**
Owner's equity (or shareholder's equity):				
Paid in capital (or share capital)		300,000,000.00	300,000,000.00	100,000,000.00
Other equity instruments				
Including: preferred shares				
Perpetual debt				
Capital reserve		856,000,000.00	300,000,000.00	
Less: treasury shares				
Other comprehensive income				
Special reserve				
Surplus reserve				
Undistributed profit		-8,861,377.39	-2,472,366.17	-81,343.28
Total owner's equity attributable to the parent company		**1,147,138,622.61**	**597,527,633.83**	**99,918,656.72**
Minority interests				
Total owner's equity (or shareholder's equity)		**1,147,138,622.61**	**597,527,633.83**	**99,918,656.72**
Total liabilities and owner's equity (or shareholder's equity)		**1,247,261,388.97**	**622,620,551.79**	**99,930,294.47**

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

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Consolidated income statement

2018-2020

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Note	2020	2019	2018
1、business income	7.(28)	2,589,033,432.99	579,262,524.67	652,542,887.07
Less: operating costs	7.(28)	2,187,188,781.40	487,472,166.34	565,702,373.46
Taxes and surcharges	7.(29)	32,937,685.91	7,209,627.60	2,672,829.52
selling expenses		12,576,662.08	1,337,002.50	17,550.00
Administrative expenses	7.(30)	104,393,974.79	18,439,967.82	9,990,822.06
R & D expenses				
Financial expenses	7.(31)	18,578,109.35	29,331,007.88	23,762,799.65
Including: interest expense				
Interest income		21,220,260.31	2,776,483.26	3,527,354.04
Plus: other income	7.(32)	8,611,401.38	174,617,000.00	131,380,000.00
Investment income (loss expressed with "-")	7.(33)	18,681,293.82		
Including: investment income from associates and joint ventures				
Income from derecognition of financial assets measured at amodized cost				
Net exposure hedging income (loss expressed with "-")				
Income from changes in fair value (loss expressed with "-")				
Credit impairment loss (loss expressed with "-")	7.(34)	202,921.67	-3,277,921.16	
Asset impairment loss (loss expressed with "-")	7.(35)		215,089.52	-2,291,056.95
Income from asset disposal (loss expressed with "-")		129,335.18		
Exchange gain (loss expressed with "-")"				
2、Operating profit (loss expressed with "-")		**260,983,171.51**	**207,026,920.89**	**179,485,455.43**
Plus: non operating income	7.(36)	5,027,349.67	170,640.14	13,802.00
Less: non operating expenses	7.(37)	13,122,908.54	35,528,907.41	600.00
3、Total profit (total loss expressed with "-")		**252,887,612.64**	**171,668,653.62**	**179,498,657.43**
Less: income tax expense	7.(38)	77,242,408.09	42,981,026.75	10,542,668.78
4、Net profit (net loss expressed with "-")		**175,645,204.55**	**128,687,626.87**	**168,955,988.65**
（1）Classification by business continuity				
1. Net profit from continuing operations (net loss expressed with "-")		175,645,204.55	128,687,626.87	168,955,988.65
2. Net profit from discontinued operation (net loss expressed with "-")				
（2）Classification by ownership				
1. Net profit attributable to shareholders of the parent company		144,135,729.72	127,853,168.38	168,957,532.40
2. Profit and loss of minority shareholders		31,509,474.83	834,458.49	-1,543.75
5、Net amount after tax of other comprehensive income				
Net amount after tax of other comprehensive income attributable to the owner of the parent company				
（1）Other comprehensive income that cannot be reclassified into profit or loss				
1. Re measure the change amount of defined benefit plan				
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method				
3. Changes in fair value of other equity instrument investments				
4. Changes in fair value of the enterprise's own credit risk				
（2）Other comprehensive income to be reclassified into profit or loss				
1. Other comprehensive income that can be transferred to profit or loss under equity method				
2. Changes in fair value of other debt investments				
3. Profit and loss from changes in fair value of available for sale financial assets				
4. Amount of financial assets reclassified into other comprehensive income				
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets				
6. Provision for credit impairment of other debt investments				
7. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)				
8. Translation difference of foreign currency financial statements				
9. Others				
Net after tax amount of other comprehensive income attributable to minority shareholders				
6、Total comprehensive income		**175,645,204.55**	**128,687,626.87**	**168,955,988.65**
Total comprehensive income attributable to owners of parent company		144,135,729.72	127,853,168.38	168,957,532.40
Total comprehensive income attributable to minority shareholders		31,509,474.83	834,458.49	-1,543.75
7、Earnings per share:				
（1）Basic earnings per share (yuan / share)				
（2）Diluted earnings per share (yuan / share)				

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Income statement of parent company

2018-2020

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Note	2020	2019	2018
business income		39,603.96		
Less: operating costs				
Taxes and surcharges		62,500.00		
selling expenses				
Administrative expenses		6,331,607.40	2,555,263.99	306,454.30
R & D expenses				
Financial expenses		60,418.68	-164,241.10	-225,111.02
Including: interest expense				
Interest income		230,112.55	34,316.46	225,253.52
Plus: other income				
Investment income (loss expressed with "-")				
Including: investment income from associates and joint ventures				
Income from derecognition of financial assets measured at amortized cost				
Net exposure hedging income (loss expressed with "-")				
Income from changes in fair value (loss expressed with "-")				
Credit impairment loss (loss expressed with "-")				
Asset impairment loss (loss expressed with "-")				
Income from asset disposal (loss expressed with "-")				
2、 Operating profit (loss expressed with "-")		**-6,414,922.12**	**-2,391,022.89**	**-81,343.28**
Plus: non operating income		25,910.90		
Less: non operating expenses				
3、 Total profit (total loss expressed with "-")		**-6,389,011.22**	**-2,391,022.89**	**-81,343.28**
Less: income tax expense				
4、 Net profit (net loss expressed with "-")		**-6,389,011.22**	**-2,391,022.89**	**-81,343.28**
（1） Net profit from continuing operations (net loss expressed with "-")				
（2） Net profit from discontinued operations (net loss expressed with "-")				
5、 Net amount after tax of other comprehensive income				
（1） Other comprehensive income that cannot be reclassified into profit or loss				
1. Re measure the change amount of defined benefit plan				
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method				
3. Changes in fair value of other equity instrument investments				
4. Changes in fair value of the enterprise's own credit risk				
5. Others				
（2） Other comprehensive income to be reclassified into profit or loss				
1. Other comprehensive income that can be transferred to profit or loss under equity method				
2. Changes in fair value of other debt investments				
3. Profit and loss from changes in fair value of available for sale financial assets				
4. Amount of financial assets reclassified into other comprehensive income				
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets				
6. Provision for credit impairment of other debt investments				
7. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)				
8. Translation difference of foreign currency financial statements				
9. Others				
6、 Total comprehensive income		**-6,389,011.22**	**-2,391,022.89**	**-81,343.28**
7、 Earnings per share				
（1） Basic earnings per share (yuan / share)				
（2） Diluted earnings per share (yuan / share)				

Legal representative: **person in charge of Accounting:** **person in charge of accounting organization:**

Consolidated cash flow statement

2018-2020

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Note	2020	2019	2018
1、Cash flow from operating activities:				
Cash received from selling goods and providing labor services		2,799,700,383.28	688,335,459.56	292,811,616.58
Tax refund received		514,369.17		
Other cash received related to operating activities	7.(39)1	2,511,052,891.53	2,545,496,561.06	3,151,481,973.04
Subtotal of cash inflow from operating activities		**5,311,267,643.98**	**3,233,832,020.62**	**3,444,293,589.62**
Cash paid for purchasing goods and receiving labor services		3,887,955,541.82	1,175,557,926.08	145,232.76
Cash paid to and for employees		27,526,050.48	20,181,485.35	3,727,784.53
Taxes paid		135,792,167.63	27,993,574.87	694,724.58
Other cash paid related to operating activities	7.(39)2	1,187,369,433.76	3,588,964,422.62	1,733,766,440.83
Subtotal of cash outflow from operating activities		**5,238,643,193.69**	**4,812,697,408.92**	**1,738,334,182.70**
Net cash flow from operating activities		**72,624,450.29**	**-1,578,865,388.30**	**1,705,959,406.92**
2、Cash flow from investing activities:				
Cash received from investment recovery		20,463,500.00		
Cash received from investment income		18,098,346.55	17,780,000.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		234,353.94		
Net cash received from disposal of subsidiaries and other business units		-		
Other cash received related to investment activities		30,999,024.06		
Subtotal of cash inflow from investment activities		**69,795,224.55**	**17,780,000.00**	
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		568,816,955.16	145,122,149.61	443,748,320.86
Cash paid for investment		550,028,500.00	373,987,000.00	250,000,000.00
Net cash paid for acquiring subsidiaries and other business units		565,338,200.94		4,750,000.00
Other cash paid related to investment activities		10,667,300.00		
Subtotal of cash outflow from investment activities		**1,694,850,956.10**	**519,109,149.61**	**698,498,320.86**
Net cash flow from investment activities		**-1,625,055,731.55**	**-501,329,149.61**	**-698,498,320.86**
3、Cash flow from financing activities:				
Cash received from investment		869,300,000.00	957,827,000.00	107,000,000.00
Including: cash received by subsidiaries from minority shareholders' investment				
Cash received from borrowing		3,347,603,020.05	1,659,000,000.00	770,000,000.00
Cash received from issuing bonds		1,970,000,000.00	2,656,110,000.00	
Cash received from other financing activities			500,000.00	
Subtotal of cash inflow from financing activities		**6,186,903,020.05**	**5,273,437,000.00**	**877,000,000.00**
Cash paid for debt repayment		2,664,740,000.00	2,174,947,500.00	1,851,000,000.00
Cash paid for distribution of dividends, profits or interest payments		575,447,461.98	409,193,577.01	346,830,683.13
Including: dividends and profits paid by subsidiaries to minority shareholders				
Other cash paid related to financing activities			12,256,970.00	
Subtotal of cash outflow from financing activities		**3,240,187,461.98**	**2,596,398,047.01**	**2,197,830,683.13**
Net cash flow from financing activities		**2,946,715,558.07**	**2,677,038,952.99**	**-1,320,830,683.13**
4、Impact of exchange rate changes on cash and cash equivalents				
5、Net increase in cash and cash equivalents		**1,394,284,276.81**	**596,844,415.08**	**-313,369,597.07**
Add: balance of cash and cash equivalents at the beginning of the period		1,088,757,130.10	491,912,715.02	805,282,312.09
6、Balance of cash and cash equivalents at the end of the period		**2,483,041,406.91**	**1,088,757,130.10**	**491,912,715.02**

Legal representative: person in charge of Accounting: person in charge of accounting organization:

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Cash flow statement of parent company

2018-2020

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Note	2020	2019	2018
1、Cash flow from operating activities:				
Cash received from selling goods and providing labor services		40,000.00		
Tax refund received				
Other cash received related to operating activities		50,278,997.13	932,496,115.60	225,253.52
Subtotal of cash inflow from operating activities		**50,318,997.13**	**932,496,115.60**	**225,253.52**
Cash paid for purchasing goods and receiving labor services				
Cash paid to and for employees		3,470,575.51	1,926,561.95	11,637.75
Taxes paid		93,539.50		
Other cash paid related to operating activities		54,816,849.65	1,262,560,967.09	283,321.30
Subtotal of cash outflow from operating activities		**58,380,964.66**	**1,264,487,529.04**	**294,959.05**
Net cash flow from operating activities		**-8,061,967.53**	**-331,991,413.44**	**-69,705.53**
2、Cash flow from investing activities:				
Cash received from investment recovery				
Cash received from investment income				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets				
Net cash received from disposal of subsidiaries and other business units				
Other cash received related to investment activities				
Subtotal of cash inflow from investment activities				
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		72,400.00	117,350.00	38,175.00
Cash paid for investment		647,200,000.00	260,500,000.00	
Net cash paid for acquiring subsidiaries and other business units				
Other cash paid related to investment activities				
Subtotal of cash outflow from investment activities		**647,272,400.00**	**260,617,350.00**	**38,175.00**
Net cash flow from investment activities		**-647,272,400.00**	**-260,617,350.00**	**-38,175.00**
3、Cash flow from financing activities:				
Cash received from investment		556,000,000.00	500,000,000.00	100,000,000.00
Cash received from borrowing		100,000,000.00		
Cash received from issuing bonds				
Cash received from other financing activities				
Subtotal of cash inflow from financing activities		**656,000,000.00**	**500,000,000.00**	**100,000,000.00**
Cash paid for debt repayment				
Cash paid for distribution of dividends, profits or interest payments		290,277.78		
Other cash paid related to financing activities				
Subtotal of cash outflow from financing activities		**290,277.78**		
Net cash flow from financing activities		**655,709,722.22**	**500,000,000.00**	**100,000,000.00**
4、Impact of exchange rate changes on cash and cash equivalents				
5、Net increase in cash and cash equivalents		**375,354.69**	**-92,608,763.44**	**99,892,119.47**
Add: balance of cash and cash equivalents at the beginning of the period		7,283,356.03	99,892,119.47	
6、Balance of cash and cash equivalents at the end of the period		**7,658,710.72**	**7,283,356.03**	**99,892,119.47**

Legal representative: person in charge of Accounting: person in charge of accounting organization:

Consolidated statement of changes in owner's equity

2020

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Current period													
	Owner's equity attributable to the parent company												minority Shareholders' equity	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Commonly risk preparation*	Unassigned profit	Subtotal		
		Preferred stock	Perpetual debt	Other										
1、 Ending balance of last year	300,000,000.00				7,062,937,344.52						296,810,700.78	7,659,748,045.30	7,922,914.74	7,667,670,960.04
Add: changes in accounting policies														
Correction of previous errors														
Business combination under the same control														
Other														
2、 Opening balance of the current year	300,000,000.00				7,062,937,344.52						296,810,700.78	7,659,748,045.30	7,922,914.74	7,667,670,960.04
3、 Increase or decrease in current period (decrease expressed with "-")					1,469,570,200.00						144,135,729.72	1,613,705,929.72	2,255,880,282.30	3,869,586,212.02
（1） Total comprehensive income											144,135,729.72	144,135,729.72		144,135,729.72
（2） Capital invested and reduced by owners					556,000,000.00							556,000,000.00	2,225,582,568.18	2,781,582,568.18
1. Ordinary shares invested by the owner														
2. Capital invested by other equity instrument holders					556,000,000.00							556,000,000.00	2,225,582,568.18	2,781,582,568.18
3. Amount of share based payment included in owner's equity														
4. Others														
（3） Profit distribution														
1. Withdrawal of surplus reserve														
2. Withdraw general risk reserves*														
3. Distribution to owners (or shareholders)														
4. Others														
（4） Internal carry forward of owner's equity														
1. Capital reserve converted into capital (or share capital)														
2. Surplus reserves converted into capital (or share capital)														
3. Surplus reserves to cover losses														
4. Carry forward retained earnings from changes in defined benefit plans														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
（5） Special reserve														
1. Withdrawal in current period														
2. Current use														
（6） Other														
4、 Ending balance of current period	300,000,000.00				913,570,200.00							913,570,200.00	30,297,714.12	943,867,914.12
					8,532,507,544.52						440,946,430.50	9,273,453,975.02	2,263,803,197.04	11,537,257,172.06

Legal representative: person in charge of Accounting: person in charge of accounting organization:

Consolidated statement of changes in owner's equity

2019

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Current period													
	Owner's equity attributable to the parent company												minority Shareholders' equity	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Commonly risk preparation*	Unassigned profit	Subtotal		
		Preferred stock	Perpetual debt	Other										
1、Ending balance of last year	**100,000,000.00**				**7,582,041,040.08**						**168,957,532.40**	**7,850,998,572.48**	**2,248,456.25**	**7,853,247,028.73**
Add: changes in accounting policies														
Correction of previous errors														
Business combination under the same control														
Others														
2、Opening balance of the current year	**100,000,000.00**				**7,582,041,040.08**						**168,957,532.40**	**7,850,998,572.48**	**2,248,456.25**	**7,853,247,028.73**
3、Increase or decrease in current period (decrease expressed with "-")	**200,000,000.00**				**-519,103,695.56**						**127,853,168.38**	**-191,250,527.18**	**5,674,458.49**	**-185,576,068.69**
（1） Total comprehensive income											127,853,168.38	**127,853,168.38**		**127,853,168.38**
（2） Capital invested and reduced by owners	200,000,000.00				-2,751,647,530.56							**-2,551,647,530.56**	4,840,000.00	**-2,546,807,530.56**
1. Ordinary shares invested by the owner	200,000,000.00				410,000,000.00							**610,000,000.00**		**610,000,000.00**
2. Capital invested by other equity instrument holders													4,840,000.00	**4,840,000.00**
3. Amount of share based payment included in owner's equity														
4. Others					-3,161,647,530.56							**-3,161,647,530.56**		**-3,161,647,530.56**
（3） Profit distribution														
1. Withdrawal of surplus reserve														
2. Withdraw general risk reserves*														
3. Distribution to owners (or shareholders)														
4. Others														
（4） Internal carry forward of owner's equity														
1. Capital reserve converted into capital (or share capital)														
2. Surplus reserves converted into capital (or share capital)														
3. Surplus reserves to cover losses														
4. Carry forward retained earnings from changes in defined benefit plans														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
（5） Special reserve														
1. Withdrawal in current period														
2. Current use														
（6） Others					2,232,543,835.00							2,232,543,835.00	834,458.49	2,233,378,293.49
4、Ending balance of current period	**300,000,000.00**				**7,062,937,344.52**						**296,810,700.78**	**7,659,748,045.30**	**7,922,914.74**	**7,667,670,960.04**

Legal representative: [signature] person in charge of Accounting: [signature] person in charge of accounting organization: [signature]

Consolidated statement of changes in owner's equity

2018

Prepared by: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Unit: RMB

Items	Current period												
	Owner's equity attributable to the parent company											minority Shareholders' equity	Total owner's equity
	Paid in capital (or share capital)	Other equity instruments			Capital reserve	Less:treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Unassigned profit	Subtotal		
		Preferred stock	Perpetual debt	Other									
1、 Ending balance of last year					**7,072,041,040.08**								
Add: changes in accounting policies													
Correction of previous errors													
Others													
2、 Opening balance of the current year					**7,072,041,040.08**						**7,072,041,040.08**		**7,072,041,040.08**
3、 Increase or decrease in current period (decrease expressed with "-")	**100,000,000.00**				**510,000,000.00**					**168,957,532.40**	**778,957,532.40**	**2,248,456.25**	**781,205,988.65**
（1） Total comprehensive income										168,957,532.40	**168,957,532.40**		**168,957,532.40**
（2） Capital invested and reduced by owners	100,000,000.00				510,000,000.00						**610,000,000.00**	2,250,000.00	**612,250,000.00**
1. Ordinary shares invested by the owner	100,000,000.00										**100,000,000.00**		**100,000,000.00**
2. Capital invested by other equity instrument holders					510,000,000.00						**510,000,000.00**	2,250,000.00	**512,250,000.00**
3. Amount of share based payment included in owner's equity													
4. Others													
（3） Profit distribution													
1. Withdrawal of surplus reserve													
2. Distribution to owners (or shareholders)													
3. Others													
（4） Internal carry forward of owner's equity													
1. Capital reserve converted into capital (or share capital)													
2. Surplus reserves converted into capital (or share capital)													
3. Surplus reserves to cover losses													
4. Carry forward retained earnings from changes in defined benefit plans													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
（5） Special reserve													
1. Withdrawal in current period													
2. Current use													
（6） Others												-1,543.75	-1,543.75
4、 Ending balance of current period	**100,000,000.00**				**7,582,041,040.08**					**168,957,532.40**	**7,850,998,572.48**	**2,248,456.25**	**7,853,247,028.73**

Legal representative: [signature] person in charge of Accounting: [signature] person in charge of accounting organization: [signature]

Churlish Economic and Technological Development Zone Industrial Development Group Co., Ltd

January 1, 2018 - December 31, 2020

Notes to financial statements

Note 1.Basic information of the company

Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. (hereinafter referred to as "group company" or "company") is a wholly state-owned company established with the approval of Lishui Municipal People's government; Founded on December 23, 2016, it was funded by the Management Committee of Lishui Economic Development Zone and now holds a business license with a unified social credit code of 91331100MA28JC9Q44. The current registered capital of the company is 300 million yuan, the legal representative is Ye Mao, and the company address is No. 238, Lugu Avenue, Liandu District, Lishui City, Zhejiang Province. In February 2020, the Management Committee of Lishui Economic Development Zone allocated Lishui Nancheng New Area Investment Development Co., Ltd. to the group company free of charge.

Business scope: Construction and operation of urban infrastructure and public utilities projects; Land consolidation and comprehensive development; Real estate development and operation; General contracting of engineering construction and project agent construction; Property and other asset management and labor talent services (excluding labor dispatch); Comprehensive services such as urban comprehensive development and operation management; Other businesses authorized by the government.

Note2. Scope of consolidated financial statements for the year

As of December 31, 2020, there are 21 entities included in the scope of consolidated statements in the current period, as follows:

Serial number	Name of subsidiary	Hereinafter referred to as
1	Lishui Nancheng Xinlan Housing Management Co., Ltd	Lishui Xinlan
2	Lishui Nancheng Xinrun development and Construction Co., Ltd	Lishui Xinrun
3	Lishui Zhongke semiconductor material Research Center Co., Ltd	Zhongke semiconductor

Serial number	Name of subsidiary	Hereinafter referred to as
4	Lishui Nancheng New Area Investment Development Co., Ltd	Lishui Nantou
5	Ningbo Xinrun Yuanfa Construction Co., Ltd	Xinrun Yuanfa
6	Lishui Xinrun Yuansheng Market Management Co., Ltd	Xinrun Yuansheng
7	Zhejiang tuopeng Construction Co., Ltd	Tuopeng construction
8	Lishui low hill gentle slope comprehensive development Co., Ltd	Lishui low hill
9	Lishui Yuanxin commercial Comprehensive Service Co., Ltd	Lishui Yuanxin
10	Zhejiang Yuanjia Jinfu Property Service Co., Ltd	Lishui Yuanjia
11	Lishui green industry development fund Co., Ltd	Green industry fund
12	Lishui Yuanwei Reserve Land Management Co., Ltd	Lishui Yuanwei
13	Lishui Yuanyou Culture Communication Co., Ltd	Lishui Yuanyou
14	Lishui Yuanxu new energy Co., Ltd	Lishui Yuanxu
15	Lishui yuanneng Electronic Materials Research Institute	Lishui yuanneng
16	Zhejiang Yuanming Holding Co., Ltd	Lishui Yuanming
17	Zhejiang Yuanhao International Trade Co., Ltd	Lishui Yuanhao
18	Lishui Yuanqi Enterprise Management Co., Ltd	Lishui Yuanqi
19	Lanzhou Lishang Guochao Industrial Group Co., Ltd	Lishang Guochao
20	Lishui Jiuyou equity investment fund partnership (limited partnership)	Lishui for a long time
21	Harbin Weidi Electronics Co., Ltd	Harbin Weidi

See "Note8. Change of consolidation scope" and "Note9. equity in other entities" in this note for the scope and changes of consolidated financial statements in this period.

Note 3.Preparation basis of financial statements

1.Preparation basis

The financial statements of the company are based on the assumption of continuous operation. It is assumed that the group company will acquire Lishui Nancheng New Area Investment Development Co., Ltd. from January 1, 2018. According to the actual transactions and events, in accordance with the accounting standards for business enterprises - Basic Standards and 38 specific accounting standards issued by the Ministry of Finance on February 15, 2006, the application guide of accounting standards for business enterprises issued later Interpretation of accounting standards for business enterprises and other relevant provisions.

The accounting of the company is based on the accrual basis. Except for some financial instruments, the financial statements are measured on the basis of historical cost. If an asset is impaired, the corresponding impairment provision shall be withdrawn in accordance with relevant regulations.

2.Going concern

The company has no events or circumstances that cause major doubts about the assumption of going concern within 12 months from the end of the reporting period.

Note 4. Significant accounting policies and accounting estimates

1. Statement of compliance with accounting standards for business enterprises

The financial statements prepared by the company comply with the accounting standards for business enterprises (2006) issued by the Ministry of Finance and its application guidelines and interpretation requirements, and truly and completely reflect the financial status, operating results, changes in shareholders' equity, cash flow and other relevant information of the enterprise.

2.Accounting period

The accounting year of the company starts from January 1 to December 31 of the Gregorian calendar.

3.Business cycle

The company takes 12 months as an operating cycle and takes it as the liquidity division standard of assets and liabilities.

4.Recording currency

The bookkeeping base currency of the company is RMB, and the currency used for the preparation of financial statements is RMB. The bookkeeping functional currency selected by the company and its subsidiaries is based on the pricing and settlement currency of main business revenue and expenditure.

5.Business combination

(1) Business combination under the same control

A business combination under the same control is a business combination in which the enterprises participating in the combination are ultimately controlled by the same party or the same parties before and after the combination, and the control is not temporary. The merger date is the date on which the combining party actually obtains control over the merged party.

The assets and liabilities obtained in business combination shall be measured according to the book value of the combined party in the consolidated financial statements of the final controller on the combination date. If the accounting policies adopted by the merged parties are inconsistent with those of the company, the merging party shall adjust them according to the accounting policies of the company on the merger date, and recognize them according to the adjusted book value on this basis.

For the difference between the book value of the net assets obtained in the merger and the book value of the merger consideration paid (or the total face value of the issued shares), the share capital premium in the capital reserve shall be adjusted. If the share capital premium in the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

All directly related expenses incurred for business combination, including audit fees, evaluation fees and legal service fees paid for business combination, shall be included in the current profit and loss when incurred.

The handling charges and commissions arising from the issuance of equity securities in business combination shall offset the premium income of equity securities. If the premium income is insufficient to offset, it shall offset the retained earnings.

If the business combination under the same control realized step by step through multiple transactions is a "package deal", the company will treat each transaction as a transaction to obtain control. If it is not a "package deal", the accounting treatment shall be carried out according to the following steps on the date of obtaining the control right:

① Determine the initial investment cost of long-term equity investment formed by business combination under the same control. On the merger date, the initial investment cost of the long-term equity investment shall be determined according to the share of the book value of the net assets of the combined party in the consolidated financial statements of the final controller after the merger.

② Treatment of the difference between the initial investment cost of long-term equity investment and the book value of merger consideration. For the difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for the shares obtained on the merger date, the capital reserve (capital premium or equity premium) shall be adjusted. If the capital reserve (capital premium or equity premium) is insufficient to offset, the retained earnings shall be offset.

③ For the equity investment held before the merger date, the other comprehensive income recognized due to the adoption of the equity method or the recognition and measurement standards of financial instruments will not be subject to accounting treatment until the disposal of the investment is conducted on the same basis as the investee's direct disposal of relevant assets or liabilities; Other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by using the equity method shall not be subject to accounting treatment until the investment is transferred to the current profit and loss when it is disposed of. Among them, if the remaining equity after disposal is accounted by cost method or equity method, other comprehensive income and other owner's equity shall be carried forward in proportion. If the remaining equity after disposal is accounted for according to the recognition and measurement standards of financial instruments, other comprehensive income and other owner's equity shall be carried forward in full.

④See note4.(6) for the accounting treatment in the consolidated financial statements.

（2） Business combination not under the same control

If the parties involved in the merger are not ultimately controlled by the same party or the same parties before and after the merger, it is a business merger not under the same control.

On the acquisition date, the acquirer shall measure the assets paid, liabilities incurred or assumed as the consideration for business combination at fair value. The difference between the fair value and its book value shall be included in the current profits and losses.

The acquirer allocates the merger cost on the acquisition date and recognizes the fair value of all identifiable assets, liabilities and contingent liabilities obtained from the acquiree.

The acquirer shall recognize the difference between the combination cost and the fair value of the identifiable net assets of the acquiree obtained in the combination as goodwill; The difference between the combination cost and the fair value of the identifiable net assets of the acquiree obtained in the combination shall be included in the current profits and losses after review.

Other assets of the acquiree obtained in business combination other than intangible assets (not limited to the assets originally recognized by the acquiree), if the economic benefits brought by them are likely to flow into the company and the fair value can be measured reliably, they shall be recognized separately and measured at the fair value; Intangible assets whose fair value can be reliably measured shall be separately recognized as intangible assets and measured at fair value; All liabilities other than contingent liabilities obtained from the acquiree, which are likely to cause economic benefits to flow out of the company and whose fair value can be measured reliably, shall be recognized separately and measured at fair value; If the fair value of the acquired contingent liabilities can be reliably measured, they shall be separately recognized as liabilities and measured at fair value.

During the initial recognition of the acquiree's assets obtained in the merger, the intangible assets owned by the acquiree but not recognized in its financial statements shall be fully identified and reasonably judged. If one of the following conditions is met, they shall be recognized as intangible assets: ① from contractual rights or other legal rights;② It can be separated or divided from the acquiree and can be used for sale, transfer, licensing, lease or exchange alone or together with relevant contracts, assets and liabilities.

If the deductible temporary difference of the acquiree obtained by the acquirer in the business combination does not meet the conditions for the recognition of deferred income tax assets on the acquisition date, it shall not be recognized. Within 12 months after the purchase date, if new or further information is obtained indicating

that the relevant situation on the purchase date already exists and the economic benefits brought by the deductible temporary difference of the acquiree on the purchase date are expected to be realized, the relevant deferred income tax assets shall be recognized and the goodwill shall be reduced. If the goodwill is insufficient to be offset, the difference shall be recognized as the current profit and loss; In addition to the above, the deferred income tax assets related to business combination shall be recognized and included in the current profits and losses.

For business combinations not under the same control, the intermediary expenses such as audit, legal services, evaluation and consultation and other relevant management expenses incurred by the acquirer for business combinations shall be included in the current profits and losses when incurred; The transaction expenses of equity securities or debt securities issued by the Purchaser as merger consideration shall be included in the initial recognition amount of equity securities or debt securities.

If the acquirer realizes business combination not under the same control step by step through multiple transactions, which is a "package deal", the company will treat each transaction as a transaction that obtains control. If it is not a "package deal", in individual financial statements, the sum of the book value of the equity investment held by the acquiree before the purchase date and the new investment cost on the purchase date shall be regarded as the initial investment cost calculated according to the cost method; Other comprehensive income recognized from the equity investment of the acquiree held before the acquisition date due to the adoption of the equity method shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the investee The owner's equity recognized due to changes in owner's equity other than other comprehensive income and profit distribution shall be transferred to the current profit and loss during the disposal period when the investment is disposed. Among them, if the remaining equity after disposal is accounted by the cost method or equity method according to the long-term equity investment standards, other comprehensive income and other owner's equity shall be carried forward in proportion. If the remaining equity after disposal is accounted for according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owner's equity shall be carried forward. See note4.(6) for the accounting treatment in the consolidated financial statements.

If the equity investment held before the acquisition date is accounted for using the recognition and

measurement standards of financial instruments, the sum of the fair value of the equity investment plus the new investment cost shall be regarded as the initial investment cost calculated according to the cost method, The difference between the fair value and book value of the originally held equity and the cumulative changes in fair value originally included in other comprehensive income are all transferred to the current investment profit and loss accounted by cost method.

（3） Criteria for judging multiple transactions as a package deal

The company's criteria for judging multiple transactions as package transactions are as follows:

①These transactions are concluded at the same time or taking into account mutual influence;

②These transactions as a whole can achieve a complete business result;

③ The occurrence of one transaction depends on the occurrence of at least one other transaction;

④A transaction is uneconomic when considered alone, but it is economical when considered together with other transactions.

6. Preparation method of consolidated financial statements

The consolidation scope of the company's consolidated financial statements is determined on the basis of control, which means that the investor has the power of the investee, enjoys variable returns by participating in relevant activities of the investee, and is able to use its power over the investee to affect its return amount. Related activities refer to activities that have a significant impact on the return of the investee.

The relevant activities of the investee are judged according to the specific situation, usually including the sales and purchase of goods or services, the management of financial assets, the purchase and disposal of assets, research and development activities and financing activities.

After comprehensively considering the establishment purpose of the investee, the relevant activities of the investee and how to make decisions on the relevant activities, whether the rights enjoyed by the company enable it to lead the relevant activities of the investee, and whether it enjoys variable returns by participating in the relevant activities of the investee Whether it has the ability to use its power over the investee to affect its return amount and its relationship with other parties to judge whether it controls the investee. Once the change of relevant facts and circumstances leads to the change of relevant elements involved in control, it will be reassessed.

When judging whether it has the right to the investee, it only considers the substantive rights related to the

investee, including its own substantive rights and the substantive rights enjoyed by other parties.

Based on the financial statements of itself and its subsidiaries, the company regards the whole enterprise group as an accounting entity according to other relevant materials. According to the recognition, measurement and presentation requirements of relevant accounting standards for business enterprises, the company has reflected the overall financial status, operating results and cash flow of the enterprise group in accordance with unified accounting policies and accounting periods. The consolidation procedure specifically includes: merging the assets, liabilities, owner's equity, income, expenses and cash flow of the parent company and subsidiaries; Offset the long-term equity investment of the parent company in the subsidiary and the share of the parent company in the owner's equity of the subsidiary; Offset the impact of internal transactions between the parent company and subsidiaries or between subsidiaries. If the internal transaction indicates that the impairment loss of relevant assets occurs, the loss shall be recognized in full; Adjust special transactions from the perspective of enterprise groups.

The shares in the owner's equity of subsidiaries that do not belong to the parent company are listed as minority shareholders' equity under the owner's equity item in the consolidated balance sheet as "minority shareholders' equity".

The shares belonging to minority shareholders' equity in the current net profit and loss of subsidiaries are listed as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. The shares belonging to minority shareholders' equity in the current comprehensive income of subsidiaries are listed as "total comprehensive income attributable to minority shareholders" under the item of total comprehensive income in the consolidated income statement.

If the current loss shared by minority shareholders of a subsidiary exceeds the share of minority shareholders in the owner's equity of the subsidiary at the beginning of the period, the balance shall still be offset against the reduced shareholder's equity.

Unrealized internal transaction gains and losses arising from the sale of assets to subsidiaries shall fully offset the "net profit attributable to the owner of the parent company". Unrealized internal transaction profits and losses arising from the sale of assets by a subsidiary to the parent company shall be distributed and offset between "net profit attributable to the owner of the parent company" and "minority shareholder profit and loss" according to the distribution proportion of the parent company to the subsidiary. Unrealized internal transaction profits and losses arising from the sale of assets between subsidiaries shall be distributed and offset between "net profit attributable to the owner of the parent company" and "minority shareholder profit and loss" according to the distribution proportion of the parent company to the seller's subsidiaries.

For the subsidiaries and businesses added by the company due to business combination under the same control during the reporting period, when preparing the consolidated statements, the opening balance of the consolidated balance sheet shall be adjusted, the income, expenses and profits of the subsidiary and business

combination from the beginning of the current period to the end of the reporting period shall be included in the consolidated income statement, and the cash flow shall be included in the consolidated cash flow statement, At the same time, the relevant items of the comparative report are adjusted. It is deemed that the consolidated report entity has existed since the time when the final controller began to control.

For subsidiaries and businesses added by the company due to business combination or other means not under the same control during the reporting period, when preparing the consolidated balance sheet, the opening amount of the consolidated balance sheet will not be adjusted, and the income, expenses, profit and cash flow of the subsidiary and business from the purchase date to the end of the reporting period will be included in the consolidated income statement and consolidated cash flow statement.

When the company disposes of subsidiaries and businesses during the reporting period and prepares the consolidated balance sheet, the opening balance of the consolidated balance sheet will not be adjusted. The income, expenses and profits of the subsidiaries and businesses from the beginning of the period to the disposal date will be included in the consolidated income statement, and the cash flow will be included in the consolidated cash flow statement.

When the parent company purchases the equity of the subsidiary owned by the minority shareholders of the subsidiary, in the consolidated financial statements, the capital reserve (capital premium or share capital premium) shall be adjusted according to the difference between the newly obtained long-term equity investment due to the purchase of minority equity and the share of net assets of the subsidiary continuously calculated from the purchase date or the merger date according to the newly increased shareholding ratio, If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

If the business combination under the same control realized step by step through multiple transactions is not a "package deal", the relevant profits and losses have been recognized between the later of the acquisition date and the date when the acquirer and the merged party are under the final control of the same party and the merger date Other comprehensive income and other changes in owner's equity offset the beginning retained earnings or current profit and loss during the comparative statement period respectively.

If the business combination not under the same control is realized step by step through multiple transactions, which is not a "package deal", in the consolidated financial statements, the equity of the acquiree held before the acquisition date shall be re measured according to the fair value of the equity on the acquisition date, and the difference between the fair value and its book value shall be included in the current investment income; If the equity of the acquiree held before the acquisition date involves other comprehensive income under the equity method, the relevant other comprehensive income shall be transferred to the current income on the acquisition date. Except for other comprehensive income arising from changes in net liabilities or assets of the investee's remeasurement of the defined income plan.

If the parent company partially disposes the long-term equity investment in the subsidiary without losing

control, in the consolidated financial statements, the difference between the disposal price and the share of net assets of the subsidiary continuously calculated from the purchase date or the consolidation date corresponding to the disposal of the long-term equity investment shall be adjusted to adjust the capital reserve (capital premium or share capital premium). If the capital reserve is insufficient to offset, Adjust retained earnings.

If the control over the investee is lost due to the disposal of part of the equity investment, the remaining equity shall be re measured according to its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of the net assets of the original subsidiary continuously calculated from the purchase date or the merger date calculated according to the original shareholding ratio shall be included in the investment income of the current period when the control right is lost, and the goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary is transferred to the current investment income when the control right is lost.

If the equity investment in a subsidiary is disposed step by step through multiple transactions until the control right is lost, if the transactions of disposing the equity investment in a subsidiary until the control right is lost belong to a package transaction, each transaction shall be treated as a transaction of disposing the subsidiary and losing the control right for accounting treatment; However, before the loss of control, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal of investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred to the profits and losses of the current period when the control is lost.

The consolidated statement of changes in owner's equity is prepared according to the consolidated balance sheet and consolidated income statement.

7.Criteria for determining cash and cash equivalents

When preparing the cash flow statement, the company's cash equivalents refer to the short-term (generally due within 3 months from the purchase date), highly liquid investments that are easy to be converted into known amounts of cash and have little risk of value change.

8.Foreign currency transactions and translation of foreign currency statements

(1)Foreign currency business

For foreign currency business, the spot exchange rate on the transaction date is used as the conversion exchange rate to convert the foreign currency amount into RMB for bookkeeping.

The balance of foreign currency monetary items is translated at the spot exchange rate on the balance sheet date. The exchange differences arising therefrom are included in the current profit and loss, except for the exchange differences arising from special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated in accordance with the principle of

capitalization of borrowing costs. Foreign currency non monetary items measured at historical cost shall still be translated at the spot exchange rate on the transaction date without changing the amount in the functional currency. Foreign currency non monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined, and the resulting exchange difference is included in the current profit and loss or other comprehensive income.

(2)Translation of foreign currency statements

The assets and liability items in the balance sheet shall be translated at the spot exchange rate on the balance sheet date; Except for the "undistributed profit" item, other items of owner's equity are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated at the spot exchange rate on the transaction date. According to the translation difference of foreign currency financial statements generated by the above translation, the item of "translation difference of foreign currency statements" is listed separately under other comprehensive income.

When disposing of overseas operations, the translation difference of foreign currency financial statements related to the overseas operations listed under other comprehensive income items in the balance sheet shall be transferred from other comprehensive income items to the current profits and losses of disposal; For partial disposal of overseas operations, the translation difference of foreign currency financial statements of the disposal part shall be calculated according to the disposal proportion and transferred to the current profit and loss of disposal.

9.Financial instruments

Financial instruments refer to contracts that form financial assets of one party and financial liabilities or equity instruments of other parties. A financial asset or financial liability is recognized when the company becomes a party to the financial instrument contract.

(1)Classification of financial instruments

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company divides financial assets into: financial assets measured at amortized cost; Financial assets measured at fair value and whose changes are included in other comprehensive income; Financial assets measured at fair value through profit or loss.

(2) Recognition and measurement of financial assets

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses; For other types of financial assets, relevant transaction costs are included in the initially recognized amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider major financing components, the company shall take the amount of consideration expected to be entitled to receive as the initial recognition amount.

①Financial assets measured at amortized cost

The business model of the company's management of financial assets measured at amortized cost is to collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. The company adopts the effective interest method for subsequent measurement of such financial assets according to the amortized cost, and the gains or losses arising from amortization or impairment are included in the current profit and loss.

② Financial assets measured at fair value with changes included in other comprehensive income

The company's business model for managing such financial assets is both to collect contractual cash flow and to sell, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The company measures such financial assets at fair value and the changes are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest rate method are included in the current profit and loss.

In addition, the company designates some non tradable equity instrument investments as financial assets measured at fair value and whose changes are included in other comprehensive income. The company will record the relevant dividend income of such financial assets into the current profits and losses, and the changes in fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and not included in current profits and losses.

③Financial assets measured at fair value through profit or loss

The company classifies the above financial assets other than the financial assets measured at amortized cost and the financial assets measured at fair value and whose changes are included in other comprehensive income as financial assets measured at fair value and whose changes are included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatches, the company designates some financial assets as financial assets measured at fair value and whose changes are included in current profits and losses. For such financial assets, the company adopts fair value for subsequent measurement, and changes in fair value are included in current profits and losses.

(3)Classification, recognition and measurement of financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities at initial recognition. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other financial liabilities are included in their initial recognition amount.

① Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value with changes included in current profits and losses include trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated as measured at fair value with changes included in current profits and losses at initial recognition.

Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured at fair value. Except for hedging accounting, changes in fair value are included in current profits and losses.

For financial liabilities designated to be measured at fair value and whose changes are included in the current profits and losses, the changes in fair value caused by the changes in the company's own credit risk are included in other comprehensive income. When the liability is derecognized, the cumulative changes in fair value caused by the changes in its own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in fair value are included in current profits and losses. If dealing with the impact of changes in credit risk of such financial liabilities in the above way will cause or expand the accounting mismatch in profits and losses, the company will include all gains or losses of such financial liabilities (including the amount affected by changes in credit risk of the enterprise) in the current profits and losses.

② Other financial liabilities

Except for the financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization are included in the current profits and losses.

(4)Recognition basis and measurement method of financial asset transfer

Financial assets meeting one of the following conditions shall be derecognized: ① the contractual right to receive the cash flow of the financial asset shall be terminated; ② The financial asset has been transferred, and almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has abandoned its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and does not give up its control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial

assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income shall be included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned between the derecognized and non derecognized parts according to their relative fair value, The difference between the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part and the apportioned carrying amount is included in the current profit and loss.

If the company sells the financial assets with recourse or transfers the held financial assets by endorsement, it is necessary to determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred. If almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; If almost all the risks and rewards of the ownership of a financial asset are retained, the recognition of the financial asset shall not be terminated; If almost all the risks and rewards in the ownership of financial assets are neither transferred nor retained, continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles described in the preceding paragraphs.

(5)Derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, the company shall derecognize the financial liability (or part thereof). If the company (borrower) signs an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from the original financial liability, the original financial liability shall be derecognized and a new financial liability shall be recognized at the same time. If the company makes substantial amendments to the contract terms of the original financial liabilities (or part thereof), the original financial liabilities shall be derecognized, and a new financial liability shall be recognized in accordance with the revised terms.

Where a financial liability (or part thereof) is derecognized, the company shall record the difference between its book value and the consideration paid (including non cash assets transferred out or liabilities assumed) into the current profits and losses.

(6) Offset of financial assets and financial liabilities

When the company has the legal right to offset the recognized amount of financial assets and financial liabilities, and such legal right is currently enforceable, and the company plans to settle the financial assets and

settle the financial liabilities at net amount or realize the financial assets and settle the financial liabilities at the same time, the net amount of financial assets and financial liabilities after mutual offset is listed in the balance sheet. In addition, financial assets and financial liabilities are presented separately in the balance sheet and shall not offset each other.

(7) Determination method of fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is an active market for financial instruments, the company uses the quotation in the active market to determine its fair value. Quotation in an active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurring in fair transactions. If there is no active market for financial instruments, the company uses valuation technology to determine their fair value. Valuation techniques include reference to the prices used in recent market transactions by parties familiar with the situation and willing to trade, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method and option pricing model. During the valuation, the company adopts the valuation technology applicable in the current situation and supported by sufficient available data and other information, selects the input value consistent with the asset or liability characteristics considered by market participants in the transaction of relevant assets or liabilities, and gives priority to the use of relevant observable input values as far as possible. When the relevant observable input value cannot be obtained or it is impractical to obtain, the unobservable input value shall be used.

(8)Equity instruments

Equity instruments refer to contracts that can prove the ownership of the company's residual interests in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the company are treated as changes in equity, and the transaction expenses related to equity transactions are deducted from equity. The company does not recognize the changes in fair value of equity instruments.

If the company's equity instruments distribute dividends (including the "interest" generated by the instruments classified as equity instruments) during the existence period, it shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets that the company needs to recognize impairment losses are financial assets measured at amortized cost, debt instrument investment and lease receivables measured at fair value and whose changes are included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, creditor's rights investment, other creditor's rights investment, long-term receivables, etc. In addition, for contract assets and some financial guarantee contracts, provision for impairment and recognition of

credit impairment losses are also made in accordance with the accounting policies described in this part.

(1)Recognition method of impairment provision

Based on the expected credit loss, the company accrues the impairment provision and recognizes the credit impairment loss for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the company discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, the company discounts the purchased or originated financial assets with credit impairment according to the actual interest rate adjusted by the credit of the financial assets.

The general method of measuring expected credit loss means that the company assesses whether the credit risk of financial assets (including contract assets and other applicable items, the same below) has increased significantly since initial recognition on each balance sheet date. If the credit risk has increased significantly since initial recognition, The company measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration; If the credit risk does not increase significantly after initial recognition, the company measures the loss reserve according to the amount equivalent to the expected credit loss in the next 12 months. When evaluating expected credit losses, the company considers all reasonable and based information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, assuming that their credit risk has not increased significantly since initial recognition, the company chooses to measure the loss provision according to the expected credit loss in the next 12 months, depending on whether their credit risk has increased significantly since initial recognition, The loss provision is measured based on the expected credit loss amount in the next 12 months or the whole duration.

(2) Criteria for judging whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the probability of default within the expected duration determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole duration to determine whether the credit risk has increased significantly since initial recognition.

(3)A portfolio approach to assessing expected credit risk on a portfolio basis

The company evaluates the credit risk of financial assets with significantly different credit risks, such as accounts receivable from related parties; Receivables in dispute with the other party or involving litigation and arbitration; Receivables that have obvious signs that the debtor is likely to be unable to perform its repayment obligations.

In addition to the financial assets that individually assess the credit risk, the company divides the financial assets into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination.

(4) Accounting treatment of impairment of financial assets

At the end of the period, the company calculates the expected credit loss of various financial assets. If the expected credit loss is greater than the book amount of its current impairment provision, the difference is recognized as impairment loss; If it is less than the carrying amount of the current impairment provision, the difference is recognized as impairment gain.

(5) Determination method of credit loss of various financial assets

①Notes receivable

For bills receivable aged within 1 year, the company judges that there is no difference between the cash flow of bills receivable and the expected cash flow, and does not recognize the provision for impairment of bills receivable; For notes receivable with an aging of more than 1 year, an impairment test shall be conducted separately. The expected credit loss amount of notes receivable shall be recognized according to the difference between the book amount of the notes receivable and the present value of the expected cash flow, and the bad debt provision shall be withdrawn individually.

In addition to accounts receivable and contract assets that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis for determining combination
Aging combination	This portfolio is composed of notes receivable with an aging of less than 1 year as credit risk characteristics.

② Accounts receivable and contract assets

For receivables and contract assets without major financing components, the company measures the loss reserves according to the amount equivalent to the expected credit loss in the whole duration.

For receivables, contract assets and lease receivables with significant financing components, the company chooses to always measure the loss reserves according to the amount equivalent to the expected credit loss during the duration.

In addition to accounts receivable and contract assets that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis for determining combination
Aging	The portfolio takes the aging of accounts receivable as the credit risk

Items	Basis for determining combination
combination	feature (except for accounts receivable other than individually assessed credit risk and related parties within the consolidation scope).

For accounts receivable classified as risk portfolio, the company refers to the historical credit loss experience, combined with the current situation and the prediction of future economic conditions, prepares the comparison table between the overdue days of accounts receivable and the expected credit loss rate for the whole duration, and calculates the expected credit loss.

No provision for credit loss shall be made for the receivables of related parties within the consolidation scope.

Impairment ratio of estimated credit loss based on aging credit risk characteristics:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years (including 2 years)	10.00
2-3 years (including 3 years)	20.00
More than 3 years	30.00

③Other receivables

The company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss according to whether the credit risk of other receivables has increased significantly since initial recognition. In addition to other receivables individually assessed for credit risk, they are divided into different combinations based on their credit risk characteristics:

Items	Basis for determining combination
Dividends receivable	The portfolio is dividends receivable.
Interest receivable	This portfolio is interest receivable.
Aging combination	The portfolio takes the aging of accounts receivable as the credit risk feature (except for accounts receivable other than individually assessed credit risk and related parties within the consolidation scope).

The expected credit losses of other receivables at different stages are measured in three stages:

1) Other receivables whose credit risk has not increased significantly since initial recognition are in the first

stage and no bad debt provision is withdrawn. It mainly includes: other receivables of subsidiaries within the consolidation scope of the company. If there is a difference between the book amount of the above other receivables in the next 12 months and the present value of the expected cash flow, it shall be transferred to the other two stages and the bad debt provision shall be withdrawn according to the amount of expected credit loss in the whole duration.

2) Other receivables whose credit risk has increased significantly since initial recognition but whose credit impairment has not occurred are in the second stage. The bad debt provision shall be withdrawn according to the amount equivalent to the expected credit loss of the other receivables throughout the duration, and shall be withdrawn by aging analysis method. It mainly includes: other receivables except the first and third stages.

Impairment ratio of estimated credit loss based on aging credit risk characteristics:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years (including 2 years)	10.00
2-3 years (including 3 years)	20.00
More than 3 years	30.00

3) Other receivables with credit impairment after initial recognition (there are obvious signs that the debtor is likely to be unable to perform the repayment obligation) are in the third stage, and the bad debt provision is withdrawn according to the amount equivalent to the expected credit loss in the whole duration. The expected credit loss amount of other receivables shall be recognized according to the difference between the book amount of the other receivables and the present value of the expected cash flow, and the bad debt provision shall be withdrawn.

11.Stock

(1)Classification of inventories

Inventory refers to the development products or commodities held by the company for sale in the daily activities of the enterprise, products in progress in the development process, materials and materials consumed in the development process or the provision of labor services, etc. It mainly includes: raw materials, development costs, low value consumables, inventory commodities, land reserves, forest assets, etc.

(2)Pricing method of issued inventory

The inventory shall be accounted according to the actual cost when it is obtained; At the time of delivery, the inventory goods and raw materials shall be priced separately.

(3)Determination basis of net realizable value of inventory and withdrawal method of inventory falling price reserves

On the balance sheet date, inventories are measured at the lower of cost and net realizable value.Net realizable value refers to the amount of the estimated selling price of inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes in daily activities.

The specific methods for determining the net realizable value of different inventories are as follows:

① The net realizable value of inventories of finished products, commodities, materials for sale and other commodities directly for sale shall be determined by the amount of the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes in the normal production and operation process.

② In the normal production and operation process, the net realizable value of the material inventory that needs to be processed is determined by the estimated selling price of the finished products minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes.

③ On the balance sheet date, if the contract price is agreed for one part of the same inventory and there is no contract price for the other parts, the net realizable value shall be determined respectively, and the amount of inventory falling price reserves withdrawn or reversed shall be determined respectively by comparing it with its corresponding cost. The net realizable value of inventories held for the execution of sales contracts or labor contracts shall be calculated based on the contract price. If the quantity of inventory held by the enterprise is more than the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

On the balance sheet date, the company withdraws inventory falling price reserves according to a single inventory item. For the inventory with large quantity and low unit price, the inventory falling price reserves shall be withdrawn according to the inventory category. For the difference between the net realizable value of the inventory and the book value, the company shall withdraw the inventory falling price reserve and record it into the current profit and loss. If the inventory value recovers in subsequent periods, it shall be reversed from the amount of inventory falling price reserves that have been withdrawn, and the reversed amount shall be included in the current profits and losses.

(4)Inventory system of inventory

The company adopts the perpetual inventory system.

(5) Amortization method of low value consumables and packaging materials

Low value consumables and packaging materials shall be valued at their actual cost when they are obtained, and the one-off amortization method shall be adopted for accounting when they are received.

(6)Accounting method of development cost

The costs of the company's development projects include:

①Compensation for land acquisition and Demolition: collect all expenses incurred by purchasing or participating in the auction of land for the development of real estate, including land price, resettlement fee,

compensation for demolition of original buildings, deed tax, auction service fee, etc.

②Preliminary engineering cost: collect the planning, design, feasibility study, hydrogeological exploration, surveying and mapping, site leveling and other expenses incurred before development.

③Infrastructure cost: collect the cost of water supply, power supply, gas supply, sewage discharge, flood discharge, communication, lighting, greening, sanitation facilities, Guangcai project, roads and other infrastructure costs incurred in the development process.

④ Construction and installation engineering cost: collect various construction and installation engineering costs and equipment costs incurred during the development process according to the construction drawings of construction and installation engineering.

⑤Supporting facilities expenses: the expenses of public supporting facilities incurred in the development project, such as boiler room, water tower (box), bicycle shed, public security and fire room, power distribution room, public toilet, kindergarten, school, entertainment and sports facilities, club, neighborhood committee, garbage room and other facilities.

Development indirect costs: the costs incurred in organizing and managing the development project at the development project site, which cannot be directly determined to be borne by a project, shall be distributed among various development projects according to certain standards at the end of the month. Including: borrowing costs incurred before the completion of the development project, office expenses, telephone expenses, transportation travel expenses, repair expenses, labor protection expenses, depreciation expenses, amortization of low value consumables, amortization of swing space, remuneration of management personnel, and other expenses.

When the development project is completed, when it is accepted by relevant government departments and meets the delivery conditions, the total saleable area of development products such as houses, shops, office rooms and parking spaces shall be calculated or estimated, and the collected development cost shall be apportioned among the development products according to the proportion of the saleable area of each development product in the total saleable area, so as to calculate the actual cost of each development product. If the final settlement has not been made, it shall be included in the developed products according to the estimated cost, and the developed products shall be adjusted according to the difference between the actual cost and the estimated cost after the final settlement.

12.Contract assets and contract liabilities

The company lists contract assets or contract liabilities in the balance sheet according to the relationship between performance obligations and customer payment. The company shall present the contract assets and contract liabilities under the same contract in net amount after offsetting each other.

The company lists the right to receive consideration from customers unconditionally (i.e. only depending

on the passage of time) as receivables, and lists the right to receive consideration for goods transferred to customers (the right depends on other factors other than the passage of time) as contract assets.

The company lists the obligation to transfer goods to customers for the consideration received or receivable from customers as contract liabilities.

13.Long term equity investment

Long term equity investment is divided into: long-term equity investment in subsidiaries, long-term equity investment in joint ventures and long-term equity investment in associated enterprises.

(1)Determination of investment cost

For the long-term equity investment formed by business combination, the investment cost shall be determined in accordance with the following provisions:

① For the long-term equity investment formed by business combination under the same control, if the combining party pays cash, transfers non cash assets or assumes debts, and issues equity securities as the merger consideration, the share of the book value of the owner's equity of the combined party obtained on the merger date shall be regarded as the investment cost of the long-term equity investment. The capital reserve shall be adjusted according to the difference between the cost of long-term equity investment and the consideration paid; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

② For the long-term equity investment formed by the merger of enterprises not under the same control, the acquirer shall take the merger cost determined on the acquisition date as the investment cost of the long-term equity investment. The merger cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain the control over the acquiree on the acquisition date. For business combination realized step by step through multiple exchange transactions, the combination cost is the sum of the costs of each single transaction. If the future events that may affect the merger cost are agreed in the merger contract, if it is estimated that the future events are likely to occur on the purchase date and the amount of impact on the merger cost can be measured reliably, it shall also be included in the merger cost.

③ In addition to the long-term equity investment formed by business combination, the investment cost of long-term equity investment obtained by other means shall be determined in accordance with the following provisions

For the long-term equity investment obtained by paying cash, the actual purchase price shall be taken as the initial investment cost;

The investment cost includes the expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment;

For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the investment cost; For the long-term equity investment invested by

investors, the value agreed in the investment contract or agreement shall be regarded as the investment cost, except for the unfair value agreed in the contract or agreement;

For the long-term equity investment obtained by non monetary asset exchange, if the item has commercial substance and the fair value of the assets received or surrendered can be measured, the fair value of the assets surrendered and relevant taxes shall be taken as the investment cost; The difference between the fair value and the book value of the assets surrendered shall be included in the current profits and losses; If the exchange of non monetary assets does not meet the above two conditions at the same time, the book value of the assets surrendered and relevant taxes shall be regarded as the investment cost;

For the long-term equity investment obtained by debt restructuring, the fair value of the obtained equity shall be taken as the investment cost; The difference between the investment cost and the book value of creditor's rights is included in the current profit and loss.

When a long-term equity investment is obtained, if the investment cost includes declared but not yet distributed cash dividends or profits, it shall be deducted and measured separately.

For the investment in associates or joint ventures, the difference between the investment cost and the fair value of the identifiable net assets of the investee at the time of investment shall not adjust the initial investment cost of long-term equity investment; The difference between the investment cost and the fair value share of the investee's identifiable net assets at the time of investment shall be included in the current profits and losses.

(2) Subsequent measurement and profit and loss recognition method

① The company's long-term equity investment in subsidiaries is accounted by cost method in individual financial statements, and adjusted according to equity method when preparing consolidated financial statements.

In the consolidated financial statements, the difference between the newly acquired long-term equity investment and the identifiable net assets of the subsidiary calculated continuously from the acquisition date (or consolidation date) according to the newly increased shareholding ratio when the company purchases the minority shareholders' equity of the subsidiary, and adjust the capital reserve (capital premium or share capital premium) and capital reserve in the consolidated financial statements If the balance of (capital premium or equity premium) is insufficient to offset, the retained earnings shall be adjusted.

Under the cost method, the long-term equity investment accounted by the cost method is priced according to the initial investment cost, and the cost of long-term equity investment is adjusted by adding or recovering the investment.

When the investee announces the distribution of cash dividends or profits, in addition to the declared but not distributed cash dividends or profits included in the price or consideration actually paid when obtaining the investment, the investing enterprise shall recognize the investment income according to the cash dividends or

profits declared to be distributed by the investee.

② The company's long-term equity investment that has joint control or significant influence on the invested unit shall be accounted with the equity method.

Under the equity method, after the company obtains the long-term equity investment, on the balance sheet date, it shall recognize the investment income and other comprehensive income respectively according to the share of the net profit and loss and other comprehensive income realized by the investee that should be enjoyed or shared, and adjust the book value of the long-term equity investment; the company shall calculate the share according to the profit or cash dividend declared to be distributed by the investee The book value of the long-term equity investment shall be reduced accordingly; when the company recognizes the share of the net profit and loss of the investee, it shall recognize the net profit of the investee after adjusting the fair value of all identifiable assets of the investee at the time of obtaining the investment.

The unrealized profits and losses of internal transactions between the company and associated enterprises and joint ventures shall be offset by the part attributable to the company calculated according to the shareholding ratio, and the investment profits and losses shall be recognized on this basis.

If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the investor, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the investor, and the investment income and other comprehensive income shall be recognized.

When the company confirms that it should share the losses incurred by the investee, it shall be handled in the following order: first, offset the book value of the long-term equity investment. Second, if the book value of the long-term equity investment is not enough to offset, continue to recognize the investment loss to the extent of the book value of other long-term equity that substantially constitutes the net investment in the investee, and offset the long-term receivables Book value. Finally, after the above treatment, if the enterprise still undertakes additional obligations according to the investment contract or agreement, the estimated liabilities shall be recognized according to the estimated obligations and included in the current investment losses. If the investee makes profits in the future, the company shall, after deducting the unrecognized loss share, deal with it in the reverse order to write down the book value of the recognized estimated liabilities Balance, recover the book value of other long-term equity and long-term equity investments that substantially constitute the net investment in the investee, and recognize the investment income at the same time.

For other changes in the owner's equity of the invested entity other than net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment shall be adjusted and included in the owner's equity.

③ Disposal of long-term equity investment

For the disposal of long-term equity investment, the difference between its book value and the actually obtained price shall be included in the current profits and losses. For the long-term equity investment accounted by the equity method, if it is included in the owner's equity due to other changes in the owner's equity of the invested entity other than the net profits and losses, the part originally included in the owner's equity shall be transferred into the current profits and losses according to the corresponding proportion when disposing the investment.

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without losing control, and the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is included in the owner's equity.

(3)Basis for determining joint control and significant impact on the invested unit

The company's subsidiaries can control the investee. Control means that the investor has the right to the investee, enjoys variable returns through participating in relevant activities of the investee, and has the ability to use the power to the investee to affect its return amount.

The joint venture of the company and other parties can jointly control the invested unit. Joint control refers to the joint control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control right.

The company's associated enterprises are those that can exert significant influence on the investee. Significant influence means that the investor has the power to participate in the decision-making of the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. When determining whether to exert significant influence on the investee, the investor and other parties shall be considered Potential voting factors such as current convertible corporate bonds and current executable warrants of the investee held by the investor.

(4) Impairment test method and impairment provision method

On the balance sheet date, if the long-term equity investment shows signs of impairment due to the continuous decline of market price or the deterioration of the operating condition of the invested entity, the recoverable amount of the long-term equity investment shall be determined according to the higher of the net amount of the fair value of the long-term equity investment minus the disposal expenses and the current value of the estimated future cash flow of the long-term equity investment When the recovered amount is lower than the book value, the book value of the asset is written down to the recoverable amount. The written down amount is recognized as asset impairment loss and included in the current profits and losses. At the same time, the corresponding provision for impairment of long-term equity investment is withdrawn. Once the impairment loss of long-term equity investment is recognized, it will not be reversed in future accounting periods.

14.Fixed assets

(1) Recognition conditions of fixed assets

The fixed assets of the company refer to the tangible assets with a service life of more than one accounting year held for the production of goods, provision of labor services, lease or operation and management. Fixed assets are recognized when the following conditions are met simultaneously:

① The economic benefits related to the fixed assets are likely to flow into the enterprise;

② The cost of the fixed assets can be measured reliably.

(2) Classification of fixed assets

The fixed assets of the company are classified as houses and buildings, machinery and equipment, transportation equipment, electronic equipment and other equipment.

(3) Initial measurement of fixed assets

Fixed assets are initially measured at their actual cost upon acquisition.

The cost of purchased fixed assets is determined by the purchase price, relevant taxes, transportation expenses, loading and unloading expenses, installation expenses and professional service expenses incurred before the fixed assets reach the expected serviceable state.

If the payment of the purchase price of fixed assets is delayed beyond the normal credit conditions, which is essentially of a financing nature, the cost of fixed assets shall be determined based on the present value of the purchase price.

The cost of self built fixed assets consists of the necessary expenses incurred before the construction of the assets reaches the expected serviceable state.

For the fixed assets obtained by the debtor for debt repayment through debt restructuring, the entry value shall be determined based on the fair value of the fixed assets, and the difference between the book value of the restructured debt and the fair value of the fixed assets for debt repayment shall be included in the current profits and losses;

On the premise that the exchange of non monetary assets has commercial substance and the fair value of the assets received or surrendered can be measured reliably, the entry value of the fixed assets received shall be determined based on the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the assets received is more reliable; For the exchange of non monetary assets that do not meet the above premise, the book value of the assets surrendered and the relevant taxes payable shall be regarded as

the cost of the fixed assets received.

(4) Depreciation method of various fixed assets

The depreciation of fixed assets, except for shaft and roadway works, is accrued by the straight-line method within the estimated useful life after the entry value minus 3% or 5% of the estimated net residual value. The estimated residual value rate, depreciation life and annual depreciation rate of various fixed assets are as follows:

category	Depreciation method	useful life of fixed assets	Residual value rate	Annual depreciation rate
Houses and buildings	Straight line method	10-20 years	4%	3.17%-9.50%
Means of transport	Straight line method	4 years	4%	9.50%-19.00%
Electronic equipment	Straight line method	3-4 years	4%	13.57%-19.00%
machinery equipment	Straight line method	10 years	4%	9.60%
Tools, appliances and furniture	Straight line method	3-5 years	4%	19.00%-23.75%
Other equipment	Straight line method	5 years	4%	19.00%-23.75%

(5)Impairment test method and impairment provision method of fixed assets

On the balance sheet date, if there are signs of impairment of fixed assets, the company estimates its recoverable amount and carries out impairment test. The recoverable amount is determined by the higher one between the net amount of the fair value of the asset minus the disposal expenses and the present value of the future cash flow of the asset. The estimated recoverable amount is based on a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group is determined based on the asset group to which the asset belongs. Provision for impairment of fixed assets shall be made for the difference between the recoverable amount and the book value. Once the provision for impairment of fixed assets is withdrawn, it shall not be reversed in subsequent accounting periods.

(6)Recognition basis, valuation method and depreciation method of fixed assets under financing lease

Finance lease refers to a lease that transfers substantially all the risks and rewards related to the ownership of assets. If one or more of the following criteria are met, it shall be recognized as a financial lease:

① At the expiration of the lease term, the ownership of the leased assets shall be transferred to the company.

② The company has the option to purchase the leased assets, and the purchase price is expected to be much lower than the fair value of the leased assets when the option is exercised.

③ Even if the ownership of the asset is not transferred, the lease term accounts for most of the service life of the leased asset.

④ The present value of the company's minimum lease payments on the lease commencement date is almost equal to the fair value of the leased assets on the lease commencement date; The present value of the

lessor's minimum lease receipts on the lease commencement date is almost equal to the fair value of the leased asset on the lease commencement date.

⑤ The leased assets are special in nature and can only be used by the company without major transformation.

The fixed assets leased by the company under finance are included in the cost of fixed assets on the lease start date according to the lower of the fair value of the leased assets and the present value of the minimum lease payment on the lease start date, plus the initial direct expenses.

The depreciation method of fixed assets under financing lease is the same as that of similar self owned fixed assets of the company.

(7)Subsequent expenditure on fixed assets

The subsequent expenditure of fixed assets incurred by the company shall meet the following requirements at the same time: ① the economic benefits related to the subsequent expenditure are likely to flow into the enterprise; ② When the cost of the subsequent expenditure can be measured reliably, it shall be included in the fixed assets; If there is any replacement part, its book value shall be deducted. Subsequent expenditures on fixed assets that do not meet the above conditions shall be included in the current profits and losses when incurred.

The improvement expenses of fixed assets leased in by operating lease shall be capitalized as long-term deferred expenses and amortized within a reasonable period.

15. Construction in progress

(1)Category, recognition and measurement of construction in progress

Construction in progress refers to various construction and installation projects for the construction or repair of fixed assets, which are classified by project approval projects, including preliminary construction preparation, construction projects under construction, installation projects, technical transformation projects, major repair projects, etc.

The construction in progress shall be recognized when the economic benefits are likely to flow in and the cost can be measured reliably. Construction in progress is measured at the actual cost incurred before the asset reaches the expected serviceable state.

(2)Standard and time point for carrying forward construction in progress to fixed assets

For construction in progress, the necessary expenses incurred before the asset reaches the expected usable state shall be regarded as the entry value of fixed assets. If the construction in progress of fixed assets has reached the expected serviceable state, but the final settlement of completion has not been handled, from the date of reaching the expected serviceable state, it shall be transferred into fixed assets according to the estimated value according to the project budget, cost or actual cost of the project, and the depreciation of fixed assets shall be accrued according to the fixed assets depreciation policy of the company. After the final settlement of completion is handled, The original estimated value is adjusted according to the actual cost, but the accrued depreciation amount is not adjusted.

(3)Impairment test method and provision method for impairment of construction in progress

On the balance sheet date, if there is any sign of impairment of a single project under construction, the company estimates its recoverable amount and conducts an impairment test. Provision for impairment of construction in progress shall be made for the difference between the recoverable amount and the book value. Once the provision for impairment of construction in progress is withdrawn, it shall not be reversed in subsequent accounting periods.

16. Borrowing costs

(1)Recognition principle of capitalization of borrowing costs

Borrowing costs refer to the interest and other related costs incurred by the company for borrowing or issuing corporate bonds, including borrowing interest, amortization of discount or premium, auxiliary expenses and exchange differences incurred for foreign currency borrowings.

If the borrowing costs incurred by the company can be directly attributable to the acquisition, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of relevant assets; Other borrowing costs shall be recognized as expenses according to the amount incurred and included in the current profits and losses.

(2)Capitalization period of borrowing costs

When the borrowing costs meet the following conditions at the same time, they shall be capitalized:

① Asset expenditure has occurred, including the expenditure incurred in the form of cash payment, transfer of non cash assets or bearing interest bearing liabilities for the acquisition and construction or production of assets eligible for capitalization;

② Borrowing costs have occurred;

③ The acquisition and construction or production activities necessary to make the assets ready for the intended use or sale have begun.

(3)Period of suspension of capitalization of borrowing costs

If the acquisition, construction or production of assets eligible for capitalization is interrupted abnormally and the interruption time exceeds 3 months continuously, the capitalization of borrowing costs shall be suspended; The borrowing costs incurred during the interruption period are recognized as current expenses until the acquisition and construction or production activities of the assets restart.

If the interruption is a necessary procedure for the acquisition, construction or production of assets eligible for capitalization to reach the expected serviceable or marketable state, the capitalization of borrowing costs shall continue.

(4) Stop capitalization of borrowing costs

The capitalization of borrowing costs shall be stopped when the assets purchased, constructed or produced that meet the capitalization conditions are ready for the intended use or sale.

The borrowing costs incurred after the assets eligible for capitalization reach the expected serviceable or marketable state shall be recognized as expenses according to the amount incurred and included in the current profits and losses.

(5) Capitalization amount of borrowing costs

If a special loan is borrowed for the acquisition and construction or production of assets eligible for capitalization, it shall be determined by the amount of the interest expense actually incurred in the current period of the special loan minus the interest income obtained by depositing the unused loan funds in the bank or the investment income obtained from temporary investment, and shall be included in the cost of assets eligible for capitalization during the capitalization period.

If a general loan is occupied for the acquisition and construction or production of assets eligible for capitalization, the company shall calculate and determine the interest amount of the general loan to be capitalized according to the weighted average of the asset expenditure of the part of the accumulated asset expenditure exceeding the special loan multiplied by the capitalization rate of the occupied general loan.

If the auxiliary expenses incurred by special borrowings occur before the assets eligible for capitalization purchased, constructed or produced reach the expected usable or marketable state, they shall be capitalized according to the amount incurred and included in the cost of assets eligible for capitalization; If it occurs after the qualified assets purchased, constructed or produced reach the expected usable or marketable state, it shall be recognized as an expense according to the amount incurred and included in the current profits and losses.

Auxiliary expenses incurred for general borrowings shall be recognized as expenses according to the amount incurred and included in the current profits and losses.

17.Intangible assets

（1） Recognition conditions of intangible assets

Intangible assets refer to identifiable non monetary assets without physical form owned or controlled by an enterprise. If an asset meets one of the following conditions, it meets the recognizability standard in the definition of intangible assets:

① It can be separated or divided from the enterprise and can be used for sale, transfer, licensing, lease or exchange alone or together with relevant contracts, assets or liabilities.

② Derived from contractual rights or other legal rights, whether or not these rights can be transferred or separated from enterprises or other rights and obligations.

Intangible assets can only be recognized if they meet the following conditions at the same time:

① The economic benefits related to the intangible assets are likely to flow into the enterprise;

② The cost of the intangible asset can be measured reliably.

(2)Valuation and classification of intangible assets

Intangible assets are initially measured at actual cost.

The cost of self-developed intangible assets includes the total expenditure incurred from meeting the recognition conditions of intangible assets to reaching the intended purpose, but the expenditure that has been expensed in previous periods will not be adjusted.

The intangible assets of the company include land use rights and software.

(3) Estimated service life of intangible assets with limited service life

For intangible assets with limited service life, the following factors are usually considered when estimating their service life: ① the usual life cycle of the products produced by the asset and the available information about the service life of similar assets; ② Current situation of technology and process and estimation of future development trend; ③ Market demand for products or services produced with the assets; ④ Actions expected to be taken by current or potential competitors; ⑤ Expected maintenance expenditure to maintain the ability of the asset to bring economic benefits, and the company's expected ability to pay relevant expenses; ⑥ Relevant legal provisions or similar restrictions on the control period of the asset, such as concession period, lease period, etc; ⑦ Correlation with the service life of other assets held by the company, etc.

(4) Amortization of intangible assets

Intangible assets with limited service life shall be amortized in the same way as the expected realization of the economic benefits related to the intangible assets within the service life. If the expected realization method cannot be reliably determined, the straight-line method shall be adopted for amortization.

Intangible assets with uncertain service life are not amortized, but the service life of the intangible assets is reviewed every year. If there is evidence that the service life of intangible assets is limited, the company estimates its service life and amortizes it with the straight-line method within the service life.

(5)Impairment test method and impairment provision method of intangible assets

On the balance sheet date, if there are signs of impairment of a single intangible asset, the company estimates its recoverable amount and conducts an impairment test. Provision for impairment of intangible assets shall be made for the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is withdrawn, it shall not be reversed in subsequent accounting periods.

(6)Specific standards for research stage and development stage of internal research and development projects

The research stage refers to the planned investigation period for acquiring new technology and knowledge, which has the following characteristics:

The research stage is based on planned investigation, that is, the R & D project has been approved by the board of directors or relevant management of the company, and starts to collect relevant data and conduct market research. The research stage is basically exploratory, and data and related aspects are prepared for further development activities. Phased results will not be formed at this stage.

The development stage refers to the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices and products before commercial production or use. It has the following characteristics:

The development stage is based on the research stage, so it is targeted for the development of the project. R & D projects entering the development stage are often more likely to form results.

(7) Specific standards for expenditures at the development stage meeting capitalization conditions

The expenditures of the company's internal research and development projects at the research stage shall be included in the current profits and losses when incurred. The expenditures in the development stage of the company's internal research and development projects that meet the following conditions are recognized as intangible assets:

① Technically speaking, it is technically feasible to complete the intangible asset so that it can be used or sold.

② It has the intention to complete the intangible asset and use or sell it.

③ The ways in which intangible assets generate economic benefits, including being able to prove that there is a market for the products produced by using the intangible assets or there is a market for the intangible assets themselves; If an intangible asset is to be used internally, its usefulness shall be proved;

④ Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets.

⑤ The expenditure attributable to the development stage of the intangible asset can be measured reliably.

18.Long term deferred expenses

Long term deferred expenses shall be recorded according to the actual amount and amortized evenly by stages during the benefit period or within the specified period. If the long-term deferred expense item cannot benefit the future accounting period, the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

The improvement expenses of the fixed assets leased by the company in the form of operating lease shall be capitalized as long-term unamortized expenses, which shall be averagely amortized within the shorter of the lease service life and the remaining service life of the leased assets.

Other long-term deferred expenses shall be calculated according to the actual amount and amortized evenly within the benefit period of the project.

19.Employee compensation

Employee compensation refers to various forms of remuneration and other related expenses given by the company to obtain the services provided by employees. The employee compensation of the company includes: short-term employee compensation, post employment welfare, dismissal welfare and other long-term employee compensation.

Short term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, trade union funds, employee education funds, non monetary benefits, etc. During the accounting period when employees

provide services to the company, the company recognizes the actual short-term employee compensation as liabilities and records it into the current profits and losses or relevant asset costs. Non monetary welfare is measured at fair value.

Post employment benefits mainly include defined contribution plans. The defined contribution plan mainly includes basic endowment insurance, unemployment insurance, etc., and the corresponding amount payable shall be included in relevant asset costs or current profits and losses when incurred.

Terminate the labor relationship with the employee before the expiration of the employee labor contract, or put forward a proposal for compensation to encourage the employee to voluntarily accept the layoff, whichever is earlier when the company cannot unilaterally withdraw the dismissal benefits provided by the plan for terminating the labor relationship or the layoff proposal, or when the company confirms the costs related to the restructuring involving the payment of dismissal benefits, The employee compensation liabilities arising from dismissal welfare shall be recognized and included in the current profits and losses. However, if the dismissal welfare cannot be fully paid within 12 months after the end of the annual reporting period, it shall be treated as other long-term employee remuneration.

The internal retirement plan of employees shall be handled in the same principle as the above dismissal benefits. The company will include the wages and social insurance premiums of early retirees to be paid from the date when the employees stop providing services to the normal retirement date into the current profits and losses (dismissal welfare) when they meet the recognition conditions of estimated liabilities.

Other long-term employee benefits provided by the company to employees that meet the defined contribution plan shall be accounted for according to the defined contribution plan. In addition, they shall be accounted for according to the defined income plan.

20. Estimated liabilities

If the obligations related to contingencies meet the following conditions at the same time, the company will recognize them as estimated liabilities.

(1) The obligation is the current obligation undertaken by the enterprise;

(2) The performance of this obligation is likely to cause economic benefits to flow out of the company;

(3) The amount of the obligation can be measured reliably.

The estimated liabilities are initially measured according to the best estimate of the expenses required to perform relevant current obligations. If there is a range of required expenses, the best estimate is determined according to the average of the upper and lower limits of the range. If the required expenditure does not have an amount range, the best estimate is treated as follows:

(1) If the contingency involves a single item, it shall be determined according to the most likely amount.

(2)If the contingency involves multiple projects, it shall be determined according to various possible results and relevant probability calculation.

If all or part of the expenses required for the estimated liabilities recognized by the company are expected to be compensated by a third party, the compensation amount will be recognized separately as an asset only when it is basically determined that it can be received. The amount of compensation recognized shall not exceed the book value of estimated liabilities.

21.Income

(1)Revenue recognition principle

If the income from selling goods meets the following conditions at the same time, it shall be recognized: first, the company has transferred the main risks and rewards of commodity ownership to the buyer; Second, the company neither retains the continuous management right usually associated with ownership, nor exercises effective control over the sold goods; Third, the amount of income can be measured reliably; Fourth, relevant

economic interests are likely to flow into the company; Fifth, relevant costs incurred or to be incurred can be measured reliably.

(2)Specific methods of revenue recognition

①Revenue from sales of goods

The company has delivered the goods to the buyer according to the contract or purchase invoice, the amount of sales revenue has been determined, the payment for goods has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, and the cost related to the goods can be measured reliably.

The collection of contract or agreement price adopts deferred method. If it is essentially of financing nature, the amount of revenue from sales of goods shall be determined according to the fair value of the receivable contract or agreement price. The difference between the receivable contract or agreement price and its fair value shall be amortized by the effective interest rate method during the period of the contract or agreement and included in the current profit and loss.

② Income from provision of labor services

On the balance sheet date, if the result of the transaction of providing labor services can be reliably estimated, the income from providing labor services shall be recognized by the percentage of completion method. The result of the transaction of providing labor services can be estimated reliably, which means that the following conditions can be met at the same time: first, the amount of income can be measured reliably; Second, relevant economic benefits are likely to flow into the enterprise; Third, the completion schedule of the transaction can be determined reliably; Fourth, the costs incurred and to be incurred in the transaction can be measured reliably.

The company can choose the following methods to determine the completion progress of providing labor services: first, the measurement of completed work; Second, the proportion of labor services already provided in the total labor services to be provided; Third, the proportion of the cost incurred in the estimated total cost.

If the transaction results of providing labor services cannot be reliably estimated on the balance sheet date, they shall be handled according to the following circumstances:

First, if the labor costs incurred are expected to be compensated, the revenue from providing labor services shall be recognized according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount. Second, if the labor costs incurred are not expected to be compensated, the labor costs incurred shall be included in the current profit and loss, and the income from the provision of labor services shall not be recognized.

③ Income from transferring the right to use assets

Only when the income from the assignment of the right to use assets meets the following conditions can it be recognized:

First, relevant economic benefits are likely to flow into the enterprise; Second, the amount of income can be measured reliably.

The income from transferring the right to use assets includes interest income, royalty income, etc. The amount of interest income shall be calculated and determined according to the time when others use the company's monetary funds and the actual interest rate. The amount of royalty income shall be calculated and determined according to the charging time and method agreed in relevant contracts or agreements.

④ Commercial housing sales revenue: for commercial housing sales, the seller and the buyer shall sign a sales contract and record it in the land and resources department; The real estate development products have been completed and reached the expected usable state, and have passed the acceptance of relevant competent departments and gone through the filing procedures; When the buyer pays the agreed house

purchase price (usually the down payment of the sales contract and the payment arrangement of the confirmed remaining house price) according to the payment terms of the sales contract and completes the physical handover procedures of the commercial house, the realization of the sales revenue shall be recognized.

If the buyer receives the written delivery notice and fails to complete the physical handover procedures of the commercial house within the specified time without justified reasons, the realization of sales revenue shall be confirmed on the next day after the end of the time limit specified in the written delivery notice.

The company will manage the price obtained from the pre-sale of commercial houses after obtaining the pre-sale license as the advance payment, and confirm the realization of sales revenue when handling the handover procedures after the completion and acceptance of commercial houses.

⑤ Land sales revenue: for land sales, the seller and the buyer have signed a sales contract; The land has been handed over to the buyer and the land delivery certificate has been obtained; The realization of sales revenue is recognized when the payment is received or the collection voucher is obtained.

⑥Property management income: when property management services have been provided, the amount of property management income has been determined, the property management fee has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, the costs related to property management can be measured reliably.

⑦ Rental property income: the realization of house rental income is recognized according to the lease payment date and amount specified in the contract or agreement signed with the lessee. If the lease free period is agreed in the contract, the lease fee charged shall be apportioned according to the straight-line method and recognized as rental income within the whole lease term without deducting the lease free period.

⑧ Income from settlement of agent built houses and projects: for settlement of agent built houses and projects, the completion degree of agent built houses and projects can be reliably determined after signing an irrevocable construction contract; The company determines the percentage of completion according to the proportion of the accumulated actual contract cost to the estimated total contract cost (or: the proportion of the completed contract workload to the estimated total contract workload or: the actually measured completion progress), and recognizes the revenue according to the percentage of completion method.

⑨ The revenue recognition of development products shall meet the following conditions: after the development products have been completed and accepted, the sales contract has been signed and the obligations specified in the contract have been fulfilled, the main risks and rewards of the ownership of the development products have been transferred to the purchaser, and the company will no longer retain the continuous management right usually associated with the ownership and exercise effective control over the sold development products, Moreover, the amount of sales revenue of developed products has been determined, the payment has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, and the costs related to the development of products can be measured reliably.

⑩The recognition of catering and room service revenue shall meet the following conditions: when catering and room service have been provided, the amount of catering and room service revenue has been determined, the service payment has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, the costs related to catering and room service can be measured reliably.

⑪ The recognition of rental income of market berths shall meet the following conditions: the company has leased the berths to merchants in accordance with the lease contract, the amount of relevant business income has been determined, the rent has been recovered or the collection voucher has been obtained, and the relevant economic benefits are likely to flow in, and the costs related to the rental of berths can be measured reliably.

⑫ Revenue recognition principles of Harbin Weidi: (1) if the product sales is in the consignment mode, the sales revenue shall be recognized when the consignment list or consignment settlement notice provided by the customer is received every month after the product is launched. (2) If the products agreed in the contract need to be accepted by the customer, the sales revenue shall be recognized when the customer accepts the warehousing and receives the settlement notice provided by the customer. (3) If the contract stipulates that the goods shall be delivered after the payment, the sales revenue shall be recognized when the goods are delivered.

22.Government subsidy

Government subsidy refers to monetary assets or non monetary assets obtained by the company from the government free of charge. It is divided into asset related government subsidies and income related government subsidies.

(1) Judgment basis and accounting treatment method of government subsidies related to assets

The government subsidies obtained by the company for the purchase and construction or the formation of long-term assets in other ways shall be regarded as the government subsidies related to assets.

Government subsidies related to assets shall offset the book value of relevant assets (or: recognized as deferred income and included in profits and losses by stages within the service life of relevant assets according to a reasonable and systematic method). Government subsidies measured in nominal amount shall be directly included in current profits and losses.

If relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the undistributed balance of relevant deferred income shall be transferred to the profits and losses of the current period of asset disposal.

(2)Judgment basis and accounting treatment method of government subsidies related to income

Other government subsidies obtained by the company other than those related to assets are regarded as government subsidies related to income. The government subsidies related to income shall be handled according to the following circumstances:

①If it is used to compensate the relevant costs or losses of the company in the future, it shall be recognized as deferred income and included in the current profit and loss (or: offset the relevant costs) during the period when the relevant costs or losses are recognized.

②Those used to compensate the relevant costs or losses incurred by the company shall be directly included in the current profits and losses (or: offset the relevant costs).

For government subsidies that include both asset related parts and income related parts, accounting treatment shall be carried out separately according to different parts; Those that are difficult to distinguish are classified as income related government subsidies as a whole.

Government subsidies related to the company's daily activities are included in other income (or: offset relevant costs) according to the essence of economic business. Government subsidies unrelated to the company's daily activities shall be included in non operating revenue and expenditure.

23.Deferred income tax assets and deferred income tax liabilities

According to the book value of the assets, liabilities and its tax base the difference between the (not confirmed project as assets and liabilities of its tax base can be determined in accordance with the provisions of the tax law, the tax base and the difference between the book number), according to the forecast of the asset is recovered or the applicable tax rate calculation during the debt confirmed deferred income tax assets and deferred income tax liabilities.

(1)Recognition and measurement of deferred income tax assets

①Where there is a deductible temporary difference between the carrying value of an asset or liability and

its tax base, the deferred income tax asset arising from the deductible temporary difference shall be recognized to the extent that the taxable income is likely to be obtained to offset the deductible temporary difference. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in the transaction with the following characteristics shall not be recognized: the transaction is not an enterprise merger; the transaction does not affect the accounting profit and does not affect the amount of taxable income (or deductible loss).

② The company recognizes the corresponding deferred income tax assets for the deductible temporary differences related to the investments of subsidiaries, associated enterprises and joint ventures, if the following conditions are met: The temporary differences are likely to be reversed in the foreseeable future; St is likely to obtain the taxable income amount used to offset the deductible temporary differences in the future.

③For the deductible losses and tax credits that can be carried forward to the next year, the company recognizes the corresponding deferred income tax assets to the extent that it is likely to obtain future taxable income to offset the deductible losses and tax credits.

④ On the balance sheet date, the company rechecks the book value of deferred income tax assets. Write down the carrying value of the deferred income tax asset if it is likely that it cannot obtain sufficient taxable income to offset the benefit of the deferred income tax asset in the future period; The amount written down shall be reversed when sufficient taxable income is likely to be obtained.

(2)Recognition and measurement of deferred income tax liabilities

The Company recognizes all deferred income tax liabilities arising from taxable temporary differences except those arising from:

① Initial recognition of goodwill;

②simultaneously satisfy the initial recognition of assets or liabilities arising from the transaction with the following characteristics: The transaction is not an enterprise merger; the transaction does not affect the accounting profit and does not affect the amount of taxable income (or deductible loss).

③The company has taxable temporary differences related to the investment of its subsidiaries, associated companies and joint ventures, and the following conditions are met: The investment enterprise can control the reversal time of the temporary differences; the temporary difference is unlikely to reverse in the foreseeable future.

24. Related parties

Where one party controls, jointly controls the other party or exerts significant influence on the other party, and two or more parties are jointly controlled and jointly controlled by one party, an affiliated party shall be constituted. The related party may be an individual or an enterprise. Only with the state controlled enterprises without any other related party relationship, does not constitute a related party.

The company's affiliated parties include but are not limited to:

(1) Parent company;

(2) Subsidiaries;

(3) Other enterprises controlled by the same parent company;

(4) the implementation of joint control of investors;

(5) Investors who exert significant influence;

(6) Joint venture, including its subsidiaries;

(7) Associated enterprises, including subsidiaries of the associated enterprises;

(8) Major investors and their close family members;

(9) Key management personnel and close family members of the company or its parent company;

(10)Other enterprises controlled or jointly controlled by individual major investors, key management

personnel or close family members of the company.

Note5. Description of changes in accounting policies and accounting estimates and error correction

1. Changes in accounting policies
There is no change in accounting policies of the company during the reporting period.

2. Changes in accounting estimates
The company has no accounting estimate during the reporting period.

3. Correction of accounting errors
There was no error correction in the company during the reporting period.

Note6.Taxes

1. Main taxes and tax rates

Tax category	Tax basis	Tax rate
value added tax	The output tax is calculated according to the taxable sales income, and the value-added tax is calculated and paid after deducting the input tax allowed to be deducted in the current period	5%、6%、9%、13%
excise tax	Taxable sales (volume)	5%
Land value added tax	Value added arising from paid transfer of state-owned land use right and property rights of aboveground buildings and other attached objects	The land value-added tax shall be withdrawn and paid in advance according to the proportion of 5% of the real estate sales income and the house payment received in
Property tax	If ad valorem, 1.2% of the residual value after deducting 30% from the original value of the house; If it is levied from rent, it shall be calculated and	1.2%、12%
Urban maintenance and construction tax	Paid in VAT	7%
Education surcharge	Paid in VAT	3%
Local education additional	Paid in VAT	2%
corporate income tax	Taxable income	25%

2. Other instructions

Other taxes shall be calculated and paid in accordance with relevant national and local regulations.

Note7. Explanation of important items in consolidated financial statements

(Note: unless otherwise specified, the amount unit of notes to each item of the following financial statements is RMB)

（1） Monetary Fund

Item	2020.12.31	2019.12.31	2018.12.31
Cash	14,867.03	-	-
Bank deposit	2,494,569,550.11	1,088,757,130.10	491,912,715.02
Other monetary funds	13,099,215.12	-	-
Total	2,507,683,632.26	1,088,757,130.10	491,912,715.02

At the end of the period, the monetary funds with restricted use were 8929633.19 yuan of mortgage deposit and 15712592.16 yuan of funds of prepaid card custodian.

（2） Notes receivable

1. Classified presentation of notes receivable

Item	2020.12.31	2019.12.31	2018.12.31
Bank acceptance bill	43,262,161.64	-	-
Commercial acceptance bill	2,482,581.47	-	-
Total	45,744,743.11	-	-

2. Notes receivable pledged by the company at the end of the period

Item	Pledged amount at the end of the period
Bank acceptance bill	4,320,000.00

3.Notes receivable endorsed or discounted by the company at the end of the period and not yet due on the balance sheet date

Item	Amount derecognized at the end of the period	Unrecognized amount at the end of the period
Bank acceptance bill	5,324,670.09	-
Commercial acceptance bill	-	-
Total	5,324,670.09	-

4.At the end of the period, the company had no notes that were converted into accounts receivable due to the drawer's failure to perform.

（3） Accounts receivable

1. Disclosure of accounts receivable by category

Category	2020.12.31			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Accounts receivable with single provision for bad debts	1,827,520,291.19	97.18	803,371.58	0.04
Accounts receivable with bad debt reserves withdrawn by portfolio	53,031,562.31	2.82	10,139,438.69	19.12
Including: aging combination	53,031,562.31	2.82	10,139,438.69	19.12
Total	1,880,551,853.50	100.00	10,942,810.27	0.58

(Continued)

Category	2019.12.31			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Accounts receivable with single provision for bad debts	1,081,738,197.35	99.90	-	-
Accounts receivable with bad debt reserves withdrawn by portfolio	1,047,612.80	0.09	14,649.25	1.40
Including: aging combination	1,047,612.80	0.09	14,649.25	1.40
Total	1,082,785,810.15	100.00	14,649.25	1.40

(Continued)

Category	2018.12.31			
	Book balance		Provision for bad debts	
	Amount	Proportion(%)	Amount	Proportion(%)
Accounts receivable with single provision for bad debts	1,145,207,094.63	100.00	-	-
Accounts receivable with bad debt reserves withdrawn by portfolio	-	-	-	-
Including: aging combination	-	-	-	-
Total	1,145,207,094.63	100.00	-	-

Accounts receivable with provision for bad debts by aging analysis method in the portfolio:

(1)In the combination, accounts receivable with provision for bad debts by aging analysis method:

Aging	2020.12.31		
	Accounts receivable	Provision for bad debts	Percentage of provision (%)
Within 1 year	41,235,160.40	2,061,758.02	5.00
1 to 2 years	2,112,667.75	422,533.55	20.00
2 to 3 years	2,387,297.14	1,193,648.57	50.00
Over 3 years	6,461,498.55	6,461,498.55	100.00
Total	52,196,623.84	10,139,438.69	

Description of accounts receivable for which bad debt provision is made according to the combination of credit risk characteristics:

According to the credit of the accounts receivable customers, the background of the shareholders of the customers, the length of the accounts receivable and the financial status of the customers, no provision for bad debts shall be made for the accounts receivable of the wholly state-owned companies and government departments with good credit and the aging within 1 year and the financial status of the customers, and no provision for bad debts shall be made for the accounts receivable of the related parties;

2. Provision for bad debts accrued, recovered or reversed in the current period:

Category	Balance at the beginning of the year	Amount of change in the current period			Ending balance
		Provision	Recovery or reversal	Write off or write off	
Individual provision	-	803,371.58	-	-	803,371.58
External customer portfolio	14,649.25	10,124,789.44	-	-	10,139,438.69
Total	14,649.25	10,928,161.02	-	-	10,942,810.27

3.The accounts receivable with the top 5 ending balances by debtor are as follows:

1）2020.12.31

Name of the company	Relationship with the company	Amount of money	Aging	Proportion in total accounts receivable (%)
Lishui Development Zone Urban Construction Investment Co., Ltd	Non related parties	1,070,453,647.35	Over 3 years	56.92
Management Committee of Lishui economic and Technological Development Zone	Related parties	411,226,503.98	Over 3 years	21.87
Yifeng (Wuhan) energy Co., Ltd	Non related parties	105,400,000.00	Within 1 year	5.60
Karaama Meguro International Trade Co., Ltd	Non related parties	100,637,048.86	Within 1 year	5.35
Shanghai Zhansheng Industrial Development Co., Ltd	Non related parties	99,789,637.31	Within 1 year	5.31
Total		1,787,506,837.50		95.05

2）2019.12.31

Name of the company	Relationship with the company	Amount of money	Aging	Proportion in total accounts receivable (%)
Lishui Nancheng Xinhong Industrial Development Co., Ltd	Non related parties	742,427,863.29	2-3 years	62.61
Management Committee of Lishui economic and Technological Development Zone	Related parties	338,656,523.42	Over 3 years	31.28

Economic Development Bureau of Lishui economic and Technological Development Zone	Non related parties	480,000.00	Within 1 year	0.04
Zhejiang Ping An Property Management Co., Ltd	Non related parties	292,985.00	1-2 years	0.02
Nanming street, Liandu District People's government, Lishui City	Non related parties	50,500.00	Within 1 year	-
Total		1,081,907,871.71		99.92

3）2018.12.31

Name of the company	Relationship with the company	Amount of money	Aging	Proportion in total accounts receivable (%)
Lishui Nancheng Xinhong Industrial Development Co., Ltd	Non related parties	915,074,680.99	1-2 years	79.90
Management Committee of Lishui economic and Technological Development Zone	Related parties	229,839,428.64	2-3 years	20.07
Zhejiang Ping An Property Management Co., Ltd	Non related parties	292,985.00	Within 1 year	0.03
Total		1,145,207,094.63		100.00

(4) Prepayments

1.Prepayments are listed by aging:

Aging	2020.12.31		2019.12.31	
	Amount of money	Percentage in the total amount (%)	Amount of money	Percentage in the total amount (%)
Within 1 year (including 1 year)	65,125,034.46	99.68	63,831,651.01	39.09
1-2 years	208,169.19	0.32	99,472,212.99	60.90
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	65,333,203.65	100.00	163,303,864.00	100.00

(Continued)

Aging	2018.12.31	
	Amount of money	Percentage in the total amount (%)
Within 1 year (including 1 year)	99,472,212.99	100.00
1-2 years	-	-
2-3 years	-	-
Over 3 years	-	-
Total	99,472,212.99	100.00

2.Top 5 prepayments in terms of closing balance by prepayment object:

1）2020.12.31

Name of the company	Amount of money	Aging	Proportion in total	Nature of payment
Zhejiang bolisheng Amperex Technology Limited	27,310,337.00	Within 1 year	41.80	payment for goods
Youyan Engineering Technology Research Institute Co., Ltd	25,500,000.00	Within 1 year	39.03	engineering funds
L'OREAL (China) Co., Ltd	4,437,657.60	Within 1 year	6.79	payment for goods
SUMEC international technology trade	2,820,650.00	Within 1 year	4.32	payment for goods
Estee Lauder (Shanghai) Trading Co., Ltd	1,800,000.00	Within 1 year	2.76	payment for goods
Total	61,868,644.60		94.70	

2）2019.12.31

Name of the company	Amount of money	Aging	Proportion in total	Nature of payment
Lishui Huixin Real Estate Development Co., Ltd	163,297,864.00	1-2 years	99.996	Purchase price
Total	163,297,864.00		99.996	

3）2018.12.31

Name of the company	Amount of money	Aging	Proportion in total prepayments (%)	Nature of payment
Lishui Shunsheng Real Estate Co., Ltd	29,162,212.99	Within 1 year	29.32	Compensation for demolition
Lishui Huixin Real Estate Development Co., Ltd	70,310,000.00	Within 1 year	70.68	Compensation for demolition
Total	99,472,212.99		100.00	

(5) Other receivables

Item	2020.12.31	2019.12.31	2018.12.31
Interest receivable	-	-	-
Dividends receivable	-	-	-
Other receivables	1,483,656,791.46	1,567,329,451.15	1,744,495,990.33
Total	1,483,656,791.46	1,567,329,451.15	1,744,495,990.33

1. Other receivables disclosed by category

Category	2020.12.31			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for bad debts	1,445,011,220.39	96.63	-	-
Other receivables with provision for bad debts by portfolio	50,324,723.63	3.37	11,679,152.56	23.21
Including: aging portfolio	50,324,723.63	3.37	11,679,152.56	23.21
Total	1,495,335,944.02	100.00	11,679,152.56	0.78

(Continued)

Category	2019.12.31			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for bad debts	1,540,101,683.85	97.59	-	-
Other receivables with provision for bad debts by portfolio	38,110,483.31	2.41	10,882,716.01	28.56
Including: aging portfolio	38,110,483.31	2.41	10,882,716.01	28.56
Total	1,578,212,167.16	100.00	10,882,716.01	0.69

(Continued)

Category	2018.12.31			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for bad debts	1,715,946,199.96	97.94	-	-
Other receivables with provision for bad debts by portfolio	36,169,234.47	2.06	7,619,444.10	21.07
Including: aging portfolio	36,169,234.47	2.06	7,619,444.10	21.07
Total	1,752,115,434.43	100.00	7,619,444.10	0.43

In the combination, other receivables of Provision for bad debts are accrued using the balance percentage method:

Group name	2020.12.31		
	Amount of money	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	5,901,906.53	2.72	160,344.87
1-2 years	6,799,067.21	3.55	241,658.63
2-3 years	2,340,493.93	24.47	572,723.79
Over 3 years	35,283,255.96	30.34	10,704,425.27
Total	50,324,723.63	23.21	11,679,152.56

（Continued）

Group name	2019.12.31		
	Amount of money	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	2,141,347.82	5.00	107,067.39
1-2 years	18,258.00	10.00	1,825.80
2-3 years	114,404.22	20.00	22,880.84
Over 3 years	35,836,473.27	30.00	10,750,941.98
Total	38,110,483.31	-	10,882,716.01

（Continued）

Group name	2018.12.31		
	Amount of money	Proportion (%)	Provision for bad debts
Within 1 year (including 1 year)	18,228.00	5.00	911.40
1-2 years	114,404.22	10.00	11,440.42
2-3 years	32,038,883.99	20.00	6,407,776.80
Over 3 years	3,997,718.26	50.00	1,199,315.48
Total	36,169,234.47	-	7,619,444.10

2. Provision for bad debts:

In 2020, Provision for bad debtsAmount of money796,436.55 yuan was accrued for other receivables, and Provision for bad debtsAmount of money0 yuan was recovered or transferred back; in 2019, Provision for bad debtsAmount of money3,263,271.91 yuan was accrued for other receivables, and in 2018, provision for bad debts amount of money

2,291,056.95 yuan was accrued for other receivables, and provision for project for bad was recovered or transferred back Debts Amount of money0.

3.Top 5 other receivables in terms of closing balance collected by other receivables:

1）2020.12.31

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Development Zone Finance Bureau	Non related parties	879,973,734.34	Over 3 years	59.31
Lishui Development Zone Urban Construction Investment Co., Ltd	Non related parties	215,000,000.00	Within 1 year	14.49
Lishui Nancheng land reserve center	Non related parties	190,274,355.33	Over 3 years	12.82
Lishui Nancheng Construction Co., Ltd	Non related parties	109,990,000.00	Within 1 year	7.41
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	Related parties	21,159,057.50	Within 1 year	1.43
Total		1,416,397,147.17		95.47

2）2019.12.31

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Development Zone Finance Bureau	Non related parties	897,189,995.35	2-3 years	56.85
Lishui Nancheng land reserve center	Non related parties	274,882,381.03	2-3 years	17.42
Zhejiang Fuzhe Financial Leasing Co., Ltd	Non related parties	32,000,000.00	Over 3 years	2.03
Bohai International Trust Co., Ltd	Non related parties	4,500,000.00	Over 3 years	0.29
Cedar International Trust Limited by Share Ltd	Non related parties	3,000,000.00	Over 3 years	0.19
Total		1,211,572,376.38		76.77

3) 2018.12.31

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Development Zone Finance Bureau	Non related parties	1,230,670,261.93	1-2 years	70.24
Lishui Nancheng land reserve center	Non related parties	295,896,198.24	1-2 years	16.89
Lishui Economic Development Zone Development Corporation	Non related parties	141,000,000.00	Within 1 year	8.05
Zhejiang Fuzhe Financial Leasing Co., Ltd	Non related parties	32,000,000.00	2-3 years	1.83
Lishui Nancheng Construction Co., Ltd	Non related parties	14,559,114.88	Within 1 year	0.83
Total		1,714,125,575.05		97.84

(6) Inventories

1. Disclosure of inventories by Category

Item	Ending balance		
	Book balance	Provision for decline in	Book value
Goods in stock	218,915,238.37	3,335,724.08	215,579,514.29
Land to be developed	7,062,868,274.44	-	7,062,868,274.44
Development cost	1,896,209,313.07	-	1,896,209,313.07
Raw material	58,336,075.78	1,811,607.84	56,524,467.94
Turnover materials	49,014.13	-	49,014.13
Entrusted processing materials	35,589.76	-	35,589.76
Work in progress	3,454,847.00	-	3,454,847.00
Goods issued	3,044,024.29	-	3,044,024.29
Self made semi-finished products	15,175,014.81	612,343.27	14,562,671.54
Total	9,258,087,391.65	5,759,675.19	9,252,327,716.46

(Continued)

Item	2019.12.31		
	Book balance	Provision for decline	Book value
Goods in stock	57,292,964.12	-	57,292,964.12
Land to be developed	7,062,868,274.44	-	7,062,868,274.44
Development cost	717,182,091.60	-	717,182,091.60

Item	Ending balance		
	Book balance	Provision for decline in	Book value
Other	-	-	-
Total	7,837,343,330.16	-	7,837,343,330.16

(Continued)

Item	2018.12.31		
	Book balance	Provision for decline	Book value
Goods in stock	51,380,632.48	-	51,380,632.48
Land to be developed	7,134,668,105.00	-	7,134,668,105.00
Development cost	-	-	-
Other	-	-	-
Total	7,186,048,737.48	-	7,186,048,737.48

(7) Other current assets

Item	2020.12.31	2019.12.31	2018.12.31
Prepaid tax	7,527,685.36	-	-
Input VAT to be deducted	3,440,692.35	-	-
Deferred expenses	1,752,726.90	-	-
Total	12,721,104.61	-	-

(8) Long term equity investment

1. Classification

Item	2020.12.31			2019. 12. 31		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in associates	45,400,000.00	-	45,400,000.00	40,487,000.00	-	40,487,000.00
Total	45,400,000.00	-	45,400,000.00	40,487,000.00	-	40,487,000.00

2.Details

1）2020.12.31

Table I continued

Investee	Investment amount	Opening balance	Make an additional investment	Reduce investment
Lishui Tianji equity investment partnership (limited partnership)	-	-	9,900,000.00	9,900,000.00
Lishui Jiaotou construction Industrial Manufacturing Co., Ltd	16,000,000.00	8,000,000.00	8,000,000.00	-
Zhejiang Jiali (Lishui) industry Limited by Share Ltd	32,487,000.00	32,487,000.00	-	-
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	29,400,000.00	-	29,400,000.00	-
Total	77,887,000.00	40,487,000.00	37,400,000.00	-

Table 2 continued

Investee	Reclassification	Investment profit and loss under equity method	Other comprehensive income adjustment	Cash dividends or profits declared	Provision for impairment	Ending balance
Lishui Tianji equity investment partnership (limited partnership)	-	-	-	-	-	-
Lishui Jiaotou construction Industrial Manufacturing Co., Ltd	-	-	-	-	-	16,000,000.00
Zhejiang Jiali (Lishui) industry Limited by Share Ltd	-32,487,000.00	-	-	-	-	-
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	-	-	-	-	-	29,400,000.00
Total	-22,487,000.00	-	-	-	-	45,400,000.00

2.Other notes:

Investee	Date of establishment	registered capital	Investment amount	Investment proportion (%)	Investment unit
Lishui Jiaotou construction Industrial Manufacturing Co., Ltd	2019-11-25	80,000,000.00	16,000,000.00	20.00	Lishui South investment company
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	2018-11-26	10,000,000.00	29,400,000.00	49.00	Lishui South investment company
Total			45,400,000.00		

2）2019.12.31

Table I continued

Investee	Opening balance	Make an additional investment	Reduce investment	Investment profit and loss recognized under equity method	Other comprehensive income adjustment
Lishui Jiaotou construction Industrial Manufacturing Co., Ltd	8,000,000.00	-	-	-	-
Zhejiang Jiali (Lishui) industry Limited by Share Ltd	32,487,000.00	-	-	-	-
Total	40,487,000.00	-	-	-	-

Table 2 continued

Investee	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Other	Ending balance	Provision for impairment Ending balance
Lishui Jiaotou construction Industrial Manufacturing Co., Ltd	-	-	-	-	8,000,000.00	-
Zhejiang Jiali (Lishui) industry Limited by Share Ltd	-	-	-	-	32,487,000.00	-
Total	-	-	-	-	40,487,000.00	-

(9) Other equity instrument investment

1. Details of other equity instrument investments are as follows:

Investee	2020.12.31	2019.12.31	2018.12.31
Lishui eco economic industry fund management Co., Ltd	210,000,000.00	210,000,000.00	-
Zhejiang Jue core Microelectronics Co., Ltd	100,000,000.00	10,000,000.00	-
Ai Qikang Pharmaceutical Technology (Shanghai) Co., Ltd	20,000,000.00	-	-
Zhejiang Haoteng electronic Polytron Technologies Inc	35,035,000.00	-	-
Zhejiang PepsiCo electric appliance Limited by Share Ltd	29,730,000.00	-	-
Zhejiang Jiali (Lishui) industry Limited by Share Ltd	32,487,000.00	-	-
Dong'an Asset Management Co., Ltd	30,000,000.00	-	-
Zhejiang Guangbo Intelligent Technology Co., Ltd	100,000,000.00	-	-
Zhejiang Fangde Robot System Technology Co., Ltd	15,000,000.00	-	-
Katie (Shanghai) Pharmaceutical Technology Co., Ltd	31,500,000.00	-	-
Hangxun Information Technology Co., Ltd	30,500,000.00	-	-
Lishui Lihu Enterprise Management Co., Ltd	40,000,000.00	-	-
Zhejiang Luowei Ni intelligent engraving machine Co., Ltd	12,000,000.00	-	-
Zhejiang appex Energy Technology Co., Ltd	20,000,000.00	-	-
Bank of Lanzhou Limited by Share Ltd	116,082,120.00	-	-
Jiangsu high energy times online Limited by Share Ltd	50,000.00	-	-
Total	822,384,120.00	220,000,000.00	-

2.Other notes:

Investee	Date of establishment	registered capital	Investment amount	Investment proportion (%)	Investment unit
Lishui eco economic industry fund management Co., Ltd	2015-12-11	700,000,000.00	210,000,000.00	12.00	Lishui South investment company
Zhejiang Jue core Microelectronics Co., Ltd	2007-7-5	1,652,526.00	20,000,000.00	13.24506	Lishui South investment company
Ai Qikang Pharmaceutical Technology (Shanghai) Co., Ltd	2005-10-24	125,324,258.00	35,035,000.00	5.19	Lishui South investment company
Zhejiang Haoteng electronic Polytron Technologies Inc	2005-9-22	116,283,072.00	29,730,000.00	9.46	Lishui South investment company
Zhejiang PepsiCo electric appliance Limited by Share Ltd	2006-12-25	116,957,895.00	32,487,000.00	4.36	Green industry fund company
Zhejiang Jiali (Lishui) industry Limited by Share Ltd	2018-8-21	52,631,578.95	30,000,000.00	5.00	Green industry fund company
Dong'an Asset Management Co., Ltd	2015-5-14	59,970,000.00	100,000,000.00	16.25	Green industry fund company
Zhejiang Guangbo Intelligent Technology Co., Ltd	2016-8-17	11,428,571.00	15,000,000.00	12.50	Green industry fund company
Zhejiang Fangde Robot System Technology Co., Ltd	2017-12-26	3,750,000.00	31,500,000.00	7.00	Lishui Jiuyou fund company
Katie (Shanghai) Pharmaceutical Technology Co., Ltd	2014-9-16	77,777,844.00	30,500,000.00	8.22581	Lishui Jiuyou fund company
Hangxun Information Technology Co., Ltd	2019-6-20	300,000,000.00	100,000,000.00	33.33333	Green industry fund company
Lishui Lihu Enterprise Management Co., Ltd	2020-6-23	100,000,000.00	40,000,000.00	50.00	Green industry fund company
Zhejiang Luowei Ni intelligent engraving machine Co., Ltd	2019-1-30	28,000,000.00	12,000,000.00	28.57143	Green industry fund company
Zhejiang appex Energy Technology Co., Ltd	2017-10-24	46,395,900.00	20,000,000.00	25.63998	Green industry fund company
Bank of Lanzhou Limited by Share Ltd	1998-8-10	5,126,127,451.00	116,082,120.00	1.03	Lanzhou Lishang Guochao company
Jiangsu high energy times online Limited by Share Ltd	1987-3-12	57,218,250.00	50,000.00	0.03	Lanzhou Lishang Guochao company
Total			822,384,120.00		

(10)Investment properties

1. Investment real estate with cost measurement model

Item	2020.12.31			2019. 12. 31		
	Book balance	Accumulated depreciation and amortization	Book value	Book balance	Accumulated depreciation and amortization	Book value
Investment property	1,403,620,092.71	497,008,414.12	906,611,678.59	-	-	-
Total	1,403,620,092.71	497,008,414.12	906,611,678.59	-	-	-

2. Details of investment properties are as follows:

1）2020.12.31

Item	Buildings and structures	Land use right	Total
Original book value			
Opening balance	-	-	-
Increase in current period	875,943,607.53	527,676,485.18	1,403,620,092.71
purchase	-	-	-
Transfer from construction in progress	-	-	-
Decrease in current period	-	-	-
Other	-	-	-
Ending balance	875,943,607.53	527,676,485.18	1,403,620,092.71
Accumulated depreciation and amortization			
Opening balance	-	-	-
Increase in current period	336,226,845.59	160,781,568.53	497,008,414.12
Provision or amortization	-	-	-
Decrease in current period	-	-	-
Other	-	-	-
Ending balance	336,226,845.59	160,781,568.53	497,008,414.12
Provision for impairment			
Opening balance	-	-	-
Increase in current period	-	-	-
Decrease in current period	-	-	-
Ending balance	-	-	-
book value			
Book value at the end of the period	539,716,761.94	366,894,916.65	906,611,678.59
Book value at the beginning of the period	-	-	-

(11)Fixed assets

1. Fixed assets are classified as follows

1）2020.12.31

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
I. total original book value:	87,531,859.12	2,025,964,418.24	-	2,113,496,277.36
Buildings	83,782,551.85	1,867,904,853.07	-	1,951,687,404.92
Means of transportation	627,863.00	9,301,021.80	-	9,928,884.80
Electronic equipment	811,598.97	16,464,999.03	-	17,276,598.00
machinery equipment	-	45,067,842.08	-	45,067,842.08
Tools and furniture	219,893.30	69,286,230.55	-	69,506,123.85
Other equipment	2,089,952.00	17,939,471.71	-	20,029,423.71
2. Total accumulated depreciation:	28,870,704.98	478,351,785.04	-	507,222,490.02
Buildings	26,620,388.62	394,207,795.14	-	420,828,183.76
Means of transportation	329,888.13	4,499,561.66	-	4,829,449.79
Electronic equipment	298,893.88	4,506,562.84	-	4,805,456.72
machinery equipment	-	13,787,562.89	-	13,787,562.89
Tools and furniture	42,118.00	48,634,298.76	-	48,676,416.76
Other equipment	1,579,416.35	12,716,003.75	-	14,295,420.10
3. Total net book value	58,661,154.14	-	-	1,606,273,787.34
Buildings	57,162,163.23	-	-	1,530,859,221.16
Means of transportation	297,974.87	-	-	5,099,435.01
Electronic equipment	512,705.09	-	-	12,471,141.28
machinery equipment	-	-		31,280,279.19
Tools and furniture	177,775.30	-	-	20,829,707.09
Other equipment	510,535.65	-	-	5,734,003.61
4. Total provision for impairment	-	-	-	-
Buildings	-	-	-	-

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Means of transportation	-	-	-	-
Electronic equipment	-	-	-	-
Machinery equipment	-	-	-	-
Tools and furniture	-	-	-	-
Other equipment	-	-	-	-
5. Total book value	58,661,154.14	-	-	1,606,273,787.34
Buildings	57,162,163.23	-	-	1,530,859,221.16
Means of transportation	297,974.87	-	-	5,099,435.01
Electronic equipment	512,705.09	-	-	12,471,141.28
machinery equipment	-	-	-	31,280,279.19
Tools and furniture	177,775.30	-	-	20,829,707.09
Other equipment	510,535.65	-	-	5,734,003.61

2）2019.12.31

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
I. total original book value:	58,329,780.86	29,997,170.26	795,092.00	87,531,859.12
Buildings	54,620,338.86	29,162,212.99	-	83,782,551.85
Means of transportation	1,126,940.00	296,015.00	795,092.00	627,863.00
Electronic equipment	446,919.00	364,679.97	-	811,598.97
Tools and furniture	45,631.00	174,262.30	-	219,893.30
Other	2,089,952.00	-	-	2,089,952.00
2. Total accumulated depreciation:	25,819,663.74	3,814,329.56	763,288.32	28,870,704.98
Buildings	22,917,995.74	3,702,392.88	-	26,620,388.62
Means of transportation	1,081,862.41	11,314.04	763,288.32	329,888.13
Electronic equipment	224,660.57	74,233.31	-	298,893.88
Tools and furniture	28,325.33	13,792.67	-	42,118.00
Other	1,566,819.69	12,596.66	-	1,579,416.35

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
3. Total net book value	32,510,117.12	26,195,437.36	31,803.68	58,661,154.14
Buildings	31,702,343.12	25,459,820.11	-	57,162,163.23
Means of transportation	45,077.59	284,700.96	31,803.68	297,974.87
Electronic equipment	222,258.43	290,446.66	-	512,705.09
Tools and furniture	17,305.67	160,469.63	-	177,775.30
Other	523,132.31	-	-	510,535.65
4. Total provision for impairment	-	-	-	-
Buildings	-	-	-	-
Means of transportation	-	-	-	-
Electronic equipment	-	-	-	-
Tools and furniture	-	-	-	-
Other	-	-	-	-
5. Total book value	32,510,117.12	26,195,437.36	31,803.68	58,661,154.14
Buildings	31,702,343.12	25,459,820.11	-	57,162,163.23
Means of transportation	45,077.59	284,700.96	31,803.68	297,974.87
Electronic equipment	222,258.43	290,446.66	-	512,705.09
Tools and furniture	17,305.67	160,469.63	-	177,775.30
Other	523,132.31	-	-	510,535.65

3）2018.12.31

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
I. total original book value:	58,090,530.86	239,250.00	-	58,329,780.86
Buildings	54,620,338.86	-	-	54,620,338.86
Means of transportation	1,126,940.00	-	-	1,126,940.00
Electronic equipment	214,109.00	232,810.00	-	446,919.00
Tools and furniture	39,191.00	6,440.00	-	45,631.00
Other	2,089,952.00	-	-	2,089,952.00

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
2. Total accumulated depreciation:	21,965,953.23	3,853,710.51	-	25,819,663.74
Buildings	19,215,602.86	3,702,392.88	-	22,917,995.74
Means of transportation	1,081,862.41	-	-	1,081,862.41
Electronic equipment	203,875.22	20,785.35	-	224,660.57
Tools and furniture	26,521.61	1,803.72	-	28,325.33
Other	1,438,091.13	128,728.56	-	1,566,819.69
3. Total net book value	36,124,577.63	-	-	32,510,117.12
Buildings	35,404,736.00	-	-	31,702,343.12
Means of transportation	45,077.59	-	-	45,077.59
Electronic equipment	10,233.78	-	-	222,258.43
Tools and furniture	12,669.39	-	-	17,305.67
Other	651,860.87	-	-	523,132.31
4. Total provision for impairment	-	-	-	-
Buildings	-	-	-	-
Means of transportation	-	-	-	-
Electronic equipment	-	-	-	-
Tools and furniture	-	-	-	-
Other	-	-	-	-
5. Total book value	36,124,577.63	-	-	32,510,117.12
Buildings	35,404,736.00	-	-	31,702,343.12
Means of transportation	45,077.59	-	-	45,077.59
Electronic equipment	10,233.78	-	-	222,258.43
Tools and furniture	12,669.39	-	-	17,305.67
Other	651,860.87	-	-	523,132.31

2.Temporary idle fixed assets

None.

3 .Fixed assets acquired through financing lease

None.

4 Fixed assets leased out under operating leases

None.

5 .Fixed assets without certificate of title (2020.12.31)

Item	Book value	Reasons for failure to complete the certificate of title
Asia Europe international main building	1,137,345,046.75	Handling after publication and confirmation of Surveying and mapping report
Viridi buildings	75,244,449.84	Environmental assessment has not been completed due to the impact of the new crown epidemic
Viridi buildings	94,025.20	Pump room + guard room
Subtotal	1,212,683,521.79	

（12）Construction in progress

1. Classification of construction in progress

Item	2020.12.31			2019. 12. 31		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Secure housing and affordable housing item	1,852,381,807.91	-	1,852,381,807.91	735,108,416.52	-	735,108,416.52
School construction item	316,062,969.68	-	316,062,969.68	305,323,903.61	-	305,323,903.61
Park and plant items	460,902,382.38	-	460,902,382.38	214,889,994.69	-	214,889,994.69
Low hill gentle slope regulation and development project	4,053,742,530.59	-	4,053,742,530.59	4,056,362,747.18	-	4,056,362,747.18
Decoration project of Asia Europe International Mall	3,215,000.00		3,215,000.00	-	-	-
Other	48,353,534.75	-	48,353,534.75	32,532,378.73	-	32,532,378.73
Total	6,734,658,225.30	-	6,734,658,225.30	5,344,217,440.73	-	5,344,217,440.73

（Continued）

Item	2018 12. 31		
	Book balance	Provision for impairment	Book value
Secure housing and affordable housing project	315,680,923.61	-	315,680,923.61
School construction project	296,512,779.31	-	296,512,779.31
Park and plant project	130,890,668.93	-	130,890,668.93
Low hill gentle slope regulation and development project	3,955,870,940.63	-	3,955,870,940.63
Other	95,803,228.98	-	95,803,228.98
Total	4,794,758,541.46	-	4,794,758,541.46

2.Changes in items of major construction in progress

1）2020.12.31

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Caihe apartment item	587,733,882.92	357,760,016.35	-	945,493,899.27
Jiangnan Road Middle School	210,529,506.75	305,405.66	-	210,834,912.41
Item of resettlement community of plot-9, Zhangcun village, Nancheng, Lishui	148,540,461.98	498,140,338.61	-	646,680,800.59
Xiushan Road Primary School item	88,109,511.86	328,863.73	-	88,438,375.59
Nancheng Xiaoye low hill gentle slope regulation project	1,671,191,115.57	18,854,166.67	18,854,166.67	1,671,191,115.57
Qianlong block low hill gentle slope development project item	129,368,748.16	7,583,795.83	11,629,560.25	125,322,983.74
Qiaoting block low hill gentle slope development and utilization project	2,255,802,883.45	31,320,037.82	31,320,037.82	2,255,802,883.45
Total	5,091,276,110.69	1,066,133,096.71	213,644,236.78	5,943,764,970.62

2）2019.12.31

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Caihe apartment item	310,647,470.11	277,086,412.81	-	587,733,882.92
Jiangnan Road Middle School	204,636,954.31	5,892,552.44	-	210,529,506.75
Item of resettlement community of plot-9, Zhangcun village, Nancheng, Lishui	1,262,067.00	147,278,394.98	-	148,540,461.98
Xiushan Road Primary School item	87,879,746.00	229,765.86	-	88,109,511.86
Nancheng Xiaoye low hill gentle slope regulation project	1,594,688,209.93	109,080,600.97	32,577,695.33	1,671,191,115.57
Qianlong block low hill gentle slope development project item	129,368,748.16	23,561,226.12	23,561,226.12	129,368,748.16
Qiaoting block low hill gentle slope development and utilization project	2,231,813,982.54	60,911,822.37	36,922,921.46	2,255,802,883.45
Total	4,560,297,178.05	624,040,775.55	93,061,842.91	5,091,276,110.69

3）2018.12.31

Item	Opening balance	Increase in current period	Decrease in current period	Ending balance
Caihe apartment item	252,028,737.11	58,618,733.00	-	310,647,470.11
Jiangnan Road Middle School	173,386,404.81	31,250,549.50	-	204,636,954.31
Item of resettlement community of plot-9, Zhangcun village, Nancheng, Lishui	-	1,262,067.00	-	1,262,067.00
Xiushan Road Primary School item	84,256,695.00	3,623,051.00	-	87,879,746.00
Nancheng Xiaoye low hill gentle slope regulation project	1,485,481,433.84	158,872,045.64	49,665,269.55	1,594,688,209.93
Qianlong block low hill gentle slope development project item	129,368,748.16	35,919,503.64	35,919,503.64	129,368,748.16
Qiaoting block low hill gentle slope development and utilization project	2,181,049,407.93	107,054,217.82	56,289,643.21	2,231,813,982.54
Total	4,364,400,632.55	396,600,167.60	141,874,416.40	4,560,297,178.05

（13）Intangible assets

1）2020.12.31

Item	Land use right	Patent right	Nonpatented technology	Concession	Software	Total
I.Original book value						
1. Opening balance	49,347,300.00	-	-	-	-	49,347,300.00
2. Increase in current period	135,952,745.22	-	-	10,033,962.30	17,123,630.52	163,110,338.04
(1) Purchase	-	-	-	-	747,679.60	747,679.60
(2) Internal R & D	-	-	-	-	-	-
(3) Increase in business combination	135,952,745.22	-	-	10,033,962.30	16,375,950.92	162,362,658.44
3.Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4. Ending balance	185,300,045.22			10,033,962.30	17,123,630.52	212,457,638.04
II.Accumulated amortization						
1.Opening balance	110,639.16	-	-	-	-	110,639.16
2.Increase in current period	5,242,710.53	-	-	2,966,856.12	8,169,033.89	16,378,600.54
(1) Provision	5,242,710.53	-	-	2,966,856.12	8,169,033.89	16,378,600.54
3.Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4.Ending balance	5,353,349.69	-	-	2,966,856.12	8,169,033.89	16,489,239.70
III.Provision for impairment						
1.Opening balance	-	-	-	-	-	-
2.Increase in current period	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3.Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4.Ending balance	-	-	-	-	-	-
IV.Book value						
1. Closing book value	179,946,695.53	-	-	7,067,106.18	8,954,596.63	195,968,398.34
2. Opening book value	49,236,660.84	-	-	-	-	49,236,660.84

2）2019.12.31

Item	Land use right	Patent right	Nonpatented technology	Purchased and exchanged video copyright	Homemade program	Total
I.Original book value						
1. Opening balance	-	-	-	-	-	-
2.Increase in current period	49,347,300.00	-	-	-	-	49,347,300.00
(1) Purchase	49,347,300.00					49,347,300.00
(2) Internal R & D	-	-	-	-	-	-
(3) Increase in business combination	-	-	-	-	-	-
3.Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4. Ending balance	49,347,300.00					49,347,300.00
II.Accumulated amortization						
1.Opening balance	-	-	-	-	-	-
2.Increase in current period	-	-	-	-	-	-
(1) Provision	110,639.16					110,639.16
3.Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4.Ending balance	110,639.16					110,639.16
III.Provision for impairment						
1.Opening balance	-	-	-	-	-	-
2.Increase in current period	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-
3.Decrease in current period	-	-	-	-	-	-
(1) Disposition	-	-	-	-	-	-
4.Ending balance	-	-	-	-	-	-
IV.Book value						
1.Closing book value	49,236,660.84					49,236,660.84
2.Opening book value	-	-	-	-	-	-

（14） Deferred income tax assets and deferred income tax liabilities

1. Deferred income tax assets not offset

Item	2020.12.31		2019.12.31	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairment	5,422,552.46	12,157,741.76	2,747,927.41	10,991,709.60
Tax difference of fixed assets	1,350,494.35	5,401,977.38	-	-
Accrued expenses	337,884.83	5,401,977.38	-	-
Recoverable loss	-	-	-	-
Non deductible	-	-	-	-
Total	7,110,931.64	22,961,696.52	2,747,927.41	10,991,709.60

（Continued）

Item	2018.12.31	
	Deferred tax assets	Deductible temporary
Provision for asset impairment	1,904,861.03	7,619,444.10
Accumulated depreciation	-	-
Balance of wages payable	-	-
Recoverable loss	-	-
Non deductible property loss	-	-
Total	1,904,861.03	7,619,444.10

2. Deferred income tax liabilities not offset:

Item	2020.12.31		2019.12.31	
	Taxable temporary difference	Deferred Tax Liability	Taxable temporary difference	Deferred Tax Liability
Fixed assets subject to one-time pre tax deduction in 2018	177,465.32	44,366.33	-	-
Total	177,465.32	44,366.33	-	

3. There are no unrecognized deferred income tax assets at the end of the period.

（15）Other non current assets

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for project	313,891.05		313,891.05	-	-	-
Prepayment for product and software development	2,747,199.98		2,747,199.98	-	-	-
Total	3,061,091.03		3,061,091.03	-	-	-

(16)Short term loan

1. Classification of short-term borrowings

Item	2020.12.31	2019.12.31	2018.12.31
Credit loan	-	-	-
Mortgage loan	-	-	-
Guaranteed loan	500,172,944.44	550,000,000.00	75,000,000.00
Pledge loan	-	-	-
Total	500,172,944.44	550,000,000.00	75,000,000.00

2. Details of short-term borrowings

（1）2020.12.31

Loan bank	Loan term		2020.12.31		Loan conditions	Usage of loan
	Loan date	Repayment date	Interest rate	Principal		
Industrial Bank Yiwu Branch	2020-3-16	2021-1-8	One year LPR + 0.735	200,000,000.00	Guaranteed loan	Working capital loan
Industrial Bank Yiwu Branch	2020-3-16	2021-1-4	One year LPR + 0.735	200,000,000.00	Guaranteed loan	Working capital loan
Bank of Lanzhou Zhongshan sub branch	2020-7-20	2021-7-20	4.7167	100,000,000.00	Mortgage loan	Working capital loan

Note: the short-term loan interest of Bank of Lanzhou Zhongshan branch from December 21, 2020 to December 31, 2020 is 172,944.44 yuan, and the borrower is Lanzhou Asia Europe Commercial Building Co., Ltd.

(2) There is no overdue short-term loan at the end of the period.

（17）Notes payable

Category	2020.12.31	2019.12.31	2018.12.31
Bank acceptance bill	5,007,253.85	-	-
Total	5,007,253.85	-	-

There are no bills payable due and unpaid at the end of the period。

(18)Accounts payable

Accounts payable are listed as follows:

(1) Accounts payable listed by aging are as follows:

Item	2020.12.31	2019.12.31	2018.12.31
Within 1 year (including 1 year)	167,858,574.63	576,251.06	11,807,741.74
1-2 years (including 2 years)	94,191,995.70	100,000.00	-
2-3 years (including 3 years)	-	-	2,793.00
More than 3 years		-	-
Total	262,050,570.33	676,251.06	11,810,534.74

(2) 2020.12.31 important accounts payable of aging for more than one year:

Item	Ending balance	Reasons for outstanding or carried forward
Zhejiang Construction Engineering Group Co., Ltd	90,630,422.00	Unsettled
Harbin Longjin Glass Co., Ltd	1,993,603.36	Unsettled
Nanjing Yinfei storage equipment (Group) Co., Ltd	1,551,724.14	Unsettled
Total	94,175,749.50	

（19） Advances received

Item	2020.12.31	2019.12.31	2018.12.31
Within 1 year (including 1 year)	713,770,418.96	6,253,034.92	2,961.00
1-2 years (including 2 years)	1,205,742.00	-	-
2-3 years (including 3 years)		-	-
More than 3 years	245,000.00	302,000.00	302,000.00
Total	715,221,160.96	6,555,034.92	304,961.00

（20） Taxes payable

Item	2020.12.31	2019.12.31	2018.12.31
Value added tax	67,544,481.83	49,417,060.59	47,311,280.85
Sales Tax	44,681,189.98	44,681,189.98	44,681,189.98
Urban construction tax	9,625,631.64	9,317,289.58	7,668,790.17
Education surcharge	4,114,569.12	3,970,036.79	3,265,165.11
Local education additional	2,761,384.59	2,684,997.29	2,212,542.09
Corporate income tax	131,378,533.17	124,878,337.93	81,114,288.01
Individual income tax	291,738.20	23,969.19	-4,219.23
Stamp duty	1,910,277.47	1,469,024.95	1,467,995.55
Excise tax	342,734.35	-	-
Property tax	1,499,642.51	-	-
Land use tax	98,221.47	-	-
Total	264,248,404.33	236,441,906.30	187,717,032.53

（21） Other payables

Item	2020.12.31	2019.12.31	2018.12.31
Interest payable	-	-	5,833,333.33
Dividends payable	3,423,030.95	-	-
Other payables	2,017,156,788.27	1,201,708,962.29	1,379,993,608.25
Total	2,020,579,819.22	1,201,708,962.29	1,385,826,941.58

1. Other payables are listed as follows according to their nature:

Item	2020.12.31	2019.12.31	2018.12.31
Performance bond	709,334,432.94	14,223,261.05	21,368,906.75
Provisional accounts payable	1,286,538,207.73	1,154,339,509.02	1,325,676,480.38
Deposit	3,436,186.26	1,258,040.00	1,824,355.00
Other	21,270,992.29	31,888,152.22	36,957,199.45
Total	2,020,579,819.22	1,201,708,962.29	1,385,826,941.58

2.Top five other payables:

1）2020.12.31

Name of the company	Relationship with the company	Amount of money	Item properties	Proportion in total other payables (%)
Lishui Nancheng Construction Co., Ltd	Non related parties	550,560,900.66	Current account	27.25
Lishui Tourism Investment Development Co., Ltd	Non related parties	486,000,000.00	Current account	24.05
Lishui hi tech Financial Investment Holding Co., Ltd	Non related parties	124,600,000.00	Current account	6.17
Construction management service center of Lishui Economic and Technological Development Zone	Non related parties	95,531,132.00	Current account	4.73
Lishui Nancheng land reserve center	Non related parties	10,544,314.96	Performance bond	0.52
Total		1,267,236,347.62		62.72

2）2019.12.31

Name of the company	Relationship with the company	Amount of money	Item properties	Proportion in total other payables (%)
Lishui Nancheng Construction Co., Ltd	Non related parties	806,461,954.00	Current account	67.13
Lishui Tourism Investment Development Co., Ltd	Non related parties	324,500,000.00	Current account	27.01
Lishui lijingyuan Investment Development Co., Ltd	Non related parties	30,000,000.00	Current account	2.50
Lishui Economic Development Zone Development Corporation	Non related parties	10,000,000.00	Current account	0.83
Lishui CITIC demolition affairs Co., Ltd	Non related parties	5,626,379.71	Resettlement housing fund	0.47
Total		1,176,588,333.71		97.94

3）2018.12.31

Name of the company	Relationship with the company	Amount of money	Item properties	Proportion in total other payables (%)
Lishui Nancheng Construction Co., Ltd	Non related parties	420,062,369.44	Current account	30.31
Lishui Nancheng land reserve center	Non related parties	307,440,000.00	Current account	22.18
Lishui Tourism Investment Development Co., Ltd	Non related parties	192,000,000.00	Current account	13.85
Lishui lijingyuan Investment Development Co., Ltd	Non related parties	30,000,000.00	Current account	2.16
Lishui Zhongli Construction Engineering Co., Ltd	Non related parties	8,159,167.00	bond	0.59
Total		957,661,536.44		69.1

(22)Non current liabilities due within one year

1. Non current liabilities due within one year are listed as follows:

Item	2020.12.31	2019.12.31	2018.12.31
Non current liabilities due within one year	1,031,299,077.79	1,113,240,000.00	1,169,000,000.00
Total	1,031,299,077.79	1,113,240,000.00	1,169,000,000.00

2.Non current liabilities due within one year are classified by borrower

（1）2020.12.31

Loan unit	Ending balance
Bohai International Trust Co., Ltd	240,000,000.00
Zhejiang Fuzhe Financial Leasing Co., Ltd	25,000,000.00
China Construction Bank Lishui Economic Development Zone sub branch	190,000,000.00
Agricultural Development Bank of China Lishui branch	63,500,000.00
Bank of Hangzhou	300,000,000.00
YONGYING Financial Leasing Co., Ltd	20,000,000.00

Loan unit	Ending balance
China Resources SDIC Trust Co., Ltd	160,000,000.00
Huaxia Bank Lishui branch	2,000,000.00
Bank of communications Lishui branch	30,000,000.00
Long term loan interest of Bank of Lanzhou Zhongshan sub branch	458,333.33
Long term loan interest of Huaxia Bank Xixi sub branch	340,744.46
Total	1,031,299,077.79

（23） Long term loan

1. Classification by long-term loan category:

Item	2020.12.31	2019.12.31	2018.12.31
Pledge loan	1,654,500,000.00	-	-
Mortgage loan	935,409,709.05	380,740,000.00	-
Guaranteed loan	2,700,493,311.00	2,018,500,000.00	2,478,500,000.00
Credit loan	880,000,000.00	-	-
Other borrowings	-	947,760,000.00	1,240,000,000.00
Total	6,170,403,020.05	3,347,000,000.00	3,718,500,000.00

Description:2020.12.31

(1) Details of pledged loans

As of December 31, 2020, the balance of mortgage loan was 1949.5 million yuan, including a loan from Zhejiang Lishui Development Zone Branch of China Construction Bank, with a loan balance of 262 million yuan, loan contract No.: 694600002 (2016) 085, and a pledge was set with accounts receivable (the payer of accounts receivable: Finance Bureau of Lishui Economic and Technological Development Zone, amount of money: 1,478,795,500.00 yuan); The balance of loan from Bohai International Trust Co., Ltd. is 1055 million yuan, and the loan contract number is bitc2016 (LR) - 2627, which provides pledge guarantee for the accounts receivable of total2 billion yuan under the government purchase service agreement signed with the government.

(2) Mortgage loan details

As of December 31, 2020, the balance of mortgage loan is 455,409,700.00yuan, including 357 million yuan belonging to Lishui Nancheng New Area Investment Development Co., Ltd. and its subsidiaries: it is a loan from Agricultural Development Bank of China, loan contract No.: 33119901-2019 (Liying) Zi No. 0009, mortgage contract No.: 33119901-2019 Liying (DI) Zi No.

0002, The mortgage loan due within one year is 28.5 million yuan; The loan balance attributable to Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. and its subsidiary (Ningbo Xinrun Yuanfa Construction Co., Ltd.) is 126,909,700.00yuan, which is a loan from Lishui Development Zone Branch of industrial and Commercial Bank of China. The loan contract number is 0121002060-2020 (Jing Kai) Zi No. 00295, and the mortgage contract number is 0121002060-2020 Jing Kai (DI) Zi No. 0018.

（3）Guaranteed loan details

As of December 31, 2020, the guaranteed loan balance was 270,049,330.00 yuan, of which 217,197,000.00million yuan was attributable to Lishui Nancheng New Area Investment Development Co., Ltd. and its subsidiaries: it was a mutual guarantee between Lishui Nancheng New Area Investment Development Co., Ltd. and its subsidiary Lishui low hill gentle slope comprehensive development Co., Ltd. on the loan contract, of which 246 million yuan was due within one year; The loan balance attributable to Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. and its subsidiaries is 775,523,300.00yuan, and the loan of 100 million yuan from Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd. is guaranteed by its subsidiary Lishui low hill gentle slope comprehensive development Co., Ltd. (Contract No.: LS01 (gaobao) 20200015), of which 1 million yuan is due within one year; The loan of 675,523,300.00 yuan from Lishui Nancheng Xinlan Housing Management Co., Ltd. is guaranteed by Lishui Nancheng New Area Investment Development Co., Ltd. (Contract No.: 33100520190023798).

2.Details of long-term borrowings:

（1）2020.12.31

Loan unit	Amount of money
Bohai International Trust Co., Ltd	815,000,000.00
Shanghai Fuxiao Finance Leasing Co., Ltd	200,000,000.00
Guolong juntu Financial Leasing Co., Ltd	285,800,000.00
Agricultural Bank of China Lishui Economic Development Zone sub branch	1,215,523,311.00
China Construction Bank Lishui Economic Development Zone sub branch	242,000,000.00
Bank of China Lishui Economic Development Zone sub branch	311,170,000.00
Agricultural Development Bank of China Lishui branch	386,000,000.00
Bank of Hangzhou	500,000,000.00
YONGYING Financial Leasing Co., Ltd	50,000,000.00
Bank of Ningbo Lishui branch	880,000,000.00

Loan unit	Amount of money
Huaxia Bank Lishui branch	198,000,000.00
Bank of communications Lishui branch	480,000,000.00
ICBC Lishui Development Zone sub branch	126,909,709.05
Bank of Lanzhou Zhongshan sub branch	250,000,000.00
Huaxia Bank Xixi sub branch	230,000,000.00
Total	6,170,403,020.05

(24)Bonds payable

1）2020.12.31

Category	Term	Issue date	Interest period	Total face value	Interest adjustment	Ending balance
19 Nantou 01	3 years	2019-12-13	2019	1,500,000,000.00	-9,622,641.51	1,490,377,358.49
18 Lishui Nancheng PPN001	3 years	2018-1-17	2018	500,000,000.00	-	500,000,000.00
19 Lishui Nancheng PPN001	3 years	2019-5-23	2019	600,000,000.00	-	600,000,000.00
20 Li Tou 01	3 years	2020-6-15	2020	1,100,000,000.00	-7,056,603.77	1,092,943,396.23
20 Lishui Nancheng PPN001	5 years	2020-10-26	2020	870,000,000.00	-	870,000,000.00
Total	-	-	-	4,570,000,000.00	-16,679,245.28	4,553,320,754.72

2）2019.12.31

Category	Term	Issue date	Interest period	Total face value	Interest adjustment	Ending balance
17 Nantou 01	5 years	2017-11-24	2019	1,000,000,000.00	-6,879,027.59	993,120,972.41
19 Nantou 01	3 years	2019-12-13	2019	1,500,000,000.00	-9,622,641.51	1,490,377,358.49
18 Lishui Nancheng PPN001	3 years	2018-1-17	2018	500,000,000.00	-	500,000,000.00
19 Lishui Nancheng PPN001	3 years	2019-5-23	2019	600,000,000.00	-	600,000,000.00
Total				-	-	3,583,316,110.30

3）2018.12.31

Category	Term	Issue date	Interest period	Total face value	Interest adjustment	Ending balance
17 Nantou 01	5 years	2017-11-24	2017	1,000,000,000.00	-10,841,641.66	989,158,358.34
17 Nantou 01	5 years	2017-11-24	2018	1,000,000,000.00	-8,929,829.02	991,070,170.98
18 Lishui Nancheng PPN001	3 years	2018-1-17	2018	500,000,000.00	-	500,000,000.00
Total				-	-	1,491,070,170.98

（25）Paid in capital

Name of shareholder	2020.12.31	2019.12.31	2018.12.31
Lishui Economic and Technological Development Zone Management Committee	300,000,000.00	300,000,000.00	100,000,000.00
Total	300,000,000.00	300,000,000.00	100,000,000.00

（26）Capital reserve

Item	2020.12.31	2019.12.31	2018.12.31
Appropriation transfer in	1,476,000,000.00	920,000,000.00	510,000,000.00
Other	7,056,507,544.52	6,142,937,344.52	7,072,041,040.08
Total	8,532,507,544.52	7,062,937,344.52	7,582,041,040.08

(27)Undistributed profit

Item	2020	2019	2018
Balance at the beginning of the	296,810,700.78	168,957,532.40	-
Add: changes in accounting policies	-	-	-
Accounting Error Correction	-	-	-
Other adjustments	-	-	-
Undistributed profit at the beginning of	296,810,700.78	168,957,532.40	
Increase in current period	144,135,729.72	127,853,168.38	168,957,532.40
Including: net profit transfer in	144,135,729.72	127,853,168.38	168,957,532.40
Other adjustment factors	-	-	-
Decrease in current period			
Including: surplus reserve			
General risk reserves		-	-
Cash dividends distributed	-	-	-
Converted capital	-	-	-
Other decrease	-	-	-
Ending balance in current period	440,946,430.50	296,810,700.78	168,957,532.40

（28）Operating income and operating costs

1.Detailed presentation of main business income:

Item	2020		2019	
	Income	Costs	Income	Costs
1. Subtotal of main business	2,560,480,469.25	2,182,711,332.52	544,389,146.98	486,211,017.04
Land arrangement	70,456,291.81	61,803,764.74	105,647,664.83	93,061,842.92
Construction construction	313,292,584.50	284,256,197.38	419,024,320.33	377,025,044.53
Property income	6,994,965.13	5,633,011.93	1,920,586.29	2,039,157.08
Human resources services	19,303,577.45	18,100,857.76	13,612,203.13	12,695,144.40
Commodity sales revenue	1,418,224,145.46	1,365,110,677.20	-	-
Real estate sales	498,131,529.06	383,319,572.25	-	-
Real estate lease	58,114,527.90	14,134,968.19	1,639,581.74	2,265.00
Advertising services	7,245,475.27	3,305,717.34	2,544,790.66	1,387,563.11
Professional market management	162,543,857.61	41,250,339.29	-	-
Catering room business	6,173,515.06	5,796,226.44	-	-
2. Subtotal of other operations	28,552,963.74	4,477,448.88	34,873,377.69	1,261,149.30
Total	2,589,033,432.99	2,187,188,781.40	579,262,524.67	487,472,166.34

(Continued)

Item	2018	
	Income	Costs
1. Subtotal of main business	637,013,362.59	560,377,846.66
Land consolidation income	161,158,317.66	141,874,416.40
Construction income	474,021,780.00	416,735,378.33
Property fee income	374,648.54	356,846.21
Income from labor services	1,458,616.39	1,411,205.72
2. Subtotal of other operations	15,529,524.48	5,324,526.80
Total	652,542,887.07	565,702,373.46

（29） Taxes and surcharges

Item	2020	2019	2018
Urban maintenance and construction tax	1,365,370.77	2,142,748.70	1,343,055.68
Education surcharge	585,741.27	1,414,684.04	576,588.05
Local education surcharges	403,133.75	611,857.41	384,392.03
Land value added tax	9,275,741.64	2,584,240.75	317,757.99
Land use tax	10,581,201.84	-	-
Excise tax	1,964,498.58	-	-
Property tax	7,309,218.48	-	-
Vehicle and vessel tax	71.28	-	-
Stamp duty	1,451,612.65	456,096.70	51,035.77
Other	1,095.65	-	-
Total	32,937,685.91	7,209,627.60	2,672,829.52

（30） Administrative expenses

Item	2020	2019	2018
Depreciation charge	34,500,214.52	3,789,672.70	3,725,922.19
Amortization of intangible assets	5,050,052.04	-	-
Consulting fee	7,268,976.27	2,868,630.38	1,453,690.00
Wages	34,674,271.50	5,063,830.45	2,773,662.81
Property management fee	231,835.93	2,214,108.39	314,046.00
Assessment fee	2,078,723.13	700,398.10	5,000.00
Other expenses	12,808,676.72	1,242,731.77	313,349.20
Legal audit service fee	826,629.21	548,308.58	-63,310.00
Office expenses	2,440,770.44	549,216.56	364,362.15
Social insurance premium	818,956.70	469,744.55	315,061.38
Welfare funds	613,968.70	304,258.60	176,488.00
Employee housing accumulation fund	395,702.00	229,024.00	301,549.00
Maintenance cost	5,024.77	96,918.67	-

Item	2020	2019	2018
Water and electricity	90,217.24	52,983.86	95,900.00
Trade union funds	283,887.46	78,256.00	38,421.00
Amortization of billboard rental fee	-	22,000.00	-
Party organization activity fee	370,395.97	21,129.97	-
Travel expenses	331,421.47	43,154.22	93,108.36
Deposit for the disabled	146,505.69	14,381.28	4,105.35
Business entertainment expenses	1,146,047.58	16,588.00	26,907.00
Vehicle funds	43,184.67	42,272.83	8,415.12
Testing fee	-	10,793.20	-
Communication fee	32,016.34	23,025.47	-
Ttaff training expense	26,794.48	36,591.94	44,144.50
Taxation	14,525.46	1,948.30	-
House rental fee	195,176.50	-	-
Total	104,393,974.79	18,439,967.82	9,990,822.06

（31） Financial expenses

Item	2020	2019	2018
Interest expense	39,262,830.26	29,579,770.86	26,013,180.21
Less: interest income	21,220,260.31	2,776,483.26	3,527,354.04
bank charges	535,539.40	2,527,720.28	1,276,973.48
Total	18,578,109.35	29,331,007.88	23,762,799.65

(32) Other income

Item	2020	2019	2018
17 year indemnificatory housing subsidy from the Finance Bureau of the Development Zone	-	-	9,380,000.00
Expenditure on shantytown reconstruction	-	-	122,000,000.00
Subsidies for collecting apartments in the special account o the financial budget of the Development Zone	-	76,630,000.00	-
Item subsidy of ecological industry fund of Finance Bureau o Development Zone	-	96,487,000.00	-
Award for recognition of provincial science and technology business incubator by Lishui science and Technology Bureau in the year of 18	-	1,500,000.00	-
Subsidy fund for Fuling west block road network project	2,465,000.00	-	-
Nancheng apartment subsidy fund of Development Zone Finance	3,570,000.00	-	-
Item subsidy of Country Garden Kindergarten	1,500,000.00	-	-
District Party committee and street item subsidy	7,315.33	-	-
Post stabilization subsidy of social security center	6,114.83	-	-
Subsidies for replacing training with work	66,300.00	-	-
Refund of handling fee for withholding individual income tax	103,998.40	-	-
Basic operating expenses of the Finance Bureau of the Development Zone	650,000.00	-	-
Other	242,672.82	-	-
Total	8,611,401.38	174,617,000.00	131,380,000.00

(33)Investment income

Item	2020	2019	2018
Investment income from disposal of long-term equity investment	-	-	-
Investment income from disposal of financial instruments	-	-	-
Including: financial assets classified as measured at fair value and whose changes are included in current profits and losses	-	-	-
Investment income during the holding period of financial instruments	17,752,979.88	-	-
Including: financial assets classified as measured at fair value and whose changes are included in current profits and losses	-	-	-
Other	928,313.94	-	-
Total	18,681,293.82	-	-

(34)Credit impairment loss

Item	2020	2019	2018
1、Bad debt loss	202,921.67	-3,277,921.16	-
2、Other impairment losses	-	-	-
Total	202,921.67	-3,277,921.16	-

(35)Asset impairment loss

Item	2020	2019	2018
1、Bad debt loss	-	-	-2,291,056.95
2、Other impairment losses	-	215,089.52	-
Total	-	215,089.52	-2,291,056.95

(36)Non operating income

Item	2020	2019	2018
Government subsidies not related to daily business activities	2,496,673.53	-	-
Liquidated damages	1,596,862.51	-	-
Fine income	69,797.58	-	-
Unable to pay	704,640.42	-	-
Other	159,375.63	170,640.14	13,802.00
Total	5,027,349.67	170,640.14	13,802.00

(37)Non operating expenses

Item	2020	2019	2018
Debt restructuring losses	-	-	-
Donation expenditure	833,500.00	-	-
Loss on damage and scrapping of non current assets	10,344,937.91	-	-
Compensation and penalty	1,925,765.88	35,528,907.41	600.00
Other	18,704.75	-	-
Total	13,122,908.54	35,528,907.41	600.00

(38)Income tax expense

Item	2020	2019	2018
Current income tax calculated according to tax law and relevant regulations	81,561,045.99	43,824,093.13	11,115,433.02
Deferred income tax adjustment	-4,318,637.90	-843,066.38	-572,764.24
Total	77,242,408.09	42,981,026.75	10,542,668.78

(39)Notes to cash flow statement

1. Other cash received related to operating activities

Item	2020	2019	2018
Subsidy income	11,108,074.91	174,617,000.00	131,380,000.00
Interest income of financial institutions	21,220,260.31	2,646,284.13	3,302,100.52
Security deposit	61,642,853.13	34,079,673.10	36,570,265.10
Current account, etc	2,417,081,703.18	2,334,153,603.83	2,980,229,607.42
Total	2,511,052,891.53	2,545,496,561.06	3,151,481,973.04

2. Other cash paid related to operating activities

Item	2020	2019	2018
Current temporary loan	1,074,982,105.96	2,926,998,217.32	1,339,443,365.48
Security deposit	56,350,566.15	50,379,580.93	37,138,082.50
Expenses	29,509,022.18	576,057,716.96	357,184,992.85
Liquidated damages	1,885,514.12	35,528,907.41	-
Total	1,162,727,208.41	3,588,964,422.62	1,733,766,440.83

3.Supplementary information of cash flow statement

Supplementary information	2020	2019	2018
1. Adjusting net profit to cash flow from operating activities:			
Net profit	175,637,116.84	128,687,626.87	168,955,988.65
Provision for impairment	202,921.67	-	2,291,056.95
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	34,500,214.52	3,814,329.56	3,853,710.51
Amortization of intangible assets	5,050,052.04	-	-
Amortization of long-term deferred expenses and long-term assets	6,276,289.83	-	-

Supplementary information	2020	2019	2018
Losses from disposal of fixed assets, intangible assets and other long-term assets (less: income)	-129,335.18	-	-
Loss on retirement of fixed assets	10,344,937.91	-	-
Loss from changes in fair value (less: income)	-	-	-
Financial expenses	575,447,461.98	-	26,013,180.21
Investment loss (less: income)	-18,673,206.11	-	-
Decrease in deferred income tax assets (less: increase)	-4,363,004.23	-	-572,764.24
Increase in deferred income tax liabilities (less: decrease)	44,366.33	-	-
Decrease in inventories (less: increase)	-1,868,977,386.30	-6,974,589,653.80	-
Decrease in operating receivables (less: increase)	-686,121,814.45	-1,855,600,758.46	-179,205,947.59
Increase in operating items payable (less: decrease)	1,868,028,060.79	7,118,823,067.53	758,200,441.85
Other		-	926,423,740.58
Net cash flow from operating activities	97,266,675.64	-1,578,865,388.30	1,705,959,406.92
2. Investment and financing activities not involving cash receipts and payments	-	-	-
Debt to capital	-	-	-
Convertible corporate bonds due within one year	-	-	-
Fixed assets under finance lease	-	-	-
3. Net increase in cash and cash equivalents:	-	-	-
Ending balance of cash	2,507,683,632.26	1,088,757,130.10	491,912,715.02
Less: opening balance of cash	1,088,757,130.10	491,912,715.02	805,282,312.09
Plus: ending balance of cash equivalents	-	-	-
Less: opening balance of cash equivalents	-	-	-
Net increase in cash and cash equivalents	1,418,926,502.16	596,844,415.08	-313,369,597.07

Note 8.Change of consolidation scope

1. Business combination not under the same control

(1)In July 2020, Zhejiang Yuanming Holding Co., Ltd. (a subsidiary of Lishui South investment) acquired 20% of the shares of Lanzhou Lishang Guochao Industrial Group Co., Ltd. (hereinafter referred to as "Lishang Guochao"), Yuanming holding's voting right in Lishang Guochao accounted for 29.99%, and the Management Committee of Lishui Economic and Technological Development Zone was the actual controller of Lishang Guochao.

Lanzhou Lishang Guochao Industrial Group Co., Ltd. (formerly known as Lanzhou minbai (Group) Co., Ltd.) was approved by Lanzhou Municipal People's Government in lzf [1992] No. 60. On the basis of the overall restructuring of the original Lanzhou Minzhu West Road department store, the original Lanzhou Minzhu West Road department store Lanzhou Tertiary Industry Group Co., Ltd. and Nanjing Chengyuan architectural decoration Co., Ltd., a joint stock limited company established by directional raising, were registered with Gansu Administration for Industry and Commerce on August 9, 1992 and headquartered in Lanzhou, Gansu Province. The company now holds a business license with a unified social credit code of 91620000224336881t, with a registered capital of 773464476.00 yuan and a total of 773464476 shares (par value of 1 yuan per share). Among them, 32996803 tradable shares with limited sales conditions and 740467673 tradable shares with unlimited sales conditions. The company's shares were listed on the Shanghai Stock Exchange on August 2, 1996.

Lishang Guochao belongs to the department store industry. The main business activities are: department store retail, catering and hotel, professional market management.

(2) In December 2020, Lishui Jiuyou equity investment fund partnership (limited partnership) (Lishui Yuanqi subsidiary) acquired 21.43% of the shares of Harbin Weidi Electronics Co., Ltd. (hereinafter referred to as "Harbin Weidi"). After the equity transfer, Lishui Jiuyou fund became the shareholder with the largest single voting share of the company, The Management Committee of Lishui Economic and Technological Development Zone has become the actual controller of the company.

Harbin Weidi Electronics Co., Ltd., formerly known as Harbin Weidi Automotive Electronics Co., Ltd., was established on July 28, 2000. On December 4, 2009, the company was changed into Harbin Weidi Electronics Co., Ltd.

On September 15, 2020, Chen Zhenhua, Chen Qinghua and Liu Guoping, shareholders of Harbin Weidi, and Lishui Jiuyou equity investment fund partnership (limited partnership) (hereinafter referred to as "Lishui Jiuyou fund") signed the share transfer agreement, commitment letter, voting right waiver agreement and voting right waiver commitment letter Liu Guoping intends to transfer 120445673 shares of the company (accounting for 21.43% of the total share capital of the company) to Lishui Jiuyou fund. Meanwhile, Chen Zhenhua waives the voting right corresponding to his holding of 26.02% shares of the company and Chen Qinghua waives the voting right corresponding to his holding of 3.42% shares of the company. On November 5, 2020, after the equity transfer, Lishui Jiuyou fund became the shareholder with the largest single voting share of the company, and the Management Committee of Lishui Economic and Technological Development Zone became the actual controller of the company.

As of December 31, 2020, Harbin Weidi has issued 562079807 shares in total. The company's unified social credit code is 91230199723661865e. Its registered address and office address are No. 11, haping West Road, haping road concentration area, Harbin Economic Development Zone. Its legal representative is Chen Zhenhua. Its industry is automotive electronics.

Business scope: development and production of automotive electronic instruments, sensors, solenoid valves and electrical components, on-board closed-circuit television system, reversing monitoring system, electric rearview mirror, automotive decorative parts, plastic parts and glass products; Development, production and sales of automotive electronics, electrical

appliances, automotive bus and on-board computer products; Engage in the import and export of goods and Technology (except for items prohibited by laws and administrative regulations; items restricted by laws and administrative regulations can be operated only after obtaining permission); Vehicle sales (excluding cars). The company's main products are: can bus products, instruments, sensors and controllers.

Harbin Weidi non holding subsidiary.

2. Business combination under the same control

In February 2020, the document of the Management Committee of Lishui Economic Development Zone, lijingkaihan [2020] No. 6, replied to the change of the investor of Lishui Nancheng new area investment and Development Co., Ltd.: according to the requirements of the market-oriented reform plan of Lishui state owned assets operating company at the same level (lwbf [2016] No. 72), It is agreed to change the investor of Lishui Nancheng New Area Investment Development Co., Ltd. to Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd.

3.Newly established subsidiaries of the company

Five new subsidiaries were established in 2020, as follows:

(1)Lishui Yuanxu new energy Co., Ltd., 51% holding company, domicile: No. 6, Longdian Road, nanmingshan street, Liandu District, Lishui City, Zhejiang Province, business scope of the subsidiary: technical development of solar energy, wind energy, hydropower, electric vehicle, environmental protection technology, energy-saving technology, photovoltaic technology and lighting technology.

The company was jointly established on February 10, 2020 by Lishui Nancheng New Area Investment Development Co., Ltd., Lishui just in time power industry group Co., Ltd. (25%) and Zhejiang Huayun clean energy Co., Ltd. (24%).

(2)Lishui yuanneng Electronic Materials Research Institute: 80% holding, company domicile: No. 238, Lvgu Avenue, nanmingshan street, Liandu District, Lishui City, Zhejiang Province, business scope of the subsidiary: manufacturing of special electronic materials; Manufacturing of electrical accessories; Integrated circuit manufacturing; Integrated circuit design; Integrated circuit chip and product manufacturing; IC chip design and services.

The company was jointly established by Lishui Nancheng New Area Investment Development Co., Ltd. (80%) and Tongchuang Purun (Shanghai) electromechanical High Tech Co., Ltd. (20%) on March 2, 2020.

(3)Zhejiang Yuanming Holding Co., Ltd.: 85% holding, company domicile: room 1301, management committee building, No. 238, Lvgu Avenue, nanmingshan street, Liandu District, Lishui City, Zhejiang Province, business scope of the subsidiary: holding company services; Equity investment.

The company was jointly established on June 17, 2020 by Lishui Nancheng New Area Investment Development Co., Ltd. (85%) and Huzhou weiteng enterprise management partnership (limited partnership) (15%).

(4)Zhejiang Yuanhao International Trade Co., Ltd.: 51% holding company, domicile: room 1101, No. 238, Lvgu Avenue,

nanmingshan street, Liandu District, Lishui City, Zhejiang Province, business scope of the subsidiary: import and export of goods; Technology import and export; Sales of building materials; Non ferrous alloy sales; Sales of chemical products; Sales of non-metallic minerals and products; Metal ore sales; Sales of metal materials; Sales of electronic components and electromechanical components and equipment.

The company was jointly established by Lishui Nancheng New Area Investment Development Co., Ltd. (51%) and Shanghai JUNHE Group International Trade Co., Ltd. (49%) on July 27, 2020.

(5)Lishui Yuanqi Enterprise Management Co., Ltd.: 50.50505% holding, company domicile: room 1301, management committee building, No. 238, Lvgu Avenue, nanmingshan street, Liandu District, Lishui City, Zhejiang Province, business scope of the subsidiary: enterprise management; Equity investment; Venture capital; Asset management services invested by its own funds.

The company was jointly established by Lishui Nancheng New Area Investment Development Co., Ltd. (50.50505%%) and Lishui green industry development fund Co., Ltd. (49.495%) on August 19, 2020.

Note 9.Equity in other entities

（1） Equity in subsidiaries

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
					Direct	Indirect	
1	Lishui Nancheng Xinlan Housing Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Affordable housing construction; Shanty town construction; Urbanization construction			Investment establish
2	Lishui Nancheng Xinrun development and Construction Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Investment, construction, operation and management of urban infrastructure and public utilities; Land consolidation and comprehensive development	100.00		Investment establish
3	Lishui Zhongke semiconductor material Research Center Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Semiconductor materials, devices and integrated circuit products; Instrument products	100.00		Investment establish
4	Lishui Nancheng New Area Investment Development Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Construction of urban infrastructure and social public facilities; asset management	51.00		Investment establish
	Ningbo Xinrun Yuanfa Construction Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Urban infrastructure construction, construction and project construction contracting; Project agent	100.00		Investment establish

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
					Direct	Indirect	
5	Lishui Xinrun Yuansheng Market Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Market construction, development and management; Market stall rental and cleaning services		100.00	Investment establish
6	Zhejiang tuopeng Construction Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	General contracting of housing construction and municipal infrastructure project		51.00	Investment establish
7	Lishui low hill gentle slope comprehensive development Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Low hill gentle slope item development; Infrastructure construction		100.00	Investment establish
8	Lishui Yuanxin commercial Comprehensive Service	Lishui, Zhejiang	Lishui, Zhejiang	Commercial comprehensive services, outsourcing services and labor dispatch services		100.00	Investment establish
9	Zhejiang Yuanjia Jinfu Property Service Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	estate management; House repair, water and electricity installation and maintenance services		100.00	Investment establish
10	Lishui green industry development fund Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Industrial investment and investment management		55.00	Investment establish
11	Lishui Yuanwei Reserve Land Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Temporary development and utilization of reserved land and daily inspection and management		99.8004	Investment establish
12	Lishui Yuanyou Culture Communication Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Advertising production and operation		51.00	Investment establish
13	Lishui Yuanxu new energy Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Development of solar energy, wind energy, hydropower, electric vehicles, energy-saving technology, photovoltaic technology, lighting technology, etc		55.00	Investment establishestablish
14	Lishui yuanneng Electronic Materials Research Institute	Lishui, Zhejiang	Lishui, Zhejiang	R & D, design, production, sales and technical services of semiconductor materials, electronic materials, integrated circuits, automatic control equipment, etc		51.00	Investment establish

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
					Direct	Indirect	
	Lishui Nancheng Xinlan Housing Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Affordable housing construction; Shanty town construction; Urbanization construction			
15	Zhejiang Yuanming Holding Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Holding company services; Equity investment, etc		80.00	Investment establish
16	Zhejiang Yuanhao International Trade Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Sales of building materials; Non ferrous alloy sales; Sales of chemical products, import and export of goods and technology, etc		85.00	Investment establish
17	Lishui Yuanqi Enterprise Management Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	business management; Equity investment; Venture capital, etc		51.00	Investment establishmen t
18	Lanzhou Lishang Guochao Industrial Group Co., Ltd	Lanzhou, Gansu	Lanzhou, Gansu	Department stores, restaurants and hotels in Lanzhou, and professional market management in Hangzhou and Nanjing.		50.50505	Investment establish
19	Lishui Jiuyou equity investment fund partnership (limited partnership)	Lishui, Zhejiang	Lishui, Zhejiang	Equity investment; Information consulting services		20.00	Business combination not under the same control
20	Harbin Weidi Electronics Co., Ltd	Heilongjian g Harbin	Heilongjiang Harbin	R & D, design, manufacturing and sales of automotive electronic products		99.00	Investment establish
21	Name of subsidiary	Place of registration	Main place of business	Nature of business		21.43	Business combination not under the same control

(2)Equity in joint arrangements or associates

1.Important joint ventures or associates

Number	Name of subsidiary	Place of registration	Main place of business	Nature of business	Shareholding proportion (%)		Acquisition mode
					Direct	Indirect	
	Joint venture						
1	Lishui Jiaotou construction industrialization Manufacturing Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Ready mixed commercial concrete, standard prefabricated components for housing construction (PC building), prefabricated components for comprehensive underground pipe gallery, and standard prefabricated components for railway	20.00		
2	Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	Lishui, Zhejiang	Lishui, Zhejiang	Food business; Retail of tobacco products; Accommodation services; Food and Beverages; Lubricating oil sales; Sales of petroleum products	49.00		

Note: (1) the company does not have a situation where the shareholding proportion in a joint venture or associated enterprise is different from the voting right proportion

Note 10.Contingencies

1. As of December 31, 2020, the company has no major litigation or arbitration matters;

2. As of December 31, 2020, the external guarantees of the company are as follows:

(1) On June 19, 2019, Nantou company (guarantor), Lishui Nancheng Xinlan Housing Management Co., Ltd. (debtor) and Agricultural Bank of China Lishui Development Zone sub branch (creditor) jointly signed the maximum guarantee contract (Contract No.: 33100520190023798); As the joint and several liability guarantor, Nantou company provides guarantee for the creditor's rights formed by various businesses handled by the creditor and the debtor from June 19, 2019 to June 18, 2022. The maximum balance of guaranteed creditor's rights is equivalent to RMB (in words) one billion four hundred and forty-four million yuan only, and the actual bank loan is RMB (in words) four hundred and seventy-eight million yuan only; The guarantee period is two years from the expiration of the debt performance period agreed in the main contract.

(2) Lanzhou Lishang Guochao company provided mortgage guarantee for house purchase. As of the

balance sheet date, the company provided phased mortgage loan guarantee for office building offtakers, with a total guarantee balance of RMB 177,780,000.

Note 11.Events after the balance sheet date

Nothing

Note 12.Related parties and related transactions

（1） Related relationship

1. Parent company of the enterprise

The Management Committee of Lishui Economic and Technological Development Zone is the controlling shareholder of the company, and the shareholding and voting rights of the company are 100%.

2. Subsidiaries of the enterprise

See "Note 9. equity in other entities" in this note for details of the company's subsidiaries.

3. Joint ventures and associated enterprises of the company

See "Note 9. equity in other entities" in this note for details of the company's subsidiaries.

4. Details of directors, supervisors and senior managers

Full name	Post	Gender
Ye Mao	Director, vice chairman (presiding over the work) and legal representative	Male
Ji Xiaoli	Director	Male
Liu Gaoshen	Director, vice chairman and Deputy General Manager (presiding over the work)	Male
Zhang Hehuan	Director	Male
Tang Qiaomin	Supervisory board chairman	Female
Li Yeqing	Supervisor	Male
Cai Junrui	Supervisor	Male

(2) Related party transactions

1. Related party transactions of purchasing and selling goods, providing and receiving labor services

Name of related party	Content of related party transactions	Current amount	Amount incurred in the previous period
Lishui Economic and Technological Development Zone Management Committee	Land arrangement	70,456,291.80	105,647,664.83
Lishui Economic and Technological Development Zone Management Committee	Real estate sales	369,408,133.27	-

2.Except for the above "1" related party transactions, there are no other related party transactions

(3) Receivables and payables of related parties

Item and related party name	Ending balance		Opening balance	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Lishui Economic and Technological Development Zone Management Committee	411,226,503.98	-	338,656,523.42	-
Lishui Nancheng Zhejiang Petroleum Comprehensive Energy Sales Co., Ltd	21,159,057.50	-	-	-

Note 13.Assets with limited ownership or use rights

Item	Land certificate	Closing book value	Restricted reason
Plot D-02, Qibaiyang block, Nancheng, Lishui	Li (Kai) Guo Yong (2015) No. 1494	824,664,000.00	Agricultural Bank of China Lishui Development Zone sub branch borrowed 478 million yuan and mortgaged the land use right (Nantou company)
Construction land of Nancheng apartment item in Lishui Economic and Technological Development Zone	Zhe (2019) Lishui real estate property right No. 0012903	538,029,900.00	Agricultural Bank of China Lishui branch borrowed 570 million yuan and used the project construction land as collateral (Nantou company)
Right to use state-owned construction land	Zhe (2019) Cixi (Hangzhou Bay) real estate property right No. 0026624	36,070,600.00	Industrial and Commercial Bank of China Lishui Development Zone sub branch borrows RMB 35.02 million as collateral (Group company)

Monetary Fund		24,642,225.35	Mortgage deposit and prepaid card custodian funds (Lanzhou Lishang Guochao company)
fixed assets		97,219,388.23	As collateral for bank loans (Lanzhou Lishang Guochao company)
Investment real estate		585,279,239.73	As collateral for bank loans (Lanzhou Lishang Guochao company)
Notes receivable		4,320,000.00	Used to issue bills payable (Harbin Weidi company)
Total		2,110,225,353.31	

Note 14.Notes to major items in the accounting statements of the parent company

(1) Other receivables

1、Other receivables disclosed by category

Category	2020.12.31			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for	330,990,411.45	100.00	-	-
Other receivables with provision for bad debts by	-	-	-	-
Including: aging portfolio	-	-	-	-
Total	330,990,411.45	100.00	-	-

（Continued）

Category	2019.12.31			
	Book balance		Provision for bad debts	
	Amount of money	Proportion (%)	Amount of money	Proportion (%)
Other receivables with individual provision for	354,700,411.45	100.00	-	-
Other receivables with provision for bad debts by	-	-	-	-
Including: aging portfolio	-	-	-	-
Total	354,700,411.45	100.00	-	-

2.Other receivables in the top five of ending balance collected by other receivables:

1）2020.12.31

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Lishui Economic Development Zone Development Corporation	Nonn related parties	115,000,000.00	Within 1 year	34.74
Lishui Nancheng Construction Co., Ltd	Non related parties	109,990,000.00	Within 1 year	33.23
Zhejiang tuopeng Construction Co., Ltd	Non related parties	100,000,000.00	Within 1 year	30.21
Lishui Nancheng Xinlan Housing Management Co., Ltd	Related parties	5,000,000.00	Within 1 year	1.51
Lishui Xinze Industrial Service Co., Ltd	Non related parties	1,000,000.00	Within 1 year	0.30
Total		330,990,000.00		99.99

2）2019.12.31

Name of the company	Relationship with the company	Book balance	Aging	Proportion in total other receivables (%)
Lishui Nancheng New Area Investment Development Co., Ltd	Non related parties	254,700,000.00	Within 1 year	71.81
Lishui Economic Development Zone Development Corporation	Non related parties	90,000,000.00	Within 1 year	25.37

Lishui low hill gentle slope comprehensive development Co., Ltd	Non related parties	10,000,000.00	Within 1 year	2.82
Total		354,700,000.00		100.00

(2)long term equity investment

1. Long term equity investment:

Item	2020.12.31		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	907,700,000.00	-	907,700,000.00
Investment in associates and joint ventures	-	-	-
Total	907,700,000.00	-	907,700,000.00

（Continued）

Item	219.12.31		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	260,500,000.00	-	260,500,000.00
Investment in associates and joint ventures	-	-	-
Total	260,500,000.00	-	260,500,000.00

2.Investment in subsidiaries and affiliated enterprises

1）2020.12.31

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current
Lishui Nancheng Xinlan Housing Management Co., Ltd	210,500,000.00	89,500,000.00	-	300,000,000.00	-
Lishui Nancheng Xinrun development and Construction Co., Ltd	50,000,000.00	-	-	50,000,000.00	-
Lishui Zhongke semiconductor material Research Center Co.,	-	1,700,000.00	-	1,700,000.00	-

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current
Lishui Nancheng New Area Investment Development Co., Ltd	-	556,000,000.00	-	556,000,000.00	-
Total	260,500,000.00	647,200,000.00	-	907,700,000.00	-

2）2019.12.31

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Provision for impairment in the current period	Balance of impairment provision
Lishui Nancheng Xinlan Housing Management Co., Ltd	-	210,500,000.00	-	210,500,000.00	-	-
Lishui Nancheng Xinrun development and Construction Co., Ltd	-	50,000,000.00	-	50,000,000.00	-	-
Total	-	260,500,000.00	-	260,500,000.00	-	-

Enterprise name: Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd

Person in charge of the company: Person in charge of accounting: Head of accounting organization:

Date: Date: Date:


年度检验登记
Annual Renewal Registration
This certificate is valid for another year after this renewal.
2013.6.15
2014.7.29
440300381039
深圳市注册会计师协会
Authorized Institute of CPAs
Date of Issuance
2004年 8月 13日


Full name 王季民
Sex 男
Date of Birth 1964-11-11
Working unit 深圳亚太会计师事务所
Identity Card No. 110106430704
THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS


注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA
同意调出
Agree the holder to be transferred from
深圳市亚太会计师事务所有限公司
CPAs
转出协会盖章
Stamp of the transfer-out Institute of CPAs
2007年 8月 23日
同意调入
Agree the holder to be transferred to
亚太(集团)会计师事务所
2007年 8月 7日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA
同意调出
Agree the holder to be transferred from
CPAs
转出协会盖章
Stamp of the transfer-out Institute of CPAs
年 月 日
同意调入
Agree the holder to be transferred to
亚太(集团)会计师事务所
2008年 1月 21日


年度检验登记
Annual Renewal Registration
This certificate is valid for another year after this renewal.
CPA
年度注册
2006年 7月 25日
王季民
440300381039
深圳市注册会计师协会
2007年 7月 31日


方鹏辉
110001024791
深圳市注册会计师协会
证书编号：110001024791
批准注册协会：深圳市注册会计师协会
2018 12 20
年度检验登记
Annual Renewal Registration
THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会
注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA
北京永拓会计师事务所（特殊普通合伙）深圳分所
2017年11月30日
2018年1月11日
姓名 方鹏辉
Full name
性别 男
Sex
出生日期 1978-08-20
Date of birth
工作单位 北京永拓会计师事务所（特殊普通合伙）深圳分所
Working unit
身份证号码 362423197808206012
Identity card No.

统一社会信用代码

91110000785632412

营业执照

（副 本）(6-2)



扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　亚太（集团）会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　赵庆军

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年09月02日

合伙期限　2013年09月02日 至 长期

主要经营场所　北京市丰台区丽泽路16号院3号楼20层2001

登记机关



2021年 07月 21日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：亚太（集团）会计师事务所（特殊普通合伙）

首席合伙人：赵庆军

主任会计师：

经营场所：北京市丰台区丽泽路16号院3号楼20层2001

组织形式：特殊普通合伙

执业证书编号：11010075

批准执业文号：京财会许可[2013]0052号

批准执业日期：2013年08月09日

证书序号：0014468

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇二〇年十一月十一日

中华人民共和国财政部制

证书序号：000366

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

亚太（集团）会计师事务所（特殊普通合伙）执行证券、期货相关业务。

首席合伙人：王子龙

证书号：51　　发证时间：二〇〇九年十二月十日

证书有效期至：二〇二一年十二月十日

APPENDIX I – FORM OF STANDBY LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT

FM: BANK OF NINGBO CO., LTD., LISHUI BRANCH (SWIFT: BKNBCN2NLIS)
ADDRESS: 27 FLOOR NO.615 RENMIN STREET LIANDU DISTRICT AREA, LISHUI CITY, CHINA POST CODE: 323000.

DATE: 3 MARCH 2022

TO BENEFICIARY: THE BANK OF NEW YORK MELLON, LONDON BRANCH (THE "BENEFICIARY") IN ITS CAPACITY AS TRUSTEE (THE "TRUSTEE") FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE "BONDHOLDERS") OF THE USD100,000,000 2.70 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE "BONDS") TO BE ISSUED BY LISHUI ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE INDUSTRIAL DEVELOPMENT GROUP CO., LTD. (THE "ISSUER") AND TO BE CONSTITUTED BY A TRUST DEED DATED 3 MARCH 2022 (THE "ISSUE DATE") AMONG THE ISSUER AND THE TRUSTEE (AS AMENDED AND/OR SUPPLEMENTED FROM TIME TO TIME, THE "TRUST DEED").

DEAR SIRS,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]*

AT THE REQUEST OF OUR CUSTOMER, THE ISSUER, WE, BANK OF NINGBO CO., LTD., LISHUI BRANCH (THE "**ISSUING BANK**," "**OUR**," "**US**" OR "**WE**"), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]* IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE ISSUER, IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE TRUST DEED (THE "**CONDITIONS**") AND THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (A "**DEMAND**") STATING THAT (1) THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) OF THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION OR (2) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE FOR ITSELF AND THE BONDHOLDERS, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON OR AFTER THE ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND PRESENTED BY THE TRUSTEE OR BY THE BANK OF NEW YORK MELLON, HONG KONG BRANCH (SWIFT: IRVTHKHX, FACSIMILE NUMBER: +852 2295 3283), WHOSE ADDRESS AT THE DATE OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS AT LEVEL 26, THREE PACIFIC PLACE, 1 QUEEN'S ROAD EAST, HONG KONG, ACTING AS THE DELEGATE OF AND ON BEHALF OF THE TRUSTEE IN RELATION TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE "**DELEGATE**"), IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT BY 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, WE SHALL BY 10:00 A.M. (HONG KONG TIME) ON THE FOURTH BUSINESS DAY AFTER THE BUSINESS DAY ON WHICH WE RECEIVE SUCH DEMAND (OR IF SUCH DEMAND IS RECEIVED AFTER 6:00 P.M. (HONG KONG TIME) ON

A BUSINESS DAY, THEN BY 10:00 A.M. (HONG KONG TIME) ON THE FIFTH BUSINESS DAY AFTER THE BUSINESS DAY ON WHICH WE RECEIVE SUCH DEMAND) PAY TO YOU OR TO THE ORDER OF THE BENEFICIARY THE AMOUNT IN U.S. DOLLARS SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS IN ACCORDANCE WITH THE INSTRUCTIONS SPECIFIED IN THE DEMAND. "**BUSINESS DAY**" MEANS A DAY (OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH COMMERCIAL BANKS AND FOREIGN EXCHANGE MARKETS ARE GENERALLY OPEN FOR BUSINESS IN HONG KONG, BEIJING, LONDON AND NEW YORK CITY.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN U.S. DOLLARS AND SHALL NOT IN ANY CIRCUMSTANCES EXCEED USD102,350,000.00 (THE "**MAXIMUM LIMIT**"), WHICH INCLUDES AN AMOUNT REPRESENTING (I) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR ONE INTEREST PERIOD IN ACCORDANCE WITH THE CONDITIONS AND (II) USD1,000,000.00 BEING THE MAXIMUM AMOUNT PAYABLE BY US UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS PAYABLE BY THE ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY TO YOU IS UNCONDITIONAL, IRREVOCABLE AND ABSOLUTE AND ANY DEMAND BY YOU OR THE DELEGATE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO THE RIGHTS TO MAKE SUCH DEMAND.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE DATE HEREOF AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 6:00 P.M. (HONG KONG TIME) ON 2 APRIL 2025 (THE "**EXPIRY DATE**") AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK AFTER 6:00 P.M. (HONG KONG TIME). AFTER THE EXPIRY DATE, OUR LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL BE IMMEDIATELY DISCHARGED AND RELEASED EXCEPT FOR ANY DEMAND VALIDLY PRESENTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON OR BEFORE THE EXPIRY DATE THAT REMAINS UNPAID.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED ON OR AFTER THE ISSUE DATE AND ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY THE TRUSTEE, OR ON BEHALF OF THE TRUSTEE BY THE DELEGATE (AS DEFINED ABOVE), TO US (SWIFT: BKNBCN2NLIS) ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, YOU (THE BENEFICIARY) OR THE TRUSTEE'S DELEGATE MAY INSTEAD PRESENT A COPY OF THE DEMAND TO US VIA FACSIMILE TRANSMISSION AT +86-0578-2860876 AND SUCH DEMAND SHALL BE SIGNED BY YOU AS TRUSTEE OR BY THE TRUSTEE'S DELEGATE. IN THE CASE OF A PRESENTATION OF A DEMAND BY WAY OF FACSIMILE TRANSMISSION IN THE CIRCUMSTANCE STATED ABOVE, YOU OR THE DELEGATE SHALL ARRANGE FOR THE ORIGINAL DEMAND TO BE DELIVERED AS SOON AS REASONABLY PRACTICABLE THEREAFTER VIA COURIER AT OUR COUNTER AT OUR

ADDRESS (AS SPECIFIED ABOVE) DURING OUR NORMAL BRANCH OPENING HOURS. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF THE DEMAND SENT TO US BY WAY OF FACSIMILE TRANSMISSION. IN RELATION TO THE DELIVERY OF DEMAND BY WAY OF FACSIMILE TRANSMISSION, WE MAY RELY ON THE LIST OF AUTHORISED SIGNATORIES OF THE TRUSTEE OR THE TRUSTEE'S DELEGATE SENT TO US VIA FACSIMILE TRANSMISSION AT +86-0578-2860876 FOLLOWED BY A STATEMENT SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-2 BY AUTHENTICATED SWIFT STATING THAT THE LIST OF AUTHORISED SIGNATORIES PROVIDED IS VALID AND EFFECTIVE. IF THERE IS ANY DISCREPANCY OR AMBIGUITY BETWEEN THE ORIGINAL DEMAND AND THE DEMAND SENT BY WAY OF FACSIMILE TRANSMISSION, THE FACSIMILE VERSION SHALL PREVAIL.

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES AND COMMISSIONS INCURRED BY US IN CONNECTION WITH THE ISSUANCE OR ADMINISTRATION OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT (INCLUDING ANY DRAWING HEREUNDER) ARE FOR THE ACCOUNT OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE BENEFICIARY.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN U.S. DOLLARS AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF, COUNTERCLAIM OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE FOR ITSELF AND THE BONDHOLDERS OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED BY LAW.

THE BENEFICIARY'S AND THE DELEGATE'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED AS CONTEMPLATED IN THE TRUST DEED IN RESPECT OF THE BONDS SUBJECT ONLY TO AT LEAST 15 DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE FOR YOURSELF AND THE BONDHOLDERS BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86-0578-2860876. MULTIPLE TRANSFERS ARE PERMITTED, SUBJECT TO AS PROVIDED IN THIS PARAGRAPH.

OUR OBLIGATIONS AND LIABILITIES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE INDEPENDENT. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS NOT SUBJECT TO ANY CONTRACT, AGREEMENT, CONDITION OR QUALIFICATION. WE MAY NOT TRANSFER, ASSIGN OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE UNEXPECTED EVENT THAT WE ARE CLOSED FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHEN YOU WISH TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS ABLE TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT YOU OR THE DELEGATE CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR BY PRESENTING A COPY OF THE DEMAND VIA FACSIMILE TRANSMISSION AT +86-0578-2860876 FROM THE DATE OF OUR RESUMPTION OF OUR BUSINESS; PROVIDED THAT IF WE ARE CLOSED ON THE EXPIRY DATE, THE EXPIRY DATE SHALL BE AUTOMATICALLY EXTENDED BY, AND SUCH PRESENTATION SHALL BE MADE WITHIN, FIVE BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU OR THE DELEGATE BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT THEN AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION (USING THE SWIFT ADDRESS OR, AS THE CASE MAY BE, THE FACSIMILE NUMBER SET OUT ABOVE FOR YOU AS BENEFICIARY OR FOR THE DELEGATE) OF OUR RESUMPTION OF OUR BUSINESS. IN THE CASE OF A PRESENTATION OF A DEMAND BY WAY OF FACSIMILE TRANSMISSION IN THE CIRCUMSTANCE STATED ABOVE, YOU OR THE DELEGATE SHALL ARRANGE FOR THE ORIGINAL DEMAND TO BE DELIVERED AS SOON AS REASONABLY PRACTICABLE THEREAFTER VIA COURIER AT OUR COUNTER AT OUR ADDRESS (AS SPECIFIED ABOVE) DURING OUR NORMAL BRANCH OPENING HOURS. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND SENT TO US UPON RECEIPT OF THE DEMAND BY WAY OF FACSIMILE TRANSMISSION. IF THERE IS ANY DISCREPANCY OR AMBIGUITY BETWEEN THE ORIGINAL DEMAND AND THE DEMAND SENT BY WAY OF FACSIMILE TRANSMISSION, THE FACSIMILE VERSION SHALL PREVAIL.

ANY SETTLEMENT OR DISCHARGE BETWEEN US AS ISSUING BANK AND YOU AS TRUSTEE FOR YOURSELF AND THE BONDHOLDERS AND BENEFICIARY SHALL BE CONDITIONAL UPON NO PAYMENT TO YOU BY THE ISSUER OR ANY OTHER PERSON ON THE ISSUER'S BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS OR REGULATIONS RELATING TO BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, LIQUIDATION OR SIMILAR LAWS OR REGULATIONS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE) AND, IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, YOU SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 ("**UCP600**").

THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, ENGLISH LAW. NO PERSON OTHER THAN THE TRUSTEE AND THE TRUSTEE'S DELEGATE SHALL HAVE ANY RIGHT TO ENFORCE ANY TERM OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999. WE AGREE THAT (1) THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (INCLUDING ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT) AND (2) THE COURTS OF HONG KONG ARE THE MOST APPROPRIATE AND CONVENIENT COURTS TO SETTLE ANY DISPUTE AND, ACCORDINGLY, WE WILL NOT ARGUE THAT ANY OTHER COURTS ARE MORE APPROPRIATE OR CONVENIENT. IN CASE OF ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE DOCUMENTS WHICH START ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY OTHER DOCUMENTS REQUIRED TO BE SERVED IN RELATION TO SUCH ACTION OR PROCEEDINGS MAY BE SERVED ON US BY BEING DELIVERED TO THE LAW DEBENTURE CORPORATION (H. K.) LIMITED AT SUITE 1301, RUTTONJEE HOUSE, RUTTONJEE CENTER, 11 DUDDELL STREET, CENTRAL, H. K. WHOM WE HAVE APPOINTED AS OUR PROCESS AGENT. IF FOR ANY REASON WE CEASE TO HAVE SUCH ADDRESS IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY AND THE DELEGATE OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

APPENDIX A-1 – FORM OF DEMAND

TO: BANK OF NINGBO CO., LTD., LISHUI BRANCH (SWIFT: BKNBCN2NLIS)
ADDRESS: 27 FLOOR NO.615 RENMIN STREET LIANDU DISTRICT AREA, LISHUI CITY, CHINA POST CODE: 323000.

[DATE]

DEAR SIRS

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]* IN RESPECT OF THE USD100,000,000 2.70 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE "BONDS") ISSUED BY LISHUI ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE INDUSTRIAL DEVELOPMENT GROUP CO., LTD. (THE "ISSUER")

THE UNDERSIGNED IS A DULY AUTHORISED PERSON OF THE BANK OF NEW YORK MELLON, HONG KONG BRANCH, WHICH IS HEREBY MAKING A DEMAND AS DELEGATE FOR AND ON BEHALF OF THE BANK OF NEW YORK MELLON, LONDON BRANCH AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE BONDHOLDERS (THE "**BENEFICIARY**") UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]* (THE "**IRREVOCABLE STANDBY LETTER OF CREDIT**"). TERMS USED HEREIN BUT NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE IRREVOCABLE STANDBY LETTER OF CREDIT.

1. THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

   ☐ THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) OF THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION.

   ☐ AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE FOR ITSELF AND THE BONDHOLDERS, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

2. WE HEREBY DEMAND YOU TO PAY USD[AMOUNT] REPRESENTING THE AGGREGATE OF (I) ACCRUED BUT UNPAID INTEREST UNDER THE BONDS, (II) THE PRINCIPAL AMOUNT OF THE OUTSTANDING BONDS, AND (III) FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND OTHER AMOUNTS PAYABLE BY THE ISSUER UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

3. WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNTS AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4. THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT:

   [INSERT ACCOUNT DETAILS]

FOR AND ON BEHALF OF

THE BANK OF NEW YORK MELLON, HONG KONG BRANCH AS DELEGATE OF AND ACTING ON BEHALF OF THE BANK OF NEW YORK MELLON, LONDON BRANCH AS TRUSTEE FOR THE BONDS

BY: _____

NAME: _____

TITLE: _____

APPENDIX A-2 –
FORM OF STATEMENT ON LIST OF AUTHORISED SIGNATORIES

TO: BANK OF NINGBO CO., LTD., LISHUI BRANCH (SWIFT: BKNBCN2NLIS)
ADDRESS: 27 FLOOR NO.615 RENMIN STREET LIANDU DISTRICT AREA, LISHUI CITY, CHINA POST CODE: 323000.

[DATE]

DEAR SIRS

RE: LIST OF AUTHORISED SIGNATORIES IN RELATION TO THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. *[NUMBER]* IN RESPECT OF THE USD100,000,000 2.70 PER CENT. CREDIT ENHANCED BONDS DUE 2025 (THE "BONDS") ISSUED BY LISHUI ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE INDUSTRIAL DEVELOPMENT GROUP CO., LTD. (THE "ISSUER")

IT IS HEREBY CONFIRMED THAT THE LIST OF AUTHORISED SIGNATORIES PROVIDED BY FACSIMILE TRANSMISSION ON *[DATE]* FROM FAX NUMBER *[NUMBER]* TO BANK OF NINGBO CO., LTD., LISHUI BRANCH'S FAX NUMBER AT +86-0578-2860876 BY THE BANK OF NEW YORK MELLON, HONG KONG BRANCH AS DELEGATE OF AND ACTING ON BEHALF OF THE BANK OF NEW YORK MELLON, LONDON BRANCH AS TRUSTEE FOR THE BONDS IS VALID AND EFFECTIVE.

THE BANK OF NEW YORK MELLON, HONG KONG BRANCH AS DELEGATE OF AND ACTING ON BEHALF OF THE BANK OF NEW YORK MELLON, LONDON BRANCH AS TRUSTEE FOR THE BONDS

ISSUER

Lishui Economic and Technological Development Zone Industrial Development Group Co., Ltd.
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