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This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

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

SHAOXING SHANGYU STATE-OWNED CAPITAL INVESTMENT AND OPERATION CO., LTD.
(紹興市上虞區國有資本投資運營有限公司)

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

US$300,000,000 2.95 PER CENT. NOTES DUE 2024
(Stock Code: 40617)
and
US$200,000,000 3.55 PER CENT. NOTES DUE 2026
(Stock Code: 40618)

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 March 9, 2021 (the "**Offering Circular**") appended herein in relation to the issuance of the Notes. 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 Notes 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 Notes 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
Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd.

Hong Kong, March 17, 2021

As at the date of this announcement, the board of directors of the Issuer comprises three directors, namely, Ms. Ni Hongdi, Mr. Shen Yuan and Ms. Ji Jie.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION INTO THE UNITED STATES

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (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 Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Offering Circular is not a prospectus for the purposes of the European Union's Prospectus Regulation (Regulation EU 2017/1129) (and any amendments thereto) as implemented in member states of the European Economic Area (which, for these purposes, include the United Kingdom).

The communication of the Offering Circular and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended ("**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the securities described in the Offering Circular are only available to, and any investment or investment activity to which the Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the Offering Circular or any of its contents.

Confirmation of your Representation:

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

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The materials relating to any offering of securities described in the Offering Circular do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of the Issuer or the Joint Lead Managers in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliates of any of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

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

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

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

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

STRICTLY CONFIDENTIAL

SHAOXING SHANGYU STATE-OWNED CAPITAL INVESTMENT AND OPERATION CO., LTD.
（紹興市上虞區國有資本投資運營有限公司）

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

U.S.$300,000,000 2.95 PER CENT. NOTES DUE 2024
U.S.$200,000,000 3.55 PER CENT. NOTES DUE 2026

ISSUE PRICE FOR THE 2024 NOTES: 100 per cent.
ISSUE PRICE FOR THE 2026 NOTES: 100 per cent.

The U.S.$300,000,000 in aggregate principal amount of 2.95 per cent. Notes due 2024 (the "**2024 Notes**") and the U.S.$200,000,000 in aggregate principal amount of 3.55 per cent. Notes due 2026 (the "**2026 Notes**", and together with the 2024 Notes, the "**Notes**" and each a "**Series**") will be issued by Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd.（紹興市上虞區國有資本投資運營有限公司)(the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability. However, no PRC governmental entity has any payment or other obligations under the Notes nor will any such entity provide a guarantee of the Notes. The Noteholders shall have no recourse to any PRC governmental entity in respect of any obligation arising out of or in connection with the Notes solely by virtue of the Issuer being a state-owned enterprise of the PRC. The Notes are solely to be repaid by the Issuer and the obligations of the Issuer under the Notes shall solely be fulfilled by the Issuer as an independent legal person. See "*Risk Factors – Risks Relating to the Notes – The Shangyu District Government or any other PRC governmental entity does not have any payment, guarantee or other obligations under the Notes or the Trust Deed*".

References to the section "Terms and Conditions of the Notes" are to the section "Terms and Conditions of the 2024 Notes" and/or the section "Terms and Conditions of the 2026 Notes", as the case may be. References to the "Terms and Conditions" are to the terms and conditions of the 2024 Notes (the "**Terms and Conditions of the 2024 Notes**") or the terms and conditions of the 2026 Notes (the "**Terms and Conditions of the 2026 Notes**"), as the case may be.

The 2024 Notes will bear interest on their outstanding principal amount from and including 16 March 2021 at the rate of 2.95 per cent. per annum. Interest on the 2024 Notes is payable semi-annually in arrear on 16 March and 16 September in each year, commencing on 16 September 2021. The 2026 Notes will bear interest on their outstanding principal amount from and including 16 March 2021 at the rate of 3.55 per cent. per annum. Interest on the 2026 Notes is payable semi-annually in arrear on 16 March and 16 September in each year, commencing on 16 September 2021. Payments on the Notes of each Series will be made without set-off or counterclaim and free and clear of, and without withholding or deduction for, or on account of, any Taxes (as defined in the Terms and Conditions) imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction (as defined in the Terms and Conditions), to the extent described under "*Terms and Conditions of the 2024 Notes – Taxation*" and "*Terms and Conditions of the 2026 Notes*".

The Notes of each Series will constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall at all times rank at least equally with all its other outstanding unsecured and unsubordinated obligations, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The Issuer undertakes that it will (a) within 15 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date (as defined in the Terms and Conditions), submit or caused to be submitted an application for the registration of the Notes with the State Administration of Foreign Exchange or its local counterpart ("**SAFE**") pursuant to the Administrative Measures for Foreign Debt Registration（外債登記管理辦法）issued by SAFE and which came into effect on 13 May 2013, and amended on 4 May 2015, and any implementation rules, reports, certificates or guidelines as issued by SAFE from time to time and the Circular of the People's Bank of China on Implementing 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）promulgated by the People's Bank of China ("**PBOC**") on 11 January 2017 and any implementation rules, reports, certificates or guidelines as issued by PBOC from time to time (together, the "**SAFE Registrations**"); (b) use its best endeavours to complete the SAFE Registrations and obtain a registration record from SAFE or its local counterpart on or before the Registration Deadline (as defined in the Terms and Conditions); and (c) comply with all applicable PRC laws and regulations in relation to registration of the Notes 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 Notes with NDRC and obtained a certificate from NDRC on 23 September 2020, evidencing such registration and intends to provide the requisite information on the issuance of the Notes to NDRC within 10 PRC Business Days after the Issue Date.

Unless previously redeemed, or purchased and cancelled, the 2024 Notes will be redeemed at their principal amount on 16 March 2024 and the 2026 Notes will be redeemed at their principal amount on 16 March 2026. The Issuer may at its option, having given not less than 30 nor more than 60 days' notice to each holder of any Notes (each a "**Noteholder**") (which notice shall be irrevocable) and in writing to the Trustee (as defined below) and the Principal Paying Agent (as defined in the Terms and Conditions), redeem all the Notes, but not some only, at any time at their principal amount together with any interest accrued up to but excluding the date of redemption, if the Issuer satisfies the Trustee immediately before the giving of such notice that: (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in the Terms and Conditions), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 9 March 2021, the Issuer would be required to pay Additional Tax Amounts (as defined in the Terms and Conditions); and (b) the obligation cannot be avoided by the Issuer taking reasonable measures available to it. See "*Terms and Conditions of the 2024 Notes – Redemption and Purchase – Redemption for Taxation Reasons*" and "*Terms and Conditions of the 2026 Notes – Redemption and Purchase – Redemption for Taxation Reasons*". At any time following the occurrence of a Change of Control or No Registration Event (each defined in the Terms and Conditions), the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. See "*Terms and Conditions of the 2024 Notes – Redemption and Purchase*" and "*Terms and Conditions of the 2026 Notes – Redemption and Purchase*". For a more detailed description of the Notes, see "*Terms and Conditions of the 2024 Notes*" beginning on page 39 and "*Terms and Conditions of the 2026 Notes*" beginning on page 60.

The Notes has 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. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see the section entitled "Subscription and Sale" on page 100.

The Notes 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 Notes involves risks. See "Risk Factors" beginning on page 12 for a discussion of certain factors to be considered in connection with an investment in the Notes.

Listing in Hong Kong: Application will be made to The Stock Exchange of Hong Kong Limited (the "**SEHK**") for the listing of the Notes 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 and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only.

The SEHK 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 Notes on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

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

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (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 Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Notes are expected to be rated "BBB-" by Fitch Ratings, Inc. ("**Fitch**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revisions, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. Such ratings should be evaluated independently of any other rating of the other securities of the Issuer.

The Notes of each Series will be represented initially by interests in a global certificate (each a "**Global Certificate**") in registered form, without interest coupons attached, which will be registered in the name of a nominee of, and shall be deposited on or about 16 March 2021 (the "**Issue Date**") with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in a Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes of each Series will not be issued in exchange for interests in such a Global Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Guotai Junan International	**Bank of China**	**Zhongtai International**	**Industrial Bank Co., Ltd. Hong Kong Branch**

Joint Bookrunners and Joint Lead Managers

BOSC International	**Shanghai Pudong Development Bank Hong Kong Branch**	**China International Capital Corporation**	**China Minsheng Banking Corp., Ltd., Hong Kong Branch**

CMB Wing Lung Bank Limited	**CNCB Capital**

Offering Circular dated 9 March 2021

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 AT ANY DATE SUBSEQUENT TO THE DATE HEREOF.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Notes which is material in the context of the issue and offering of the Notes (including all information required by applicable laws and, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Group and of the rights attaching to the Notes); (ii) there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Offering Circular in any material respect misleading; (iii) this Offering Circular does not and, if amended or supplemented, at the date of any such amendment or supplement will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iv) all statements of fact contained in this Offering Circular are in every material respect true and accurate and not misleading; (v) all statements of opinion, intention, belief or expectation contained in this Offering Circular are truly and honestly held and were or have been made after due and careful consideration of all relevant circumstances and were based on reasonable assumptions; (vi) all reasonable enquiries have been and will be made by the Issuer to ascertain such facts and to verify the accuracy of all such statements; and (vii) the statistical, industry and market-related data and forward-looking statements are accurately extracted from publicly available sources which the Issuer believes to be reliable. The Issuer has taken reasonable care in reproducing or extracting such data into this Offering Circular and, to the extent required, the Issuer has obtained the written consent to the use of such data from such sources.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Guotai Junan Securities (Hong Kong) Limited, Bank of China Limited, Singapore Branch, Zhongtai International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, BOSC International Company Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, CMB Wing Lung Bank Limited and CNCB (Hong Kong) Capital Limited (together and acting in their various capacities, the "**Joint Lead Managers**") or the Issuer to subscribe for or purchase any of the Notes. The distribution of this Offering Circular and the offering of the Notes 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 Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes, 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 Notes, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Notes, 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, Notes.

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

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Notes other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes 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 at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them to subscribe for or purchase the Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Notes. See "*Risk Factor*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them accept any responsibility for the contents of this Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, agents, employees, representatives and advisers or any person who controls any of them accordingly disclaims all and any liability, whether arising in

tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents, any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them undertake to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (SUCH PARTY, A "STABILISATION MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) MAY OVER-ALLOT EACH SERIES OF THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF EACH SERIES OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE OFFER OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF EACH SERIES OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF EACH SERIES OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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 Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Offering Circular is not a prospectus for the purposes of the European Union's Prospectus Regulation (Regulation EU 2017/1129) (and any amendments thereto) as implemented in member states of the European Economic Area (which, for these purposes, include the United Kingdom).

The communication of the Offering Circular and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of Section 21 of the United Kingdom Financial Services and Markets Act 2000, as amended ("**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the securities described in the Offering Circular are only available to, and any investment or investment activity to which the Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the Offering Circular or any of its contents.

This Offering Circular includes particulars given in compliance with the rules governing the listing of securities on the SEHK for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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

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 Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Notes. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Notes under applicable laws or regulations.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on internal surveys, market research, 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 Joint Lead Managers or their respective affiliates, directors, officers and advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019, included elsewhere in this Offering Circular. The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019 were prepared and presented in accordance with the requirements of law and with the Accounting Standards for Business Enterprises in

China ("**PRC GAAP**") and have been audited by RSM China CPA LLP (formerly known as Huapu Tianjian Certified Public Accountants LLP) ("**RSM China**") in accordance with Auditing Standards for Chinese Certified Public Accountants.

This Offering Circular also contains the unaudited but reviewed consolidated interim financial information of the Issuer as at and for the nine months ended 30 September 2019 and 2020, which is derived from the unaudited but reviewed consolidated interim financial statements of the Issuer as at and for the nine months ended 30 September 2020 (the "**September 2020 Financial Statements**"). The September 2020 Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by RSM China in accordance with the China Standards on Review Engagements No. 2101 – Review of Financial Statements. The September 2020 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. Neither the Joint Lead Managers nor any of their respective affiliates, directors, officers, employees, representatives, agents or advisors makes any representation or warranty, express or implied, regarding the accuracy of such unaudited but reviewed consolidated financial statements or their sufficiency for an assessment of, and potential investors shall not use such data to evaluate the Group's financial condition, results of operations and results. In addition, the September 2020 Financial Statements should not be taken as an indication of the expected financial condition, results of operations and results of the Group for the full financial year ending 31 December 2020.

PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). See "*Summary of Certain Differences Between PRC GAAP and IFRS*". Investors should seek advice from their financial and tax advisors if they have doubts about the differences.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**" and "**China**" are to the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan); references to the "**United States**" and "**U.S.**" are to the United States of America; references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC; and references to "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at a specified rate solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.7896 to U.S.$1.00 (the noon buying rate in New York City on 30 September 2020 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "Exchange Rates" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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

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

In this Offering Circular, unless otherwise indicated or the context otherwise requires, references to:

- "**COVID-19**" refers to an outbreak of a respiratory illness caused by a new strain of coronavirus that was identified in January 2020. The disease has since spread rapidly across the world, causing the World Health Organization to declare the outbreak a pandemic on March 12, 2020;
- **"Development Zone Group Co."** refers to Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.;
- **"Grain Storage Co."** refers to Shaoxing Shangyu District Grain Storage Co., Ltd.;
- **"Hangzhou Bay Construction"** refers to Shangyu Hangzhou Bay Construction and Development Group Co., Ltd.;
- **"MOF"** refers to the Ministry of Finance of the People's Republic of China;
- **"MOFCOM"** refers to the Ministry of Commerce of the People's Republic of China;
- **"NDRC"** refers to the National Development and Reform Commission of the People's Republic of China or its local counterparts;
- **"PBOC"** refers to the People's Bank of China, the central bank of the PRC;

- the **"PRC government"** refers to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

- **"SAFE"** refers to the State Administration of Foreign Exchange of the People's Republic of China or its competent local counterpart;

- **"SASAC"** refers to the State-owned Assets Supervision and Administration Commission of the People's Republic of China;

- **"Shangyu Urban Construction"** refers to Shaoxing Shangyu Urban Construction Group Co., Ltd.(紹興市上虞城市建設集團有限公司);

- **"Shangyu District Government"** or **"Shaoxing Shangyu Municipal Government"** refers to the Shangyu District People's Government;

- **"Shangyu SASAC"** or **"Shaoxing Shangyu SASAC"** refers to the State-owned Assets Supervision and Administration Commission of Shaoxing City Shangyu District(紹興市上虞區國有資產監督管理委員會);

- **"Shaoxing Shangyu"** refers to Shangyu District, Shaoxing City;

- **"Shaoxing Datong"** refers to Shaoxing Datong Holding Group Co., Ltd.;

- **"Shangyu Water"** refers to Shaoxing Shangyu District Water Group Co., Ltd.; and

- **"State Council"** refers to the State Council of the People's Republic of China.

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

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

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

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group's capital expenditure plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- changes in the laws, rules and regulations of the PRC government and the rules, regulations and policies of the governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to Shangyu District, Zhejiang Province or 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 Issuer operates;
- fluctuations in prices of and demand for products and services that the Group provides;
- natural disasters, industrial action, terrorist attacks and events beyond the Group's control;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes in the global economic conditions; and

- other factors, including those discussed in "Risk Factors".

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

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SUMMARY

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

OVERVIEW

The Group is the largest state-owned capital management entity in Shangyu District, Shaoxing City, Zhejiang Province in terms of total assets as at 30 September 2020. The Group is wholly-owned by, and under the direct supervision of, the Shaoxing Shangyu SASAC, the local counterpart of the State-owned Assets Supervision and Administration Commission of the State Council. Established in 1994, the Group is designated to carry out the Shaoxing Shangyu Municipal Government's blueprint for the municipal development in Shaoxing Shangyu. Over the years, the Group played a significant role particularly in implementing the Shaoxing Shangyu Municipal Government's urban planning and development policies.

As of 30 September 2020, the Group operated its business primarily through eight directly-owned subsidiaries, seven of which are wholly-owned by the Group. As at 30 September 2020, the Group had 139 subsidiaries and affiliated companies included in its consolidated financial statement.

Over the years, the Group has diversified its business portfolio. The Group primarily operates in the following four business segments:

Water Supply and Wastewater Treatment. Water supply and wastewater treatment is the Group's principal line of business. The Group commenced its water supply and wastewater treatment business in 2015. The Group is the sole water supplier and wastewater treatment service provider in Shaoxing Shangyu, responsible for tap water supply, disposal of wastewater, improvement and protection of water environment and construction of water supply and drainage pipe network for the Shaoxing Shangyu district. The Group conducts its water supply and wastewater treatment business primarily through Shangyu Water, in which the Group directly holds 100.0 per cent. of equity interest. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's water supply and wastewater treatment business was approximately RMB449.6 million, RMB441.8 million, RMB494.7 million, RMB362.4 million and RMB343.6 million, respectively, representing approximately 9.6 per cent., 10.7 per cent., 11.0 per cent., 13.6 per cent. and 11.5 per cent. of the Group's total revenue for the same periods, respectively.

Commodity Sales. The Group's commodity sales business is mainly composed of commodity sales and grain storage. The Group conducts its commodity sales business primarily through Shaoxing Datong, in which the Group directly holds 51.04 per cent. of equity interest. Shaoxing Datong operates the Datong Mall, a leading department store in the county level of the Zhejiang Province in terms of sales revenue. The Group conducts its grain storage business primarily through Grain Storage Co., in which the Group directly holds 100.0 per cent. of equity interest. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's commodity sales business was approximately RMB881.0 million, RMB875.6 million, RMB937.4 million, RMB648.8 million and RMB655.2 million, respectively, representing approximately 18.8 per cent., 21.3 per cent., 20.9 per cent., 24.3 per cent. and 22.0 per cent. of the Group's total revenue for the same periods, respectively.

Land Development. The Group's land development business is mainly composed of primary land development, affordable housing and infrastructure construction. The Group conducts its land development business primarily through Development Zone Group Co. in which the Group directly holds 100.0 per cent. of equity interest. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's land development

business was approximately RMB231.2 million, RMB872.0 million, RMB814.1 million, RMB644.0 million, and RMB761.7 million, respectively, representing approximately 4.9 per cent., 21.2 per cent., 18.2 per cent., 24.1 per cent., and 25.5 per cent. of the Group's total revenue for the same periods, respectively.

Other Businesses. The Group also engages in other businesses, including provision of services, logistics, construction and other businesses. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's other business was approximately RMB3,113.2 million, RMB1,921.8 million, RMB2,231.5 million, RMB1,011.5 million and RMB1,221.1 million, respectively, representing approximately 66.6 per cent., 46.7 per cent., 49.8 per cent., 37.9 per cent. and 41.0 per cent. of the Group's total revenue for the same periods, respectively.

The Group's total revenue for the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020 amounted to approximately RMB4,675.0 million, RMB4,111.2 million, RMB4,477.6 million, RMB2,666.7 million and RMB2,981.7 million, respectively. As at 31 December 2017, 2018, 2019 and 30 September 2020, its total assets were approximately RMB93,508.6 million, RMB97,554.5 million, RMB101,777.9 million and RMB117,209.4 million, respectively. See "*Summary Financial Information of the Group*".

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths distinguish it from its competitors:

- Significant entity wholly-owned by the Shaoxing Shangyu SASAC with certain preferential treatments;
- The Group's business is closely aligned with the social and economic development and growth of Shaoxing Shangyu and excellent location of its projects enables the Group to continue to grow its business;
- The Group plays a significant role in implementing the Shaoxing Shangyu Municipal Government's urban and housing development policies and plans;
- The Group has prudent financial policies and diversified financing channels;
- The Group's diversified business portfolio and new growth engine provide it with stable return; and
- The Group has an experienced and professional senior management team.

BUSINESS STRATEGIES

The Group's goal is to continue to grow its asset base, optimise its capital structure and enhance operational efficiency. The Group intends to achieve these goals by pursuing the following strategies:

- Continue to focus on core business segments while achieving appropriate diversification and synergistic development;
- Further enhance the Group's core competitive advantage in the urban infrastructure construction and land development businesses;
- Continue to centralise the Group's capital management and adopt prudent financial policies;
- Further develop diversified financing sources to maintain well-capitalised growth;

- Strengthen risk management and internal control systems; and
- Attract and cultivate high-quality talent.

THE OFFERING

The following contains summary information about the Notes 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 2024 Notes", "Terms and Conditions of the 2026 Notes" and "Summary of Provisions Relating to the Notes in Global Form" shall have the same meanings in this summary. For a more complete description of the terms of the Notes, see "Terms and Conditions of the 2024 Notes" and "Terms and Conditions of the 2026 Notes" in this Offering Circular.

Issuer	Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd.(紹興市上虞區國有資本投資運營有限公司)
The Notes	2024 Notes: U.S.$300,000,000 in aggregate principal amount of 2.95 per cent. Notes due 2024 2026 Notes: U.S.$200,000,000 in aggregate principal amount of 3.55 per cent. Notes due 2026
Issue Price.	2024 Notes: 100 per cent. of the principal amount 2026 Notes: 100 per cent. of the principal amount
Form and Denomination.	The Notes will be issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	2024 Notes: The 2024 Notes will bear interest at a rate of 2.95 per cent. per annum, payable semi-annually in arrear on 16 March and 16 September in each year, commencing on 16 September 2021. 2026 Notes: The 2026 Notes will bear interest at a rate of 3.55 per cent. per annum, payable semi-annually in arrear on 16 March and 16 September in each year, commencing on 16 September 2021.
Issue Date	16 March 2021
Maturity Date	2024 Notes: 16 March 2024 2026 Notes: 16 March 2026
Status of the Notes.	The Notes of each Series will constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 of the Terms and Conditions of the 2024 Notes and Condition 4.1 of the Terms and Conditions of the 2026 Notes) unsecured obligations of the Issuer and shall at all times rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes shall at all times rank at least equally with all its other outstanding unsecured and unsubordinated obligations, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

Events of Default	Upon the occurrence of certain events described under "*Terms and Conditions of the 2024 Notes – Events of Default"* and "*Terms and Conditions of the 2026 Notes – Events of Default*", 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 Notes of the relevant Series then outstanding or if so directed by an Extraordinary Resolution of the Noteholders of the relevant Series 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 Notes of the relevant Series are, and they shall immediately become, due and payable, at their principal amount together (if applicable) with any accrued but unpaid interest.
Taxation	All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer shall be made without set-off or counterclaim and free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless such withholding or deduction is required by law, as further described in Condition 8 of the Terms and Conditions of the 2024 Notes and Condition 8 of the Terms and Conditions of the 2026 Notes. Where such withholding or deduction is imposed or levied by or on behalf of the PRC up to and including the Applicable Rate (as defined in the Terms and Conditions), the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. If the Issuer is required to make a deduction or withholding (i) imposed or levied by or on behalf of the PRC in excess of the Applicable Rate or (ii) imposed or levied by or on behalf of any Relevant Jurisdiction other than the PRC, the Issuer will pay Additional Tax Amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no Additional Tax Amounts shall be payable in certain circumstances set out in Condition 8.1 of the Terms and Conditions of the 2024 Notes and Condition 8.1 of the Terms and Conditions of the 2026 Notes. See "*Terms and Conditions of the 2024 Notes – Taxation*" and "*Terms and Conditions of the 2026 Notes – Taxation*".
Final Redemption.	Unless previously redeemed, or purchased and cancelled, the 2024 Notes will be redeemed at their principal amount on 16 March 2024. Unless previously redeemed, or purchased and cancelled, the 2026 Notes will be redeemed at their principal amount on 16 March 2026.

Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, together with any interest accrued up to but excluding the date of redemption, but unpaid, if: (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 9 March 2021, the Issuer would be required to pay Additional Tax Amounts as provided or referred to in Condition 8 of the Terms and Conditions of the 2024 Notes and Condition 8 of the Terms and Conditions of the 2026 Notes; and (b) the obligation cannot be avoided by the Issuer taking reasonable measures available to it. See "*Terms and Conditions of the 2024 Notes – Redemption and Purchase – Redemption for Taxation Reasons*" and "*Terms and Conditions of the 2026 Notes – Redemption and Purchase – Redemption for Taxation Reasons*".
Redemption upon Change of Control or No Registration Event	At any time following the occurrence of a Change of Control or No Registration Event, the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding the Put Settlement Date. See "*Terms and Conditions of the 2024 Notes – Redemption and Purchase – Redemption upon Change of Control or No Registration Event*" and "*Terms and Conditions of the 2026 Notes – Redemption and Purchase – Redemption upon Change of Control or No Registration Event*".
Further Issues	The Issuer may from time to time without the consent of the Noteholders of the relevant Series create and issue further securities having the same terms and conditions as the Notes of the relevant Series in all respects (or in all respects except for the issue date, issue price and amount of the first payment of interest on them and, to the extent necessary, certain transfer restrictions as a result of applicable securities law, and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and for making the consequent notifications) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including each Series of the Notes). See "*Terms and Conditions of the 2024 Notes – Further Issues*" and "*Terms and Conditions of the 2026 Notes – Further Issues*".
Governing Law	The Trust Deed, the Agency Agreement and the Notes and any noncontractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, English law.
Trustee	China Construction Bank (Asia) Corporation Limited（中國建設銀行（亞洲）股份有限公司）

Principal Paying Agent, Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited（中國建設銀行（亞洲）股份有限公司）
Clearing Systems	The Notes of each Series will be represented by beneficial interests in a Global Certificate, without interest coupons attached, which will be registered in the name of a nominee for, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in a Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except in the limited circumstances described in a Global Certificate, certificates for Notes will not be issued in exchange for beneficial interests in a Global Certificate.
Selling Restrictions	The Notes 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*".
Rating	The Notes are expected to be rated "BBB-" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. Such ratings should be evaluated independently of any other rating of the other securities of the Issuer.
Listing	Application will be made to the SEHK for the listing of the Notes by way of debt issues to Professional Investors only.
Use of Proceeds	See "*Use of Proceeds*".
2024 Notes: ISIN	XS2296307767
2024 Notes: Common Code	229630776
2026 Notes: ISIN	XS2308088132
2026 Notes: Common Code	230808813
Legal Entity Identifier	3003009489P0SMPRDL57

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019 set forth below is derived from and should be read in conjunction with the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019, including the notes thereto and the auditor's reports in respect of the years ended 31 December 2017, 2018 and 2019 included elsewhere in this Offering Circular. The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019 were prepared and presented in accordance with PRC GAAP and have been audited by RSM China.

The summary consolidated financial information of the Issuer as at 30 September 2020 and for the nine months ended 30 September 2019 and 2020 set forth below is derived from and should be read in conjunction with the September 2020 Financial Statements, including the notes thereto and the review report in respect of the nine months ended 30 September 2020 included elsewhere in this Offering Circular. The September 2020 Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by RSM China in accordance with the China Standards on Review Engagements No. 2101 – Review of Financial Statements.

The September 2020 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. Neither the Joint Lead Managers nor any of their respective affiliates, directors, officers or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed 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 September 2020 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 ending 31 December 2020.

PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences between PRC GAAP and IFRS".

Summary Consolidated Income Statement Data

	For the Year Ended 31 December			For the Nine Months Ended 30 September	
	2017	2018	2019	2019	2020
	(Audited)	(Audited)	(Audited)	(Unaudited but reviewed)	(Unaudited but reviewed)
			(RMB in millions)		
Revenue	**4,675.0**	**4,111.2**	**4,477.6**	**2,666.7**	**2,981.7**
Less: Cost of sales	4,107.3	3,852.8	4,194.2	2,362.0	2,637.8
Taxes and surcharges	38.9	39.1	39.4	20.7	33.1
Selling and distribution expenses	139.0	175.9	182.7	133.1	140.2
General and administrative expenses	374.1	482.0	527.5	394.0	427.8
Financial costs	506.5	227.2	209.9	45.2	285.6
Including: Interest expense	677.0	502.0	460.6	207.9	572.8
Including: Interest income	198.3	290.2	308.9	166.4	282.0
Add: Other income	701.4	880.0	851.6	386.8	608.6
Investment income/losses ("-" for losses)	31.0	71.3	64.1	24.0	43.2
Including: Investment income from associates and joint ventures	3.9	38.4	41.7	12.4	6.4
Gains/losses from changes in fair values ("-" for losses)	–	–	–	–	–
Impairment losses of assets	-5.5	-6.6	6.3	-5.6	1.0
Gains/losses from disposal of assets ("-" for losses)	0.0	1.0	7.4	4.5	-0.2

	For the Year Ended 31 December			For the Nine Months Ended 30 September	
	2017	2018	2019	2019	2020
	(Audited)	(Audited)	(Audited)	(Unaudited but reviewed)	(Unaudited but reviewed)
			(RMB in millions)		
Profit from operations	**236.1**	**279.9**	**253.3**	**121.3**	**109.7**
Add: Non-operating income	21.3	7.3	5.4	4.6	14.8
Less: Non-operating expenses	5.9	5.1	6.1	2.8	6.6
Profit before tax	**251.6**	**282.2**	**252.6**	**123.0**	**117.9**
Less: Income tax expenses	23.1	19.0	27.7	11.4	8.9
Net profits for the year	**228.5**	**263.2**	**224.9**	**111.6**	**109.0**
Attributable to owners of the parent	190.7	148.7	139.8	99.3	113.5
Attributable to non-controlling interests	37.7	114.5	85.1	12.3	-4.5
Total comprehensive income	**213.5**	**239.7**	**303.4**	**139.2**	**98.3**
Attributable to owners of the parent	175.8	125.2	218.3	126.9	102.8
Attributable to non-controlling interests	37.7	114.5	85.1	12.3	-4.5

Summary Consolidated Balance Sheet Data

	As at 31 December			As at 30 September
	2017	2018	2019	2020
	(Audited)	(Audited)	(Audited)	(Unaudited but reviewed)
	(RMB in millions)			
Current assets				
Cash and cash equivalents	10,512.0	9,384.8	11,447.6	11,357.0
Financial assets at fair value through profit or loss	–	–	0.2	0.2
Notes receivable	1.3	10.3	11.0	2.3
Accounts receivables	140.9	178.4	364.5	309.0
Prepayments	545.3	29.1	34.9	44.9
Other receivables	16,361.4	16,385.9	16,226.8	11,897.1
Inventories	52,383.5	46,647.2	51,830.6	54,616.6
Non-current assets maturing within one year	22.0	–	–	–
Other current assets	60.4	93.4	151.9	287.9
Total current assets	**80,026.9**	**72,729.1**	**80,067.6**	**78,515.0**
Non-current assets				
Available-for-sale financial assets	415.4	4,036.6	4,230.5	4,596.0
Long-term receivable	2,137.8	1,734.4	1,810.7	1,605.3
Long-term equity investments	2,067.9	1,047.0	1,874.5	1,869.0
Investment properties	2,595.3	3,484.6	3,734.6	11,351.9
Property, plant and equipment	2,028.4	4,111.3	4,168.0	5,252.3
Construction in progress	1,488.6	1,969.7	1,973.8	5,001.8
Intangible assets	1,692.2	8,389.2	3,791.2	8,827.2
Goodwill	–	1.4	1.4	1.4
Long-term deferred expenses	598.6	37.9	62.9	80.5
Deferred tax assets	2.4	2.8	4.0	1.8
Other non-current assets	455.2	10.4	58.8	107.3
Total non-current assets	**13,481.7**	**24,825.4**	**21,710.3**	**38,694.5**
Total Assets	**93,508.6**	**97,554.5**	**101,777.9**	**117,209.4**
Current liabilities				
Short-term borrowings	1,705.8	2,338.9	3,595.3	6,612.6
Notes payable	47.1	24.7	23.2	17.3
Accounts payable	819.3	1,067.9	956.6	770.8
Advances from customers	303.0	311.1	320.6	314.7
Employee benefits payable	28.3	47.5	53.3	38.9
Taxes payable	112.7	42.3	49.3	42.3
Other payables	1,654.9	2,833.7	1,467.8	2,496.0
Non-current liabilities due within one year	3,574.1	5,801.3	5,650.3	13,558.9
Other current liabilities	0.1	18.8	671.0	1,071.9
Total current liabilities	**8,245.3**	**12,486.2**	**12,787.3**	**24,923.3**
Non-current liabilities				
Long-term borrowings	30,933.8	25,776.9	22,738.9	21,341.7
Bonds payable	14,777.8	14,630.3	21,940.4	21,470.6
Long term payable	3,278.9	2,038.2	1,536.4	3,226.0
Deferred income	204.3	241.7	277.6	275.4
Deferred tax liabilities	35.4	27.6	53.8	50.2
Other non-current liabilities	47.7	46.8	206.9	218.6
Total non-current liabilities	**49,277.9**	**42,761.5**	**46,753.9**	**46,582.6**
Total Liabilities	**57,523.2**	**55,247.6**	**59,541.2**	**71,505.9**
Owner's (shareholder's) equity				
Paid-in capital	200.0	372.0	372.0	372.0
Capital reserves	29,322.0	31,943.3	32,259.53	35,527.9
Other comprehensive income	106.3	82.8	161.3	150.6
Specific reserves	2.8	4.6	5.4	5.5
Surplus reserves	3.9	7.6	7.6	7.6
Retained earnings	355.1	497.7	636.7	742.7
Total owner's equity attributable to the parent company	29,990.1	32,908.0	33,442.5	36,806.2
Total owner's equity	**35,985.4**	**42,306.9**	**42,236.7**	**45,703.6**
Total liabilities and equity	**93,508.6**	**97,554.5**	**101,777.9**	**117,209.4**

Other Financial Data

	For the Year Ended 31 December			For the Nine Months Ended 30 September
	2017	2018	2019	2020
	(Audited)	(Audited)	(Audited)	(Reviewed)
	(RMB in millions, except percentages)			
EBITDA[(1)] (RMB in millions)	1,261.9	1,237.9	1,253.4	1,070.7
EBITDA margin[(2)]	27.0%	30.1%	28.0%	35.9%
Total debt[(3)] (RMB in millions)	52,311.9	49,702.5	55,475.0	65,221.0
Total debt/EBITDA	41.5	40.2	44.3	60.9
Total debt/Equity	1.5	1.2	1.3	1.4
EBITDA/Interest[(4)]	0.7	0.5	0.4	0.4

Notes:

(1) EBITDA for any period is calculated as net profit for the year or the period plus income tax expenses, finance costs, depreciation of fixed assets, oil and gas assets and productive biological assets, amortization of intangible assets and amortization of long-term deferred expenses. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions. The following table reconciles the Group's EBITDA to the Group's profit for the period, which is the most directly comparable PRC GAAP measure:

	For the Year Ended 31 December			For the Nine Months Ended 30 September
	2017	2018	2019	2020
	(Audited)	(Audited)	(Audited)	(Reviewed)
	(RMB in millions)			
Net Profit	228.5	263.2	224.9	109.0
Adjustments:				
Add:				
Income tax expenses	23.1	19.0	27.7	8.9
Interest expenses included in finance costs	677.0	502.0	460.6	572.8
Capitalized interest included in cost of sales	0	0	0	0
Depreciation	274.3	309.2	419.6	289.6
Amortisation	59.0	144.5	120.7	90.3
EBITDA	1,261.9	1,237.9	1,253.4	1,070.7

(2) EBITDA margin is calculated as EBITDA divided by total revenue.

(3) Total debt consists of short-term loan plus non-current liabilities due within one year, long-term loan and bonds payable.

(4) Interest is calculated as interest expenses plus capitalized interests plus capitalized interest included in cost of sales.

RISK FACTORS

An investment in the Notes 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 Notes. The following describes some of the significant risks relating to the Issuer, the Group, the Group's business and the market in which the Group operates and the value of Notes. 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 Notes. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes 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 or the Group does not represent that the statements below regarding the risk factors of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development of Shangyu District, Shaoxing City, Zhejiang Province and the PRC.

The Group's businesses and assets are highly concentrated in Shangyu District, Shaoxing City of Zhejiang Province, PRC. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development of Shangyu District, Shaoxing City, Zhejiang Province and the PRC.

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's gross domestic product 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. According to the National Statistics Bureau of the PRC, the annual growth rate of China's gross domestic product in 2018 slowed down to 6.6% on a year-on-year basis compared to 6.9% in 2017, and further slowed down to 6.1% in 2019. It is difficult to predict how the economic development of Shaoxing City and Shangyu District will be affected by a slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures adopted by the PRC government will be effective in stimulating the recovery of the PRC economy.

The future prospects of the PRC's, Zhejiang Province's and Shaoxing City's economy depend on many different factors, most of which are beyond the Group's control. For example, in March 2018, U.S. President Donald J. Trump announced the imposition of tariffs on steel and aluminium entering the United States and in June 2018, May 2019 and August 2019 announced further tariffs targeting goods imported from China. Recently both China and the U.S. have each imposed tariffs indicating the potential for further trade barriers. It is not yet clear what impact these tariffs may have or what actions other governments, including the Chinese government may take in retaliation. These developments could have a material adverse effect on global economic conditions and the stability of global financial markets. In addition, any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations. It is uncertain how the economic condition and future

development in Zhejiang Province and Shaoxing will be affected by the slowdown of growth of the PRC's economy and there can be no assurance that the level of economic development in Shangyu District, Shaoxing City will continue to be maintained at historical growth rates, if at all. Any continuing slowdown in the economic development in Shangyu District, Shaoxing City may affect the Shaoxing Municipal Government's development plan for Shangyu District, Shaoxing City, decrease the demand for the Group's businesses and adversely affect the Group's business, financial condition, results of operations and prospects.

The ongoing COVID-19 pandemic may have an adverse effect on the Group's business, financial condition and results of operations.

The ongoing COVID-19 pandemic may have an adverse effect on the Group's business, financial condition and results of operations. The ongoing outbreak of the novel coronavirus, COVID-19, since late 2019 in the PRC and other countries has caused severe disruption to business and economic activities in the PRC and globally.

Governments of many countries (including the PRC) have declared a state of emergency, closed their borders to international travelers and issued stay-at-home orders with a view to containing the pandemic. In addition, if any of the Group's management or employees are affected by COVID-19, the Group may be required to close down its offices or facilities to prevent the spread of the pandemic. Although the Group has adopted remedial measures to minimise the adverse impact of the continuing COVID-19 pandemic on its businesses and operations, there can be no assurance that remedial measures adopted by the Group will have the intended effects or that the adverse impact of the continuing COVID-19 pandemic on the Group will not persist. In addition, consumer confidence or consumer sentiment in the PRC and elsewhere has been materially impacted due to the continued escalation of the COVID-19 pandemic.

The Government measures or actions to combat the spread of COVID-19 could also adversely affect the ability of the Group's contractors to perform their contracts with the Group, including its construction contractors. As a result, completion of the Group's real estate development projects and/or science park construction projects may be delayed, which may in turn result in cost overrun, a decrease in sales of properties and/or otherwise adversely affect the Group's financial condition, operating results and profitability. In addition, the Group's sales and pre-sale of residential and commercial properties may also be adversely affected due to reasons such as decreased number of potential buyers attending sales and pre-sale activities of the Group and restrictions imposed on large-scale public activities to comply with social-distancing policies promoted by the government authorities.

Moreover, the COVID-19 pandemic may lead to lower levels of economic growth in the PRC which is likely to reduce the demand for the purchasing of real estate properties and leasing of office spaces in the PRC, with consequent adverse impact on the Group's ability to sell or lease its properties and/or derive income from operation of its properties. While the PRC government has introduced certain economic relief measures to support the economy, there can be no assurance that such measures will have the intended effects. The continuing COVID-19 pandemic is expected to have an adverse impact on the Group's businesses and it is impossible to predict the magnitude of such impact, which could vary based on the duration of the outbreak and the ability of the global community to contain the disease and implement economic stimulus measures. There are uncertainties as to how the COVID-19 pandemic will evolve and any continuation and/or escalation and/or intensification of the COVID-19 pandemic could materially and adversely affect the Group's business, financial condition and results of operations and the Group's ability to meet its financial obligations.

The Group's business and future prospects to a large extent depend upon the Shaoxing Shangyu Municipal Government's fiscal policies and public spending planning.

The Group is the largest state-owned capital management entity in Shangyu District, Shaoxing City. The Group is wholly-owned by the Shaoxing Shangyu SASAC and is tasked by the Shaoxing Shangyu Municipal Government to perform substantial and critical governmental functions including water supply, wastewater management, land development and infrastructure construction. Since its establishment in 2015, the Group has played an important role in implementing the Shaoxing Shangyu Municipal Government's plan for urban construction. Therefore, the Group's business, results of operations and future prospects may be heavily affected by the Shaoxing Shangyu Municipal Government's public spending budget, especially for municipal-related public utilities services. Any significant reduction in the Shaoxing Shangyu Municipal Government's public spending budget relating to municipal-related public utilities services and infrastructure could materially and adversely affect the Group's business.

There are a number of factors affecting the nature, scale, location and timing of the Shaoxing Shangyu Municipal Government's investments in municipal-related public utilities services and public infrastructure development. The key factors are the PRC central government's policies, the priority accorded to the development of different regions and the Shaoxing Shangyu Municipal Government's fiscal and monetary policies. The Shaoxing Shangyu Municipal Government's investments in municipal-related public utilities services and public infrastructure development is also affected by the PRC government's income and the general economic conditions in Zhejiang Province and in the PRC. Any slowdown in the overall economy of Zhejiang Province or the PRC may affect the economic development of Shaoxing Shangyu and the fiscal condition of the Shaoxing Shangyu Municipal Government, which may in turn reduce the Shaoxing Shangyu Municipal Government's investments in municipal-related public utilities services and public infrastructure development. If the public budget or spending of the Shaoxing Shangyu Municipal Government on municipal-related public utilities services and public infrastructure development decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected. Furthermore, if any favourable incentive or government support which is currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition, results of operations and prospects would be materially and adversely affected and the controlling relationship between the Group and the Shaoxing Shangyu SASAC does not necessarily correlate to, or provide any assurance as to the Group's financial condition.

The Shaoxing Shangyu Municipal Government can exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its activities, or impose new obligations on the Group that may not be in its best interests.

The Group is directly and wholly-owned by the Shaoxing Shangyu SASAC and accordingly, the Shaoxing Shangyu Municipal Government is able to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that the Shaoxing Shangyu SASAC would always take actions that are in the Group's best interests or that aim to maximise its profits. For example, the Shaoxing Shangyu SASAC could use its ability to influence the Group's business and strategy in a manner beneficial to Shaoxing Shangyu as a whole, which may not necessarily be in the Group's best interests. The Shaoxing Shangyu Municipal Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment, its projections of population and employment growth and any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Shaoxing Shangyu Municipal Government could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on its financial condition and results of operations.

The Group faces risks associated with its collaboration with government authorities, state-owned entities and connected parties.

As most of the construction projects of the Group are consigned by the Shaoxing Shangyu Municipal Government, the Group is in constant collaboration with a number of government authorities and state-owned entities in Shaoxing Shangyu. Although the Group is confident in maintaining close and good relationships with these authorities and entities, there is no assurance that these relationships will remain close and good in the future. These government authorities and state-owned entities may: (i) have economic or business interests or considerations that are inconsistent with the Group; (ii) take actions contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. In case disputes arise between the Group and any of these government authorities or state-owned entities, there is no assurance that the Group would be able to successfully resolve such disputes in a timely manner.

The Group operates in multiple business segments through a number of subsidiaries across various industries, and this business structure exposes the Group to challenges not faced by companies with a single or small number of business.

The Group has a number of subsidiaries operating in multiple industries. Through these subsidiaries, the Group's major business segments cover: (i) water supply and wastewater treatment, (ii) commodity sales, (iii) land development and (iv) other business, including the provision of services, logistics, construction and other businesses. As such, the Group is exposed to risks associated with multiple business sectors, multiple markets and regulatory risks relating to different industries.

In addition, the Group provides direct funding, guarantees and other support to certain of its subsidiaries and affiliates. As at 30 September 2020, the Group had made guarantees of RMB9,895.1 million to the Group's subsidiaries and affiliates. If a subsidiary defaults on any borrowings lent or guaranteed by the Group, the Group will not receive the repayment as planned. This may affect our ability to provide financial support to the Group's other subsidiaries. If the Group's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant subsidiaries may be affected, which in turn may have an adverse impact on the Group's business, financial condition and results of operations.

Changes in government grants, subsidies or other incentives currently received by the Group may adversely affect its business, financial condition and results of operations.

As the largest state-owned capital management entity in Shangyu District, Shaoxing City under the guidance of the Shaoxing Shangyu SASAC, the Group collaborates with various government authorities. The Group also regularly receives certain preferential treatments from the Shaoxing Shangyu Municipal Government. These preferential treatments come in various forms, such as capital injection, equity transfer, government grants and subsidies for its various projects, and government buyback payments for completed infrastructure construction projects.

For the years ended 31 December 2017, 2018 and 2019, the Group received government subsidies of RMB701.4 million, RMB880.0 million, RMB851.6 million, respectively. The non-operating income primarily consists of government grants and subsidies. There is no assurance that such government grants or subsidies will not be reduced or revoked, or extended upon the expiration of the current preferential treatment periods. There also can be no assurance that the Group will be entitled to other governmental grants or subsidies in the future. As a result, the Group could be subject to the risk of fluctuation in operational income due to the unstable nature of government subsidies, as well as the facts that these amounts are a significant proportion of the Group's overall revenues. A reduction or discontinuance of such government grants, subsidies and other incentives may materially and adversely affect the Group's financial condition and results of operations.

All of the Group's infrastructure and utilities construction projects are based in a single geographical region.

All of the Group's current and anticipated infrastructure and utilities construction projects are located in Shaoxing Shangyu. Any material region-wide adverse events may negatively impact the demand for infrastructure and utilities construction development in Shaoxing Shangyu, which would in turn affect revenue and profitability. Such adverse events include changes in economic conditions and the regulatory environment, changes in the government's development plans and policies in Shaoxing Shangyu, slowdown in the infrastructure and utilities construction sector, decrease in investor confidence within the region, significant natural disasters and man-made incidents. Due to the limited geographical coverage of the Group's operations, it may not be able to effectively manage any potential losses arising from these adverse events, which may materially and adversely affect its business, financial condition and results of operations.

We engage in government policy projects which serve the public interest for which we may not be able to achieve commercial returns.

As the undertaker of the public utilities infrastructure construction in Shaoxing Shangyu, our operating income from the water supply business, the land development business and the construction business, are subject to the risk of cost overruns during operation or the project construction phase. Many of the factors causing cost overruns are beyond our control, for example, the Shaoxing Shangyu Government has not purchased quite a number of the completed infrastructure projects. If the actual costs are significantly higher than our estimates and if we are not able to obtain sufficient compensation from our customers to offset the cost overruns, our financial condition, results of operations and business prospects could be materially and adversely affected.

Delays or defaults in payments by customers to us may affect our working capital and cash flow.

Delays in payments from customers, such as in the commodity sale business, may increase our working capital needs. For example, defaults in making payments to us for a commodity sales transaction for which we have already incurred significant costs and expenditures could materially and adversely affect our operational results and reduce our financial resources. Pursuant to our contracts, we may file a claim for compensation for incurred losses, but settlement of disputes generally takes time and financial and other resources, and the outcome of any such dispute is often uncertain. There can be no assurance that customers will make payments to us in a timely manner, or at all, or that we will be able to efficiently manage the level of bad debts arising from any late payments or customer defaults. Any delay in payments from customers could have a material adverse effect on our business, financial condition and results of operation.

The Group is subject to risks associated with the logistics industry, including product damage, personal injury, and other transportation-related incidents.

The Group faces risks associated with logistics industry, which may result in property damages and personal injuries. Shipment in transit may be stolen, damaged or lost for various reasons, and the Group may be found liable for such incidents. The Group's failure to detect and prevent unsafe, prohibited or restricted goods, such as flammables and explosives, toxic or corrosive items from being transported may harm reputation and business, as those unsafe items may damage the trucks or other products and cause personal injury. Delivery of goods also involves risks regarding transportation safety.

The development of freight transportation industry depends on costs of delivery, which is affected by factors including the development of delivery infrastructure, sophistication of logistics technologies, fuel costs, inventory management, and costs of carriers. Any unexpected increases in costs of delivery could adversely affect the demand for the Group's logistics service as well as the profitability.

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. Although its business is mainly conducted in Shaoxing Shangyu, the diversification of its 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 business operations require substantial capital and failure to raise such capital may materially and adversely affect the Group's business, financial conditions, results of operations and prospects.

The Group's business is capital intensive. The Group requires significant capital resources to fund new projects, to maintain, renew and replace its operating assets and infrastructure and to maintain and improve its operation efficiency. A significant amount of capital resources is also required for further growth in the scale of its operations, and the Group's expansion into new business areas may require increased capital expenditure, further increasing its funding requirements.

The Group has historically financed its working capital requirements and capital expenditure through a combination of government grants, internal cash flow from operations and external financing through various channels, such as bank borrowings and debt issuances. The Group's ability to obtain external financing in the future and the cost of such financing are subject to a variety of uncertainties, including:

- the condition of financial markets;
- potential changes in monetary policies with respect to bank interest rates and lending policies;
- its ability to obtain the PRC government approvals required to access domestic or international financing; and
- its business performance.

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 such projects 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 may provide and adversely affect its business, financial condition and results of operations.

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

The primary businesses of the Group, such as urban infrastructure construction, property development, natural gas supply and pipeline installation, and property leasing and management, are inherently labour intensive. Industrial action or other labour unrest, which is beyond the Group's foreseeability or control, could directly or indirectly prevent or hinder normal operating activities, and, if not resolved in a timely manner, could lead to delays in the completion of the its projects and affect the Group's business. There is no assurance that labour unrest will not affect the general labour market or result in changes to labour laws. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance the protection of employees' rights. In addition, increasing minimum wages and awareness of labour protection also increase labour costs to PRC enterprises. There is no assurance that such increase could be passed on to customers, as a majority of the Group's customers are the local government and entities related to the local government. Failure to do so may materially and adversely affect the business, financial condition and results of operations of the Group.

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

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish a customer identification system in accordance with relevant rules, record the details of customer activities and report suspicious transactions to relevant authorities.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances that may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group has failed to detect money laundering or other illegal or improper activities or failed to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on the Group. Any of these may affect the Group's business reputation, financial condition and results of operations.

The Group is subject to litigation risks and may face significant liabilities as a result.

The Group may from time to time be involved in disputes with government authorities, incumbent residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against the Group for defective or incomplete work, personal injuries, damage to or destruction of property, breaches of warranty, delay in delivery and late completion of the project. If the Group were found liable for any of the project claims against us, its business, financial condition and results of operations may be materially and adversely affected to the extent the claims were not sufficiently covered by its insurance coverage.

Claims brought against and by the Group, if not resolved through negotiation, may be subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realized from claims could differ materially from the balances included in the Group's financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project contract. Charges associated with claims brought against the Group and write downs associated with claims brought by the Group could have a material adverse impact on the Group's financial condition, results of operations and cash flow.

The Group's businesses may be affected by an outbreak, or threatened outbreak, of any severe contagious disease and occurrence of natural disasters which may in turn significantly reduce demand for its services and have an adverse effect on its financial condition and results of operations.

The Group's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God, all of which are beyond the Group's control and may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or H7N9. For instance, two serious earthquakes hit Sichuan Province in May 2008 and April 2013, respectively, and resulted in significant loss of lives and destruction of assets in the region. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as the H5N1 or the H7N9 avian flu, especially in the region where the Group has operations, may materially influence its related business, which in turn may adversely affect its financial condition and results of operations.

If the Group fails to maintain effective internal controls and sound corporate governance, its business, financial condition, results of operations and reputation could be materially and adversely affected.

The Group has implemented various measures to improve and optimize its internal controls and corporate governance. The Group has a supervisory committee consisting of five members, all of whom were appointed by the Shaoxing Shangyu SASAC. The Group has established an effective internal control system. The Group's finance department organizes annual trainings for its employees, and the Group heavily relies on such trainings to ensure an effective internal control system for its urban infrastructure construction business, property development business, property leasing and management business and other operational activities. The effectiveness of the Group's internal control system depends significantly on a number of factors, including the design of the system, the related training program as well as its ability to ensure that its employees adhere to its internal control policies and guidelines.

However, the Group's internal control system may have deficiencies and there is no assurance that all such measures can be effective. Efforts to improve and optimize its internal controls and corporate governance require increased costs and significant management time and commitment. If the Group has failed to maintain effective internal controls and corporate governance, it could bring about adverse and material damage to its business, financial condition, results of operations and reputation. Furthermore, any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause significant costs, harm the Group's 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. There can be no assurance that failures in the Group's quality control systems will not occur in the future, and any such failure may adversely affect its business and operations.

The Group has published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Group has issued corporate bonds and mid-term notes in the domestic capital markets in the PRC from time to time. According to applicable PRC securities regulations on debt capital markets, the Group is required to publish its half year and annual financial information to satisfy the continuing disclosure obligations relating to its corporate bonds, mid-term notes and short-term financing bonds. After the Notes are issued, the Group is bound by the terms of the Notes, among others, to provide

holders of the Notes with its audited financial statements and certain unaudited but reviewed periodical financial statements. The quarterly and half year financial information published by the Group in the PRC is normally derived from the Group's management accounts and has not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Group's accounting policies and/or applicable laws and regulations affecting its financial reporting or to reflect the subsequent comments given by the independent auditors during the course of their audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts subsequently published in the PRC and the Group's audited or reviewed financial statements to be provided to holders of the Notes. The Group is not responsible to holders of the Notes 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.

The Group's historical consolidated financial information may not be indicative of its current or future results of operations.

The unaudited consolidated financial statements as at and for the nine months ended 30 September 2020 should not be taken as an indication of the expected financial condition and results of operation for the full financial year ended 31 December 2020. The Group's historical financial information included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow historical trends for various reasons, including factors beyond its control, such as changes in the economic environment, PRC environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates.

The Group's accounts were prepared in accordance with PRC GAAP which may be different from IFRS. The Group's auditors have limited international capital markets experience.

The Group's Audited Financial Statements and Reviewed Financial Statements were prepared in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. There is no guarantee that PRC GAAP will fully converge with IFRS or that there will not be any additional differences between the two accounting standards in the future. Prospective investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

The Group's current independent auditor, RSM China, has limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

RSM China, the Issuer's independent auditors, was subject to censure and administrative penalties by the CSRC and MOF.

RSM China is a registered member of The Chinese Institute of Certified Public Accountants supervised by relevant PRC regulatory agencies, including the CSRC and MOF. RSM China has previously received several warning letters issued by CSRC and was subject to several administrative penalties by the CSRC and MOF (the "RSM China Regulatory Matters"). The RSM China Regulatory Matters are mainly focused on the appropriateness of the implementation of accounting standards, the implementation of certain professional ethical standards and auditing guidelines, the adequacy of professional scepticism in the auditing process and the reasonableness of the judgment made by the auditors with respect to work conducted by RSM China which were unrelated to the Group. If RSM

China was found to be deficient in performing its auditors' tasks, it could affect investors' confidence in the financial statements contained in this Offering Circular which was audited or reviewed by RSM China as well as its other procedures performed in relation to the issue and offering of the Notes.

RSM China has confirmed to the Joint Lead Managers and the Issuer that the auditors who participate in the audit or review of the Issuer's historical financial statements were not the subject of, or involved in, the RSM China Regulatory Matters. RSM China has also confirmed that it is qualified to provide audit services under applicable laws, rules and guidelines. RSM China has further confirmed that its auditing work for the Group and the Issuer (as the case may be), 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 RSM China Regulatory Matters.

As of the date of this Offering Circular, the Issuer is not aware of any fact, occurrence of development which causes them to believe that individual auditors who participated in the audit or review of their financial statements are or would become the subject of any censure, penalty, disciplinary actions, investigation or other similar proceedings. Prospective investors should consider the above factors prior to making any investment decision.

Public information about the Group may be limited.

The Group is a state-owned enterprise incorporated in the PRC and is not listed on any stock exchange. There may be less publicly available information about the Group than is regularly made available by public companies in the PRC and certain other countries and territories.

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities in the course of employment;
- making or accepting bribes or other forms of corruption; or
- otherwise not complying with applicable laws or its internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of 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 sufficient or effective. There is no assurance that fraud or other misconduct will not occur in the future, which may affect the Group's brand equity, attract negative publicity or otherwise affect the Group's corporate brand, reputation and standing.

The Group's insurance coverage may not adequately protect the Group against all operating risks.

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

- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of real estate properties the Group develops;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruptions in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, collapse of mine or other natural disasters.

The occurrence of any of the above may materially and adversely affect the Group's business or results of operations.

To manage operating risks, the Group maintains insurance policies that provide different types of risk coverage, which it believe are consistent with industry and business practice in China. However, claims under the insurance policies may not be fully or timely honoured, and the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks or certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable or not economically insurable. To the extent that any of the Group's companies suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

RISKS RELATING TO THE PRC

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

The PRC economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The PRC economy has been transitioning from a planned economy

to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a substantial portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business and prospects.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in the economic and technology development zones and infrastructure construction demand in the PRC depends heavily on economic growth. The Group's business is inherently subject to general macroeconomic conditions and policies and market fluctuations. China has experienced rapid economic growth over the past decades. However, its continued growth has faced downward pressure since the second half of 2008, and its annual GDP growth rate has declined from 9.3 per cent. in 2011 to 6.1 per cent. in 2019, according to the National Bureau of Statistics of China(中華人民共和國國家統計局). According to an announcement by the National Bureau of Statistics of China on 19 October 2020, China's GDP for the first three quarters of 2020 recorded a growth rate of 0.7 per cent. compared to the same period in 2019 after undergoing a contraction in the first half of 2020. Market concerns that the historic rapid growth of the economy of the PRC may not be sustainable have been raised. In March 2016, Moody's Investors Service, Inc. ("**Moody's**") and S&P Global Ratings ("**S&P**") changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency issuer ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. All of the foregoing highlight the country's surging debt burden and questioned the government's ability to enact reforms. On 29 June 2020, S&P affirmed China's credit rating at "A+" with a stable outlook, stating that China is likely to maintain above-average economic growth performance relative to other middle-income economies in the next few years. On 14 September 2020, S&P affirmed China's A1 long-term local currency and foreign currency issuer and senior unsecured ratings. However, China's growth is likely to come under the pressure of uncertainties over the COVID-19 pandemic, U.S.-China tensions and ongoing efforts to restructure the economy and reduce financial risks. On 14 September 2020, Moody's affirmed China's long-term local currency and foreign currency issuer ratings at A1 with a stable outlook, citing the strength of the country's institutions and governance in mitigating credit risks. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the growth of development in the economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy the obligations under the Notes, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

The Group may be adversely affected by fluctuations in the global economy and financial markets.

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn affected the PRC's economy. Global markets and economic conditions have been adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. The outlook for the world economy and financial markets remains uncertain. The United Kingdom withdrew from the European Union ("**EU**") on 31 January 2020 ("**Brexit**"), but continued to participate in certain EU organizations (such as the customs union) during a transition period that ended

on 31 December 2020. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. Although a new trade and cooperation agreement between the United Kingdom and EU was agreed upon on 24 December 2020 and will apply on a provisional basis for a limited time until 28 February 2021, it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and the rest of the world.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty.

The PRC economy is sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis or experience a financial crisis. In addition, there have also been concerns about the relationship between the PRC and the United States following rounds of tariffs imposed by the United States. Recently, the United States and the PRC have had disagreements over political and economic issues including trade. Controversies may arise in the future between these two countries and trade policies between the two may change. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Any future escalation of the ongoing trade war between the United States and the PRC may negatively impact the growth in both the PRC economy and the global economy as a whole. The PRC economy is sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it may slow down due to a global crisis or experience a financial crisis. There can be no assurance that changes in the economic, social and political conditions in the PRC or the global economy would not have a material adverse effect on the Group's business, financial condition and results of operations.

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

In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加强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 financing vehicles of the local governments nor incur new government debts. New public interest projects of a local government that are not for profit earning 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 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. There have been 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 are 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.

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 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 clarifies the roof of local government debt, budget preparation and approval process, and provides 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.

In April 2017, the MOF, together with NDRC, the PBOC, China Securities Regulatory Commission, the China Banking Regulatory Commission ("CBRC") and the Ministry of Justice, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct(關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43, in accordance with which any local governments and departments shall not intervene in the routine operation and market-oriented financing of financing platform and efforts should be made to establish a cross-sectoral joint monitoring, prevention and control mechanism.

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.

In addition, the PRC government issued the Circular of the Ministry of Finance on Issues relevant to Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23)(財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知,財金[2018]23號)(the "**MOF Circular**") effective on 28 March 2018, which aims to strengthen oversight of state-owned financial institutions and increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of local government financing vehicles that they assist in fundraising. 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(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)(the "**Joint Circular**") was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardized

corporate governance structure, management decision-making mechanism and financial management system. It further requires assets owned by such companies be of good quality with clear ownership and public interest assets are prohibited from being included in corporate assets. See "– Risks Relating to the Notes – The Shangyu District Government or any other PRC governmental entity does not have any payment, guarantee or other obligations under the Notes or the Trust Deed".

The PRC government has released several additional regulations and rules relating to the financing vehicles of local governments in China. See "PRC Regulations – Regulations on Fiscal Debts of Local Governments". In the event the Issuer is deemed a financing platform of the relevant local government, the Group's results of operations and financial condition may be heavily affected by such changes in applicable regulations, including Circular 43. Consequently, the Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. However, as Circular 43 and the 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.

Inherent uncertainties with respect to the PRC legal system could affect the Group as well as the interest of investors in the Notes.

As a significant 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 the late 1970s, the PRC government has promulgated a number of laws and regulations dealing with economic matters such as the issuance and trade of securities, foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, such laws and regulations may be subject to inconsistent interpretation and enforcement. Moreover, published court opinions are limited and these decisions are of limited precedential value because they are not binding on subsequent cases. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations (including the MOF Circular and the Joint Circular promulgated on 11 May 2018 and took effect on the same day) are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. Uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protection and remedies that are available to the Group in its operations and to the Noteholders as investors. In addition, any bankruptcy proceeding relating to the Group would likely involve PRC bankruptcy laws. The procedural and substantive provisions of PRC bankruptcy laws may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Noteholders are familiar.

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號), the "**NDRC Circular**"), which came into effect on the same date. According to the NDRC Circular, domestic enterprises and/or their overseas controlled entities must procure the registration of any issue of debt securities outside the

PRC with the NDRC prior to such issue, and notify the particulars of such issue within 10 working days after the completion of such issue. The NDRC Circular is a recent regulation and its interpretation may involve a degree of uncertainty. In addition, the administration of the NDRC Circular may be subject to executive and policy discretion by the NDRC. There is no assurance that the Issuer will be able to comply with the NDRC requirements to provide the notification of the particulars of the issue of the Notes to the NDRC within the prescribed timeframe. The NDRC Circular does not expressly state the legal consequences of non-compliance with such post-issue notification requirements. Therefore, there is no assurance that the failure to comply with the NDRC requirements would not result in adverse consequences for the Issuer or the investors in the Notes. There is also no assurance that the registration with the NDRC will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Notes in the PRC. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

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

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

It may be difficult to effect service of legal process upon, or to enforce judgments against, the Group, its directors or members of its senior management who reside in the PRC.

The Group and all of its subsidiaries are incorporated in the PRC. All of the Group's assets are located in the PRC. In addition, the Group's directors and senior management reside within the PRC and the assets of its directors and senior management may 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 recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including the United States, the United Kingdom and Japan. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Group or any of its directors or senior management in the PRC.

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

Most of the Group's revenue is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Notes. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Notes in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval or registration of the State Administration of Foreign Exchange of the PRC. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

Future fluctuations in foreign exchange rates may adversely affect the Group's business, financial condition and results of operations.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the political and economic conditions in China and globally and the PRC government's fiscal and currency policies. Since 1994, the conversion of the Renminbi into foreign currencies, including the U.S. dollar, has been based on rates set daily by the PBOC, based on the previous business day's inter-bank foreign exchange market rates and exchange rates in global financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of the Renminbi to U.S. dollar was generally stable. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. The floating band was widened from 0.5 per cent. to 1.0 per cent. on 16 April 2012 and 2.0 per cent. on 17 March 2014, in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand with reference to a basket of currencies. Since 11 August 2015, the PBOC requires market makers to quote, on a daily basis, their central parity rates for Renminbi against the U.S. dollar to the China Foreign Exchange Trade System before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. The mid-point price of Renminbi to the U.S. dollar depreciated by approximately 4.71 per cent. from 10 August 2015 to 27 August 2015 and continued to depreciate with fluctuations since April 2016. In addition, the PBOC has further authorised the China Foreign Exchange Trade System to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. The International Monetary Fund announced on 30 September 2016 that the Renminbi joins its Special Drawing Rights currency basket. Furthermore, the exchange rate between the Renminbi and the U.S. dollar experienced further fluctuation between 1 January 2016 and the date of this Offering Circular. In August 2019, the PBOC on 5 August 2019 set the Renminbi's daily reference rate below 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. At the same time, there remains significant international pressure on the PRC Government to adopt an even more flexible currency policy, which could result in significant appreciation of the Renminbi against the U.S. dollar. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against U.S. dollar. It is uncertain that the Renminbi will not experience significant fluctuation against the U.S. dollar in the future.

The Group conducts all of its business operations in the PRC and its revenue is denominated in Renminbi. However, the payment of the principal and interests on the Notes will be in U.S. dollar. As a result, fluctuations in exchange rates, particularly between the Renminbi and the U.S. dollar, could affect its profitability and may result in foreign currency exchange losses of the Group's foreign currency-denominated assets and liabilities. Any depreciation of Renminbi may adversely affect the value of the Group's net assets and earnings in foreign currency terms, as well as the Group's ability to service its foreign currency obligations including the payment of the principal and interests on the Notes.

The operations of the Group may be affected by inflation and deflation within the PRC.

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

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

The Group cannot assure the accuracy of facts, forecasts and other statistics included in this Offering Circular that are derived from official government publications with respect to the PRC, the PRC economy and the PRC industries that affect the Group's business.

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, the PRC economy and the PRC industries that affect the Group's business have been derived from various official government publications generally believed to be reliable. However, the Group cannot guarantee the quality or reliability of such source materials. These have not been prepared or independently verified by the Group or any of its affiliates or advisors and, therefore, none of the Group makes any representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between official government publications and market practice and other problems, the statistics cited in this Offering Circular may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, they might not be stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases the Noteholders should give consideration as to how much importance to place on such facts, forecasts or statistics.

RISKS RELATING TO THE NOTES

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

Any failure to complete the relevant filings under the NDRC Circular and the relevant registration under SAFE within the prescribed time frame following the completion of the issue either Series of of the Notes may have adverse consequences for the Issuer and/or the investors of the relevant Notes. 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 denominated in Renminbi or a foreign currency, with a maturity term of one year and longer issued outside of the PRC with 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. The Issuer has obtained the NDRC pre-issuance registration on 23 September 2020.

On 18 December 2015, NDRC issued the Guidelines on Overseas Corporate Bond Issuance（企業境外發行債券指引)(the "**Guideline**"), which further strengthened the compliance of registration requirements under the NDRC Circular, and provides that, companies, underwriters, law firms and other intermediary institutions who fail to comply with registration requirements and commit to maliciously report foreign debt scale and provide fake information might be put on the blacklist of dishonest persons and sanctioned by PRC government. However, the Guideline does not provide details as to how to implement such blacklist and measures of sanction that the PRC government will take.

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 Notes and the Notes might be subject to enforcement as provided in Condition 10 (Events of Default) of the Terms and Conditions of the 2024 Notes and Condition 10 (Events of

Default) of the Terms and Conditions of the 2026 Notes. Potential investors of the Notes are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Notes within 10 PRC Business Days after the Issue Date.

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 and was amended on 4 May 2015, an issuer of foreign debts shall complete the foreign debt registration in respect of its issue of foreign debts with the local branch of SAFE in accordance with applicable 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 its foreign debt issue within 15 PRC Business Days after the Issue Date and to use its best endeavours to complete such registration in accordance with the Foreign Debt Registration Measures.

In accordance with the Circular of the People's Bank of China on Implementing 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) promulgated by PBOC on 11 January 2017, its operating guidelines and the guidance of local branch of SAFE (the "**PBOC Notice**"), the Issuer is required to register its foreign debt issue with the local branch of SAFE after signing of Transaction Documents but not later than three working days before withdrawing the proceeds, and to use its best endeavours to complete such registration in accordance with the PBOC Notice.

If the Issuer, in the unlikely event, fails to complete such registration within the abovementioned timeframe after having exercised its best endeavours, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Notes and the Trust Deed in the PRC.

The Shangyu District Government or any other PRC governmental entity does not have any payment, guarantee or other obligations under the Notes or the Trust Deed.

As at the date of this Offering Circular, the Issuer is wholly-owned by Shangyu SASAC. The Shangyu District Government only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC Government (including the Shangyu District Government) or any other PRC governmental entity does not have any payment or other obligations under the Notes or the Trust Deed and will not provide guarantee of any kind for the Notes. The Noteholders shall have no recourse to the PRC Government (including the Shangyu District Government) or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Notes or the Trust Deed. The Notes are solely to be repaid by the Issuer and the obligations under the Notes or the Trust Deed shall solely be fulfilled by the Issuer, as the case may be, as an independent legal person. This position has been reinforced by the MOF Circular and the Joint Circular.

According to the MOF Circular, (i) state-owned financial enterprises are prohibited from providing financing in any form for local governments and their departments directly or through local state-owned enterprises ("**SOEs**") and public institutions and other indirect channels or increasing loans provided to local government financing platform companies ("**LGFV**") in violation of regulations that include the new Budget Law of the PRC, which took effect on 29 December 2018, and Enhancing the Administration of Fiscal Debts of Local Governments (關於加强地方政府性債務管理的意見)("**Circular 43**"), except in the case of purchasing local government debt; (ii) state-owned financial enterprises shall ensure that the capital raised for financing SOEs, LGFV or public-private partnership construction projects is lawfully sourced and that the financing satisfies all required capital ratios; (iii) state-owned financial enterprises when providing agency services to local SOEs are obliged to evaluate the financial capabilities of the entity seeking to raise capital and the source of the funds such as when a local SOE issues domestic or overseas notes. As for the sources of income from debt-issuing enterprises

involved in the arrangement of financial funds, state-owned financial enterprises shall carry out due diligence investigations and carefully verify that the arrangement complies with all applicable laws and regulations; and (iv) documents including offering circulars shall not disclose information that can implicitly or explicitly indicate the government's endorsement of the local SOE's capital-raising, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit. According to the Joint Circular, any enterprise that intends to issue medium and long-term debt outside of the PRC is prohibited from doing so for the purpose of funding public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, not-charged pipe network facilities and other public interest assets. The Joint Circular also reaffirms the restrictions in the MOF Circular that offering circulars shall not disclose information that can implicitly or explicitly indicate the government's endorsement of the new debt or conduct misleading publicity that implies an association with the government's credit. These circulars do not, however, prohibit the PRC government from providing support (in various forms such as capital injection and subsidies, but excluding the injection of any kind of public assets and land reserves) to the Group during its ordinary course of business in compliance with PRC laws and regulations.

Therefore, investors should base their investment decision only on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Notes based only on the Group's own financial information reflected in its financial statements. The PRC government, Shangyu District Government and any other PRC governmental entity have no obligation to pay any amount under the Notes. Investments in the Notes are relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Notes, 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, Shangyu District Government or any other PRC governmental entity. As the MOF Circular and Joint Circular are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties.

The Notes are unsecured obligations.

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

(i) the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;

(ii) there is a default in payment under the Issuer's secured indebtedness or other unsecured indebtedness; or

(iii) there is an acceleration of any of the Issuer's indebtedness.

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

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Noteholders 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 transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the 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. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts 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 Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

If the Issuer is unable to comply with the restrictions and covenants in their respective debt agreements, or the Notes, there could be a default under the terms of these agreements, or the Notes, which could cause repayment of their respective debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in the Notes, or if the Issuer is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of the Notes, or result in a default under the Notes. If any of these events occur, there can be no assurance that the Issuer's or (as the case may be) the Group's assets and cash flows would be sufficient to repay in full all of the Issuer's indebtedness, 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.

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

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

The Notes are the Issuer's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will take priority 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 Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof.

On certain dates, including but not limited to the occurrence of a Change of Control, a No Registration Event and at maturity of the Notes, the Issuer may and at maturity will, be required to redeem all of the Notes. If any such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. The Issuer's

failure to repay, repurchase or redeem tendered Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

An active trading market for the Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. If such a market were to develop, the Notes could trade at prices that may be lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. Although application will be made to the SEHK for the Notes to be admitted for listing on the SEHK, no assurance can be given as to the liquidity of, or trading market for, the Notes. The Joint Lead Managers are not obliged to make a market in the Notes, and if any Joint Lead Manager does so, it may discontinue such market making activity at any time at its sole discretion. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance or the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Noteholders 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 Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Investment in the Notes is subject to exchange rate risks.

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

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

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

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

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

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

As the Issuer is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer, even if brought in other jurisdictions, would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar. There is no assurance that investors in the Notes will be able to receive the same level of protection under the insolvency laws of the PRC as those in their respective home jurisdictions.

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

No assurances are made by the Issuer as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions, the Issuer is required to gross up payments on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Notes at any time in the event it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision thereof or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of this Offering Circular.

The Issuer may issue additional Notes in the future.

The Issuer may from time to time and without prior consent of the Noteholders create and issue further Notes with respect to each Series having the same terms and conditions as such Series of the Notes in all respects (or in all respects except for the issue date, issue price and amount of the first payment of interest on them and, to the extent necessary, certain transfer restrictions as a result of applicable securities law, and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and for making the consequent notifications) (see "*Terms and Conditions of the 2024 Notes – Further Issues*" and "*Terms and Conditions of the 2026 Notes – 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 Notes.

The ratings of the Notes may be downgraded or withdrawn and may adversely affect the market price of the Notes.

The Notes are expected to be rated "BBB-" by Fitch upon issuance. The ratings represent opinion of the rating agency and its assessment of the ability of the Issuer to perform its obligations under the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes. The rating can be lowered or withdrawn at any time. No assurance can be given that a rating will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by an assigning rating agency. Any decline in the financial position of the Issuer or any of its subsidiaries may impair the ability of the Issuer to make payments to the Noteholders under the Notes and/or result in the rating of the Notes being lowered, suspended or withdrawn entirely. If the rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, no person or entity will be obliged to provide any additional credit enhancement with respect to the Notes. The Issuer is not obliged to inform the holders of the Notes if the rating is lowered or withdrawn. A reduction or withdrawal of the rating may adversely affect the market price of the Notes and the Issuer's ability to access debt capital markets.

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

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 (*Events of Default*) of the Terms and Conditions and the taking of steps and/or actions and/or instituting proceedings pursuant to Condition 11 (*Enforcement*) of the Terms and Conditions of the 2024 Notes and Condition 11 (*Enforcement*) of the Terms and Conditions of the 2026 Notes, the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of Noteholders. The Trustee will not be obliged to take any such steps and/or actions and/or institute any such proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed 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 laws and regulations, it will be for the Noteholders to take such steps and/or actions and/or institute such proceedings directly.

Modifications and/or waivers may be made in respect of the Terms and Conditions of the 2024 Notes and Terms and Conditions of the 2026 Notes, the Agency Agreement and/or the Trust Deed by the Trustee or less than all of the holders of the Notes.

The Terms and Conditions of the 2024 Notes and Terms and Conditions of the 2026 Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including those Noteholders who do not attend and vote at the relevant meeting and those Noteholders who vote in a manner contrary to the majority. Furthermore, there is a risk that the decision of a majority of Noteholders may be adverse to the interests of individual Noteholders.

The Terms and Conditions of the 2024 Notes and Terms and Conditions of the 2026 Notes also provide that the Trustee may, without the consent of Noteholders, agree to any modification of the Trust Deed or the Agency Agreement (other than in respect of certain reserved matters) which in the opinion of the Trustee will not be materially prejudicial to the interests of Noteholders and to any modification of the Trust Deed or the Agency Agreement which, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

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

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

The Notes of each Series will be represented by a Global Certificate except in certain limited circumstances described in the 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. Individual Certificates evidencing holdings of Notes of each Series will only be available in certain limited circumstances. Euroclear and Clearstream will maintain records of the beneficial interests in a Global Certificate. While the Notes of each Series are represented by a Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of Euroclear and Clearstream to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

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

In relation to any Note which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive Certificate in respect of such holding (should definitive Certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations. If definitive Certificates are issued, holders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Notes may be redeemed by the Issuer prior to maturity

The Issuer may redeem the Notes at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to (but not including) the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions of the 2024 Notes and Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions of the 2026 Notes.

If the Issuer redeems the Notes prior to the Maturity Date, investors may not receive the same economic benefits they would have received had they held the Notes 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 Notes may reduce the market price of the Notes.

EXCHANGE RATES

PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by two per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, 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 PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

	Renminbi per U.S. Dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
		(RMB per U.S.$1.00)		
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	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	7.1348	6.5250
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344

Notes:

(1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Annual and semi-annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

TERMS AND CONDITIONS OF THE 2024 NOTES

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

The U.S.$300,000,000 in aggregate principal amount of 2.95 per cent. Notes due 2024 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 and forming a single series with the Notes) was authorised by resolutions of the board of directors of Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd.(紹興市上虞區國有資本投資運營有限公司)(the **Issuer**) dated 1 July 2020 and the approval from Shangyu SASAC (as defined below) dated 28 July 2020. The Notes are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the **Trust Deed**) dated 16 March 2021 (the **Issue Date**) made between the Issuer and China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司)(the **Trustee**, which expression shall include its successor(s)) as trustee, and all other persons for the time being trustee or trustees under the Trust Deed, for the holders of the Notes (the **Noteholders**).

The statements in these terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the agency agreement dated 16 March 2021 (as amended, restated or supplemented from time to time, the **Agency Agreement**) made between the Issuer, China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司) as the registrar (in that capacity, the **Registrar**, which term includes any successor registrar under the Agency Agreement), as transfer agent (in that capacity, the **Transfer Agent**, which term includes any additional or successor transfer agent under the Agency Agreement) and as initial principal paying agent (in that capacity, the **Principal Paying Agent**, which term includes any successor principal paying agent under the Agency Agreement) and other agents (each named therein) and the Trustee are available during normal business hours (being between 9:00 a.m. and 3:00 p.m. Monday to Friday except for public holidays) to the Noteholders upon prior written request and proof of holdings and identity satisfactory to the Principal Paying Agent from the specified office for the time being of the Principal Paying Agent, being at the Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong. References herein to Agents means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents (including any additional paying agents (each a **Paying Agent**, which term includes any additional or successor paying agent and the Principal Paying Agent)) appointed from time to time pursuant to the Agency Agreement with respect to the Notes. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and all the 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, DENOMINATION AND TITLE

1.1 Form and Denomination

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

1.2 Title

Title to the Notes passes only by transfer and registration in the Register as described in Condition 2. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest

or any writing (other than the endorsed form of transfer, duly completed) on, or the alleged destruction, theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Notes will be initially 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 Notes are represented by the Global Certificate. See "Summary of Provisions relating to the Notes in Global Form".*

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

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

A Note may, subject to the Agency Agreement and Condition 2.4 and the Regulations (as defined in Condition 2.5) and any other evidence as the Registrar or Transfer Agent may reasonably require, be transferred (in whole or in part but in any case in an Authorised Denomination) by depositing the Certificate issued in respect of that Note, with the form of transfer endorsed on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any of the Transfer Agents.

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

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes pursuant to Condition 2.1 will, within seven business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be made available at the specified office of the Transfer Agent or of the Registrar (as the case may be) or be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer, 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.

For the purposes of this Condition 2.2, **business day** shall mean a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the city in which the specified office of the relevant Transfer Agent or the Registrar (as the case may be) with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred (which shall be in an Authorised Denomination) will, within seven business days of receipt by the Registrar or the relevant Agent of the original Certificate, be made available at the specified office of the Transfer Agent or of the Registrar (as the case may be) or be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the Register or as specified in the form of transfer, 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 the case of a transfer of the Notes to a person who is already a holder of the Notes, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Note will be valid unless and until entered on the Register.

2.3 Formalities free of charge

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

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, premium (if any) or interest on that Note, (ii) during the period of 15 days prior to any date on which the Notes are being called for redemption by the Issuer at its option pursuant to Condition 7.2 or (iii) after a Put Exercise Notice (as defined in Condition 7.3) has been deposited in respect of the Notes pursuant to Condition 7.3.

2.5 Regulations

All transfers of Notes and entries on the Register will be made subject to detailed regulations concerning transfer of Notes (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 (free of charge to the Noteholders and at the Issuer's expense) by the Registrar to any Noteholder who requests one in writing and following proof of holding and identity satisfactory to the Registrar.

3. STATUS OF THE NOTES

The Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and shall at all times rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes shall at all times rank at least equally with all its other outstanding unsecured and unsubordinated obligations, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will procure that none of its Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a **Security Interest**) upon, or with respect to, any of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any of its Relevant Indebtedness, unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

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

4.2 Provision of Information

(a) So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall send to the Trustee (i) as soon as they are available but in any event within 150 days after the end of each financial year, copies of its audited consolidated financial statements in respect of such financial year (including at least a consolidated income statement, consolidated balance sheet, consolidated statement of changes in owners' equity and consolidated cash flow statement), audited by a nationally recognised firm of independent accountants and prepared in accordance with PRC GAAP, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, in each case together with a certificate signed by an Authorised Signatory certifying that such translation is complete and accurate; and (ii) as soon as they are available but in any event within 90 days after the end of each semi-annual period (other than the final period of a financial year), copies of its consolidated financial statements in respect of such semi-annual period (including at least a consolidated statement of income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows) prepared on a basis consistent with its latest audited consolidated financial statements, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally recognised firm of independent accountants, in each case together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate.

(b) For so long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall provide the Trustee with a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Noteholder or any other person for such reliance) (i) within 14 days of a written request by the Trustee and (ii) at the same time as the provision of the relevant consolidated financial statements as referred to in Condition 4.2(a)(i) above.

4.3 Notification to NDRC

The Issuer undertakes to file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the **NDRC**) the requisite information and documents within ten PRC Business Days after the Issue Date (the **NDRC Post-issue Filing**) in accordance with the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, regulations, certificates, circulars or notices in connection therewith as issued by the NDRC from time to time (the **NDRC Circular**).

The Issuer shall within ten PRC Business Days after submission of such NDRC Post-issue Filing (a) provide the Trustee with a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the submission of the NDRC Post-issue Filing, together with any document(s) (if any) evidencing due filing with the NDRC, certified in English by an Authorised Signatory as a true and complete copy of the original, (b) give notice to the Noteholders in accordance with Condition 13 confirming the submission of the NDRC Post-issue Filing, and (c) comply with all applicable PRC laws and regulations in relation the NDRC Post-issue Filing promulgated thereunder from time to time. The Trustee may rely conclusively on any such documents in relation to or in connection with the NDRC Post-issue Filing and shall have no obligation to monitor, assist with or ensure the completion of the NDRC Post-issue Filing on or before the deadline referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing or to give notice to the Noteholders confirming the submission of the NDRC Post-issue Filing, and shall not be liable to the Noteholders or any other person for not doing so.

4.4 Undertaking in relation to the SAFE Registration

The Issuer undertakes that it shall (a) within fifteen PRC Business Days after the Issue Date, submit or caused to be submitted an application for the registration of the Notes with SAFE or its local counterpart pursuant to the Administrative Measures for Foreign Debt Registration（外債登記管理辦法）issued by SAFE and which came into effect on 13 May 2013, and amended on 4 May 2015 and any applicable implementation rules, reports, certificates or guidelines as issued by the SAFE from time to time and the Circular of the People's Bank of China on Implementing 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）promulgated by the People's Bank of China (the **PBOC**) on 11 January 2017 and any implementation rules, reports, certificates or guidelines as issued by the PBOC from time to time (the **SAFE Registration**); (b) use its best endeavours to complete the SAFE Registration and obtain a registration record from SAFE or its local counterpart on or before the Registration Deadline; and (c) comply with all applicable PRC laws and regulations in relation to registration of the Notes promulgated thereunder from time to time.

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

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

4.5 Ratings

The Issuer undertakes that so long as any Note remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution of the Noteholders, the Issuer will maintain a rating on the Notes by at least one Rating Agency. The Trustee shall have no obligation or duty to monitor such rating or ensure that such rating will be maintained.

4.6 Interpretation

For the purposes of these Conditions:

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

Compliance Certificate means a certificate in English of the Issuer signed by any Authorised Signatory, in the form as set out in the Trust Deed, that as at a date (the **Certification Date**) not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 10) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

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

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

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

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

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

Rating Agency means each of (1) S&P Global Ratings, Inc. (**S&P**), Moody's Investors Service, Inc. (**Moody's**) and Fitch Ratings Ltd. (**Fitch**) and their respective successors; provided that (2) if none of S&P, Moody's and Fitch shall make a rating of the Notes publicly available, the Issuer shall select any other reputable credit rating agency of international standing to act as Rating Agency and shall notify the Trustee in writing of such selection;

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

Relevant Indebtedness means (i) any present or future indebtedness incurred outside the PRC (whether being principal, premium, interest or other amounts) in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock, certificates of deposit or other similar securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market and (ii) any guarantee or indemnity of any such indebtedness;

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

a **Subsidiary** means, in relation to any person (the **first person**) at any particular time, any other person (the **second person**) (i) whose affairs and policies the first person controls or has power to control, whether by ownership or share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or (ii) whose financial statements are or should be, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including 16 March 2021 at the rate of 2.95 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$14.75 per Calculation Amount on 16 March and 16 September in each year (each an **Interest Payment Date**). The first payment (representing a full six months' interest) (for the period from and including 16 March 2021 to but excluding 16 September 2021) shall be made on 16 September 2021.

Interest in respect of any Note shall be calculated per U.S.$1,000 in principal amount of the Notes (the **Calculation Amount**). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the Day-count Fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5.2 Interest Accrual

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

5.3 Calculation of Broken Interest

When interest is required to be calculated other than in respect of an equal instalment, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days (the **Day-count Fraction**).

6. PAYMENTS

6.1 Payments in respect of Notes

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

For the purposes of this Condition 6, a Noteholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business, in the case of principal, premium and interest due otherwise than on an Interest Payment Date, on the second Business Day before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date.

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

6.2 Payments subject to applicable laws

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

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 6.

6.4 Payment on Business Days

Where payment is to be made by wire transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated on the due date for payment (or, if that is not a Business Day, the immediately following Business Day) or, in the case of a payment of principal and premium (if any) or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent. Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day (subject to the foregoing proviso) or is not a day on which the bank where a registered account is maintained is open for receipt of wire transfers, if a transfer made in accordance with this Condition reaches the registered account of the Bondholder after the due date for payment, or if the Noteholder is late in surrendering its Certificate (if required to do so). If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to any interest or other sum in respect of such postponed payment.

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

6.5 Partial Payments

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

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Agents act solely as agents of the Issuer (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 Noteholder. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a principal paying agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be an Agent (which may be the Principal Paying Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority;

(c) there will at all times be a transfer agent; and

(d) there will at all times be a Registrar which will maintain the Register outside the United Kingdom.

Notice of any termination or appointment and of any changes in specified offices of an Agent shall promptly be given by the Issuer to the Noteholders promptly in accordance with Condition 13.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 16 March 2024 (the **Maturity Date**).

7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2), or any change in, or amendment to, the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after 9 March 2021, the Issuer would be required to pay Additional Tax Amounts (as defined in Condition 8.2) as provided or referred to in Condition 8; and

(b) the obligation cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem all the Notes, but not some only, at any time at their principal amount together with any interest accrued up to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate in English signed by an Authorised Signatory stating that the requirement referred to in (a) above will apply and cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of independent legal or tax 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 change or amendment, and the Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Noteholders or any other person) of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders. Upon the expiry of any such notice period as is referred in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

7.3 Redemption upon Change of Control or No Registration Event

Following the occurrence of a Change of Control or No Registration Event, the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount together with accrued interest up to but excluding the Put Settlement Date. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, initially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (the **Put Exercise Notice**) together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control or No Registration Event, as the case may be (the **Initial Exercise Period**), or, if later, within 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 13 (the **Substituted Exercise Period**). The **Put Settlement Date** shall be the fourteenth day or, if such day is not a Business Day, the next following Business Day (in the case of a redemption for a Change of Control) or the tenth Business Day (in the case of a redemption for a No Registration Event) after the expiry of (i) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (ii) in all other circumstances, the Substituted Exercise Period. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date. If the Notes become due and repayable due to the occurrence of an Event of Default following the delivery of a Put Exercise Notice but prior to the occurrence of the relevant Put Settlement Date, such Put Exercise Notice shall be deemed to be void.

None of the Agents or the Trustee shall be required to take any steps to ascertain whether a Change of Control or No Registration Event or any event which could lead to the occurrence of a Change of Control or No Registration Event has occurred and none of them 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 liable to Noteholders, the Issuer or any other person for not doing so. The Issuer shall give notice to Noteholders in accordance with Condition 13 (such notice shall be irrevocable) and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or ten Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Change of Control or No Registration Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition, shall give brief details of the Change of Control or No Registration Event and shall specify the relevant Put Settlement Date.

For the purposes of this Condition 7.3:

a **Change of Control** occurs when (a) Shangyu SASAC together with any other Person directly or indirectly Controlled by the central government of the PRC ceases to, directly or indirectly, own or control 100.0 per cent. of the Voting Rights 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 one or more Persons other than Shangyu SASAC and other Persons directly or indirectly Controlled by the central government of the PRC.

Control means (where applicable): (i) the ownership or control of 100.0 per cent. of the Voting Rights of the issued share capital of a Person or (ii) the possession, directly or indirectly, of the power to nominate or designate 100.0 per cent. of the members then in office of a Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the three foregoing requirements and the term Controlled has a meaning correlative to the foregoing;

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

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);

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

Shangyu SASAC means State-owned Assets Supervision and Administration Commission of Shaoxing City Shangyu District（紹興市上虞區國有資產監督管理委員會）; and

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

So long as the Notes are represented by a Global Certificate, a right of a Noteholder to redemption of the Notes following the occurrence of a Change of Control or No Registration Event will be effected in accordance with the rules of the relevant clearing systems

7.4 Notices of Redemption

If, in respect of any Note, both a redemption notice pursuant to Condition 7.2 and a Put Exercise Notice pursuant to Condition 7.3 are given, the Put Exercise Notice shall prevail.

Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any redemption or Put Exercise Notice and shall not be liable to be the Issuer, the Noteholders or any other person for not doing so.

7.5 Purchases

The Issuer or any of the Issuer's Subsidiaries may at any time purchase Notes in any manner and at any price. The Notes so purchased, while held by or on behalf of the Issuer or any of the Issuer's Subsidiaries, the holding company of the Issuer or any Subsidiary of such holding company shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes (in accordance with the terms of the Trust Deed), including without limitation for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Condition 10 and Condition 14.1.

7.6 Cancellations

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

8. TAXATION

8.1 Payment without Withholding

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

Where such withholding or deduction is imposed or levied by or on behalf of the PRC up to and including the aggregate rate applicable on 9 March 2021 (the **Applicable Rate**), the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by Noteholders after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction.

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

(a) presented for payment by or on behalf of a holder (or a third party on behalf of a holder) who is liable to the Taxes in respect of the Note by reason of his having some connection with such Relevant Jurisdiction other than the mere holding of the Note; or

(b) (in the case of payment of principal, premium or interest (other than interest due on an Interest Payment Date)) if the Certificate in respect of such Note is presented for payment more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such Additional Tax Amounts on presenting the same for payment on the last day of such period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day.

8.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or by or to the order of the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13; and

(b) **Relevant Jurisdiction** means the PRC (which for this purpose, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) or any political subdivision or any authority therein or thereof having power to tax to which the Issuer becomes subject in respect of payments made by it of principal, premium and interest on the Notes.

8.3 Additional Amounts

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

8.4 The Trustee and the Agents

Neither the Trustee nor any Agent shall be responsible for paying any taxes, duties, assessments, governmental charges, withholding, deduction or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Noteholder or any other person to pay such taxes, duties, assessments, governmental charges, withholding, deduction or other payment in any jurisdiction or be responsible to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any taxes, duties, assessments, governmental charges, withholding, deduction or other payment imposed by or in any jurisdiction.

9. PRESCRIPTION

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

10. EVENTS OF DEFAULT

10.1 Events of Default

If 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 Notes then outstanding (as defined in the Trust Deed) 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 Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued but unpaid interest.

An Event of Default occurs if:

(a) there has been a failure to pay (i) the principal of or any premium (if any) when due or (ii) interest on any of the Notes when due and such failure continues for a period of seven days; or

(b) the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed which default is not remedied within 30 days or after the Trustee has given written notice thereof to the Issuer; or

(c) (i) any Indebtedness for Borrowed Money of the Issuer or any of its Subsidiaries becomes (or becomes capable of being declared) due and repayable prematurely by reason of any default or an event of default (however described); (ii) the Issuer or any of its Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Issuer or any of its Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the aggregate amount of the relevant Indebtedness for Borrowed Money, guarantee and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has occurred amounts to at least U.S.$20,000,000 or its equivalent in other currencies; or

(d) any order is made by any court or effective resolution is passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries; or if the Issuer or any of its Principal Subsidiaries ceases to carry on, or threatens to cease to carry on, the whole or a substantial part of its business or operations; if the Issuer or any of its Principal Subsidiaries or the respective directors or shareholders of the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws (including the obtaining of a moratorium), save for the purposes of a reorganisation on terms previously approved by an Extraordinary Resolution of the Noteholders; or

(e) the Issuer or any of its Principal Subsidiaries (i) stops or threatens to stop payment (other than in respect of any debt being contested in good faith and for which adequate reserves have been made) of, or (ii) is adjudicated, deemed by law or found by a court to be insolvent or bankrupt or unable to pay, all or a material part of its debts as they fall due; or

(f) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on the whole or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a received, manager or other similar person); or

(g) (i) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator, liquidator or other similar official, or an administrative or other receiver, manager, administrator, liquidator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a material part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries or an encumbrancer takes possession of the whole or a material part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries, or (ii) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries and in the cases of either (i) or (ii) is not discharged within 14 days. For the purposes of this Condition 10(g), any reference to any part of the undertakings or assets of the Issuer shall mean such part of the undertakings or assets of the Issuer on its own and not on a consolidated basis; or

(h) one or more judgment(s) or order(s) from a competent court for the payment of money is rendered against the Issuer in excess of U.S.$20,000,000 and which continue(s) unsatisfied, undischarged or unstayed for a period of 14 days after the date(s) thereof, or, if later, the date therein specified for payment; or

(i) the Issuer or any of its Principal Subsidiaries agrees or declares a moratorium or makes a conveyance or general assignment for the benefit of, or proposes or enters into any composition or other arrangement (including any agreement for the deferral, rescheduling or other readjustment) with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors), in each case, in respect of all or a material part of the debts of the Issuer or any of the Issuer's Principal Subsidiaries; or

(j) all or any part of the undertaking, assets and revenues of the Issuer or all or a material part of the undertaking, assets and revenues of any of its Principal Subsidiaries is seized or otherwise appropriated by any person acting under the authority of any national, regional or local government, or the Issuer or any of the Issuer's Principal Subsidiaries is prevented by any such person from exercising normal control over all or any part of the undertaking, assets and revenues of the Issuer or all or a material part of the undertaking, assets and revenues of any of the Issuer's Principal Subsidiaries; or

(k) the validity of the Notes or the Trust Deed is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Notes or the Trust Deed, or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or any of such obligations are or become unenforceable or invalid; or

(l) any action, condition or thing (including the obtaining, effecting or renewing of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording, registration or other authority) at any time required to be taken, fulfilled or done by the Issuer in order to (i) enable the Issuer to perform its obligations under the Notes or the Trust Deed; or (ii) to ensure that those obligations are and remain legally binding and enforceable, or (iii) to make the Notes, the Register and the Trust Deed admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done by the Issuer or any such consent, approval, authorisation, exemption, filing, licence, order, recording or registration or other authority expires or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified; or

(m) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in paragraphs (d) to (k) of this Condition 10.

10.2 Interpretation

For the purposes of this Condition:

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

Principal Subsidiary means any Subsidiary of the Issuer:

(a) whose revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose net profits (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated revenue, the consolidated net profits or, as the case may be, the consolidated total assets of the

Issuer and its consolidated Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest consolidated financial statements of the Issuer, provided that:

(i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest consolidated financial statements of the Issuer relate for the purpose of applying each of the foregoing tests, the reference to the latest consolidated financial statements of the Issuer shall be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the Issuer for the purpose of consolidation;

(ii) if at any relevant time in relation to the Issuer or any Subsidiary no financial statements are prepared and audited, its revenue, net profits and total assets (consolidated, if applicable) shall be determined on the basis of pro forma financial statements (consolidated, if applicable) prepared for this purpose; and

(iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Issuer (determined on the basis of the foregoing); or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (i) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary; and (ii) the transferee Subsidiary shall immediately become a Principal Subsidiary provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of subparagraph (a) above of this definition.

A statement in writing by any Authorised Signatory that in its opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee, the Agents and the Noteholders.

11. ENFORCEMENT

11.1 The Trustee may at any time, at its absolute discretion and without further notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed and/or the Notes, but it shall not be bound to take any such proceedings or any other steps or action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding (as defined in the Trust Deed), and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

11.2 The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion or based upon such legal advice, it would not have the power

to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

11.3 No Noteholder shall be entitled (i) to take any steps or action directly against the Issuer to enforce the performance of any of the provisions of the Trust Deed or the Notes or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Bonds, unless the Trustee, having become bound so to take any steps or action, fails so to do within a reasonable period and such failure is continuing.

12. REPLACEMENT OF CERTIFICATES

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

13. NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia. The Issuer shall also ensure that notices are duly given or published at the Issuer's expense in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the seventh day (being a day other than a Saturday, a Sunday or public holiday) after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

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

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding (as defined in the Trust Deed), or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of Reserved Matters (as defined in the Trust Deed), including consideration of proposals, *inter alia*, (i) to reduce or cancel the amount payable or, where applicable, modify, except where such modification is in the opinion of the Trustee bound to result in an

increase, the method of calculating the amount payable or modify the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal, premium or interest in respect of the Notes, (ii) to alter the currency in which payments under the Notes are to be made, (iii) to modify the provisions concerning the quorum required at any adjourned meeting of Noteholders, and (iv) to alter the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding (as defined in the Trust Deed).

The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, or (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding (as defined in the Trust Deed) (**Written Resolution**) shall, in each case, be effective as an Extraordinary Resolution. An Extraordinary Resolution will be binding on all Noteholders, whether or not they are present and whether or not they voted at the meeting at which such resolution was passed or, as the case may be, whether or not they signed the Written Resolution. An Extraordinary Resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more Noteholders.

So long as the Notes are evidenced by the Global Certificate, Extraordinary Resolutions may be passed by way of electronic consents through the relevant clearing system(s) by or on behalf of Noteholders holding not less than three fourths in aggregate principal amount of the Notes for the time being outstanding.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Notes, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may (but shall not be obliged to) agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law.

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

In connection with the exercise by it of any of its functions, trusts, rights, powers, authorities and/or discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation or determination described above shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

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

15.1 Indemnification of the Trustee and Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances, and to be paid its costs, fees and expenses in priority to the claims of the Noteholders. The Trust Deed provides that, when determining whether an indemnity and/or any security and/or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trustee and the Agents shall have no obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions, or ascertain whether an Event of Default or a Potential Event of Default or a Change of Control or a No Registration Event has occurred, and shall not be liable to the Noteholders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any right, authority, discretion or power, take or refrain from any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such right, authority, discretion or power, taking or refraining from any such action, making any such decision, or giving any such direction, to seek directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Noteholders or any other person as a result of any delay in it exercising such right, authority, discretion or power, taking or refraining from such action, making such decision, or giving such direction where the Trustee is seeking such directions from Noteholders or clarification thereof or in the event that no such directions are received by the Trustee.

None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders or the Issuer, respectively. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed as further provided in the Trust Deed.

The Trustee and the Agents may rely without liability to Noteholders or the Issuer on any report, confirmation or certificate or any opinion or advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee, any Agent or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Noteholders.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, issue price and amount of the first payment of interest on them and, to the extent necessary, certain transfer restrictions as a result of applicable securities law, and the timing for making and completing the NDRC Post-issue Filing and the SAFE Registration and for making the consequent notifications) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or securities of other series in certain circumstances where the Trustee so decides.

17. CURRENCY INDEMNITY

The U.S. dollar is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes and the Trust Deed, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note and the Trust Deed, the Issuer will indemnify such recipient and the Trustee against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient and the Trustee against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder or the Trustee, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee or any Noteholder and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, the Trust Deed or any other judgment or order.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

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

18.2 Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes, claims, difference or controversy that may arise out of, in relation to or in connection with the Trust Deed, the Agency Agreement or the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (a **Dispute**) and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Agency Agreement or the Notes (the **Proceedings**) may be brought in such courts.

The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong and waived any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum to settle any Dispute.

18.3 Appointment of Process Agent

The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably and unconditionally appointed Cogency Global (HK) Limited at Unit B, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong as its agent for service of process in Hong Kong in respect of any Proceedings.

If for any reason Cogency Global (HK) Limited shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within seven days of Cogency Global (HK) Limited ceasing to be such agent for service of process. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. Nothing in these Conditions shall affect the right to serve process in any other manner permitted by law.

18.4 Waiver of Immunity

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

(a) submitted to the jurisdiction of the Hong Kong courts in relation to any Dispute and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts in relation to any Dispute (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf;

(b) submitted to the jurisdiction of the Hong Kong courts and the courts of any other jurisdiction in relation to the recognition of any judgment or order of the Hong Kong courts in relation to any Dispute and has waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to the recognition of any such judgment or court order and agreed to ensure that no claim is made on its behalf; and

(c) consented to the enforcement of any order or judgment made or given in connection with any Dispute and the giving of any relief in the Hong Kong courts and the courts of any other jurisdiction whether before or after final judgment including, without limitation:

    (i) relief by way of interim or final injunction or order for specific performance or recovery of any property;

    (ii) attachment of its assets; and

(iii) enforcement or execution against and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property, revenues or other assets whatsoever (irrespective of their use or intended use); and

(d) waived and agreed not to claim any sovereign or other immunity from the jurisdiction of the Hong Kong courts or the courts of any other jurisdiction in relation to such enforcement and the giving of such relief (including to the extent that such immunity may be attributed to it), and agreed to ensure that no such claim is made on its behalf.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of this Note and the Trust Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE 2026 NOTES

The Terms and Conditions of the 2026 Notes will be identical to those under "Terms and Conditions of the 2024 Notes" except as set out below. References to the "Notes" shall be construed as references to the 2026 Notes.

1. *The principal amount of the Notes shall be U.S.$200,000,000 and the maturity date of the Notes shall be 16 March 2026.*

2. *The Notes bear interest on their outstanding principal amount from and including 16 March 2021 at the rate of 3.55 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$17.75 per Calculation Amount on 16 March and 16 September in each year (each an Interest Payment Date). The first payment (representing a full six months' interest) (for the period from and including 16 March 2021 to but excluding 16 September 2021) shall be made on 16 September 2021.*

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

A Global Certificate contains provisions which apply to the Notes 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 Notes will be represented by a Global Certificate which will be registered in the name of CCB Nominees Limited as nominee for, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

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

Owners of interests in the Notes in respect of which a Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and notified to the Trustee (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.

Individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of a Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the then current Regulations (the initial form of which is scheduled to the Agency Agreement) and, in particular, shall be effected without charge to any holder of the Notes or the Trustee, but against such indemnity and/or security and/or pre-funding as the Registrar or the relevant Agent may require in respect of any taxes, duties, assessments or governmental charges which may be imposed in connection with such exchange.

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

PAYMENT

So long as the Notes are represented by a Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where "Clearing System Business Day" means Monday to Friday, inclusive except 25 December and 1 January.

NOTICES

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

MEETINGS

For the purposes of any meeting of Noteholders, the holder of the Notes represented by a Global Certificate shall be treated as being entitled to one vote in respect of each U.S.$1,000 in principal amount of Notes for which such Global Certificate is issued.

TRANSFERS

Transfers of interests in the Notes 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 Note by the Issuer following its redemption or purchase by the Issuer or its respective Subsidiaries will be effected by a reduction in the principal amount of the Notes in the register of Noteholders.

NOTEHOLDERS

Subject as provided in the Trust Deed, each person who is for the time being shown in the records of Euroclear and/or Clearstream as entitled to a particular principal amount of Notes represented by a Global Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such principal amount of such Notes for all purposes other than with respect to payments of principal, premium (if any) and interest on the Notes for which purpose the registered holder of a Global Certificate shall be deemed to be the holder of such principal amount of the Notes in accordance with the terms of such Global Certificate and the Trust Deed.

TRUSTEE'S POWERS

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

A Global Certificate shall not become valid for any purpose until authenticated by the Registrar.

For so long as all of the Notes are represented by a Global Certificate and a Global Certificate is held on behalf of Euroclear and/or Clearstream, the Noteholder's redemption option in Condition 7.3 may be exercised by the holder of the Notes giving notice to any Paying Agent in accordance with the standard procedures of Euroclear or Clearstream (which may include notice being given on his instructions by Euroclear or Clearstream or any common depository for them to any Paying Agent by electronic means) of the principal amount of Notes in respect of which the option is exercised and presenting or procuring the presentation of a Global Certificate to such Paying Agent for endorsement within the time limits specified in the Conditions.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes will be U.S.$500 million. The Issuer intends to use the net proceeds from the offering of the Notes for refinancing, project construction and general corporate purposes.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Issuer as at 30 September 2020 and adjusted to give effect to the issue of the Notes before deducting the fees and commissions and other estimated expenses payable in connection with the offering of the Notes. The following table should be read in conjunction with the Group's consolidated financial statements and the related notes included in this Offering Circular.

	As at 30 September 2020			
	Actual		As adjusted	
	RMB (millions)	*US$ (millions)* [1]	*RMB (millions)*	*US$ (millions)* [1]
Short-term borrowings				
– Short-term borrowings	6,612.6	973.9	6,612.6	973.9
– Non-current liabilities due within one year	13,558.9	1,997.0	13,558.9	1,997.0
– Notes payable	17.3	2.5	17.3	2.5
– Other current liabilities	1,071.9	157.9	1,071.9	157.9
Total short-term borrowings	**21,260.7**	**3,131.4**	**21,260.7**	**3,131.4**
Long-term borrowings				
– Long-term borrowings	21,341.7	3,143.3	21,341.7	3,143.3
– Bonds payable	21,470.6	3,162.3	21,470.6	3,162.3
– 2024 Notes to be issued[2]	–	–	2,036.9	300.0
– 2026 Notes to be issued[3]	–	–	1,357.9	200.0
Total long-term borrowings	**42,812.3**	**6,305.6**	**46,207.1**	**6,805.6**
Total Debts	**64,073.0**	**9,436.9**	**67,476.8**	**9,937.0**
Total Equity	**45,703.6**	**6,731.4**	**45,703.6**	**6,731.4**
Total Capitalisation[4]	**109,776.6**	**16,168.3**	**113,180.4**	**16,668.4**

Notes:

(1) The translation of U.S. dollar amounts into Renminbi, for convenience purpose, at a rate of US$1.00 to RMB6.7896, based on the Noon Buying Rate on 30 September 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) This amount represents the aggregate principal amount of the 2024 Notes to be issued, before deducting the fees, commissions and other estimated expenses payable in connection with the offering of the 2024 Notes.

(3) This amount represents the aggregate principal amount of the 2026 Notes to be issued, before deducting the fees, commissions and other estimated expenses payable in connection with the offering of the 2026 Notes.

(4) Total capitalisation represents the aggregate of total debts and total equity.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Issuer since 30 September 2020.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is the largest state-owned capital management entity in Shangyu District, Shaoxing City, Zhejiang Province in terms of total assets as at 30 September 2020. The Group is wholly-owned by, and under the direct supervision of, the Shaoxing Shangyu SASAC, the local counterpart of the State-owned Assets Supervision and Administration Commission of the State Council. Established in 1994, the Group is designated to carry out the Shaoxing Shangyu Municipal Government's blueprint for the municipal development in Shaoxing Shangyu. Over the years, the Group played a significant role particularly in implementing the Shaoxing Shangyu Municipal Government's urban planning and development policies.

As of 30 September 2020, the Group operated its business primarily through nine directly-owned subsidiaries, eight of which are wholly-owned by the Group. As at 30 September 2020, the Group had 139 subsidiaries and affiliated companies included in its consolidated financial statement.

Over the years, the Group has diversified its business portfolio. The Group primarily operates in the following four business segments:

Water Supply and Wastewater Treatment. Water supply and wastewater treatment is the Group's principal line of business. The Group commenced its water supply and wastewater treatment business in 2015. The Group is the sole water supplier and wastewater treatment service provider in Shaoxing Shangyu, responsible for tap water supply, disposal of wastewater, improvement and protection of water environment and construction of water supply and drainage pipe network for the Shaoxing Shangyu district. The Group conducts its water supply and wastewater treatment business primarily through Shangyu Water, in which the Group directly holds 100.0 per cent. of equity interest. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's water supply and wastewater treatment business was approximately RMB449.6 million, RMB441.8 million, RMB494.7 million, RMB362.4 million and RMB343.6 million, respectively, representing approximately 9.6 per cent., 10.7 per cent., 11.0 per cent., 13.6 per cent. and 11.5 per cent. of the Group's total revenue for the same periods, respectively.

Commodity Sales. The Group's commodity sales business is mainly composed of commodity sales and grain storage. The Group conducts its commodity sales business primarily through Shaoxing Datong, in which the Group directly holds 51.04 per cent. of equity interest. Shaoxing Datong operates the Datong Mall, a leading department store in the county level of the Zhejiang Province in terms of sales revenue. The Group conducts its grain storage business primarily through Grain Storage Co., in which the Group directly holds 100.0 per cent. of equity interest. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's commodity sales business was approximately RMB881.0 million, RMB875.6 million, RMB937.4 million, RMB648.8 million and RMB655.2 million, respectively, representing approximately 18.8 per cent., 21.3 per cent., 20.9 per cent., 24.3 per cent. and 22.0 per cent. of the Group's total revenue for the same periods, respectively.

Land Development. The Group's land development business is mainly composed of primary land development, affordable housing and infrastructure construction. The Group conducts its land development business primarily through Development Zone Group Co. in which the Group directly holds 100.0 per cent. of equity interest. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's land development business was approximately RMB231.2 million, RMB872.0 million, RMB814.1 million, RMB644.0 million, and RMB761.7 million, respectively, representing approximately 4.9 per cent., 21.2 per cent., 18.2 per cent., 24.1 per cent., and 25.5 per cent. of the Group's total revenue for the same periods, respectively.

Other Businesses. The Group also engages in other businesses, including provision of services, logistics, construction and other businesses. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's other business was approximately RMB3,113.2 million, RMB1,921.8 million, RMB2,231.5 million, RMB1,011.5 million and RMB1,221.1 million, respectively, representing approximately 66.6 per cent., 46.7 per cent., 49.8 per cent., 37.9 per cent. and 41.0 per cent. of the Group's total revenue for the same periods, respectively.

The Group's total revenue for the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020 amounted to approximately RMB4,675.0 million, RMB4,111.2 million, RMB4,477.6 million, RMB2,666.7 million and RMB2,981.7 million, respectively. As at 31 December 2017, 2018, 2019 and 30 September 2020, its total assets were approximately RMB93,508.6 million, RMB97,554.5 million, RMB101,777.9 million and RMB117,209.4 million, respectively. See "*Summary Financial Information of the Group*".

COMPETITIVE STRENGTHS

The Group believes that the following competitive strengths distinguish it from its competitors:

Significant entity wholly-owned by the Shaoxing Shangyu SASAC with certain preferential treatments

As a significant state-owned enterprise wholly owned by and under the direct supervision of the Shaoxing Shangyu SASAC, the Group receives and has benefited from certain preferential treatments from the Shaoxing Shangyu Municipal Government in the forms of, among others, capital injections, asset allocations, governmental grants and subsidies, and tax exemptions and reductions.

Capital injections and asset allocations. The Group was established by the Shaoxing Shangyu Municipal Government in 1994 with an initial registered capital of RMB6.3 million. Since its establishment, the Group has received various capital injections and asset allocations from the Shaoxing Shangyu Municipal Government and its registered capital has been increased on many occasions. Since 31 December 2016, the Group's total assets have grown rapidly, from approximately RMB52,965.0 million as at 31 December 2016 to approximately RMB117,209.4 million as at 30 September 2020. Moreover, the Shaoxing Shangyu Municipal Government has allocated a number of key assets to the Group which form an important part of the Group's certain business segments. For example, on 28 August 2018, the Shaoxing Shangyu Municipal Government transferred to the Group the controlling equity interest in Shaoxing Datong, significantly increasing the Group's revenue from the commodity sales business segment, and on 1 October 2019, the Shaoxing Shangyu SASAC announced its intention to transfer 51.0 per cent. equity interest in Shangyu Urban Construction to the Group. For the year ended 31 December 2019 and nine months ended 30 September 2020, there were 31 and 22 entities been granted to the Group, respectively.

Governmental grants and subsidies. The Group receives a wide variety of governmental grants and subsidies from the Shaoxing Shangyu Municipal Government for its principal businesses, such as water price and resources subsidies, wastewater treatment subsidies, infrastructure repair and maintenance subsidies and affordable housing property management subsidies. For the years ended 31 December 2017, 2018, 2019, the Group received government grants in the amounts of approximately RMB701.4 million, RMB880.5 million and RMB851.6 million, respectively. For the years ended 31 December 2018, 2019 and nine months ended 30 September 2020, the Group received government subsidies in the amounts of RMB880 million, RMB852 million and RMB609 million, respectively.

Government involvement. As the Group's sole controlling shareholder, the Shaoxing Shangyu SASAC, together with various agencies within the Shaoxing Shangyu Municipal Government, closely participates in and affects the decision-making of the Group's key investments and operations. The Group's directors, supervisors and senior management are appointed by the Shaoxing Shangyu SASAC. The Group regularly has discussions with the Shaoxing Shangyu SASAC and follow requisite appraisal

procedures to ensure that informed and viable investment and other managerial decisions are made. As the Shaoxing Shangyu SASAC will continue to be the Group's controlling shareholder, the Group believes that the role of the Shaoxing Shangyu SASAC and its participation in the Group's operations distinguish it from other companies in the industries where the Group operates and will provide effective assurance for achieving its missions.

These certain preferential treatments from the Shaoxing Shangyu Municipal Government, coupled with the Group's strong relationship with the Shaoxing Shangyu Municipal Government authorities, have enabled it to rapidly grow its business and to maintain its competitiveness, by reducing the Group's investment and construction costs, which enables it to further increase its profits.

The Group's business is closely aligned with the social and economic development and growth of Shaoxing Shangyu and excellent location of its projects enables the Group to continue to grow its business.

Since the commencement of the Group's business operations in Shaoxing Shangyu, its business operations have been closely aligned with the general social and economic development and growths of Shaoxing Shangyu. As one of the important districts in Shaoxing city in terms of the GDP growth in recent years, Shaoxing Shangyu has experienced rapid and remarkable growth during the same period. In addition, many of the Group's projects are located in prime areas of Shaoxing Shangyu. The advantageous location allows the Group to benefit from the higher valuation of its projects. Furthermore, the Group's business activities in downtown Shangyu highlights the importance of these projects and provides the Group with greater visibility.

Under the Twelfth Five-year Plan of the PRC, Shaoxing Shangyu experienced a rapid development in its transportation infrastructure, water treatment infrastructure and urbanization. According to the Thirteenth Five-year Plan of the PRC, Shaoxing Shangyu will continue to realise high social and economic growth by focusing on the investment of municipal infrastructure. As one of the largest state-owned capital management entities in Shaoxing Shangyu, the Group's business have benefited, and will continue to benefit, from the development and growths of Shaoxing Shangyu.

The Group plays a significant role in implementing the Shaoxing Shangyu Municipal Government's urban and housing development policies and plans.

The Group is the largest state-owned capital management entity in Shangyu District, Shaoxing City, Zhejiang Province in terms of total assets as at 30 September 2020. One of the Group's missions is to assist the Shaoxing Shangyu Municipal Government in developing public and other municipal infrastructure in the urban and rural areas to accelerate the urbanisation in Shaoxing Shangyu. Over the years, the Group has participated in a number of urban infrastructure projects as principal developer, including a wide range of roads and bridges construction projects. These projects were primarily relating to city transportation network, road and transportation construction, water supply, wastewater treatment and water pipeline system.

The Group's business segments are strategically aligned with the urban planning and development policies of Shaoxing Shangyu. The Group believes that its market position as one of the largest state-owned capital management entities under the Shaoxing Shangyu SASAC as well as its track record in a diverse range of business will support and enable the Group's continued expansion and growth.

The Group has prudent financial policies and diversified financing channels.

The Group has implemented prudent financial policies to ensure a healthy financial profile and stable cash flow. As at 31 December 2017, 2018, 2019 and 30 September 2020, the total amount of the Group's cash and cash equivalents was approximately RMB10,512.0 million, RMB9,384.8 million,

RMB11,447.6 million and RMB11,357.0 million, respectively. The Group has a management control system that encompasses its financial management of the entire business process, including capital, liquidity risk management and investment.

The Group believes that its ability to obtain financing through diversified channels gives it a comparative advantage over competitors with only access to limited funding sources. Accordingly, the Group believes that it has a robust liquidity position with access to diversified funding resources. As at 30 September 2020, the Group had cash and cash equivalents of approximately RMB11,357.0 million as compared to long-term and short-term borrowings of approximately RMB21,341.7 million and RMB6,612.6 million, respectively. The Group actively manages its cash flow and capital commitments to ensure that it has sufficient funds to meet its existing and future cash flow requirements.

In addition to cash generated from the Group's operations, it continues to diversify its financing channels to seek low-cost external funds. The Group has well-diversified financing channels consisting of short-term and long-term borrowings, including the issuance of corporate bonds and other securities. The Group has also established and maintained strong relationships with key PRC financial institutions, including National Development Bank, Agricultural Development Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank and Bank of Communications. As at 30 September 2020, the Group has secured credit facilities with an aggregate amount of approximately RMB40.9 billion from various financial institutions, of which approximately RMB6.1 billion remain unused. The Group also issued a series of corporate bonds to fund its business activities. As at 30 September 2020, the Group had outstanding bonds payable with a total principal amount of approximately RMB21.5 billion. The Group has not experienced any default in payment since its incorporation.

The Group's strong financing capability has enabled it to capitalise on various business opportunities to construct and develop new infrastructure and properties, which could be highly capital-intensive.

The Group's diversified business portfolio and stable return.

The Group has a diversified business portfolio and asset base which provide it with steady revenue and cash flows and enhance its risk resilience. The Group has historically focused on urban infrastructure construction and property development and has been dedicated to expanding its business into other business segments, including tap water supply, wastewater treatment and commodity selling since 2016. The Group's commodity selling, water supply and wastewater management business has become its principal sources of revenue. The Group's service, land development, construction, logistic as well as other businesses also provide the Group with stable revenue and cash flows.

The Group's diversified business portfolio minimises the risk of business concentration and the level of volatility in its overall earnings and financial position as a result of changes in industry conditions, selling prices or costs within any one sector. In addition, the Group actively diversifies the source of revenue from its business segments. Such diversified business portfolio allows the Group to be less resilient on any single business segment and to achieve more stable growth. Moreover, the steady and diversified source of revenue and cash flows give the Group stability as well as flexibility in managing its operations. The Group believes that its diversified business portfolio, as well as the diversified financing channels available to it, will continue to enable the Group to prepare for future growth and capture potential opportunities.

The Group has an experienced and professional senior management team.

The Group's board of directors and senior management team has consistently combined extensive operating experience with a deep market understanding. The Group believes that its success is largely attributable to its experienced board members and senior management team, which include Ms. Ni Hongdi, Mr. Shen Yuan and Ms. Ji Jie. Ms. Ni Hongdi, the chairman of the Group's board of directors, has served in various positions of the Shaoxing Shangyu Municipal Government. The Group's board

members and senior management team are commercially-oriented and have proven their ability to capitalise on opportunities, to maximise the Group's profitability and improve cost efficiency and synergy. The Group believes that its board members' and senior management team's extensive experience in a broad range of industries and strong execution capabilities will continue to be instrumental in executing its business strategies and capturing market opportunities as they arise, and contribute to the Group's sustainable growth.

In addition, the Group's day-to-day operations are managed by a capable team of professionals with significant operational experience and management ability in the relevant industries in which the Group operates and supported by a highly skilled and well-trained workforce. Throughout the years of operation and management of the Group's various businesses, the Group has been able to maintain effective and efficient management and operational control over its key subsidiaries. The Group has adopted a commercially driven approach to managing its business operations while leveraging on its established relationship with governmental authorities with a view to maximising its growth potential.

BUSINESS STRATEGIES

The Group's goal is to continue to grow its asset base, optimise its capital structure and enhance operational efficiency. The Group intends to achieve these goals by pursuing the following strategies:

Continue to focus on core business segments while achieving appropriate diversification and synergistic development.

The Group intends to continue to develop its core business in urban infrastructure construction and land development and consolidate its market leading position in Shaoxing Shangyu. At its early stage, the Group primarily focused on urban infrastructure construction and land development. As the Group secured a leading market position in the areas of urban infrastructure construction and land development in Shaoxing Shangyu, it implanted a corporate strategic transformation with an emphasis on the investment in water supply and wastewater treatment projects. The Group will continue to operate, strengthen and expand its existing core businesses as well as diversifying the projects the Group develops.

While the Group will continue to focus on its core business segments, the Group will also optimize its corporate structure and actively seek opportunities to grow its other businesses to achieve appropriate diversification. For example, the Group has optimized its corporate structure in Shangyu Urban Construction to strengthen its market position in infrastructure construction. Meanwhile, the Group has also consolidated ten of its first-level subsidiaries to one intensive and efficient holding company – Shangyu Guokong Industrial Group Co., Ltd.(上虞國控實業集團有限公司). Furthermore, the Group also intends to expand its education and sports, media, commodity selling, logistics, and service businesses and seek to diversify its sources of earnings and achieve synergies between its major business segments.

Further enhance the Group's core competitive advantage in the urban infrastructure construction and land development businesses.

The Group believes that the existing urban planning and development policies of the Shaoxing Shangyu Municipal Government will lead to further growth opportunities in its urban infrastructure construction and land development business segments. The Group also aims to continue to leverage on its existing close working relationship with the Shaoxing Shangyu Municipal Government with a view to winning mandates to undertake major urban infrastructure construction projects and key housing development projects which are capable of generating stable revenue stream. By utilising the Group's existing competitive strengths alongside with the future planning and development policies of the Shaoxing Shangyu Municipal Government, the Group will continue to seek for business opportunities arising from the rapid social and economic growth in Shaoxing Shangyu in order to further enhance its core competitive advantages in the urban infrastructure construction and land development businesses.

Continue to centralise the Group's capital management and adopt prudent financial policies.

The Group intends to continue to adopt a centralised capital management system to achieve efficient deployment of its capital. Specifically, the Group plans to continue adopting prudent financial policies to further control costs and improve profitability. Such financial policies include:

- Maintaining a standard capital management mechanism to monitor capital usage and its efficiency and to prevent the risk of misapplication of capital, thereby increasing the overall management efficiency; and

- Maintaining prudent investment policies to achieve balance between assets and liabilities, between investment returns and risk-taking, and between core businesses and non-core businesses.

The Group believes that these policies and measures will further enhance its competitive advantages and help achieve sustainable growth.

Further develop diversified financing sources to maintain well-capitalised growth.

As the Group's urban infrastructure construction, land development and water supply are all large-scale and capital-intensive businesses, the Group plans to integrate its development objectives with funding objectives. The Group is the largest state-owned capital management entity in Shangyu District, Shaoxing City, Zhejiang Province in terms of total assets as at 30 September 2020 and intend to take advantage of this platform to optimize and further attract diversified financing sources.

The Group also intends to explore and employ new financing channels, and develop closer cooperation with financial institutions, to secure funding on more favourable terms and better support the overall financing needs of its development projects. The Group expect to further leverage its strong financing capability to facilitate organic growth. Moreover, the Group intends to further diversify its funding sources and reduce funding costs through a wide variety of financing activities and debt offerings.

Strengthen risk management and internal control systems.

The Group believes that prudent risk management and internal control systems will contribute to minimising its operational and financial risks and increasing its safety and quality control capabilities. The Group intends to continue to adopt the following risk control measures to improve its risk management structure and internal control systems:

- Continuing to implement a stringent financial reporting and controlling system focusing on centralised management in order to ensure strict compliance with applicable laws and regulations;

- Implementing the coordination of tendering and bidding management among various operational units; and

- Allocating more resources to the Group's research and development for construction, new technologies and products, and project and operation management, while gradually implementing a centralised management system over its fixed assets, such as key technical equipment.

The Group strives to prudently manage its finances while fulfilling its investment and development needs to drive its profitability.

Attract and cultivate high-quality talent.

The Group believes that people are one of its important assets and its continued ability to compete effectively in its existing businesses and expand into new business areas depend on the Group's ability to attract, motivate and retain talent. As at 30 September 2020, the Group employed approximately

4,052 employees, of which approximately 841 hold a bachelor's degree or above, representing approximately 20.8 per cent. of total employees. The salaries and benefits of the Group's employees depend primarily on their type of work, position, length of service with the Group and local market conditions. The Group believes that its compensation packages for its employees are in line with industry standards. The Group intends to further enhance its comprehensive training programmes to improve the skills and knowledge base of its employees. The Group also seeks to motivate and retain high-quality talent through a performance-based compensation system, reinforce their commitment to its culture and promote a cohesive work environment.

HISTORY AND DEVELOPMENT

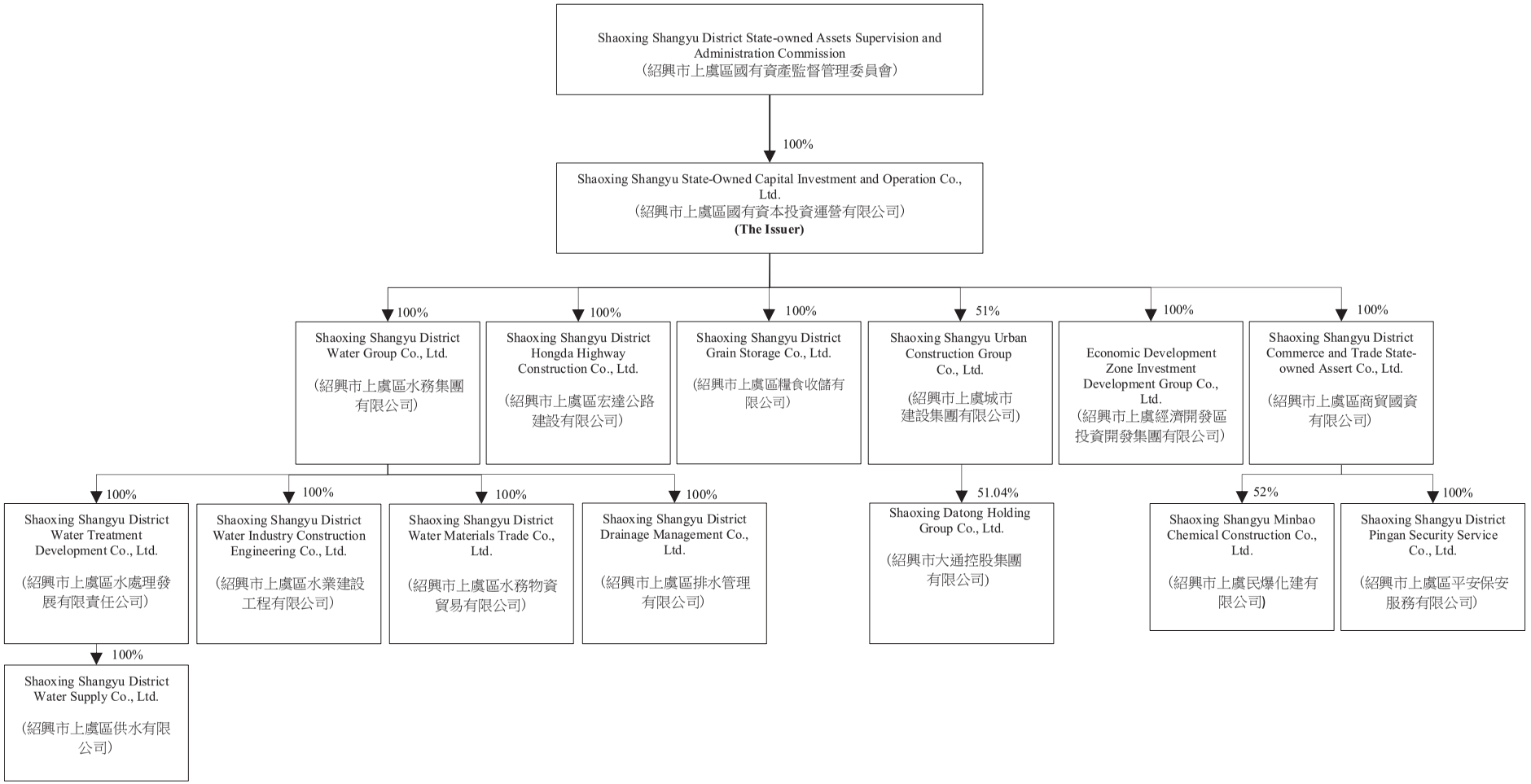
The following table sets forth the key milestones in the Group's development:

Year	Event
1994	• On 30 December 1994, Shangyu State-owned Assets Management Corporation (上虞市國有資產經營總公司), the Group's predecessor, was established with an initial registered capital of RMB6.29 million.
2013	• On 10 December 2013, the Shangyu City was reclassified into Shangyu District of Shaoxing City, and Shangyu State-owned Assets Management Corporation was renamed as Shaoxing Shangyu District State-owned Assets Management Corporation.
2015	• On 28 December 2015, Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd. was established with an initial registered capital of RMB200.0 million. Under the approval of Shaoxing Shangyu Municipal Government, Shaoxing Shangyu District State-owned Assets Management Corporation was restructured into a limited liability company with the Group receives its entire assets, liabilities and owners' equity.
2016	• On 3 May 2016, the Group got an "AA+" credit rating from Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. • The Company successfully issued an aggregate principal amount of RMB5 billion corporate bonds with a lowest coupon rate of 3.80 per cent.
2017	• The Group's registered capital was increased to RMB1 billion.
2018	• On 28 August 2018, in accordance to the "Notice on Displacement of State-owned Quality Assets to Partial Equity of Shangyu Hangzhou Bay Construction and Development Group Co., Ltd." (SASAC [2018] No. 107)《關於將國有優質資產置換紹興市上虞杭州灣建設開發集團有限公司部分股權的通知》(虞國資委〔2018〕107號), the Shaoxing Shangyu Municipal Government transferred to the Group the controlling equity interest of Shaoxing Datong as well as a number of land assets and real estate in Shangyu District to replace the 82.0 per cent. controlling interest of Shangyu Hangzhou Bay Construction and Development Group Co., Ltd.
2019	• On 1 October 2019, the Shaoxing Shangyu SASAC announced its intention to transfer 51.0 per cent. equity interest in Shangyu Urban Construction to the Group. On 23 December 2019, such equity transfer was completed.

Year	Event
	• The Company successfully issued its first USD denominated bond with an aggregate principal amount of RMB300 million.
2020	• In 2020, the Group's total assets further increased to RMB117.3 billion.
	• On 11 November 2020, the Group got an "AA+" credit rating from Golden Credit Rating International Co., Ltd.

CORPORATE STRUCTURE

The following chart sets forth the Group's simplified corporate structure as at the date of this Offering Circular:



SHANGYU DISTRICT, SHAOXING CITY, ZHEJIANG PROVINCE

Shaoxing Shangyu is located in the northern part of Zhejiang Province and in the centre of the Yangtze River Delta Economic Zone with an area of approximately 1,403 square kilometres and a total population of approximately 0.8 million. Situated close to Shanghai, Cixi City, Hangzhou City and Ningbo City, Shaoxing Shangyu has long been known for its excellent geographical location（九縣通衢）and enjoys an unique geographical advantage with significant development potential.

The Yangtze River Delta Economic Zone, with Shanghai as the leading city, has one of the most dynamic regional economies in China. As an important district in the Yangtze River Delta Economic Zone, Shaoxing Shangyu has experienced rapid economic and social development in recent years. With a dynamic regional economy, Shaoxing Shangyu is well-positioned to leverage such solid financial foundation and further increase its investment in urban infrastructure foundation. It has formed an economic structure with the Hangzhou Bay Shangyu Economic and Technological Development Zone (national-level development zone) and Shangyu Economic Development Zone (provincial development zone) as the industrial platform, with machinery and equipment, pharmaceuticals and chemicals, light industrial textiles, and lighting appliances as the leading industries. In 2019, the Shaoxing Shangyu region achieved a GDP of RMB97.8 billion, representing an annual growth rate of 7.4% compared to 2018. At present, there are 19 domestic main board listed companies, which provide a strong guarantee for the steady growth of regional finances. During the Fourteenth Five-Year Plan, Shaoxing Shangyu aims to become the "World-class green and intelligent manufacturing advanced zone"（世界級綠色智造先進區）, "An open and vibrant new city in the Yangtze River Delta"（長三角開放活力新都市）and "Inheritance of filial piety culture in the new era"（新時代孝德文化傳承地）.

THE GROUP'S BUSINESS

The Group is the largest state-owned capital management entity in Shangyu District, Shaoxing City, Zhejiang Province in terms of total assets as at 30 September 2020. The Group is wholly owned by, and under the direct supervision of, the Shaoxing Shangyu SASAC, the local counterpart of the State-owned Assets Supervision and Administration Commission of the State Council. Established in 1994, the Group is designated to carry out the Shaoxing Shangyu Municipal Government's blueprint for the municipal development in Shaoxing Shangyu. Over the years, the Group played a significant role particularly in implementing the Shaoxing Shangyu Municipal Government's urban planning and development policies and have received certain preferential treatments from the Shaoxing Shangyu Municipal Government.

The Group's operations and investments primarily focus on four business segments, namely (i) water supply and wastewater treatment, (ii) commodity sales, (iii) land development and (iv) other businesses. As at 30 September 2020, the Group operated its business primarily through eight subsidiaries, seven of which are wholly owned by the Group. As at 30 September 2020, the Group had 139 subsidiaries included in its consolidated financial statement.

The following table sets forth a breakdown of the Group's total revenue by each business segment, and each expressed as a percentage of its total revenue, for the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, respectively.

	Year ended 31 December						Nine months ended 30 September			
	2017		2018		2019		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)									
Business segment										
Water supply and wastewater treatment	449.6	9.6	441.8	10.7	494.7	11.0	362.4	13.6	343.6	11.5
Commodity sales	881.0	18.8	875.6	21.3	937.4	20.9	648.8	24.3	655.2	22.0
Land development	231.2	4.9	872.0	21.2	814.1	18.2	644.0	24.1	761.7	25.5
Other businesses	3,113.2	66.6	1,921.8	46.7	2,231.5	49.8	1,011.5	37.9	1,221.1	41.0
Total revenue	**4,675.0**	**100.0**	**4,111.2**	**100.0**	**4,477.6**	**100.0**	**2,666.7**	**100.0**	**2,981.7**	**100.0**

Water Supply and Wastewater Treatment

Overview

Water supply and wastewater treatment is the Group's principal line of business. The Group commenced its water supply and wastewater treatment business in 2015. The Group is the sole water supplier and wastewater treatment service provider in Shaoxing Shangyu, responsible for tap water supply, disposal of wastewater, improvement and protection of water environment and construction of water supply and drainage pipe network for the Shaoxing Shangyu district. The Group conducts its water supply and wastewater treatment business primarily through Shangyu Water, in which the Group directly holds 100.0 per cent. of equity interest.

For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's water supply business was approximately RMB449.6 million, RMB441.8 million, RMB494.7 million, RMB362.4 million and RMB343.6 million, respectively, representing approximately 9.6 per cent., 10.7 per cent., 11.0 per cent., 13.6 per cent. and 11.5 per cent. of the Group's total revenue for the same periods, respectively.

Tap Water Supply

As of 30 September 2020, the Group supplied tap water in Shaoxing Shangyu with the coverage extended to over 810,000 residents in an area of approximately 1,427.5 square kilometres in Shaoxing Shangyu. In addition, as at 30 September 2020, the Group had over 2,000.0 kilometres of water pipeline network in operation, and the Group's daily average supply capacity amounted to 350,000 cubic metres per day.

For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the revenue generated from the Group's tap water supply business was approximately RMB212.5 million, RMB218.4 million, RMB224.0 million and RMB151.8 million, respectively, representing approximately 7.1 per cent., 8.7 per cent., 5.0 per cent., and 4.4 per cent. of the Group's total revenue for the same periods, respectively.

The following table sets forth certain information of the Shangyu Water for the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2020:

	For the year ended 31 December,			For the Nine months ended 30 September
	2017	2018	2019	2020
		(in 10,000 tons)		
Daily supply capacity	35.0	35.0	35.0	35.0
Annual supply volume	8,613.0	8,817.0	8,921.0	6,530.0
Total water sold	7,990.0	8,243.0	8,417.0	100.0
Including: Residential water	2,664.0	2,801.0	2,917.0	2,274.0
Non-residential water	5,326.0	5,442.0	5,500.0	3,901.0

Water supply plants

The following table sets forth the details of the Group's water supply plants as at 30 September 2020:

No.	Plant Name	Location	Designated Daily Supply Capacity
			(in 10,000 tonnes)
1	Shang Yuan Zha Water Plant (上源閘水廠)	Baiguan Town	15.0
2	Da Sanjiao Water Plant (大三角水廠)	Shang Yuan Road Cao Yu Industrial Functional Zone	15.0
3	Tang Pu Water Plant (湯浦水廠)	Tangpu Town	3.0
4	Yonghe Water Co., Ltd. (永和水廠)	Yonghe Town	2.0
	Total	**N/A**	**35.0**

Sales

The Group has a broad and diversified customer base covering residential, non-residential and special purpose. The following table sets forth the details for the sales revenue, the cost of sales and the gross profit of the Shangyu Water for the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020:

	For the year ended 31 December,			For the nine months ended 30 September,
	2017	2018	2019	2020
	(in RMB millions, except for percentages)			
Sales revenue from the tap water supply	212.5	221.1	224.0	151.8
Cost of sales for the tap water supply	128.9	145.2	162.6	125.8
Gross margin	39.4%	33.5%	27.4%	17.1%

The following table sets forth the details for the customer base of the Shangyu Water for the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020:

	Year ended 31 December						Nine months ended 30 September	
	2017		2018		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)							
Customer Type								
Non-residential	158.7	74.6	161.4	73.0	164.6	73.5	107.1	70.6
Residential	52.7	24.8	55.8	26.5	58.1	25.9	44.0	29.0
Special Purpose	1.2	0.6	1.2	0.5	1.3	0.6	0.7	0.4
Total	**212.5**	**100.0**	**221.1**	**100.0**	**224.0**	**100.0**	**151.8**	**100.0**

Pricing

The water price is determined by the Shaoxing Shangyu Municipal Government. In the past 10 years, the Shaoxing Shangyu Municipal Government has only adjusted the water price upwards. Given that the unit cost of water is relatively low compare to the national level, the Group believes that the Shaoxing Shangyu Municipal Government would not adjust the water price downwards if the Group's revenue from this business is unable to recover its operating costs and there is room for upward adjustment in the years to come.

Wastewater Treatment

The Group also provides wastewater treatment services as part of its water supply business. As the sole provider of wastewater treatment services in Shaoxing Shangyu, the Group carries out treatment and disposal of the entire domestic wastewater and certain industrial wastewater in Shaoxing Shangyu. As at 30 September 2020, the Group had one wastewater treatment plant in operation in Shaoxing Shangyu with a daily average processing capacity of 200,000 tonnes.

For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the revenue generated from the Group's wastewater treatment business was approximately RMB224.4 million, RMB210.1 million, RMB227.1 million and RMB159.3 million, respectively, representing approximately 7.5 per cent., 8.4 per cent., 5.1 per cent. and 5.3 per cent. of the Group's total revenue for the same periods, respectively.

The following table sets forth the details for wastewater processing capacity of the Shangyu Water for the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2020:

	For the year ended 31 December,			For the Nine months ended 30 September
	2017	2018	2019	2020
Wastewater treatment capacity (10,000 tons per day)	30.0	20.0	20.0	20.0
Wastewater treatment volume (10,000 tons)	6,107.0	6,363.0	6,439.0	4,679.0
Wastewater treatment rate	100.0	100.0	100	100.0

The following table sets forth the details for wastewater processing revenue and composition of the Shangyu Water for the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2020:

	Year ended 31 December						Nine months ended 30 September	
	2017		2018		2019		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentages)							
Wastewater Type								
Industrial	100.7	44.9	107.9	51.4	95.9	42.2	87.0	54.6
Residential	123.7	55.1	102.2	48.6	131.2	57.8	72.3	45.4
Total	**224.4**	**100.0**	**210.1**	**100.0**	**227.1**	**100.0**	**159.3**	**100.0**

Business model

The wastewater treatment business of the Group mainly comprises of two parts: wastewater collection and wastewater treatment and discharge. The revenue from this business segment is derived from the payments charged to the residents, enterprises and public institutions certain amount of discharge fee on a monthly basis. The amounts of discharge fees are determined by the Shaoxing Shangyu Municipal Government. Since 2018, the Shaoxing Shangyu Municipal Government has only adjusted the wastewater processing fees upwards. As at the date of this Offering Circular, the charging standard for wastewater treatment in Shaoxing Shangyu was set at a rate of RMB0.70 per ton for residents, RMB2.0 per ton for non-residents and RMB2.6 to RMB4.0 per ton for industrial wastewater. In light of the increasing costs for wastewater treatment and to meet higher standard for post-processing water quality, the Group has applied to the Shaoxing Shangyu Municipal Government for an increase of the wastewater processing fees. The Group believes that its profitability in the wastewater treatment business will improve significantly upon approval from the Shaoxing Shangyu Municipal Government.

Water Facility Construction

The Group provides construction services for the construction of water supply and drainage pipeline networks including connecting work and installation of water facilities (such as meters and hydrants) for its customers. Such customers include real estate companies, the office for the municipal construction projects, individual residents, enterprises and public institutions.

Before beginning construction or installation works, the Group plans the system layout according to an alignment plan of proposed connection mains submitted by the customer. The Group also provides consultancy services to customers regarding location of water supply connection. The customer will be required to provide relevant project approval documents, business licences and environmental approval documents. After inspection and vetting of the construction proposal, the Group enters into a

construction agreement with the customer. Water mains will be connected when the installation has been inspected and found satisfactory by the customer and after the customer has made its payment according to the construction agreement. For larger construction works, the charges will be paid according to the construction schedule by stages.

Commodity Sales

Overview

The Group's commodity sales business is mainly composed of commodity sales and grain storage. The Group conducts its commodity sales business primarily through Shaoxing Datong Holding Group Co., Ltd. ("**Shaoxing Datong**"), in which the Group directly holds 51.04 per cent. of equity interest. Shaoxing Datong operates Datong Mall, a leading department store in the county level of the Zhejiang Province in terms of sales revenue. The Group conducts its grain storage business primarily through Shaoxing Shangyu District Grain Storage Co., Ltd. ("**Grain Storage Co.**"), in which the Group directly holds 100.0 per cent. of equity interest.

For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's commodity sales business was approximately RMB881.0 million, RMB875.6 million, RMB937.4 million, RMB648.8 million and RMB655.2 million, respectively, representing approximately 18.8 per cent., 21.3 per cent., 20.9 per cent., 24.3 per cent. and 22.0 per cent. of the Group's total revenue for the same periods, respectively.

Shaoxing Datong Asset Replacement

On 28 August 2018, in accordance to the "Notice on Displacement of State-owned Quality Assets to Partial Equity of Shangyu Hangzhou Bay Construction and Development Group Co., Ltd." (SASAC [2018] No. 107)《關於將國有優質資產置換紹興市上虞杭州灣建設開發集團有限公司部分股權的通知》(虞國資委[2018]107號), the Shaoxing Shangyu Municipal Government transferred to the Group the controlling equity interest in Shaoxing Datong as well as a number of land assets and real estate in Shangyu District to replace the 82.0 per cent. controlling interest of Hangzhou Bay Construction. The replacement significantly increased the Group's exposure in the commodity sales business and the Group believes that the replacement will strengthen its investment diversification and allows the Group to achieve sustainable and stable operational cash flow.

Datong Mall

Datong Mall is located in the old city district in Shaoxing Shangyu with a significant amount of foot traffic serving residents in Shaoxing Shangyu as well as in other nearby cities in Zhejiang Province. It has a five-storey business building with over 1,500 employees and a total GFA of approximately 31,000 square metres ("**sq.m.**"), consisting of 11 shopping malls and 52 sales areas. It ranked first among the top 10 key commercial buildings in the Shaoxing City as at the date of this Offering Circular.

Operation

Datong Mall is operated by Shaoxing Datong. It is responsible for the day to day operation, procurement, tenant management, lease management, finance and marketing of Datong Mall. The Group's operating team is dedicated to providing customers with high quality products and services. The Group strives to adapt to the regional market and enhances the competitiveness of Datong Mall.

The Group carries out various marketing and promotional activities to enhance its brand of Datong Mall. The Group's promotional events are tailored to the preferences of its shoppers with an aim to enhance visitors' shopping experience. Sales and discounts are scheduled throughout the year to maintain abundant visitor flows. Further, the Group carries out various marketing and promotions through WeChat, websites and outdoor LED advertisements in addition to mainstream news and advertising media to attract shoppers to experience the Datong Mall in person.

Grain Storage

The Group conducts its grain storage business primarily through Grain Storage Co., in which the Group directly holds 100.0 per cent. of equity interest. The Group's grain storage business includes the purchase, storage, transfer, wholesale and import and export of grain and oil.

The primary function of Grain Storage Co. is to (1) organise and implement the policy issued by the relevant grain bureaus in relation to the purchase, sale, transfer and reserve of grain and oil; (2) conscientiously implement the national grain purchase and sale policy; (3) make good reserves of grain and oil and to ensure the quantity and quality of the grain and oil in stock; (4) organize food distribution and distribution for the local grain market; and (5) to provide military supplies of grain and oil.

As Grain Storage Co. is a policy-oriented enterprise and is often required to sell grain and oil at a loss, it is entitled to receive the corresponding government grants subsidies from the PRC government. For the years ended 31 December 2018 and 2019, the Group received RMB36.4 million and RMB40.4 million in government grant and subsidies in relation to its grain storage business, respectively.

Land Development

Overview

The Group's land development business is mainly composed of primary land development, affordable housing and infrastructure construction. The Group conducts its land development business primarily through Development Zone Group Co., in which the Group directly holds 100.0 per cent. of equity interest.

For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's land development business was approximately RMB231.2 million, RMB872.0 million, RMB814.1 million, RMB644.0 million and RMB761.7 million, respectively, representing approximately 4.9 per cent., 21.2 per cent., 18.2 per cent., 24.1 per cent. and 25.5 per cent. of the Group's total revenue for the same periods, respectively.

The Group conducts its land development business mainly through Development Zone Group Co. and Shangyu Urban Construction. Development Zone Group Co.is the leading land developer in the Shangyu Economic Development Zone and undertakes the development and construction tasks within the Shangyu Economic Development Zone. Its core business consists of primary land development, affordable housing and infrastructure construction. Development Zone Group Co. acquires quality land parcels from the Shaoxing Shangyu Municipal Government and develops the land for industrial, commercial and financial purposes. The Group's land development projects covers the Jiancheng area, Tazhan area and the Binjiang New City area. Shangyu Urban Construction is an important state-owned asset operation and management platform in Shangyu District, and undertakes the development and construction tasks of Shangyu District. Its core business covers urban infrastructure construction, land development and construction and affordable housing construction. Shangyu Urban Construction holds a diverse business portfolio which includes various services ranging from urban infrastructure development, demolition and transformation of dilapidated areas, resettlement of original inhabitants, land development and operation, municipal engineering, operation of advertising management rights and naming rights in public spaces, housing leasing, property management, sales of construction materials, foreign investment and management, and consulting relating to urban construction projects, among others.

Completed projects

For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2020, the Group had completed 26 land development projects with a total GFA of approximately 1.43 million sq. m. and a total recognised revenue of approximately RMB2.48 billion. The details of these land development projects are set forth in the table below:

No.	Project Name	Completion Year	GFA	Total Recognised Revenue
			(sq. m.)	*(RMB in millions)*
1	Development Zone West Lake, He Pan (開發區西湖、賀盤)	2017	56,760.4	11.4
2	Xinlouxia Village, Cao'e Street (曹娥街道新樓下村)	2017	71,482.3	12.2
3	Lizhang Village, Cao'e Street (曹娥街道麗樟村)	2017	58,140.4	8.9
4	Baimiyan Village and Dongcun Village, Cao'e Street (曹娥街道白米堰村、董村村)	2017	131,752.7	22.9
5	Lujiabu Village, Songxia Town (崧廈鎮呂家埠村)	2017	66,203.3	11.3
6	East side of East 2nd Road, Shangyu District Economic Development Zone, south side of enterprise gathering point and north side of new building (上虞區經濟開發區東二路東側、企業集聚點南側、新樓下北側)	2017	33,332.7	6.0
7	Lujiabu Village, Songxia Town (呂家埠村)	2017	6,496.5	0.5
8	Lot 20, Binjiang New City (濱江新城20號地塊)	2017	66,844.1	158.0
9	Lot 22, Binjiang New City (濱江新城22號地塊)	2018	57,293.3	92.2
10	Shangyu Economic Development Zone [2013] No. J1 (上虞經濟開發區[2013]J1號)	2018	44,413.3	71.4
11	Shangyu Economic Development Zone [2017] No. 16 (上虞經濟開發區[2017]16號)	2018	72,746.7	116.9
12	Shangyu Economic Development Zone [2011] No. G1 (上虞經濟開發區[2011]G1號)	2018	38,726.7	62.3
13	Shangyu City North Zone No. 70 (上虞區城北區片70號)	2018	87,800.0	302.5
14	Shangyu City East Zone No. 79 (上虞區城東區片79號)	2018	65,800.0	226.7
15	Lot 21-2, Binjiang New City (濱江新城21-2號地塊)	2019	32,485.8	55.9
16	Shangyu Economic Development Zone [2018] No. J5 (上虞經濟開發區[2018]J5號)	2019	101,769.7	175.3
17	Shangyu Economic Development Zone [2018] No. J8 (上虞經濟開發區[2018]J8號)	2019	25,109.5	43.2
18	Shangyu Economic Development Zone [2014] No. G12-2 (上虞經濟開發區[2014] G12-2號)	2019	32,871.1	56.6
19	Shangyu Economic Development Zone [2019] No. G7 (上虞經濟開發區[2019] G7號)	2019	57,948.2	99.8
20	Shangyu Economic Development Zone [2018] No. J7 (上虞經濟開發區[2018]J7號)	2019	63,636.2	109.6
21	Shangyu City East (上虞區城東)	2019	80,567.6	273.6
22	Shangyu Economic Development Zone [2019] No. G18 (上虞經濟開發區[2019] G18號)	2020	45,760.3	78.8
23	Shangyu Economic Development Zone [2019] No. J1 (上虞經濟開發區[2019] J1號)	2020	2,852.0	4.9
24	Shangyu Binjiang New City (上虞濱江新城)	2020	100,441.6	173.0
25	Lot 53 (53號地塊)	2020	16,218.7	170.3
26	Lot 49 (49號地塊)	2020	13,404.4	140.7
	Total		**1,430,857.4**	**2,484.0**

Shanty Town Resettlement and Development

The Group is a key force of the Shaoxing Shangyu Municipal Government to implement its housing policies and improve the housing conditions for low-income households in Shaoxing Shangyu. The Group is engaged in requisition, resettlement and development of shanty towns in Shaoxing Shangyu primarily through its wholly owned subsidiary, Shaoxing Shangyu District Shanty Town Reconstruction Investment Development Co., Ltd.

Resettlement Projects

As of 30 September 2020, the Group had completed 13 shanty town resettlement projects with a total GFA of approximately 2,241.7 thousand sq. m. and a total investment amount of approximately RMB25,240 million. The details of these land development projects are set forth in the table below:

No.	Project Name	Number of Households	Total GFA	Total Investment Amount
			(thousand sq. m.)	*(RMB in millions)*
1	Cao'e Old District Triangle Station, Xiasha, Lianfeng, Yuji, Xiaomiaomiao Village Land Requisition and Reconstruction Project (曹娥老區三角站、下沙、聯豐、娥二、孝女廟村地塊征遷改造項目)	2,597	619.0	5,200.0
2	Cao'e Old District Shangsha Villages Land Requisition and Reconstruction Project (曹娥老區娥一、上沙村地塊征遷改造項目)	573	96.7	800.0
3	Cao'e Street Xihu Village Land Requisition and Reconstruction Project (曹娥街道西湖村征遷改造項目)	400	85.0	901.0
4	Cao'e Street Guangmingju Neighbourhood Committee Land Requisition and Reconstruction Project (曹娥街道光明居委征遷改造項目)	1,187	280.0	4,264.0
5	Cao'e Street Hepan Residential Committee Land Requisition and Reconstruction Project (曹娥街道賀盤居委征遷改造項目)	205	45.0	702.0
6	Cao'e Street Yueai District Committee Land Requisition and Reconstruction Project (曹娥街道越愛居委征遷改造項目)	301	61.5	1,170.0
7	Baiguan Street Qianjiang District Qianjiang Block (East and West Area) Land Requisition and Reconstruction Project (百官街道前江區塊(東、西片區)征遷改造項目)	1,092	369.7	3,908.0
8	Baiguan Street Dujia New Village Land Requisition and Reconstruction Project (百官街道杜家新村征遷改造工程項目)	31	10.0	165.0
9	Baiguan Street Zhaojiaju Committee Land Requisition and Reconstruction Project (百官街道趙家居委征遷改造工程項目)	605	200.0	2,420.0
10	Baiguan Street Xinjianju Committee Land Requisition and Reconstruction Project (百官街道新建居委征遷改造工程項目)	506	80.0	1,100.0
11	Baiguan Street Gongcun Land Requisition and Reconstruction Project (百官街道路工村征遷改造工程項目)	515	100.0	1,210.0
12	Cao'e Street Xujiatang and Xinlou Lower Residence Committee Land Requisition and Reconstruction Project (曹娥街道徐家塘、新樓下居委征遷改造項目)	859	214.8	2,800.0
13	Baiguan Street National Highway 329 No. 2 Bridge Northside Requisition and Reconstruction Project (百官街道329國道二號橋北側地塊征遷改造項目)	33	80.0	600.0
	Total	**8,904**	**2,241.7**	**25,240.0**

Other Businesses

Overview

Apart from the Group's principal business segments, the Group is engaged in other businesses including the provision of services, logistics, construction and other businesses.

For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's other business was approximately RMB3,113.2 million, RMB1,921.8 million, RMB2,231.5 million, RMB1,011.5 million and RMB1,221.1 million, respectively, representing approximately 66.6 per cent., 46.7 per cent., 49.8 per cent., 37.9 per cent. and 41.0 per cent. of the Group's total revenue for the same periods, respectively.

Provision of Services

The Group provides various services including labour agency services, hostel services and security services. The Group conducts its labour agency services primarily through its wholly-owned subsidiary, Shaoxing Shangyu Dazhong Labor Affairs Agency (Office) Co., Ltd. The Group's labour agency services mainly includes the five social insurance and one housing fund services (五險一金業務) and

human resource agency services. As at 30 September 2020, the Group dispatched 3,712 contractors to its clients, including state-owned enterprises, governmental agencies and private businesses. The Group provides its security services primarily through its wholly-owned subsidiary Shaoxing Shangyu District Pingan Security Service Co., Ltd. The Group's security services mainly include security guard services, patrolling, personal guard, security check and provision security technology services. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's service business was approximately RMB271.8 million, RMB380.5 million, RMB539.9 million, RMB317.1 million and RMB433.1 million, respectively.

Logistics

The Group conducts its logistic business primarily through its wholly-owned subsidiary, Shaoxing Xincheng Logistics Center. The Group's logistics businesses mainly include the transportation, warehousing, logistic information services, administrative management and logistic auxiliary services. As at the date of this Offering Circular, Shaoxing Xincheng Logistics Center is the most comprehensive logistic services provider in Shaoxing Shangyu area. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's logistic business was approximately RMB71.5 million, RMB70.9 million, RMB71.2 million, RMB51.6 million and RMB47.9 million, respectively.

Construction

The Group's construction business primarily includes engineering construction and entrust construction. The Group conducts its engineering construction businesses primarily through its wholly-owned subsidiaries Shaoxing Shangyu District Hongda Highway Construction Co., Ltd., Shaoxing Shangyu District Water Industry Construction Engineering Co., Ltd. and Shangyu Urban Construction. Prior to September 2018, the Group had conducted its entrust construction business through its wholly-owned subsidiary, Hangzhou Bay Construction. Since September 2018, the Group no longer holds a controlling interest of Hangzhou Bay Construction and receives no revenue from the entrust construction business segment. For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020, the revenue generated from the Group's construction business was approximately RMB1,006.5 million, RMB386.7 million, RMB568.0 million, RMB168.3 million and RMB376.8 million, respectively.

QUALITY, SAFETY AND ENVIRONMENTAL PROTECTION

The Group has established and implemented a group-wide quality, safety and environmental protection control management system pursuant to the requirements of ISO9001 standards. The Group's management system specifies the standards to be met in terms of quality, safety and environmental protection control, clarifies the responsibility of various departments and personnel, identifies procedures, materials and other factors that are subject to the control of management, and provides for measures to be undertaken to ensure that various standards are met.

The Group imposes safety and anti-pollution measures, as well as regular internal safety and environmental inspections at all stages of its operational process to minimise the possibility of work-related accidents and injuries, occupational illness and environmental contamination. The Group also monitors the safety and environmental protection aspects of its subcontractors' operations. In addition, the Group provides safety education to its employees and has established safety standards in relation to matters such as purchasing, installing and operating new equipment, constructing new facilities and improving existing facilities.

The Group believes that its safety control systems, environmental protection systems and facilities are adequate to comply with applicable PRC national and local regulations. As at the date of this Offering Circular, the Group is not aware of any penalties associated with any material breach of or noncompliance with any environmental laws and regulations.

INTELLECTUAL PROPERTY

The Group places great importance on the invention, application, management and protection of intellectual property rights. Through its ordinary course of business, the Group has obtained various intellectual property rights which are valuable to its business. The Group protects and will continue to seek to protect these intellectual property rights through copyrights, patents, trademarks and other contractual rights.

INSURANCE

The Group is required to obtain contractors all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. In addition, with regard to the Group's land development and construction businesses, the Group generally purchases insurance for its fixed assets, such as its key equipment, stock and office buildings. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in amounts that it believes are consistent with its risk of loss and industry practice.

Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

EMPLOYEES

As at the date of this Offering Circular, the Group has approximately 4,052 employees. The Group's employees participate in various basic social insurance plans organised by the Shaoxing Shangyu Municipal Government, including pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance, whereby the Group is required to make monthly contributions to these plans at certain rates of the employees' salary as stipulated by applicable national rules and local regulations. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees.

The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

For the years ended 31 December 2017, 2018, 2019 and the nine months ended 30 September 2020, the Group did not experience any strikes, work stoppages, labour disputes or actions which materially affected the operation of any of its respective businesses.

The Group has taken various measures to enhance its employees' skill and expertise. The Group provides training specific to all of its employees at different levels and functions. The Group provides further standardisation of training management to systematically ensure the enhancement of training quality and the improvement of staff quality.

LEGAL PROCEEDINGS

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of business. As at the date of this Offering Circular, the Group was not involved in any material litigation, arbitration or administrative proceedings that could have a material adverse effect on its financial condition and results of operations, taken as a whole.

DIRECTORS

The Group's board of directors consists of three directors, including one chairman and one employee director. The principal focus of the Group's board of directors is on overall strategic development, internal control system and risk management system. The Group's board of directors provides guidance on forming business plans, monitors the implementation of such plans by the management, and reviews and approves the Group's financial objectives and major financing activities.

The following table sets forth the Group's directors as at the date of this Offering Circular:

Name	Age	Position
Ni Hongdi (倪紅娣)	45	Chairman of the Board of Directors and the General Manager
Shen Yuan (沈源).	38	Director and the Head of Asset Management Department
Ji Jie (季潔).	39	Employee Director

Ms. Ni Hongdi, born in March 1976, is the chairman of the board of directors and the general manager of the Group and has served as the chairman of the Group's supervisory committee. Prior to joining the Group, Ms. Ni served various positions including a cadre of the Songsha local taxation bureau of the taxation department of Shaoxing City, a director of the budget department of the Shaoxing Shangyu finance bureau and the chief of the investment and financing management section of the finance bureau of Shaoxing Shangyu. Ms. Ni holds a bachelor's degree.

Mr. Shen Yuan, born in April 1983, is a director and the head of asset management department of the Group. Prior to joining the Group, Mr. Shen served various positions including the chief of the technical section of Zhejiang Tenghai Construction Co., Ltd., the chief of the agricultural project of the People's Government of Yuxia Town, Shangyu District and the chief of Zhejiang Binhai New City Development and Investment Co., Ltd. Mr. Shen holds a bachelor's degree and is an engineer.

Ms. Ji Jie, born in August 1982, is the employee director of the Group. Prior to joining the Group, Ms. Ji served as an assistant accountant of Shangyu Quantitative Electric Co., Ltd., the chief accountant of Shanghai Leimeng Energy Saving Building Materials Co., Ltd., the chief accountant of Zhejiang ShunJiang Construction Group Co., Ltd, the chief accountant of Wolong Real Estate Group Co., Ltd and the finance manager of Jianghe Construction Group Co., Ltd. Ms. Ji holds a bachelor's degree and is an accountant.

SUPERVISOR

The following table sets forth our senior management as at the date of this Offering Circular:

Name	Age	Position
Gu Jiawei (顧家維).	45	Chairman of the Supervisory Committee
Yan Weifei (嚴偉飛). . . .	41	Supervisor
Wu Junying (吳君英) . . .	45	Supervisor
Ye Feng (葉鋒)	58	Employee Supervisor
Feng Jufang (馮菊芳) . . .	43	Employee Supervisor

Ms. Gu Jiawei, born in December 1975, is the chairman of the supervisory committee and the head of the general management department of the Group. Prior to joining the Group, Ms. Gu served various positions including head of the procurement team of Shangyu Medical Co., Ltd. and the chief of the comprehensive department of Shaoxing Intetech Pharmaceutical Co., Ltd. Ms. Gu holds a bachelor's degree.

Mr. Yan Weifei, born in December 1979, is a supervisor of the Group. Prior to joining the Group, Mr. Yan served various positions including the quality inspector of Chunhui Intelligent Control Co., Ltd., the quality administrator and administrative administrator of Wolong Electric Group Co., Ltd., the executive director of Wolong Holding Group Co., Ltd. and the director of Zhejiang Gu Yue Power Co., Ltd. Mr. Yan holds a bachelor's degree.

Ms. Wu Junying, born in June 1975, is a supervisor of the Group. Prior to joining the Group, Ms. Wu served as a clerk of the local tax bureau of Shangyu District and a clerk of the political work (audit) department of the Shangyu District finance bureau. Ms. Wu holds a bachelor's degree and is an accountant.

Mr. Ye Feng, born in August 1963, is an employee supervisor of the Group. Prior to joining the Group, Mr. Ye served various positions including the member of the enterprise management office of Zhejiang Jinwei Group, a clerk of the information center of Shangyu Finance Bureau, a clerk of the budget department of Shangyu Finance Bureau and a clerk of the State Administration of the Shangyu Finance Bureau. Mr. Ye holds a bachelor's degree and is a senior economist.

Ms. Feng Jufang, born in February 1978, is an employee supervisor of the Group. Prior to joining the Group, Ms. Feng served as a clerk of the Zhangzhen branch of the local taxation bureau of Shangyu District and the clerk of the State-owned Assets Management Department of the Shangyu District Finance Bureau. Ms. Feng holds a bachelor's degree and is an economist.

SENIOR MANAGEMENT

The following table sets forth our senior management as at the date of this Offering Circular:

Name	Age	Position
Ni Hongdi（倪紅娣）. . . .	45	Chairman of the Board of Directors and the General Manager

Ms. Ni Hongdi, born in March 1976, is a chairman of the board of directors and the general manager of the Group. See "– *Directors*" for further details.

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 issue of the Notes by the Issuer. 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 Environmental Protection 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

Regulations 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 notes and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular of the State Council on 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臺公司管理有關問題的通知)("**Circular 19**") and Circular of the General Office of the NDRC on Relevant Issue 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臺公司發行債券行為有關問題的通知)("**Circular 2881**") were separately promulgated in June 2010 and November 2010, 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 notes.

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 notes, since the new Budget Law of the PRC (the "**New Budget Law**"), which took effect on 29 December 2018, empowers local governments to issue government notes, 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 notes, project revenue notes 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臺公司在建項目後續融資問題意見)("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when the Circular 43 was promulgated.

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

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

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

Regulation on the Issuance of Foreign Notes

Pursuant to the NDRC Circular, which was promulgated by NDRC and became effective on 14 September 2015, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including notes issued overseas and long and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days after the end of issuance each time.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012, and 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, Ministry of Railways, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, amended on 11 March 2013 and became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建設工程設計招標投標管理辦法) issued by MOHURD on 24 January 2017 and became effective on 1 May 2017, the Provisions on Construction Projects Where a Bidding is Legally Required (關於《必須招標的工程項目規定》) promulgated by NDRC on 27 March 2018, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date and was amended on 28 September 2018 and on 13 March 2019.

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) issued by the Supreme People's Court on 25 October 2004 and became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and became effective on the same date and was amended on 7 October 2017 and on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and became effective on the same date, Notice of the Ministry of Housing and Urban-Rural Development and the Ministry of Finance on Issuing the Measures for the Management of Construction Project Quality Deposits (建設工程質量保證金管理辦法) issued jointly by MOC and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, Provisions on Construction Management of Port Projects (港口工程建設管理規定) amended by MOT on 28 November 2018 which became effective on the same day, 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 Implement which is promulgated on 27 January 2010 and became effective on 1 May 2010.

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

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 and amended on 2 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管

理條例）issued by State Council on 29 November 1998, which became effective on the same date and amended on 1 October 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion（建設項目竣工環境保護驗收管理辦法）promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

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

Environmental Protection

The Environmental Protection Law（環境保護法）, promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, 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 26 October 2018 by the Standing Committee of the National People's Congress, which became effective on the same day, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law（水污染防治法）, amended on 27 June 2017 and became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay 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, amended on 29 December 2018 and became effective on the same date, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the

project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, amended on 2 July 2016 and on 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on the same date and amended on 1 October 2017, and the Measures for the Administration of Environmental Protection Examination and Acceptance of Completed Construction Projects (建設項目竣工環境保護驗收管理辦法), promulgated by the State Environmental Protection Administration on 27 December 2001, which became effective on 1 February 2002 and amended on 22 December 2010, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment Contracts

The Labour Contract Law (勞動合同法), promulgated by the 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, amended on 29 December 2018 and became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, amended on 24 March 2019 and became effective on the same date, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 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 Administrative Measures for the Overseas Investment by Enterprises（企業境外投資管理辦法）(the "**Measures for Overseas Investment by Enterprises**") which became effective from 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 NDRC.

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

The Measures for Overseas Investment by Enterprises apply mutatis mutandis to the investments in Hong Kong, the Macau Special Administrative Region or Taiwan made by investors directly or through enterprises under their control, the outbound investments made by investors through the enterprises that are in Hong Kong, the Macau Special Administrative Region or Taiwan and under their control, and the outbound investments by domestic natural persons through overseas enterprises under their control or enterprises located in Hong Kong, the Macau Special Administrative Region or Taiwan. These Measures are not applicable to direct outbound investments by domestic natural persons or direct investments in Hong Kong, the Macau Special Administrative Region or Taiwan by domestic natural persons.

According to the NDRC Circular, which was issued by 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 notes outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such notes, file certain prescribed documents with NDRC and procure a registration certificate from 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 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 United Nations Security Council sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. "Sensitive industries" refer to those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

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

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

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

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

Foreign Exchange Administration

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

According to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013, issuers of foreign debts are required to register with SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of 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 SAFE.

On 11 January 2017, PBOC issued the PBOC Notice. To further enlarge the space of cross border financing activities, facilitating the using of overseas low-cost capital by domestic enterprises and lowering the financing cost of real economy, PBOC further improved the framework of policy on the basis of overall assessment on implementation of the macro-prudence management of cross-border financing in full aperture. A one-year transitional period has been set for this pilot program, during which foreign invested enterprise and foreign invested financial institution in the PRC will be required to follow the new PBOC Notice or the existing Foreign Debt Registration Measures. After the one-year transitional period, the new PBOC Notice will automatically become applicable for foreign invested financial institution. PBOC and SAFE will decide the cross border financing management mode applicable to foreign invested enterprise upon the overall assessment on implementation of the new PBOC Notice. The Issuer has been informed by the local counterpart of SAFE that the Issuer is required to register its foreign debt issue with the local branch of SAFE within fifteen PRC Business Days after the Issue Date in accordance with the Foreign Debt Registration Measures and the PBOC Notice. Neither PBOC nor SAFE has promulgated implementation rules of the PBOC Notice as at the date of

this Offering Circular. The filing process for the aforementioned selection, the interpretation and enforcement of the PBOC Notice thus involve substantial uncertainties due to its recent promulgation and publication. If following the date of this Offering Circular, the Issuer is required to make any reporting or take other steps to comply with the PBOC Notice, the Issuer will take the necessary steps to comply with such requirements.

State-owned Assets Supervision

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

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

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

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

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

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

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes 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 Notes 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 Noteholder or any persons acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisors concerning the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

HONG KONG

Withholding tax

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

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).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**Inland Revenue Ordinance**"), as it is currently applied in the Inland Revenue Department, interest on the Notes 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 Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the money in respect of which the interest is received or accrues are made available outside Hong Kong; or

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

(c) interest on the Notes 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 such interest is derived from Hong Kong and is in respect of the funds of the trade, profession or business; or

(d) a corporation, other than a financial institution, and arises through or from carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance), even if the moneys in respect of which the interest is received or accrues are made available outside Hong Kong.

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 Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired or disposed of. 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 (as defined in section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of the Notes will be subject to profits tax.

Stamp duty

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

Estate duty

No Hong Kong estate duty is payable in respect of the Notes.

PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Notes 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 Noteholders in this "PRC" section. In considering whether to invest in the Notes, 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.

Withholding on interest

Pursuant to the Enterprise Income Tax Law of the PRC (the "**EIT Law**"), which was amended on 29 December 2018 and took effect on the same date, and its implementation regulations and Individual Income Tax Law of the PRC ("**IIT Law**"), which was amended on 31 August 2018 and took effect on 1 January 2019, and its implementation regulations, 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 Noteholders, 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.

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 Noteholders. The tax so charged on interests paid on the Notes to non-PRC Noteholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income（內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排） which was promulgated on 21 August 2006 (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 Noteholders, 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 Notes.

Value-add Tax ("VAT")

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Business Tax to VAT Reform(關於全面推開營業稅改徵增值稅試點的通知)("**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 China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. 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 Notes is likely to be treated as the holders of the Notes 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 Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent.. Given that the Issuer pays interest income to Noteholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

However, there is uncertainty as to whether gains derived from a sale or exchange of Notes consummated outside of the PRC between non-PRC resident Noteholders will be subject to VAT. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC.

Circular 36 has been partly amended by the Notice of the Ministry of Finance and the State Administration of Taxation on the Policies on Construction Services and Other Items during the Period of the Pilot Program of Replacing Business Tax with Value-Added Tax(財政部、國家稅務總局關於建築服務等營改增試點政策的通知) issued on 11 July 2017, Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policies for the Deduction of Input Taxes on Rented Fixed Assets and other Matters(財政部、稅務總局關於租入固定資產進項稅額抵扣等增值政策的通知) issued on 25 December 2017 and became effective on 1 January 2018 and Announcement on Policies for Deepening the VAT Reform(關於深化增值稅改革有關政策的公告) issued on 20 March 2019 and become effective on 1 April 2019. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law and the VAT reform detailed above, the Issuer shall withhold EIT (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders 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, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of the 2024 Notes – Condition 8 (Taxation)*" and "*Terms and Conditions of the 2026 Notes – Condition 8 (Taxation)*".

Capital gains

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes 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 gains realised on the transfer of the Notes by enterprise holders located outside of the PRC would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days cumulatively within a tax year shall pay individual income tax on any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Notes 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 Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Noteholders 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 Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

Stamp Duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 9 March 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally but not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for (i) the aggregate principal amount of the 2024 Notes indicated opposite its name in the following table and (ii) the aggregate principal amount of the 2026 Notes indicated opposite its name in the following table.

	Principal amount of the 2024 Notes to be subscribed	**Principal amount of the 2026 Notes to be subscribed**
	U.S.$	*U.S.$*
Guotai Junan Securities (Hong Kong) Limited	43,500,000	29,000,000
Bank of China Limited, Singapore Branch	43,500,000	29,000,000
Zhongtai International Securities Limited	43,500,000	29,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	43,500,000	29,000,000
BOSC International Company Limited	21,000,000	14,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	21,000,000	14,000,000
China International Capital Corporation Hong Kong Securities Limited	21,000,000	14,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch	21,000,000	14,000,000
CMB Wing Lung Bank Limited	21,000,000	14,000,000
CNCB (Hong Kong) Capital Limited	21,000,000	14,000,000
Total	**300,000,000**	**200,000,000**

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

The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliates may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Notes for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or the Issuer's subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

In connection with the issue of the Notes, the Joint Lead Managers appointed and acting in its capacity as the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and regulations, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise

prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

GENERAL

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

No action will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any such other material, in all cases at its own expense. The Issuer will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes other than as contained in this Offering Circular or any amendment or supplement to it.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (nor any person acting on behalf of such Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes.

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

UNITED KINGDOM

Each of the Joint Lead Managers represents and agrees that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes 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 such Notes in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Joint Lead Managers represents and agrees that:

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

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each of the Joint Lead Managers represents and agrees that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, by it or any of its affiliates in the People's Republic of China (for such purposes, not including the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan) as part of the initial distribution of the Notes, except in compliance with applicable laws and regulations of the People's Republic of China. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful or make the offer or solicitation in the PRC.

SINGAPORE

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes 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 Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

Where the Notes 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 Notes pursuant to an offer made under Section 275 of the SFA except:

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

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

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

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

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

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes 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.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Consolidated Financial Statements of the Issuer have been prepared in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect China's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The differences identified below are limited to those significant differences that are appropriate to the Issuer's consolidated financial statements. Since the summary is not meant to be exhaustive, there is no assurance that the summary below is complete. The Issuer has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified 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 projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, investors must rely upon your own examination of the Issuer, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

GOVERNMENT GRANT

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

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

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.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market and whose fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets shall be measured at fair value.

GENERAL INFORMATION

1. **Clearing System**:

   The 2024 Notes have been accepted for clearance through Euroclear and Clearstream under Common Code 229630776 and the ISIN for the Notes is XS2296307767.

   The 2026 Notes have been accepted for clearance through Euroclear and Clearstream under Common Code 230808813 and the ISIN for the Notes is XS2308088132.

2. **Legal Entity Identifier**: The Issuer's Legal Entity Identifier number is 3003009489P0SMPRDL57.

3. **Authorisations**: The issue of the Notes was authorised by resolutions of the board of directors of the Issuer dated 1 July 2020 and shareholder's resolutions of the Issuer dated 28 July 2020. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement except for (i) the submission of the Notes for registration with SAFE within 15 PRC Business Days after the Issue Date and (ii) the filing of the requisite information and documents with NDRC within 10 PRC Business Days after the Issue Date.

4. **No Material Adverse Change**: Except as otherwise disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective material adverse change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group since 30 September 2020.

5. **Litigation**: Except as otherwise disclosed in this Offering Circular, none of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings which could have a material adverse effect on their business, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened.

6. **Available Documents**: Copies of (i) the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2017, 2018 and 2019 and the reviewed financial statements as at and for the nine months ended 30 September 2020, (ii) the Trust Deed, and (iii) the Agency Agreement relating to the Notes will be available to Noteholders from the Issue Date upon prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent from the Principal Paying Agent's specified office at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, currently from time to time, at all reasonable times during normal business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)), so long as any Note is outstanding.

7. **Financial Statements**: The consolidated financial statements of the Issuer as at and for the years ended 31 December 2017, 2018 and 2019, which are included elsewhere in this Offering Circular, have been audited by RSM China as stated in its report dated 2 February 2021. The September 2020 Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by RSM China as stated in its report dated 2 February 2021.

8. **Listing of Notes**: Application will be made to the SEHK for the listing of the Notes by way of debt issues to Professional Investors only and it is expected that dealing in, and listing of, the Notes on the SEHK will commence on or about 17 March 2021.

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Audit Review Report

Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

RSM ZZ [2021] NO.310Z0003

RSM CHINA CPA LLP

CHINA·BEIJING

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Audit Review Report

RSM ZZ [2021] NO.310Z0003

To the Shareholders of Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.:

We have reviewed the accompanying financial statements of Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. (hereafter referred to as Shangyu State-owned Capital Investment Company), which comprises the consolidated and the parent company's statement of financial position as at 30 September 2020, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity from January to September 2020 then ended, and the notes to the financial statements. The management of Shangyu State-owned Capital Investment Company is responsible for the preparation of these interim financial statements. Our responsibility is to issue our review report on these interim financial statements based on our review.

We conducted our review in accordance with the *Review Standard for Chinese Certified Public Accountants No.2101 Review of Financial Statements*. The standard requires us to plan and conduct a review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company's personnel and performing analytical procedures on the data. A review provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

RSM China CPA LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises，or it fails to fairly reflect in all significant respects, the consolidated and the Company's financial position as at 30 September 2020, and of their financial performance and cash flows from January to September 2020.

(There is no text below, the following is the signature and seal page of Shangyu State-owned Capital Investment Company's RSM ZZ [2021] NO.310Z0003 audit review report.)

RSM China CPA LLP

China·Beijing

[Name of CPA]:

[Name of CPA]:

[Date]: 2 February 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	30 Sep 2020	31 Dec 2019	Item	Note	30 Sep 2020	31 Dec 2019
Current assets:				**Current liabilities:**			
Cash and cash equivalents	5.1	11,176,965,310.50	11,447,604,098.72	Short-term borrowings	5.20	6,612,611,728.78	3,595,287,278.00
Financial assets at fair value through profit or loss	5.2	183,494.00	183,494.00	Financial liabilities at fair value through profit or loss		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable	5.3	2,323,362.66	10,973,644.45	Notes payable	5.21	17,300,000.00	23,161,072.20
Accounts receivable	5.4	309,005,281.18	364,539,919.13	Accounts payable	5.22	770,825,605.01	956,568,782.82
Prepayments	5.5	44,892,294.18	34,924,900.18	Advances from customers	5.23	314,712,049.07	320,613,721.85
Other receivables	5.6	11,897,110,042.22	16,226,806,421.76	Employee benefits payable	5.24	38,865,437.28	53,314,965.45
Inventories	5.7	54,616,625,926.84	51,830,618,005.64	Taxes payable	5.25	42,258,640.05	49,272,536.30
Assets classified as held for sale		-	-	Other payables	5.26	2,495,990,413.20	1,467,803,580.76
Non-current assets maturing within one year		-	-	Liabilities classified as held for sale		-	-
Other current assets	5.8	287,863,090.71	151,916,939.88	Non-current liabilities maturing within one year	5.27	13,558,855,163.69	5,650,332,567.54
Total current assets		**78,514,968,802.29**	**80,067,567,423.76**	Other current liabilities	5.28	1,071,893,516.07	670,961,158.83
Non-current assets:				**Total current liabilities**		**24,923,312,553.15**	**12,787,315,663.75**
Available-for-sale financial assets	5.9	4,596,007,025.47	4,230,533,543.32	**Non-current liabilities:**			
Held-to-maturity investments		-	-	Long-term borrowings	5.29	21,341,714,534.01	22,738,910,667.00
Long-term receivables	5.10	1,605,332,963.09	1,810,660,124.36	Bonds payable	5.30	21,470,621,034.38	21,940,379,048.26
Long-term equity investments	5.11	1,868,960,936.33	1,874,520,422.27	Long-term payables	5.31	3,226,039,091.68	1,536,356,223.23
Investment properties	5.12	11,351,922,258.65	3,734,602,134.29	Long-term employee benefits payable		-	-
Property, plant and equipment	5.13	5,252,299,085.87	4,168,007,165.16	Estimated liabilities		-	-
Construction in progress	5.14	5,001,796,910.62	1,973,826,234.77	Deferred income	5.32	275,426,276.77	277,581,615.60
Productive biological assets		-	-	Deferred tax liabilities	5.18	50,204,309.02	53,774,981.71
Oil and gas assets		-	-	Other non-current liabilities	5.33	218,550,334.41	206,912,480.46
Intangible assets	5.15	8,827,193,452.74	3,791,201,687.91	**Total non-current liabilities**		**46,582,555,580.27**	**46,753,915,016.26**
Research and development expenditure		-	-	**Total liabilities**		**71,505,868,133.42**	**59,541,230,680.01**
Goodwill	5.16	1,378,475.89	1,378,475.89	**Owners' equity**			
Long-term deferred expenses	5.17	80,460,035.76	62,856,792.10	**Paid-in capital**	5.34	372,000,000.00	372,000,000.00
Deferred tax assets	5.18	1,767,308.89	3,956,777.77	Other equity instruments			
Other non-current assets	5.19	107,337,621.69	58,795,890.05	Including: Preference shares			
Total non-current assets		**38,694,456,075.00**	**21,710,339,247.89**	Perpetual bonds			
				Capital reserves	5.35	35,527,853,599.59	32,259,450,926.99
				Less: Treasury stock			
				Other comprehensive income	5.36	150,612,927.06	161,324,945.13
				Specific reserves	5.37	5,467,418.86	5,404,097.04
				Surplus reserves	5.38	7,589,715.71	7,589,715.71
				Retained earnings	5.39	742,695,302.61	636,743,758.57
				Total owner's equity attributable to parent company		**36,806,218,963.83**	**33,442,513,443.44**
				Non-controlling interests		8,897,337,780.04	8,794,162,548.20
				Total owners' equity		**45,703,556,743.87**	**42,236,675,991.64**
Total assets		**117,209,424,877.29**	**101,777,906,671.65**	**Total liabilities and owners' equity**		**117,209,424,877.29**	**101,777,906,671.65**

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2020	2019
I. Revenue	5.40	**2,981,659,186.44**	**2,666,702,634.63**
Less: Costs of sales	5.40	2,637,755,083.19	2,362,005,754.18
Taxes and surcharges	5.41	33,131,299.62	20,671,931.78
Selling and distribution expenses		140,222,364.14	133,145,793.43
General and administrative expenses		427,831,343.11	394,031,241.73
Research and development expenses		-	-
Finance costs	5.42	285,612,669.35	45,231,573.62
Including: Interest expenses		572,760,685.21	207,936,297.96
Interest income		281,977,096.90	166,383,904.32
Add: Other income	5.43	608,639,988.68	386,762,364.80
Investment income/(losses)	5.44	43,213,021.53	23,959,633.80
Including: Investment income from associates and joint ventures		6,356,985.65	12,394,430.12
Gains/(losses) from changes in fair values		-	-
Impairment loss of assets	5.45	958,752.20	-5,587,797.84
Gains/(losses) from disposal of assets	5.46	-192,478.25	4,547,797.31
II. Profit/(loss) from operations		**109,725,711.19**	**121,298,337.96**
Add: Non-operating income	5.47	14,789,209.61	4,571,110.35
Less: Non-operating expenses	5.48	6,600,751.61	2,848,445.74
III. Profit/(loss) before tax		**117,914,169.19**	**123,021,002.57**
Less: Income tax expenses	5.49	8,903,573.12	11,412,157.91
IV. Net profit/(loss) for the year		**109,010,596.07**	**111,608,844.66**
(I) Net profit/(loss) by continuity			
Net profit/(loss) from continuing operation		109,010,596.07	111,608,844.66
Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
Attributable to owners of the parent		113,501,544.04	99,345,280.85
Attributable to non-controlling interests		-4,490,947.97	12,263,563.81
V. Other comprehensive income for the year, after tax		**-10,712,018.07**	**27,604,046.56**
(a) attributable to owners of the parent		**-10,712,018.07**	**27,604,046.56**
(i) Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of the net defined benefit liability (asset)			
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss			
(ii) Items that may be reclassified subsequently to profit or loss		-10,712,018.07	27,604,046.56
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss			
2. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		-10,712,018.07	27,604,046.56
3. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets			
4. The effective portion of the gains /losses on cash flow hedge			
5. Exchange differences on translating foreign operations			
6. Others			
(b) Attributable to non-controlling interests			
VI. Total comprehensive income for the year		**98,298,578.00**	**139,212,891.22**
Attributable to owners of the parent		102,789,525.97	126,949,327.41
Attributable to non-controlling interests		-4,490,947.97	12,263,563.81
VII. Earnings per share:			
Basic earnings per share			
Diluted earnings per share			

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Items	Note	2020	2019
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,228,421,963.83	2,802,279,943.69
Refund of tax and levies		2,263,751.52	629.32
Other cash received relating to operating activities		2,090,629,776.71	4,899,041,927.60
Sub-total of cash inflows from operating activities		5,321,315,492.06	7,701,322,500.62
Cash paid for received commodities or labor		7,235,663,043.79	7,583,551,341.61
Cash paid to and for employees		368,708,408.21	287,430,832.89
Payments of all types of taxes		102,892,996.46	76,795,462.66
Other cash paid relating to operating activities		2,720,676,411.21	3,393,004,849.26
Sub-total of cash outflows from operating activities		10,427,940,859.67	11,340,782,486.42
Net cash flows from operating activities		**-5,106,625,367.62**	**-3,639,459,985.80**
II. Cash flows from investing activities			
Cash received from disposal of investments		388,598,657.89	106,088,230.76
Cash received from returns on investments		47,314,118.27	32,461,767.75
Net cash received from disposals of property,plant and equipment, intangible assets and other long-term assets		3,802,803.14	15,553,164.50
Net cash received from disposals of subsidiaries or other business units		-	-
Other cash received relating to investing activities		674,842,597.71	235,694,247.91
Sub-total of cash inflows from investing activities		1,114,558,177.01	389,797,410.92
Cash paid to acquire property,plant and equipment, intangible assets and other long-term assets		1,023,666,331.37	632,724,859.88
Cash paid to acquire investments		505,647,173.79	80,455,001.00
Net cash paid to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities		1,070,284,828.56	1,163,334,999.53
Sub-total of cash outflows from investing activities		2,599,598,333.72	1,876,514,860.41
Net cash flows from investing activities		**-1,485,040,156.71**	**-1,486,717,449.49**
III. Cash flows from financing activities			
Cash received from capital contributions		-	-
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries		-	-
Cash received from borrowings		19,331,278,434.53	10,599,523,129.81
Other cash received relating to financing activities		2,041,439,104.83	-140,679,070.21
Sub-total of cash inflows from financing activities		21,372,717,539.36	10,458,844,059.60
Cash repayments of amounts borrowed		11,853,440,153.10	5,739,053,066.00
Cash payments for dividends, distribution of profit or interest expenses		2,470,818,453.34	1,712,439,779.13
Including: Cash payments for dividends and distribution of profit to minority shareholders		-	-
Other cash payments relating to financing activities		684,808,926.58	467,838,486.57
Sub-total of cash outflows from financing activities		15,009,067,533.02	7,919,331,331.70
Net cash flows from financing activities		**6,363,650,006.34**	**2,539,512,727.90**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**-11,556,754.18**	**-1,662,522.55**
V. Net increase / (decrease) in cash and cash equivalents		**-239,572,272.16**	**-2,588,327,229.94**
Plus: Cash and cash equivalents at the beginning of the period		11,106,677,582.66	9,148,776,732.36
VI. Cash and cash equivalents at the end of the period		**10,867,105,310.50**	**6,560,449,502.42**

Legal Representative: 娣倪印红 Chief Financial Officer: 娣倪印红 Finance Manager: 季印洁

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2020												
	Owners' equity attributable to the parent company												
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
		Preference shares	Perpetual capital securities	Others									
I. Balance at 31 December 2019	**372,000,000.00**	-	-	-	**32,259,450,926.99**	-	**161,324,945.13**	**5,404,097.04**	**7,589,715.71**	**636,743,758.57**	**33,442,513,443.44**	**8,794,162,548.20**	**42,236,675,991.64**
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2020	**372,000,000.00**	-	-	-	**32,259,450,926.99**	-	**161,324,945.13**	**5,404,097.04**	**7,589,715.71**	**636,743,758.57**	**33,442,513,443.44**	**8,794,162,548.20**	**42,236,675,991.64**
III. Changes in equity during the reporting period	-	-	-	-	**3,268,402,672.60**	-	**-10,712,018.07**	**63,321.82**	-	**105,951,544.04**	**3,363,705,520.39**	**103,175,231.84**	**3,466,880,752.23**
(i) Total comprehensive income	-	-	-	-	-	-	**-10,712,018.07**	-	-	113,501,544.04	102,789,525.97	-4,490,947.97	98,298,578.00
(ii) Capital contributions or withdrawals by owners	-	-	-	-	3,268,402,672.60	-	-	-	-	-	3,268,402,672.60	111,896,179.81	3,380,298,852.41
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	3,268,402,672.60	-	-	-	-	-	3,268,402,672.60	111,896,179.81	3,380,298,852.41
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-7,550,000.00	-7,550,000.00	-4,230,000.00	-11,780,000.00
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-7,550,000.00	-7,550,000.00	-4,230,000.00	-11,780,000.00
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	63,321.82	-	-	63,321.82	-	63,321.82
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	427,353.48	-	-	427,353.48	-	427,353.48
2. Usage during the reporting period	-	-	-	-	-	-	-	364,031.66	-	-	364,031.66	-	364,031.66
(vi) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 30 September 2020	**372,000,000.00**	-	-	-	**35,527,853,599.59**	-	**150,612,927.06**	**5,467,418.86**	**7,589,715.71**	**742,695,302.61**	**36,806,218,963.83**	**8,897,337,780.04**	**45,703,556,743.87**

Legal Representativ: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2019												
	Owners' equity attributable to the parent company												
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Subtotal	Non-controlling interests	Total owners' equity
		Preference shares	Perpetual capital securities	Others									
I. Balance at 31 December 2018	372,000,000.00	-	-	-	24,891,407,792.77	-	82,770,145.95	4,578,962.20	3,887,528.21	333,119,305.17	25,687,763,734.30	158,198,038.43	25,845,961,772.73
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	7,051,879,642.20	-	-	-	3,702,187.50	164,617,119.27	7,220,198,948.97	9,240,751,869.78	16,460,950,818.75
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2019	372,000,000.00	-	-	-	31,943,287,434.97	-	82,770,145.95	4,578,962.20	7,589,715.71	497,736,424.44	32,907,962,683.27	9,398,949,908.21	42,306,912,591.48
III. Changes in equity during the reporting period	-	-	-	-	316,163,492.02	-	78,554,799.18	825,134.84	-	139,007,334.13	534,550,760.17	-604,787,360.01	-70,236,599.84
(i) Total comprehensive income	-	-	-	-	-	-	78,554,799.18	-	-	139,792,134.13	218,346,933.31	85,088,568.25	303,435,501.56
(ii) Capital contributions or withdrawals by owners	-	-	-	-	316,163,492.02	-	-	-	-	-	316,163,492.02	-684,370,903.86	-368,207,411.84
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	316,163,492.02	-	-	-	-	-	316,163,492.02	-684,370,903.86	-368,207,411.84
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-784,800.00	-784,800.00	-5,505,024.40	-6,289,824.40
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-784,800.00	-784,800.00	-5,505,024.40	-6,289,824.40
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	825,134.84	-	-	825,134.84	-	825,134.84
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	1,472,326.85	-	-	1,472,326.85	-	1,472,326.85
2. Usage during the reporting period	-	-	-	-	-	-	-	647,192.01	-	-	647,192.01	-	647,192.01
(vi) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2019	372,000,000.00	-	-	-	32,259,450,926.99	-	161,324,945.13	5,404,097.04	7,589,715.71	636,743,758.57	33,442,513,443.44	8,794,162,548.20	42,236,675,991.64

Legal Representative: 娣倪印红

Chief Financial Officer: 娣倪印红

Finance Manager: 季洁印

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	30 Sep 2020	31 Dec 2019	Item	Note	30 Sep 2020	31 Dec 2019
Current assets:				**Current liabilities:**			
Cash and cash equivalents		2,089,726,753.11	4,576,536,077.94	Short-term borrowings		899,998,728.78	-
Financial assets at fair value through profit or loss		183,494.00	183,494.00	Financial liabilities at fair value through profit or loss		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable		-	-	Notes payable		-	-
Accounts receivable		-	-	Accounts payable		-	-
Prepayments		-	-	Advances from customers		-	-
Other receivables	13.1	5,307,958,579.59	10,510,228,170.00	Employee benefits payable		296,557.87	85,996.01
Inventories		-	-	Taxes payable		7,095,620.87	13,833.97
Assets classified as held for sale		-	-	Other payables		181,090,842.95	264,999,421.59
Non-current assets maturing within one year		-	-	Liabilities classified as held for sale		-	-
Other current assets		-	-	Non-current liabilities maturing within one year		6,348,600,000.00	865,000,000.00
Total current assets		**7,397,868,826.70**	**15,086,947,741.94**	Other current liabilities		-	-
Non-current assets:				**Total current liabilities**		**7,437,081,750.47**	**1,130,099,251.57**
Available-for-sale financial assets		4,240,980,241.56	4,019,133,543.32	**Non-current liabilities:**			
Held-to-maturity investments		-	-	Long-term borrowings		1,200,000,000.00	2,100,000,000.00
Long-term receivables		-	-	Bonds payable		11,848,891,092.20	13,460,618,086.57
Long-term equity investments	13.2	38,759,617,209.39	21,065,250,238.48	Long-term payables		-	-
Investment properties		2,250,359,400.00	-	Long-term employee benefits payable		-	-
Property, plant and equipment		45,187,027.64	46,958,912.02	Estimated liabilities		-	-
Construction in progress		-	-	Deferred income		-	-
Productive biological assets		-	-	Deferred tax liabilities		50,204,309.02	53,774,981.71
Oil and gas assets		-	-	Other non-current liabilities		-	-
Intangible assets		295,200.00	5,200.00	**Total non-current liabilities**		**13,099,095,401.22**	**15,614,393,068.28**
Research and development expenditure		-	-	**Total liabilities**		**20,536,177,151.69**	**16,744,492,319.85**
Goodwill		-	-	**Owners' equity:**			
Long-term deferred expenses		13,012,708.33	15,537,519.93	Paid-in capital		372,000,000.00	372,000,000.00
Deferred tax assets		-	-	Other equity instruments		-	-
Other non-current assets		-	-	Including: Preference shares		-	-
Total non-current assets		**45,309,451,786.92**	**25,146,885,413.75**	Perpetual bonds		-	-
				Capital reserves		32,053,478,680.08	23,249,100,397.27
				Less: Treasury stock		-	-
				Other comprehensive income		150,612,927.06	161,324,945.13
				Specific reserves		-	-
				Surplus reserves		3,887,528.21	3,887,528.21
				Retained earnings		-408,835,673.42	-296,972,034.77
				Total owner's equity		**32,171,143,461.93**	**23,489,340,835.84**
Total assets		**52,707,320,613.62**	**40,233,833,155.69**	**Total liabilities and owners' equity**		**52,707,320,613.62**	**40,233,833,155.69**

Legal Representative: 娣倪印红

Chief Financial Officer: 娣倪印红

Finance Manager: 季印洁

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2020	2019
I. Revenue		393,852.38	-
Less: Costs of sales		-	-
Taxes and surcharges		847,271.75	9,350.00
Selling and distribution expenses		-	-
Administrative expenses		14,415,135.39	25,524,890.98
Research and development expenses		-	-
Finance costs		129,488,205.98	-33,613,060.73
Add: Other income		-	100,000,000.00
Investment income/(losses)	13.3	40,381,569.40	4,465,675.18
Including: Investment income from associates and joint ventures		-22,371,592.22	1,714,471.50
Gains/(losses) from changes in fair values		-	-
Impairment loss of assets		-	-
Gains/(losses) from disposal of assets		-	-
II. Profit/(loss) from operations		**-103,975,191.34**	**112,544,494.93**
Add: Non-operating income		423.69	-
Less: Non-operating expenses		338,871.00	-
III. Profit/(loss) before tax		**-104,313,638.65**	**112,544,494.93**
Less: Income tax expenses		-	-
IV. Net profit/(loss) for the year		**-104,313,638.65**	**112,544,494.93**
Net profit/(loss) from continuing operation		-104,313,638.65	112,544,494.93
Net profit/(loss) from discontinued operation			
V. Other comprehensive income for the year, after tax		**-10,712,018.07**	**27,604,046.56**
(i) Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of the net defined benefit liability (asset)			
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss			
(ii) Items that may be reclassified subsequently to profit or loss		-10,712,018.07	27,604,046.56
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss			
2. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		-10,712,018.07	27,604,046.56
3. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets			
4. The effective portion of the gains /losses on cash flow hedge			
5. Exchange differences on translating foreign operations			
6. Others			
VI. Total comprehensive income for the year		**-115,025,656.72**	**140,148,541.49**
VII. Earnings per share:			
Basic earnings per share			
Diluted earnings per share			

Legal Representative: 娣倪印红 Chief Financial Officer: 娣倪印红 Finance Manager: 季洁印

STATEMENT OF CASH FLOWS
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Items	Note	2020	2019
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		393,852.38	-
Refund of tax and levies		-	-
Other cash received relating to operating activities		462,221,466.96	938,962,291.02
Sub-total of cash inflows from operating activities		462,615,319.34	938,962,291.02
Cash paid for receivedcommodities or labor		-	-
Cash paid to and or employees		3,527,508.20	644,973.62
Payments of all types of taxes		7,845,160.94	37,632.25
Other cash paid relating to operating activities		5,934,456,778.20	3,799,157,093.18
Sub-total of cash outflows from operating activities		5,945,829,447.34	3,799,839,699.05
Net cash flows from operating activities		**-5,483,214,128.00**	**-2,860,877,408.03**
II. Cash flows from investing activities			
Cash received from disposal of investments		138,875,441.80	3,140.00
Cash received from returns on investments		40,554,177.90	3,909,090.37
Net cash received from disposals of property,plant and equipment, intangible assets and other long-term assets		-	-
Net cash received from disposals of subsidiaries or other business units		-	-
Other cash received relating to investing activities		-	-
Sub-total of cash inflows from investing activities		179,429,619.70	3,912,230.37
Cash paid to acquire property,plant and equipment, intangible assets and other long-term assets		-	175,979.50
Cash paid to acquire investments		334,002,415.40	62,535,500.00
Net cash paid to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities		-	-
Sub-total of cash outflows from investing activities		334,002,415.40	62,711,479.50
Net cash flows from investing activities		**-154,572,795.70**	**-58,799,249.13**
III. Cash flows from financing activities			
Cash received from capital contributions		-	300,000,000.00
Cash received from borrowings		6,416,397,457.56	4,730,000,000.00
Other cash received relating to financing activities		-	300,000,000.00
Sub-total of cash inflows from financing activities		6,416,397,457.56	5,330,000,000.00
Cash repayments of amounts borrowed		2,555,246,319.82	632,600,000.00
Cash payments for dividends, distribution of profit or interest expenses		704,973,538.87	377,060,225.71
Other cash payments relating to financing activities		5,200,000.00	304,000,000.00
Sub-total of cash outflows from financing activities		3,265,419,858.69	1,313,660,225.71
Net cash flows from financing activities		**3,150,977,598.87**	**4,016,339,774.29**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
V. Net increase/(decrease) in cash and cash equivalents		**-2,486,809,324.83**	**1,096,663,117.13**
Plus: Cash and cash equivalents at the beginning of the period		4,576,536,077.94	1,867,237,416.92
VI. Cash and cash equivalents at the end of the period		**2,089,726,753.11**	**2,963,900,534.05**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2020										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2019	**372,000,000.00**	-	-	-	**23,249,100,397.27**	-	**161,324,945.13**	-	**3,887,528.21**	**-293,780,637.84**	**23,492,532,232.77**
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2020	**372,000,000.00**	-	-	-	**23,249,100,397.27**	-	**161,324,945.13**	-	**3,887,528.21**	**-293,780,637.84**	**23,492,532,232.77**
III. Changes in equity during the reporting period	-	-	-	-	**8,804,378,282.81**	-	**-10,712,018.07**	-	-	**-111,863,638.65**	**8,681,802,626.09**
(i) Total comprehensive income	-	-	-	-	-	-	-10,712,018.07	-	-	-104,313,638.65	-115,025,656.72
(ii) Capital contributions or withdrawals by owners	-	-	-	-	8,804,378,282.81	-	-	-	-	-	8,804,378,282.81
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. The amount of share-based payments recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	8,804,378,282.81	-	-	-	-	-	8,804,378,282.81
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-7,550,000.00	-7,550,000.00
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-7,550,000.00	-7,550,000.00
3. Others	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	-	-	-	-
2. Usage during the reporting period	-	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-3,191,396.93	-3,191,396.93
IV. Balance at 30 September 2020	**372,000,000.00**	-	-	-	**32,053,478,680.08**	-	**150,612,927.06**	-	**3,887,528.21**	**-408,835,673.42**	**32,171,143,461.93**

Legal Representative: 娣倪印红

Chief Financial Officer: 娣倪印红

Finance Manager: 季洁印

STATEMENT OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER

Prepared by: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2019										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2018	372,000,000.00	-	-	-	13,111,272,232.27	-	82,770,145.95	-	3,887,528.21	-223,027,021.97	13,346,902,884.46
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2019	372,000,000.00	-	-	-	13,111,272,232.27	-	82,770,145.95	-	3,887,528.21	-223,027,021.97	13,346,902,884.46
III. Changes in equity during the reporting period	-	-	-	-	10,137,828,165.00	-	78,554,799.18	-	-	-70,753,615.87	10,145,629,348.31
(i) Total comprehensive income	-	-	-	-	-	-	78,554,799.18	-	-	-70,753,615.87	7,801,183.31
(ii) Capital contributions or withdrawals by owners	-	-	-	-	10,137,828,165.00	-	-	-	-	-	10,137,828,165.00
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. The amount of share-based payments recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	10,137,828,165.00	-	-	-	-	-	10,137,828,165.00
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	-	-	-	-
2. Usage during the reporting period	-	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2019	372,000,000.00	-	-	-	23,249,100,397.27	-	161,324,945.13	-	3,887,528.21	-293,780,637.84	23,492,532,232.77

Legal Representative: 娣倪印红

Chief Financial Officer: 娣倪印红

Finance Manager: 季洁印

Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Notes to the Financial Statements

For the year ended 30 September 2020

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Corporate Information

According to the Reply of the People's Government Office of Shangyu District of Shaoxing on the Approval of Restructuring Shaoxing Shangyu District State-owned Assets Management Corporation and the Establishment Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. (*YZB [2015] No.284*) on December 11, 2015, Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.(hereinafter referred to as "the Company") was invested and established by Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission on December 28, 2015. It was incorporated in Shangyu District, Shaoxing City, Zhejiang Province, with a registered capital of CNY200 million.

On August 2, 2017, according to the document of Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission (*YGF [2017] No.21*), the approval to increase the registered capital of Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd., it agreed to implement capital increase in the Company by monetary method. The registered capital increased by CNY800 million, and the registered capital of the Company was changed from CNY200 million to CNY1,000 million.

Enterprise unified social credit code: 91330604MA2884PCXL.

Scope of business: State-owned capital operation, State-owned equity management, Foreign investment.

Legal representative: Ni, Hongdi.

Residence of a company: No.18, Stadium Road, Shangyu District, Shaoxing City, Zhejiang Province.

As at 30 September 2020, the shareholdings of shareholders were as follows: Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission subscribed capital contribution of CNY1 billion, holding 100% of the shares, and actually contributed CNY372 million.

1.2 Scope of Consolidation

(a) The Company's subsidiaries consolidated:

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
1	Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	First level	100.00	
2	Shaoxing Shangyu Economic Development Zone Standard Factory Management Co., Ltd.	Second level		100.00
3	Shangyu Binjiang New City Investment Development Co., Ltd.	Second level		100.00
4	Shaoxing Shangyu District High-tech Industry Development Co., Ltd.	Second level		100.00
5	Shaoxing Shangyu Cao'e Street Construction Development Co., Ltd.	Second level		100.00
6	Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd.	Second level		100.00
7	Shaoxing Shangyu District Water Group Co., Ltd.	First level	100.00	
8	Shaoxing Shangyu District Water Industry Construction Engineering Co., Ltd.	Second level		100.00
9	Shaoxing Shangyu District Water Materials Trade Co., Ltd.	Second level		100.00
10	Shaoxing Shangyu District Drainage Management Co., Ltd.	Second level		100.00
11	Shaoxing Shangyu District Water Repairing Technology Service Co., Ltd.	Second level		100.00
12	Shaoxing Shangyu District Water Environment Testing Co., Ltd.	Second level		100.00
13	Shaoxing Shangyu District Water Treatment Development Co., Ltd.	Second level		100.00
14	Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd.	Second level	49.00	51.00
15	Shaoxing Shangyu District Shunze Catering Management Co., Ltd.	Third level		100.00
16	Shaoxing Shangyu District Shunnong Construction Co., Ltd.	Third level		100.00
17	Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd.	Third level		100.00
18	Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.	Third level		100.00
19	Shaoxing Shangyu District Water Supply Co., Ltd.	Third level		100.00
20	Shaoxing Shangyu District Water Supply Investment Development Co., Ltd.	Third level		100.00

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
21	Shaoxing Shangyu State Control Industrial Group Co., Ltd.	First level	100.00	
22	Shaoxing Shangyu District Commerce and Trade State-owned Assert Co., Ltd.	Second level		100.00
23	Shaoxing Shangyu District Pingan Security Service Co., Ltd.	Third level		100.00
24	Shangyu Xincheng Farm Produce Cold Storage Co., Ltd.	Third level		100.00
25	Shaoxing Xincheng Logistics Co., Ltd.	Third level		100.00
26	Shaoxing Shangyu Minbao Chemical Construction Co., Ltd.	Third level		52.00
27	Shaoxing Antai Fireworks and Firecrackers Co., Ltd.	Forth level		52.00
28	Shaoxing Shangyu Chemical Construction Warehouse Management Co., Ltd.	Forth level		52.00
29	Shaoxing Shangyu District Property Co., Ltd.	Third level		100.00
30	Shaoxing Shangyu Dazhong Labor Affairs Agency (Office) Co., Ltd.	Second level		100.00
31	Shaoxing Shangyu District Mechanical and Electrical Engineers Association	Second level		100.00
32	Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd.	Third level		100.00
33	Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	Second level		100.00
34	Shaoxing Shangyu District Agricultural Enterprise Non-Financing Guarantee Co., Ltd.	First level	100.00	
35	Shaoxing Shangyu District Grain Storage Co., Ltd.	Second level		100.00
36	Shaoxing Shangyu District Shanty Town Reconstruction Investment Development Co., Ltd.	Second level		100.00
37	Shaoxing Shangyu District Property Rights Trading Co., Ltd.	First level	100.00	
38	Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd.	Second level		100.00
39	Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	Second level		100.00
40	Shaoxing Shangyu Caijin Real Estate Surveying and Mapping Co., Ltd.	Third level		100.00

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
41	Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd.	First level	100.00	
42	Shaoxing Shangyu District Traffic Advertising Co., Ltd.	Second level		51.00
43	Shaoxing Shangyu District Radio and Television Media Co., Ltd.	Second level		51.00
44	Shaoxing Shangyu District Shunnan Locomotive Network Service Center	Third level		100.00
45	Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd.	Second level		100.00
46	Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	Second level		100.00
47	Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	Second level		100.00
48	Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd.	Second level		100.00
49	Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd.	Third level		100.00
50	Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd.	Forth level		100.00
51	Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd.	Third level		100.00
52	Shaoxing Shangyu District Shunlan Survey and Design Co., Ltd.	Third level		100.00
53	Shaoxing Shangyu Urban Construction Group Co., Ltd.	First level	51.00	
54	Shaoxing Datong Holding Group Co., Ltd.	Second level		51.04
55	Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd.	Third level		100.00
56	Shaoxing Datong E-commerce Co., Ltd.	Third level		50.00
57	Shaoxing Datong Culture Media Co., Ltd.	Forth level		51.00
58	Shaoxing Shangyu Datong Farm Co., Ltd.	Forth level		51.00
59	Shaoxing Shangyu Yutong Agricultural Technology Co., Ltd.	Fifth level		60.00
60	Shaoxing Datong Supermarket Co., Ltd.	Third level		100.00
61	Shaoxing Shangyu District Yusheng Property Management Co., Ltd.	Forth level		100.00

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
62	Shaoxing Shangyu District Yutong Real Estate Development Co., Ltd.	Forth level		100.00
63	Shaoxing Datong Mall Co., Ltd.	Third level		76.64
64	Shaoxing Shangyu Datong Mall Enterprise Management Co., Ltd.	Forth level		95.00
65	Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.	Forth level	42.86	57.14
66	Shaoxing Shangyu Datong Binjiang Farmers Market Management Co., Ltd.	Third level		100.00
67	Shaoxing Shangyu Datong Binhai Mall Co., Ltd.	Third level		100.00
68	Shaoxing Shangyu Datong Binjiang Mall Co., Ltd.	Third level		100.00
69	Shaoxing Shangyu Yibin Trading Co., Ltd.	Forth level		100.00
70	Shaoxing Shangyu District Tea Co., Ltd.	Forth level		59.75
71	Shaoxing Shangyu Datong Market Development Co., Ltd.	Third level		100.00
72	Shaoxing Shangyu District Neighborhood Center Asset Management Co., Ltd.	Third level		55.00
73	Shaoxing Shangyu District Material Recycling Co., Ltd.	Third level		65.00
74	Shaoxing Shangyu Datong Used Car Trading Market Co., Ltd.	Forth level		80.00
75	Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	Third level		66.62
76	Shaoxing Shangyu Runnong Chemical Co., Ltd.	Forth level		51.00
77	Shaoxing Shangyu Jianmin Poultry Slaughter Co., Ltd.	Third level		100.00
78	Shaoxing Shangyu District Donghai Gas Co., Ltd.	Third level		50.00
79	Shaoxing Shangyu District Dongguan Liquefied Gas Co., Ltd.	Forth level		70.00
80	Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	Third level		50.00
81	Xiaojin County Jinshun Agricultural Products Co., Ltd.	Third level		100.00
82	Shaoxing Shangyu Urban and Rural Ecological Environmental Development Co., Ltd.	Second level		100.00
83	Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Second level		67.88

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
84	Shaoxing Shangyu Haina Real Estate Co., Ltd.	Second level		100.00
85	Shaoxing Shangyu District Hongyan Construction Development Co., Ltd.	Third level		100.00
86	Shaoxing Shangyu Construction Labor Affairs Agency Co., Ltd.	Second level		100.00
87	Shaoxing Shangyu Leju Property Service Co., Ltd.	Second level		100.00
88	Shaoxing Shangyu Urban Construction Asset Management Co., Ltd.	Second level		100.00
89	Shaoxing Shangyu Urban Construction Project Management Co., Ltd.	Second level		100.00
90	Shaoxing Shangyu Sanitation Management Group Co., Ltd	Second level		100.00
91	Shaoxing Shangyu Sanitation Equipment Maintenance Service Co., Ltd.	Third level		100.00
92	Shaoxing Shangyu Sanitation Group Yuxi Sanitation Management Co., Ltd.	Third level		100.00
93	Shaoxing Shangyu Solid Waste Treatment Service Co., Ltd.	Third level		100.00
94	Shaoxing Shangyu Solid Waste Removal Service Co., Ltd.	Third level		100.00
95	Shaoxing Shangyu Sanitation Group Urban Sanitation Management Co., Ltd.	Third level		100.00
96	Shaoxing Shangyu District Ejiang Construction Waste Disposal Co., Ltd.	Third level		100.00
97	Shaoxing Shangyu District Streetlight Management Co., Ltd.	Second level		100.00
98	Shaoxing Shangyu Lighting Project Investment Management Co., Ltd.	Second level		100.00
99	Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Second level		100.00
100	Shaoxing Shangyu Small Town Construction Investment Co., Ltd.	Second level		100.00
101	Shaoxing Shangyu Municipal Public Engineering Quality Inspection Co., Ltd.	Second level		100.00
102	Shangyu Urban Construction Hong Kong Co., Ltd.	Second level		100.00
103	Shaoxing Shangyu Garden Municipal Construction Development Co., Ltd.	Second level		100.00

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
104	Shaoxing Shangyu Lvxin Trading Co., Ltd.	Third level		100.00
105	Shaoxing Shangyu Lvneng Environmental Protection New Material Co., Ltd.	Third level		60.00
106	Shaoxing Shangyu Municipal Construction Engineering Co., Ltd.	Third level		100.00
107	Shaoxing Shangyu Landscaping Engineering Construction Co., Ltd.	Third level		100.00
108	Shaoxing Shangyu Municipal Maintenance Co., Ltd.	Third level		100.00
109	Shaoxing Shangyu Garden Maintenance Co., Ltd.	Third level		100.00
110	Zhoushan Yutong Petrochemical Co., Ltd.	Third level		100.00
111	Shaoxing Shangyu Datong Pension Co., Ltd.	Third level		100.00
112	Shaoxing Shangyu Datong Rural Tourism Co., Ltd.	Third level		100.00
113	Shaoxing Shangyu Community Service Center Management Co., Ltd.	Forth level		100.00
114	Shaoxing Shangyu New Rural Construction Development Investment Co., Ltd.	Third level	49.00	51.00
115	Shaoxing Shangyu Xiaxin Umbrella City Construction Development Co., Ltd.	Forth level		100.00
116	Shaoxing Shangyu Yushun Town Construction Development Co., Ltd.	Forth level		100.00
117	Shaoxing Shangyu Zhuyin Rural Construction Development Co., Ltd.	Forth level		100.00
118	Shaoxing Shangyu Daoyuan Town Construction Development Co., Ltd.	Forth level		100.00
119	Shaoxing Shangyu Huisheng Town Construction Development Co., Ltd.	Forth level		100.00
120	Shaoxing Shangyu Xingyue Town Construction Development Co., Ltd.	Forth level		100.00
121	Shaoxing Shangyu Zhangzhen Town Construction Development Co., Ltd.	Forth level		100.00
122	Shaoxing Shangyu Liangyu Town Construction Development Co., Ltd.	Forth level		100.00
123	Shaoxing Shangyu Shunhui Town Construction Development Co., Ltd.	Forth level		100.00
124	Shaoxing Shangyu Dongxin Town Construction Development Co., Ltd.	Forth level		100.00

Sequence number	Name of Subsidiaries	Hierarchy	Proportion of ownership interest (%)	
			Direct	Indirect
125	Shaoxing Shangyu Shunyuan Red Rural Construction Development Co., Ltd.	Forth level		100.00
126	Shaoxing Shangyu Pufa Rural Construction Development Co., Ltd.	Forth level		100.00
127	Shaoxing Shangyu Yeteng Rural Construction Development Co., Ltd.	Forth level		100.00
128	Shaoxing Shangyu Zhuyun Tourism Development Co., Ltd.	Forth level		100.00
129	Shaoxing Shangyu District Hefeng Construction Development Co., Ltd.	Forth level		100.00
130	Shaoxing Shangyu Jinrun Rural Construction Development Co., Ltd.	Forth level		100.00
131	Shaoxing Shangyu Fuzhi Mountain Tourism Development Co., Ltd.	Forth level		100.00
132	Shaoxing Shangyu Guanxing Tourism Development Co., Ltd.	Forth level		100.00
133	Shaoxing Shangyu Yixing Rural Construction Development Co., Ltd.	Forth level		100.00
134	Shaoxing Shangyu District Dingzan Tourism Development Co., Ltd.	Forth level		100.00
135	Shaoxing Shangyu Education and Sports Group Co., Ltd.	First level	100.00	
136	Shaoxing Shangyu District Education Development Co., Ltd.	Second level		100.00
137	Shaoxing Shangyu Shunkang Sports Development Co., Ltd.	Second level		100.00
138	Shangyu Education Logistics Service Co., Ltd.	Second level		100.00
139	Shaoxing Shangyu District State Construction Evaluation Consulting Co., Ltd.	Third level		100.00

For details of the subsidiaries mentioned above, please refer to *Note 7 INTEREST IN OTHER ENTITIES.*

(b) Change of the scope of consolidation

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION* and *Note 7 INTERESTS IN OTHER ENTITIES.*

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the *Accounting Standards for Business Enterprises – Basic Standards and concrete accounting standards*, *Accounting Standards for Business Enterprises – Application Guidelines, Accounting Standards for Business Enterprises – Interpretations and other relevant provisions* (collectively known as "Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC").

2.2 Going Concern

The Company has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Business not mentioned in the Accounting Standards for Business Enterprises relevant accounting policies.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position as at 30 September 2020, and its operating results, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

The accounting period for the financial information contained in these financial statements is from 1 January 2020 to 30 September 2020.

3.3 Operating Cycle

The normal operating cycle of the Company is one year.

3.4 Functional Currency

The Company takes Chinese Yuan ("CNY") as the functional currency.

The Company's overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

The accounting treatment of business combinations under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

(i) It shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;

(ii) If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

The accounting treatment of business combination not under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(c) Accounting treatment of transaction costs in business combination

Intermediary expenses such as auditing, legal services, evaluation and consulting, and other related administrative expenses incurred for the business consolidations shall be included in the current profits or losses. The transaction costs of equity securities or debt

securities issued as a consolidation consideration shall be included in the initial recognition amount of equity securities or debt securities.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control.

It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use the Company's power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that the Company has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) The special regulations about the parent company being an investment subject

If the parent company is an investment subject, only those subsidiaries that provide relevant services for the investment activities of the investment subject shall be included in the consolidation scope. Other subsidiaries are not consolidated. The equity investors of the subsidiaries that are not included in the consolidation scope will be recognized as financial assets at fair value through profit or loss.

When the parent company satisfies the following conditions at the same time, the parent company is an investment subject:

(i) The purpose of the Company is to provide investment management services to investors and obtain funds from one or more investors.

(ii) The Company's sole operating purpose is to allow investors to obtain returns through capital appreciation, investment income or both.

(iii) The Company measures and evaluates the performance of almost all investments based on fair value.

When the parent company transforms from a non-investment subject to an investment subject, except that the preparation of consolidated financial statements by including only subsidiaries that provide relevant services for its investment activities within the consolidated financial statements, the other subsidiaries of the Company will not be consolidated from the date of transform, and refer to the principle of partially disposing the subsidiary's equity without losing the control right.

When the parent company transforms from an investment subject to a non-investment subject, Subsidiaries not previously included in the consolidated financial statements shall be included in the consolidated financial statements on the date of transforms, the fair value of a subsidiary not previously included in the consolidated financial statements shall be regarded as the transaction consideration of the purchase at the date of transforms, according to accounting treatment of business combinations not under common control for processing.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the Company with those of the Company's subsidiaries.

(ii) Offset the carrying amount of the Company's long-term equity investment in the subsidiaries and the Company's share of owner's equity of the subsidiaries.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.

(iv) Make adjustments to special transactions from the perspective of the group.

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(i) Addition of subsidiaries or business

Addition of subsidiaries or business through business combination under common control

When preparing consolidated statements of financial position, the beginning balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the

ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Addition of subsidiaries or business through business combination not under common control

When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(ii) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(e) Special consideration in consolidation elimination

(i) Long-term investment held by the subsidiaries to the Company shall be recognized as treasury stock of the Company, which is offset with the owner's equity, represented as "loss: treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term investment held by the Company to its subsidiaries as reference. That is, the long-term investment is eliminated with the share of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Special provision" and "General risk provision" shall be recovered at the share of the parent after long-term investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated balance sheet and their tax basis is generated as a result of unrealized inter-company transaction profit or loss elimination, deferred tax assets of

deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.

(iv) Unrealized inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated with "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated with "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the Company. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the Company.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still written down.

(f) Accounting for Special Transactions

(i) Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the individual financial statements of the Company, the cost of the long-term investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the purchasing date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(ii) Gaining control over the subsidiary in stages through multiple transactions

Business combination under common control in stages through multiple transactions

At the combination date, preliminary cost of the long-term investment is determined according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed

profit shall be offset in turn.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the merger, except for adjustments due to different accounting principles, they shall be measured pursuant to their carrying amount in the consolidated financial statements of the final control party on the date of consolidation; The sum of the book value of the investment held before merger plus the book value of the consideration paid by the merger on a daily basis, as for the difference between the book value of the net assets obtained in the merger, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

If the acquiring entity holds equity investment in the acquired entity prior of the combination date and the equity investment is accounted for on equity method, related income or loss, other comprehensive income and other equity movement which have been recognized during the period form the later of the date of the Company obtaining original equity interest and both the acquirer and the acquiree being common controlled by the same ultimate controlling entity to combination date should be offset with the retained earnings at the beginning of the period of the comparative financial statements.

Business combination not under common control in stages through multiple transactions

In individual financial statements, equity investment is always recognized as long-term investment in each transaction prior of the combination date, and the preliminary cost of the investment is determined according to the fair value of the consideration paid.

In the consolidated financial statements, the share of the acquired entity's equity held prior of the acquisition date shall be re-measured at its fair value at the acquisition date. Difference between the fair value of the equity share and its book value is recognized as investment income. If other comprehensive income was recognized concerning the equity interest held prior of the acquisition date, the other comprehensive income should be transferred to investment income of reporting period which the acquisition belongs to, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined. The Company shall disclose in the note the fair value at the acquisition date of the equity interest held by it prior of the acquisition date, and the amount of related gains or losses due to re-measurement at fair value.

(iii) Disposing investment in subsidiaries without losing control

For partial disposal of the long-term investment in the subsidiaries with no controlling right lost, when the Company prepares consolidated financial statements, difference between consideration received for the disposal and the corresponding subsidiary's net assets continuingly calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital

reserve is not enough, retained earnings shall be adjusted.

(iv) Disposing investment in subsidiaries with controlling right lost

Disposal through one transaction

For partial disposal of the long-term investment in the subsidiaries with controlling right lost, when the Company prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the remaining equity interest, minus share of the former subsidiary's net assets continuingly calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

Disposal in stages

In business combination, first of all, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", in the individual financial statements, the transaction before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of the equity, and the difference between the proceeds and the book value of the disposal of the long-term equity investment shall be booked into the current investment income; In the consolidated financial statements, it should be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in stages should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when

the controlling right is lost.

If one or more of the following situations exist in trade terms, conditions and economic effect, the multiple transactions are usually accounted for as "a package deal":

- These transactions are made at the same time or under the condition of considering the influence of each other.
- These transactions as a whole can achieve a complete business result.
- The occurrence of one transaction depends on occurrence of at least another transaction.
- One transaction is not economic when considered separately, but economic when considered together with other transactions.

(v) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

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

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

(i) its solely held assets, and its share of any assets held jointly;

(ii) its solely assumed liabilities, and its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its solely incurred expenses, and its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the joint ventures have rights to the net

assets of the arrangement.

The Company accounts for its investment in the joint venture by using the long-term equity investment equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Foreign Currency Financial Statements Translation

(a) Selection of foreign exchange rate when foreign currency transactions occur

Foreign currency transactions are converted into reporting currency at spot exchange rates prevailing on the day when the transactions occur or the exchange rate similar to the spot exchange rate on the date of transaction determined in a systematic and reasonable way (hereinafter referred to as the approximate spot exchange rate).

(b) Translation of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted at the spot rates prevailing on the balance sheet date. Foreign exchange difference resulted from the difference of the spot rates prevailing on the balance sheet date and the spot rates prevailing on the day when the transactions occur or the sport rate prevailing on the last balance sheet date is recognized as profit or loss of the reporting period. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date shall still be used for translation; For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date shall be used for translation, and the difference between the converted amount of the functional currency and the original functional currency is included in the current profit or loss.

(c) Foreign currency financial statements translation

Before translating the financial statements of foreign entities, the accounting period and accounting policy shall be adjusted so as to conform to that of the Company. The adjusted foreign entities' financial statements shall be converted in accordance with the following method:

(i) The asset and liability items in the statement of financial position shall be converted at the spot exchange rates prevailing on the balance sheet date. The owners' equity items except "retained earnings" shall be converted at the spot exchange rates on the occurrence date.

(ii) The income and expense items in the statement of profit and other comprehensive income shall be converted at the spot exchange rates on the occurrence date or other approximate exchange rate.

(iii) Foreign currency cash flows and foreign entity's statement of cash flows shall be converted at the spot exchange rate on the occurrence date or other approximate exchange rate. Effect on cash due to exchange rate fluctuation shall be presented separately in the statement of cash flows as an adjustment item.

(iv) The differences arising from the conversion of financial statements denominated in foreign currency in compliance with the aforesaid principle shall be presented separately as "other comprehensive income" under the owners' equity of the consolidated statement of financial position.

When disposing of an overseas operation and losing control, the foreign currency statement translation difference related to the overseas operation listed under the owner's equity item in the statement of financial position shall be transferred to the current profit or loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

3.10 Financial Instruments

(a) Classification of financial assets

(i) Financial assets at fair value through profit or loss

This category comprises financial assets defined as held for trading, or those designated as at fair value through profit or loss. The former mainly includes shares, bonds, funds, and derivative financial instruments investment that are not designated effective hedging instruments that are acquired principally for the purpose of sale in the near future. Such financial assets are initially recognized at fair values when acquired. Relevant transaction expenses are included in the current profit or loss. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income. On the balance sheet date, this category of financial assets is measured at fair value and change in fair values is included in the current profit or loss. Difference between the fair value and initial measurement amount is recognized as investment income upon disposal; meanwhile, gains or losses from changes in fair values are written-off.

(ii) Held-to-maturity investments

This category of financial assets comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables, for which there is a positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair values plus the related transaction costs when acquired.

Bond interests that have matured but not been drawn included in the consideration paid is recognized as a receivable separately. The interest income calculated at amortization cost and effective interest rate during the holding period is recognized as investment income. The difference between the amount received and the book value of the investment is included in the investment profit or loss upon disposal.

(iii) Receivables

Receivables include accounts receivable, other receivables, etc. Receivables arise from external sales of goods or rendering of service by the Company. They are recognized initially at the contract price or agreement price receivable from the purchasing party.

(iv) Available-for-sale financial assets

This category of financial assets comprises those financial assets that cannot be classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Available-for-sale financial assets are initially recognized at fair values plus the related transaction costs when acquired. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income.

If the available-for-sale financial assets are foreign currency monetary financial assets, the exchange gains and losses arising therefrom shall be included in the profits and losses of the current period. Interest on available-for-sale debt instrument investments calculated using the actual interest rate method is included in profit or loss for the current period. The cash dividends of available-for-sale equity instrument investments are included in the current profit or loss when the investee declares the distribution of dividends. It is measured at fair value at the end of the period and change in fair value is included in other comprehensive income at the end of the period. The difference between the amount received and the book value of the financial asset is included in the investment profit or loss upon disposal. Meanwhile, the corresponding accumulated change in fair value recognized in other comprehensive income is transferred into investment profit or loss.

(b) Classification of financial liabilities

(i) Financial liabilities at fair value through profit or loss

This category of financial liabilities comprises financial liabilities that are defined as held for trading, or those that are designated as at fair value through profit or loss. This category of financial liabilities is initially measured at fair value. Relevant transaction costs are included in the current profit or loss. On the balance sheet date, change in fair values is included in the current profit or loss.

(ii) Other financial liabilities

Other financial liabilities are those financial liabilities excluding financial liabilities at fair value through profit or loss.

(c) Reclassification of financial assets

An investment will be reclassified as available-for-sale if, as a result of a change in intention or ability, it fails to meet the requirements for classification as held-to-maturity. After the reclassification, it will be subsequently measured at fair value. If the held-to maturity investment is partially disposed, or a large part of it has been reclassified, and not included in the exceptions illustrated in provision 16 of "Enterprise and business accounting standards No.22-Recognition and measurement of financial instruments", as a result of which, the remaining of the investment fails to meet the requirements for classification as held-to-maturity, any remaining held-to-maturity investments should also be reclassified as available-for-sale, and subsequently measured at fair value. However, it is prohibited that the above available-for-sale is reclassified back to held-to-maturity within current fiscal year and the following two fiscal years.

On the date of reclassification, difference between carrying value of the investment and its fair value is recorded in other comprehensive income, which shall be transferred out and recognized as profit or loss upon incurrence of impairment or de-recognition of the investment.

Due to changes in holding intention or ability, or the fair value can no longer be reliably measured, or the held-to-maturity investment is reclassified as available-for-sale financial assets and the holding period has exceeded two complete accounting years, the financial assets are not when it is again suitable to be measured at fair value, the Company will change available-for-sale financial assets to be measured at cost or amortized cost. Cost or amortized cost is the fair value or book value of the financial asset on the reclassification date.

If the financial asset has a fixed maturity date, the gain or loss related to the financial asset that was directly included in other comprehensive income shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss; The difference between the amortized cost of the financial asset and the amount at maturity shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss. If there is no fixed maturity date for the financial asset, the gains or losses related to the financial asset that were directly recorded in other comprehensive income will remain in the owner's equity, and will be transferred out when the financial asset is disposed of and recorded in the current profit or loss.

(d) Classification of financial liabilities and equity instruments

Except for special situation, financial liabilities and equity instrument should be classified

in accordance with the following principles:

(i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

(ii) If a financial instrument must or may be settled in the entity's own equity instruments, it should be considered that the entity's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer, otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the entity's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contacts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed or fluctuate totally or partially with variables (such as the interest rate, the price of a good or a financial instrument) other than market price of the entity's own equity instruments.

(e) Transfer of Financial Assets

Transfer of financial assets include below situations:

- The contractual rights to receive cash flows from the asset are transferred to another entity; or
- The financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

Cease to confirm the transferred financial assets

The financial assets should be derecognized if the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the Company shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no any relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

Continue to involve the transferred financial assets

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

The extent to which the transferred financial assets continue to be involved refers to the level of risk the enterprises are exposed to due to the changes in the value of the financial assets.

Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and confirmed related financial liabilities shall not offset each other. In the subsequent accounting period, the Company should continue to confirm the income generated by the financial assets and the expenses incurred by the financial liabilities. If the transferred financial assets are measured at amortized cost, the related liabilities that are recognized may not be designated as financial liabilities at fair value through profit or loss.

(f) Derecognition of financial liability

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved.

If the assets to be used to settle a financial liability is transferred to another institute or establish a trust, where the present obligations still exist, either the financial liability or the assets transferred shall not be derecognized.

Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

(g) Offsetting financial assets and liabilities

Financial assets and liabilities shall be presented separately in the statement of financial position and shall not be offset. However, they shall be presented on a net basis after offset if the following criteria are both satisfied.

(i) The Company has a legal right to offset the recognized amounts, and the right is executable at present; and

(ii) The Company has an intention to settle on a net basis or liquidate the asset and settle the liability simultaneously.

Asset transfer that does not satisfy the criteria for derecognition of this asset, the transferor shall not offset the asset and the liability.

(h) Impairment testing and impairment provision of financial assets

(i) Objective evidence for the impairment of the financial assets

- The issuer or debtor encounters serious financial difficulties;
- The debtor violates the terms of contract, for example, it cannot repay the interest or the principal of the loan on schedule;
- The creditor makes concessions to the debtor in financial difficulties from the respect of economy or law;
- The creditor is possible to bankrupt or execute other financial restructuration;

- The financial asset is no longer traded in the active market since the issuer encounters significant financial difficulties;
- It is unrecognizable whether cash flows from an asset in one group of financial assets has Decreased, however, it is identifiable that the estimated future cash flows of the group of financial assets has Decreased and measurable since they are initially recognized through overall assessment on them on the basis of public data;
- The debtor's technological, market, economic or legal environment encounters significant unfavorable change, as a result of which investment cost may not be recovered;
- A serious or prolonged decline in the fair value of equity instrument; and
- Other objective evidence that indicates impairment of financial assets.

(ii) Impairment provision of the financial assets (excluding receivables)

Financial assets measured at amortized cost

If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset shall be written down to the present value of its expected future cash flows (excluding future credit loss that have not occurred), the amount written down shall be recognized as impairment loss in current profit or loss.

The present value of the estimated future cash flows is determined by discounting at the original effective rate of the financial asset, considering the value of related guaranty (deducting expense incurred for obtaining or selling this guaranty). The original effective rate is the effective rate calculated when the financial asset is initially recognized. For the financial asset with variable interest rates, the current effective interest rate as stipulated in the contract may be used as the discount rate in calculating the present value of future cash flows.

The Company was carried out on the amortized cost measurement of financial assets impairment test, the amount is greater than or equal to CNY1 million of financial assets as a single large sum of financial assets, under this standard as a single amount is not significant financial assets.

The Company shall conduct impairment tests on a single financial asset with a significant amount separately. If there is objective evidence that such asset has experienced impairment, the impairment loss shall be recognized and recorded into the current profit and loss; For single amount is not significant financial assets, impairment test alone or include in combination of financial assets with similar credit risk characteristics in the impairment test.

Separately test the financial assets that have not suffered any impairment (including the financial assets with significant or insignificant amount of a single item), including

conducting a further impairment test in the financial asset portfolio with similar credit risk characteristics; Financial assets that have recognized impairment losses separately shall not be included in the impairment test of financial asset portfolios with similar credit risk characteristics.

After the Company recognizes the impairment loss of a financial asset measured at the amortized cost, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the events occurred after the recognition of the loss, the previously recognized impairment loss will be reversed and recorded into the current profit and loss. However, the carrying value after the reversal does not exceed the amortized cost of the financial asset on the day of the reversal assuming no provision for impairment.

Impairment provision of available-for sale financial assets

When recognizing impairment loss, the cumulative loss due to decreases in fair value shall be removed from equity to profit or loss. After impairment loss related to an available-for-sale debt instrument has been recognized, interest income of the instrument is calculated at the discount rate used in determining present value of the future cash flows when calculating impairment provision of the instrument.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments investments increases and the increase is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, and included in current profit or loss. The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

(i) Method of determining the fair value of financial assets and financial liabilities

Method of determining the fair value of financial assets and financial liabilities, please refer to *Note 3.11 Measured at fair value*.

3.11 Measured at fair value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The Company determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The Company using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest

trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the Company shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the Company shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market method, the revenue method and the cost method. The Company uses fair value measurement in accordance with one or more of the valuation techniques to measure fair value. When using various techniques to measure fair value, the Company shall consider the reasonableness of each valuation result and select the most representative the amount of fair value as the fair value.

In the application of valuation techniques, the Company will give priority to the relevant observable inputs and only use unobservable inputs if the relevant observable inputs cannot be obtained or made impracticable. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired form the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

- Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.12 Receivables

(a) Receivable with individually significant balance and recognized provision for bad debts individually

Assessment basis or standard of amount individually significant: The amount of accounts receivable over CNY100 million and other receivables over CNY500 million is assessed individually significant.

Method of provision for bad debts of receivables that are individually significant: After separate impairment test, if there is objective evidence of impairment, the impairment loss of receivables that are individually significant shall be measured at the difference between the individual receivable's carrying amount and the present value of estimated future cash flows, and shall be included in current profit or loss.

Where there is a small difference between the estimated future cash flows of the short-term accounts receivable and its present value, the estimated future cash flows may not be discounted when determining the related impairment losses.

(b) Receivables with provision for bad debts recognized on the basis of similar credit risk characteristics

Determine the basis of the portfolio:

Portfolio 1: According to the combination of credit risk characteristics after the combination of the smaller risk, a separate test does not indicate a significant impairment in receivables.

Portfolio 2: Remaining receivables excluding Portfolio 1.

Accrual method for bad debt provision by portfolio:

Portfolio 1: no provision for bad debts will be made due to very little possibility of bad debt losses;

Portfolio 2: Aging analysis method.

The proportion of bad debt provision in the receivables portfolio of each aging section is as follows:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1 to 2 years	10.00	10.00
2 to 3 years	20.00	20.00
3 to 5 years	30.00	30.00
Over 5 years	50.00	50.00

(c) Receivables that are individually insignificant but with bad debt provided on an individual basis

For receivables that are individually insignificant with objective evidence of impairment, they shall be separated from relevant portfolios and separately assessed for impairment to recognize the impairment losses. Bad debts are provided at the difference between the present value of estimated future cash flows of the receivable and its carrying value.

3.13 Inventories

(a) Classification of inventories

Inventories refer to the finished products or commodities held by the Company for sale in the daily activities, the products in the production process, the materials and materials consumed during the production process or the provision of labor services, etc., including the raw materials, semi-finished products, inventory goods, turnover materialsand so on.

(b) Measurement method of cost of inventories sold or used

The cost of inventories used or sold is determined on the weighted average basis.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered.

(i) In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

(ii) In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the

net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.

(iii) At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

(i) One-off writing off method is adopted in amortization of low-value consumables.

(ii) One-off writing off method is adopted in amortization of wrappages.

3.14 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a common control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those polices. When indenting an investing enterprise whether can exercise significant influences over the investee, it shall consider the effects of the voting shares directly or indirectly held by the investee and the current enforceable voting rights held by the

investee and other parties on the assumption of conversion to the equity of the investee, including the issuance by the investee current convertible warrants, share options and convertible corporate bonds and so on.

When the Company indirectly owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or through its subsidiaries, it is generally considered to have a material impact on the investee unless there is clear evidence that such circumstances cannot participate in the decision of production and operation of the invested unit. Under this circumstance, it does not have a significant impact.

(b) Determination of initial investment cost

(i) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control: if the Company makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, book value of the owners' equity of the acquiree obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed and par value of share issued shall be adjusted to the stock premium in the capital reserve; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings shall be adjusted.

For business combination not under common control, the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment. When exercising control over an investee not under common control due to additional investment or other reasons, in separate financial statements, the investor shall change to the cost method and use the carrying amount of the previously held equity investment, together with the additional investment cost, as the initial investment cost under the cost method. The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the acquiring entity or acquirer for the business combination, shall be recognized in profit or loss as incurred.

(ii) Long-term equity investments acquired by other means

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses directly related to obtaining long-term equity investment, taxes and other necessary expenses.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded

in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired through debt restructuring, the book value is determined by the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value is recorded into the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method. The Company's equity investments in associates are measured at fair value through profit and loss through a portion indirectly held by a venture capital institution, mutual funds, trust companies or similar entities (including a joint venture insurance fund), and the remaining part are measured by the equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

Generally, for long term equity investment with equity method, accounting practice is as below:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively. Meanwhile the Company adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising

from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the Company and its associate or joint venture are eliminated in proportion to the Company's equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from inter-company transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

Where the Company obtains the power of joint control or significant influence, but not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and its carrying value, in addition to the cumulated fair value fluctuation recorded in other comprehensive income, shall be recognized as profit or loss.

Due to the disposal of part of the equity investment and other reasons lost the joint control or significant impact on the investee, the remaining after the disposal of equity measured at fair value, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the reporting period.

For a long-term equity investment accounted for using the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment.

(d) Impairment testing and impairment provision

For the investment of subsidiaries, associates or joint ventures, please refer to *Note 3.20 Impairment of Long-Term Assets*.

3.15 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases.

(b) The measurement model of investment property

The Company adopts the cost model for measurement of investment properties.

The Company calculates the depreciation or amortization on the straight-line method after the investment properties cost less accumulated impairment and net residual value. The type of investment properties, the estimated economic useful life and the estimated net residual value rate determine the depreciation period and annual depreciation rate respectively as follows:

Type	Depreciation period (year)	Residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	30 to 50	5.00	1.90 to 3.17

3.16 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of property, plant and equipment

Property, plant and equipment will only be recognized at the actual cost paid when obtaining when all the following criteria are satisfied:

(i) it is probable that the economic benefits relating to the property, plant and equipment will flow into the Company;

(ii) the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

Depreciation is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of property, plant and equipment.

The estimated useful lives and annual depreciation rates of property, plant and equipment are listed by their respective categories as follows:

Categories of property, plant and equipment	Residual rates (%)	Estimated useful life (years)	Annual depreciation rates (%)
Buildings and constructions	0 to 5	20 to 30	3.17 to 5.00

Categories of property, plant and equipment	Residual rates (%)	Estimated useful life (years)	Annual depreciation rates (%)
Machinery equipment	0 to 5	8 to 20	4.75 to 12.50
Vehicles	0 to 5	3 to 20	4.75 to 33.33
Office equipment and others	0 to 5	3 to 10	9.50 to 33.33
Water supply equipment	5	12, 15	7.92, 6.33

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the property, plant and equipment. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

(c) Criteria, valuation and depreciation methods of property, plant and equipment obtained through a finance lease.

If the entire risk and rewards related to the leased assets have been transferred, the lease shall be a finance lease. The cost of the property, plant and equipment obtained through a finance lease is determined at the lower of the present value of the fair value of the leased assets and the minimum lease payment on the day of the lease. The property, plant and equipment obtained by a finance lease are depreciated in the method which is in consistency with the property, plant and equipment owned by the Company itself. For property, plant and equipment obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.17 Construction in Progress

(a) Classification of construction in progress

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures incurred before they are ready for their intended use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the Company when the property, plant and equipment are ready for intended use. After the completion of budgets

needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.18 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets form part of the costs of those assets and satisfy the following factors could be capitalized:

(i) expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;

(ii) borrowing costs are being incurred, and;

(iii) acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Interest on bank overdrafts and borrowings, amortization of discounts or premiums on borrowings, exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs are recognized as expenses and charged to profit or loss in the reporting period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general pool, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

3.19 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(i) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life	Basis
Land use right	40 years, 50 years	Useful life
Software	5 years	The service life is determined by reference to the period for the Company to bring economic benefits
Sand and gravel resources	35 years	The service life is determined by reference to the period for the Company to bring economic benefits

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(i) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(ii) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period during which they can bring economic benefits to the Company. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the cumulated impairment provision shall be deducted as well, with a residual value of nil. For intangible assets which are not expected to bring economic benefits to the Company, they are deemed as intangible assets with uncertain useful lives and are not amortized.

Intangible assets with indefinite useful lives shall not be amortized. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

The Company classifies expenditures on internal research and development projects into research costs and development costs.

Research is original and planned investigation, undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, or products before the start of commercial production or use.

Expenditures incurred during the research phase of internal research and development projects shall be written off to profit or loss of the reporting period.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the Company can satisfy all of the following criteria:

(i) there is technical feasibility of completing the intangible assets (so that they will be available for use or sale);

(ii) there is intention to complete and use or sell the assets;

(iii) the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

(iv) adequate technical, financial, and other resources are available to complete the assets, and the Company has the ability to use or sell the assets; and

(v) the costs of the assets can be measured reliably.

3.20 Impairment of Long-Term Assets

(a) Impairment test and accounting methods of long-term equity investment

The Company examines long-term equity investments on a balance sheet date one by one and judges whether there is any indication of impairment in the long-term equity investments based on various changes in the operating policies, legal environment, market demand, industry and profitability of the investee. When the recoverable amount of the long-term equity investment is lower than the book value, the difference between the recoverable amount and the carrying amount of the long-term equity investment is accrued as the impairment provision of the long-term equity investment. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

(b) Impairment test and accounting methods of investment property

On the balance sheet date, the investment property is revalued at the lower of the cost and the recoverable amount. If the recoverable amount is lower than the cost, an impairment provision shall be made based on the difference between the two. If the value of the investment property for which the provision for impairment has been accrued is restored, the provision for impairment in the previous period shall not be reversed.

(c) Impairment test and accounting methods of property, plant, equipment

On the balance sheet date, the Company makes a judgment on each fixed asset. If there is an evidence of impairment and the estimated recoverable amount is lower than its book value, the book value shall be reduced to the recoverable amount. The amount of write-down shall be recognized as asset impairment loss, included in the current profits and losses, while making provision for the corresponding asset impairment. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods. When there are the following signs, according to the single item of property, plant, equipment provision for impairment in full:

(i) Long-term idle, will not be reused in the foreseeable future, and has no transfer of value of property, plant, equipment.

(ii) Property, plant, equipment is unable to be used due to technical advances and other reasons.

(iii) Though they can still be used, a large number of unqualified products could be produced after using them.

(iv) Property, plant, equipment that have been damaged no longer have the use value and the transfer value.

(v) Other property, plant, equipment that can no longer bring economic benefits to the Company.

(d) Impairment test and accounting methods of construction in progress

If there is any indication that the construction in progress may be impaired at the balance sheet date, an impairment test would be implemented. If the result of impairment test indicates the recoverable amounts of the construction in progress are lower than their book values, the difference between the recoverable amounts and book values is recognized as impairment loss included in profits and losses, provisions for impairment are made. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods. When there are one or more the following signs, making impairment test of construction in progress:

(i) Construction in progress that has been suspended for a long time and is not expected to restart in the next three years.

(ii) In terms of performance, or technically backward, projects bring economic benefits to the enterprise with great uncertainty.

(iii) Other circumstances that can prove that the construction in progress has been impaired have occurred.

(e) Impairment test and accounting methods of intangible assets

If there is any indication that the intangible assets may be impaired at the balance sheet date, an impairment test would be implemented. If the result of impairment test indicates

the recoverable amounts of the construction in progress are lower than their book values, the difference between the recoverable amounts and book values is recognized as impairment loss included in profits and losses, provisions for impairment are made. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods. When there are one or more the following signs, making impairment test of intangible assets:

(i) the intangible assets have been replaced by other new technologies, which have a material adverse effect on their ability to generate economic benefits for the enterprise.

(ii) The market price of the intangible assets dropped sharply during the current period and may not rise during the remaining years.

(iii) Other conditions that indicate that the carrying amount of the intangible asset has exceeded its recoverable amount.

(f) Impairment test and accounting methods of goodwill

Impairment testing for goodwill acquired in a business combination shall be performed at least annually. If impairment indication exists in the assets or a group of assets, the impairment shall be accounted for in accordance with the following procedures:

Firstly, impairment testing for asset or assets group excluding goodwill shall be made. Impairment loss is recognized through comparing the recoverable amount of the assets and assets group with their carrying amount; then, impairment testing for assets or assets group including goodwill shall be made. The excess of the carrying amount of the assets or assets group (including goodwill allocated to the assets or assets group) over their recoverable amount is recognized as impairment loss. The impairment loss shall be allocated to reduce the carrying amount of the assets of assets group in the following order:

(i) first, to reduce the carrying amount of any goodwill allocated to the assets or assets group; and

(ii) then, to the other assets or assets group pro rata on the basis of the carrying amount of each asset.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

3.21 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

Long-term deferred expenses are evenly amortized over the beneficial period, the amortization period of each expense is as follows:

Item	The years of amortization
Financing fee	3 years
Renovation	10 to 20 years

3.22 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of decreased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee compensation shall be presented in the "Employee benefits payable" item and the "Long-term Employee benefits payable" item respectively on the statement of financial position.

(a) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

Employee benefit expenses incurred by the Company are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually occurred. Employee benefits are non-monetary benefits measured at their fair value.

Payments made by the Company of social security contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and union running costs and employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

Paid absences are classified into accumulating paid absences and non-accumulating paid absences. The Company shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated.

The Company shall recognize the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

(i) the Company has a present legal or constructive obligation to make such payments as a result of past events; and

(ii) a reliable estimate of the amounts of employee benefits obligation arising from the profit- sharing plan can be made.

(b) Post-employment benefits

The Company shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The Company will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

Determining the net liabilities or net assets of defined benefit plan

If there is any asset in the defined benefit plan, the Company will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the Company measures the net profit of the defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

Determining the amount that should be included in the cost of assets or current profits and losses

Service costs include current service costs, past service costs and settlement gains or losses. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

Determine the amount that should be included in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

(i) actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of actuarial assumptions and experience adjustments.

(ii) Planned return on assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

(iii) Changes in the upper limit of assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the Company can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

(i) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

(ii) when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

(d) Other long-term employee benefits

(i) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the Company meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(ii) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the Company recognized employee compensation costs arising from other long-term employee benefits as the following components:

- Service costs;
- Net interest on the other long-term employee benefits liability (asset);
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the profit or loss of the reporting period or the cost of a relevant asset.

3.23 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The Company recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

(i) that obligation is a current obligation of the Company;

(ii) it is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;

(iii) the amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidence indicates that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount should be adjusted based on the updated best estimate.

3.24 Revenue

(a) Revenue from sale of goods

Revenue from sales of goods shall be recognized if the following criteria are all Revenue from sale of goods is recognized when the following criteria are satisfied:

(i) significant risks and rewards related to ownership of the goods have been transferred to the buyer;

(ii) the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;

(iii) relevant amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow into the Company;

(v) relevant amount of cost incurred or to be incurred can be measured reliably.

(b) Revenue from rendering of services

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Percentage of completion is determined by using the proportion of services performed to date to the total services that should be performed, or the proportion of cost incurred for rendering of the services to date to the total estimated cost.

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the percentage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably.

The Company shall determine the total income from rendering of services in accordance with the price of the contract or agreement received or receivable, except the price of the contract or agreement received or receivable is not fair. On the balance sheet date, the total amount of labor services provided is multiplied by the progress of completion and deducted the accumulated amount of labor service income confirmed in the previous accounting period to confirm the income from providing labor service. Meanwhile, the carrying amount of labor costs incurred for the current period is calculated by multiplying the estimated total cost of rendering of services by the completion progress deducting the accumulated recognized service costs in previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, deal with the following situations:

(i) If the labor cost incurred is expected to be compensated, the labor service income will be recognized according to the cost of labor service already incurred and the service cost will be carried forward at the same amount.

(ii) If the cost of the service that has occurred is not expected to be compensated, the cost of the service that has occurred shall be included in the current profits and losses, and the service income shall not be confirmed.

(c) Revenue from alienating the right to use assets

Revenue from alienating of right to use assets consists of interest revenue and royalty revenue. The Company shall recognize the amount of revenue from the alienating of right to use assets based on the following circumstances, respectively:

(i) interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate;

(ii) the amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from construction contracts

Under the circumstances that result of the construction contracts can be estimated reliably, contract revenue and contract cost shall be recognized by using percentage of completion method, which is determined according to the completion stages of the construction contracts. The completion stages of the contracts shall be calculated at the portion of the contract costs incurred to the total estimated contract costs.

Under the circumstances that the result of the construction contracts cannot be estimated reliably, while the estimated contact costs can be recovered, the revenue shall be recognized to the extent of costs incurred that are expected to be recoverable, contract costs shall be recognized as expense upon incurrence. If the estimated contract costs cannot be recovered, they shall be charged in expenses upon incurrence, without any revenue recognized.

If the estimated contract costs exceed estimated contract revenue, the estimated loss shall be recognized as expenses in current period.

(e) The Company's revenue specific confirmation method

(e.1) Revenue from land development and consolidation

The Company' s land has been transferred to the Land Reserve Center for listing, and the land development revenue finally returned has been determined. The land transfer fee has been received or the receipt certificate has been obtained and the relevant economic benefits are likely to flow in, and the land development cost can be reliably measured.

(e.2) Commissioned construction project revenue

After the completion of the commissioned construction project, the Company settles with the entrusting party according to the project cost and a certain rate of return.

(e.3) Engineering construction revenue

The subsidiary confirms the income from the provision of labor services by the percentage of completion method. Calculating the percentage of completion based on the ratio of the cumulative labor service cost to the estimated total cost. The current income is recognized according to total contract income multiplied by the completion percentage after deducting the accumulated labor income confirmed in the previous accounting period. At the same time, the current cost is recognized according to the estimated total cost of the project multiplied by the completion percentage after deducting the labor cost confirmed in the previous accounting period. That is, the amount of income that can be

satisfied at the same time can be reliably measured, the relevant economic benefits are likely to flow in, the completion schedule of the transaction can be reliably determined, the costs that have occurred and will occur in the transaction can be reliably measured, and the realization of the income is confirmed.

(e.4) Sewage treatment fee revenue

Self-collected network access enterprises: The customer signs a network access agreement with the Company to build a sewage treatment pipeline, which is calculated according to the meter reading displacement, and the income is determined according to the actual meter reading quantity;

Domestic sewage collected by the water supply company: This part is settled by the water supply company along with the water supply fee according to the water supply amount, and is verified with the water supply company monthly reconciliation.

(e.5) Water supply sales revenue

The Company confirms that the income is determined based on the actual number of meter readings by each user. According to the actual meter reading data, the MIS system for tap water supply and sales is entered, and the system automatically generates the water fee for each user in the current period. The finance confirms the income and receivables according to the water supply sales summary table of the current month.

(e.6) Goods sales revenue

Goods retail income, after transferring the main risks and rewards of ownership of the goods to the purchaser, confirm the sales income of the goods when cash is obtained or the other party pays for the consideration of the goods.

The grain sales income, after transferring the main risks and rewards of ownership of the goods to the purchaser, confirms the sales income of the goods when the right to receive the consideration is obtained.

(e.7) Resettlement housing sales revenue

Passing the owner's acceptance and delivering the owner's resettlement house is the time for income recognization.

(e.8) Logistics service revenue

According to the customer's requirements, the company's transport fleet or designated transport company will deliver the goods to the place designated by the customer, and when settling accounts with the customer, the company will confirm the completion of the service and recognize the revenue.

(e.9) Rental service revenue

After the Company provides leasing services, it shall confirm the realization of the rental income according to the straight-line method according to the contract or agreement signed with the lessee.

(e.10) Labor agency service revenue

After the Company provides labor agency services, the labor agency income is recognized on a monthly basis at the price of the contract or agreement signed with the actual employer.

(e.11) Sanitation service revenue

According to the contract terms, the Company completes the agreed sanitation and cleaning services, has received labor payments or obtained receipts, and related economic benefits are likely to flow in. The related labor costs incurred or to be incurred can be reliably measured to confirm the realization of revenue

3.25 Government Grants

(a) Recognition of government grants

A government grant shall not be recognized until there is reasonable assurance that:

(i) the Company will comply with the conditions attaching to them; and

(ii) the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at their nominal value when reliable fair value is not available.

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction or forming the long-term assets by other ways.

Government grants pertinent to assets shall be recognized as deferred income, and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;
- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.
- For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.
- Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(iii) Loan interest subsidy

When the loan interest subsidy is allocated to the Company, the subsidy is written off with corresponding loan interest.

(iv) Repayment of the government grants

Repayment of the government grants shall be recognized by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, or directly recognized in profit or loss of the current period for other circumstances.

3.26 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The Company recognizes the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized at the tax rates that are expected to apply to the

period when the asset is realized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(i) is not a business combination; and

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

(i) the temporary difference will reverse in the foreseeable future;

(ii) taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent that the deferred tax liability arises from:

(i) the initial recognition of goodwill; or

(ii) the initial recognition of an asset or liability in a transaction which:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

(i) the Company is able to control the timing of the reversal of the temporary difference; and

(ii) it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(ii) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments.
- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error.
- amounts arising on initial recognition of the equity component of a compound financial instrument.

(iii) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- acquired deferred tax benefits recognized within 12 months after acquisition date that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill

related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.

- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well (except for deferred tax related to transactions or events recognized directly in equity and business combination).

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the Company, during the period in which a remuneration expense is recognized according to the accounting standards, the Company estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.27 Operating Leases and Finance Leases

A lease that risks and rewards related to relevant assets' ownership are transferred in substance shall be classified as a finance lease. Other leases shall be classified as an operating lease.

(a) Accounting for operating leases

(i) The Company as a lessee

The lease payments should be recognized as expenses of the reporting period over the lease terms (including rent-free periods) on a straight-line basis. If expenses relating to lease which should be borne by the Company are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the reporting period.

Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the reporting period. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(ii) The Company As a lessor

Lease income should be recognized over the lease terms (including rent-free periods) on a straight-line basis. If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the reporting period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(b) Accounting for finance leases

(i) The Company as a lessee

At commencement of the lease, assets obtained through finance leases should be recorded at the lower of their fair values and the present values of the minimum lease payments. The Company shall recognize long-term payables at amounts equal to the minimum lease payments, and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The Company adopts effective interest rate method, which shall be amortized over the lease terms as finance expenses by using effective interest rate method.

Initial direct costs are recorded in the value of the leased assets.

The Company adopts the same depreciation policy for the leased assets as its own property, plant and equipment. Depreciation period is determined according to the lease contract. If it is reasonably certain that the Company will obtain the ownership of the assets when the lease expires, the depreciation period will be the useful lives of the leased assets. If it is difficult to reasonably determine whether the Company can obtain the ownership of the underlying assets when the lease expires, depreciation period is the lower of the lease period and their useful lives.

(ii) The Company as a lessor

At commencement of the lease, rental receivables shall be measured at minimum lease receivables plus initial direct costs relating to lease transactions incurred by the Company. Unguaranteed residual values are recorded simultaneously. The differences between the undiscounted rental receivables plus unguaranteed residual values and their present values shall be recognized as unearned finance income and shall amortized over the lease terms as lease income at the effective rate.

3.28 Safety fund and maintenance cost

The Company according to the previous year revenue of 1.5% extraction safe production costs.

Safety fund and maintenance cost shall be included in the cost or current profit and loss of related products when extracted, and shall also be included in the item of "Special reserves".

Where the extracted production safety fund is used within the prescribed scope, if they are expense, the special reserve shall be directly deducted. In case of the formation of fixed assets, the expenses incurred shall be first collected under the item of "Construction in Progress" and shall be recognized as fixed assets when the safety project is completed and reaches the expected usable state. At the same time, according to the cost of the formation of fixed assets special reserves, and recognize the same amount of accumulated depreciation. The fixed assets will not be depreciated in future periods.

3.29 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting polices

The Company has no change in accounting polices for reporting period.

(b) Changes in accounting estimates

The Company has no change in accounting estimates for reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Sales of goods or provision of taxable services	Tax rate (%)
Value added tax (VAT)	Sales of goods or provision of taxable services	16.00, 13.00, 10.00, 9.00, 6.00, 5.00, 3.00
Urban maintenance and construction tax	Turnover taxes payable	7.00
Educational surcharge	Turnover taxes payable	3.00
Local Education surcharge	Turnover taxes payable	2.00
Water conservancy construction fund	Taxable revenue	0.10
Property tax	Housing residual value, Lease income	1.20, 12.00
Enterprise income tax	Taxable income	25.00, 20.00

4.2 Tax Preference

(a) The subsidiary Shaoxing Shangyu District Water Treatment Development Co., Ltd. enjoys a preferential policy of 70% VAT refund upon collection according to *Cai Shui [2015] No.78*.

(b) The subsidiary Shaoxing Shangyu District Drainage Management Co., Ltd. on the basis of the regulation of *Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax Policies for Comprehensive*

Utilization of Resources and Other Products (*Cai Shui [2008] No.156*), reclaimed water (in accordance with the relevant provisions of the Recycled Water Quality Standards), sewage treatment services (in accordance with the relevant water quality standards of GB18918-2002) is exempt from VAT.

(c) The subsidiary Shaoxing Shangyu District Water Supply Co., Ltd. in accordance with the *Notice on Continued Implementation of Tax Preferential Policies for Construction and Operation of Rural Drinking Water Safety Projects* (*Cai Shui [2016] No.19 Document*), from January 1, 2019 to December 31, 2020, the property tax and urban land use tax were exempted for the production and office property and land used by drinking water project operation and management units.

(d) According to the "*Notice on Implementing Inclusive Tax Relief Policies for Small and Micro Enterprises*" *Cai Shui [2019] No.13*, jointly issued by the Ministry of Finance and the State Administration of Taxation, from January 1, 2019 to December 31, 2021, the part of the company's annual taxable income that does not exceed CNY1 million is included in the taxable income at a reduced rate of 25%, and corporate income tax is paid at a tax rate of 20%; for the annual taxable income that exceeds CNY1 million but not more than CNY3 million, the taxable income is reduced by 50%, and the corporate income tax is paid at a tax rate of 20%. The subsidiary Shaoxing Shangyu District Water Maintenance Technical Service Co., Ltd. enjoys the above preferential tax policies.

(e) According to the *Cai Shui [2019] No.21* "*Notice on Tax Policies Concerning Further Supporting the Entrepreneurship and Employment of Retired Soldiers in Self-employment*" jointly issued by the Ministry of Finance, the State Administration of Taxation, and the Ministry of Veterans, if the enterprises recruiting self-employed retired soldiers and sign a labor contract with the period of more than 1 year and paid social insurance premiums in accordance with the law, from the month of signing the labor contract and paying the social insurance, the value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and corporate income tax will be deducted in quota in trun according to the actual number of recruits within 3 years. The quota standard is CNY6,000.00 per person per year, with a maximum increase by 50%. The people's governments of various provinces, autonomous regions, and municipalities can determine specific quota standards within this range according to the actual conditions of the region. The subsidiaries Shaoxing Shangyu District Water Supply Co., Ltd. and Shaoxing Shangyu District Material Trade Co., Ltd. enjoy the above preferential tax policies.

(f) According to the "*Notice on Expanding the Exemption Scope of Relevant Government Funds*" *Cai shui [2016] No.12*, jointly issued by the Ministry of Finance and the State Administration of Taxation, starting from February 1, 2016, the scope

of exemption of education fee surcharges, local education surcharges, and water conservancy construction fund is expanded from taxpayers whose monthly sales or turnover does not exceed CNY30,000 (quarterly sales or turnover does not exceed CNY90,000) to taxpayers whose monthly sales or turnover do not exceed CNY100,000 (quarterly sales or turnover do not exceed CNY300,000 for quarterly tax). The subsidiary Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd. enjoys the above preferential tax policies.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	30 Sep 2020	31 Dec 2019
Cash on hand	834,043.38	1,347,644.44
Cash in bank	11,249,520,551.83	11,419,649,507.61
Other monetary funds	106,610,715.29	26,606,946.67
Total	11,356,965,310.50	11,447,604,098.72

Among the currency funds at the end of the period, the funds that are restricted in use due to mortgage, pledge or freezing, etc., and have potential recovery risks are mainly the pledge of time deposit certificates and deposits. The details of restricted monetary funds are as follows:

Items	30 Sep 2020	31 Dec 2019
Time deposit certificate	489,860,000.00	317,000,000.00
Bills of exchange and other deposits		23,968,601.00
Total	489,860,000.00	340,968,601.00

5.2 Financial Assets at Fair Value through Profit or Loss

Items	30 Sep 2020	31 Dec 2019
Held-for-trading financial assets:	183,494.00	183,494.00
Including: Debt instruments		
Equity instruments	183,494.00	183,494.00
Total	183,494.00	183,494.00

5.3 Notes Receivable

(a) Notes receivable by category

Items	30 Sep 2020	31 Dec 2019
Bank acceptance bills	2,323,362.66	10,973,644.45
Commercial acceptance bills		
Total	2,323,362.66	10,973,644.45

5.4 Accounts Receivable

(a) Accounts receivable by category

Items	30 Sep 2020				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually	1,026,664.84	0.31	1,026,664.84	100.00	
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	324,236,742.26	99.25	15,231,461.08	4.70	309,005,281.18
Portfolio 1:	139,814,141.88	42.80			139,814,141.88
Portfolio 2:	184,422,600.38	56.45	15,231,461.08	8.26	169,191,139.30
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually	1,421,783.43	0.44	1,421,783.43	100.00	
Total	326,685,190.53	100.00	17,679,909.35	5.39	309,005,281.18

(Continued)

Items	31 Dec 2019				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually					
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	378,686,266.14	99.35	14,146,347.01	3.74	364,539,919.13
Portfolio 1:	167,388,127.22	43.91			167,388,127.22
Portfolio 2:	211,298,138.92	55.43	14,146,347.01	6.69	197,151,791.91

Items	31 Dec 2019				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually	2,491,922.27	0.65	2,491,922.27	100.00	
Total	381,178,188.41	100.00	16,638,269.28	4.36	364,539,919.13

(a.1) In portfolio 1, details of accounts receivables are as follows:

Entity name	Accounts receivable	Provision for bad debt	Provision ratio (%)	Reason
Natural Resources and Planning Branch of Shangyu District, Shaoxing City	71,921,200.00			The possibility of bad debt is low.
Finance Bureau of Shangyu District, Shaoxing City	15,550,915.38			The possibility of bad debt is low.
The People's Government of Daoxu Town, Shangyu District, Shaoxing City	8,265,135.00			The possibility of bad debt is low.
Environmental Sanitation Management Center of Shangyu District, Shaoxing City	7,857,000.00			The possibility of bad debt is low.
People's Government of Xiaoyue Town, Shangyu District, Shaoxing City	6,826,820.00			The possibility of bad debt is low.
Local Taxation Bureau of Shangyu District, Shaoxing City	4,420,000.00			The possibility of bad debt is low.
CPC Shaoxing Shangyu District Committee United Front Work Department	4,088,300.00			The possibility of bad debt is low.
People's Government of Lianghu Town, Shangyu District, Shaoxing City	3,791,200.00			The possibility of bad debt is low.
Others	17,093,571.50			The possibility of bad debt is low.
Total	139,814,141.88			

(a.2) In portfolio 2, accounts receivable with bad debt provision recognized collectively by aging analysis method:

Aging	30 Sep 2020		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	130,577,415.50	6,528,870.78	5.00

Aging	30 Sep 2020		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
1 to 2 years	34,076,342.11	3,407,634.21	10.00
2 to 3 years	11,374,297.19	2,274,859.43	20.00
3 to 4 years	5,962,877.65	1,788,863.30	30.00
4 to 5 years	22,874.36	6,862.61	30.00
Over 5 years	2,408,793.57	1,224,370.75	50.00
Total	184,422,600.38	15,231,461.08	8.26

(a.3) Provision, recovery or reversal of bad debt

Bad debt provided during the reporting period amounted to CNY1,041,640.07.

(a.4) Top five closing balances by entity

Entity name	Balance at 30 Sep 2020	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Natural Resources and Planning Branch of Shangyu District, Shaoxing City	71,921,200.00	22.02	
Xie Tang Station	16,201,712.94	4.96	810,085.65
Finance Bureau of Shangyu District, Shaoxing City	15,550,915.38	4.76	
People's Government of Lianghu Town, Shangyu District, Shaoxing City	10,871,512.94	3.33	1,087,151.29
Dongguan Sub-district Office, People's Government of Shangyu District, Shaoxing City	9,991,951.30	3.06	2,238,153.06
Total	124,537,292.56	38.12	4,135,390.00

5.5 Prepayments

(a) Prepayments by aging

Aging	30 Sep 2020		31 Dec 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	40,514,693.36	90.25	29,147,765.72	83.46
1 to 2 years	2,347,808.29	5.23	3,915,981.93	11.21
2 to 3 years	404,044.00	0.90	1,056,440.50	3.03
Over 3 years	1,625,748.53	3.62	804,712.03	2.30
Total	44,892,294.18	100.00	34,924,900.18	100.00

5.6 Other Receivables

(a) Other receivables by category

Items	30 Sep 2020	31 Dec 2019
Interest receivables	2,404,721.10	4,597,137.87
Dividend receivables		8,000,000.00
Other receivables	11,894,705,321.12	16,214,209,283.89
Total	11,897,110,042.22	16,226,806,421.76

(b) Interest Receivables

(b.1) Interest receivables by category

Items	30 Sep 2020	31 Dec 2019
Time deposit	2,404,721.10	4,597,137.87
Total	2,404,721.10	4,597,137.87

(b.2) Significant overdue interest

There is no such item.

(c) Dividend receivables

Items	30 Sep 2020	31 Dec 2019
Shaoxing Shangyu Zhonglian Environmental Protection Co. Ltd		8,000,000.00
Total		8,000,000.00

(d) Other Receivables

(d.1) Other receivables by category

Items	30 Sep 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually	10,932,125.20	0.09	10,932,125.20	100.00	
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	11,945,220,670.01	99.86	50,515,348.89	0.42	11,894,705,321.12
Portfolio 1:	11,762,293,223.52	98.33			11,762,293,223.52
Portfolio 2:	182,927,446.49	1.53	50,515,348.89	27.61	132,412,097.60

Items	30 Sep 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable with individually insignificant balance but recognized provision for bad debt individually	5,364,355.95	0.04	5,364,355.95	100.00	
Total	11,961,517,151.16	100.00	66,811,830.04	0.56	11,894,705,321.12

(Continued)

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	16,264,504,294.36	99.96	50,295,010.47	0.31	16,214,209,283.89
Portfolio 1:	16,065,835,536.84	98.74			16,065,835,536.84
Portfolio 2:	198,668,757.52	1.22	50,295,010.47	25.27	148,373,747.05
Other receivables with individually insignificant balance but recognized provision for bad debt individually	5,870,438.27	0.04	5,870,438.27	100.00	
Total	16,270,374,732.63	100.00	56,165,448.74	0.34	16,214,209,283.89

(i) In portfolio 1, no provision for bad debts will be made due to very little possibility of bad debt losses, the details are as follows:

Entity name	30 Sep 2020	Provision for bad debt	Proportion of the balance to the total other receivables (%)	Reason
Shaoxing Shangyu District Construction Development Co. Ltd	3,608,044,840.96			The possibility of bad debt is low.

Entity name	30 Sep 2020	Provision for bad debt	Proportion of the balance to the total other receivables (%)	Reason
Hangzhou Bay Shangyu Economic and Technological Development Zone Management Committee (Administrative Committee of Shangyu Economic Development Zone, Zhejiang Province)	3,205,732,562.97			The possibility of bad debt is low.
Financial Office of Shangyu Economic Development Zone (Cao'e Street)	608,253,738.58			The possibility of bad debt is low.
Shaoxing Shangyu District Education and Sports Bureau	546,687,123.23			The possibility of bad debt is low.
Shaoxing Shangyu District Shunmao Investment Co. Ltd	507,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Municipal Engineering Management Center	367,929,586.85			The possibility of bad debt is low.
Shaoxing Shangyu Culture Tourism Group Co. Ltd	427,259,638.80			The possibility of bad debt is low.
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co. Ltd	460,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Traffic Investment Co. Ltd	358,257,907.29			The possibility of bad debt is low.
Shaoxing Shangyu District HaiTu Investment and Development Co. Ltd	211,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Traffic Development Co. Ltd	205,555,253.33			The possibility of bad debt is low.
Shaoxing Shangyu District Garden Management Center	134,772,278.42			The possibility of bad debt is low.
Shaoxing City Shangyu District relocation and resettlement	120,931,574.00			The possibility of bad debt is low.

Entity name	30 Sep 2020	Provision for bad debt	Proportion of the balance to the total other receivables (%)	Reason
Management Committee of E-tour Town, Shangyu District, Shaoxing City	120,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu Fenghui Investment Development Co., Ltd	101,730,625.70			The possibility of bad debt is low.
Shaoxing Shangyu Zhenyue Construction Investment Co. Ltd	90,000,000.00			The possibility of bad debt is low.
Liang Hu street agency's finances	75,000,000.00			The possibility of bad debt is low.
Sewage treatment charge usufruct Green asset support special plan trustee	74,630,582.33			The possibility of bad debt is low.
Shaoxing Shangyu Song Urban Government Landscape Engineering Co., Ltd.	70,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu City Construction Qianjiang Smart City Construction Co., Ltd	68,100,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Transportation Group Co., Ltd.	60,000,000.00			The possibility of bad debt is low.
Zhejiang Economic Development Zone Demolition Management Committee	54,755,370.25			The possibility of bad debt is low.
High-speed Railway New Town Service Center, Shangyu District, Shaoxing City	50,000,000.00			The possibility of bad debt is low.
Zhejiang Shangyu Automobile Transportation Co., Ltd.	50,000,000.00			The possibility of bad debt is low.
People's Government of Tangpu Town, Shangyu District, Shaoxing City	30,572,299.64			The possibility of bad debt is low.
Fenghui Ancient City Scenic Tourism Investment Co., Ltd., Shangyu District, Shaoxing City	18,700,000.00			The possibility of bad debt is low.

Entity name	30 Sep 2020	Provision for bad debt	Proportion of the balance to the total other receivables (%)	Reason
Shangyu Branch of Shaoxing Municipal Bureau of Land and Resources	13,783,020.00			The possibility of bad debt is low.
State-owned Assets Administration of Shangyu District, Shaoxing City	7,200,000.00			The possibility of bad debt is low.
Others	116,396,821.17			The possibility of bad debt is low.
Total	11,762,293,223.52			

(ii) In portfolio 2, other receivables with bad debt provision recognized collectively by aging analysis method:

Aging	30 Sep 2020		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	46,281,418.17	2,314,070.45	5.00
1 to 2 years	15,445,944.20	1,544,594.44	10.00
2 to 3 years	34,594,221.35	6,918,844.27	20.00
3 to 5 years	17,823,458.40	5,347,037.53	30.00
Over 5 years	68,782,404.37	34,390,802.20	50.00
Total	182,927,446.49	50,515,348.89	27.61

(d.2) Provision, recovery or reversal of bad debt

Bad debt provided during the reporting period amounted to CNY4,271,616.60; The consolidation in the current period increased the provision for bad debts by CNY6,374,764.70.

(d.3) Top five closing balances by entity

Entity name	Nature	Carrying amount	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Shaoxing Shangyu District Construction Development Co., Ltd.	Current payment	3,608,044,840.96	Within 1 year, 1 to 2 years	30.16	

Entity name	Nature	Carrying amount	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Hangzhou Bay Shangyu Economic and Technological Development Zone Management Committee (Administrative Committee of Shangyu Economic Development Zone, Zhejiang Province)	Current payment	3,205,732,562.97	Within 1 year, 2 to 3 years, over 3 years	26.80	
Financial Office of Shangyu Economic Development Zone (Cao'e Street)	Current payment	608,253,738.58	Within 1 year, 1 to 2 years 2 to 3 years, 3 to5 years, over 5 years	5.09	
Shaoxing Shangyu District Education and Sports Bureau	Current payment	546,687,123.23	Within 1 year, 2 to 3 years, over 3 years	4.57	
Shaoxing Shangyu District Shunmao Investment Co. Ltd	Current payment	507,000,000.00	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to5 years, over 5 years	4.24	
Sub-total		8,475,718,265.74		70.86	

5.7 Inventories

(a) Inventories by category

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw Materials	28,409,005.30		28,409,005.30	25,638,650.04		25,638,650.04
Stock Product	403,992,788.08	173,077.95	403,819,710.13	469,068,534.37	173,077.95	468,895,456.42
Package Items and Low-value Consumables	4,042,250.64		4,042,250.64	3,651,624.88		3,651,624.88
Development costs	52,183,013,387.46		52,183,013,387.46	48,724,679,029.02		48,724,679,029.02

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Product development	1,784,172,578.18		1,784,172,578.18	2,248,067,875.14		2,248,067,875.14
Engineering construction	213,168,995.13		213,168,995.13	359,685,370.14		359,685,370.14
Total	54,616,799,004.79	173,077.95	54,616,625,926.84	51,830,791,083.59	173,077.95	51,830,618,005.64

(b) Provision for impairment:

Items	31 Dec 2019	Increase during the reporting period		Decrease during the reporting period		30 Sep 2020
		Accrual	Others	Back or reseller	Others	
Stock Product	173,077.95					173,077.95
Total	173,077.95					173,077.95

5.8 Other Current Assets

Items	30 Sep 2020	31 Dec 2019
Prepaid expenses	50,254,333.69	31,777,086.14
Financial products	5,000,000.00	5,000,000.00
Pending deduct VAT on purchase	222,722,698.18	110,831,889.68
Prepaid tax	4,366,789.30	3,488,919.45
Others	5,519,269.54	819,044.61
Total	287,863,090.71	151,916,939.88

5.9 Available-for-sale Financial Assets

(a) General information of available-for-sale financial assets

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale equity instruments	4,596,007,025.47		4,596,007,025.47	4,230,533,543.32		4,230,533,543.32
Measured at fair value	205,817,236.08		205,817,236.08	220,099,926.84		220,099,926.84
Measured at cost	4,390,189,789.39		4,390,189,789.39	4,010,433,616.48		4,010,433,616.48
Total	4,596,007,025.47		4,596,007,025.47	4,230,533,543.32		4,230,533,543.32

(b) Available-for-sale financial assets measured at fair value

Available for sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
The cost of equity instruments	5,000,000.00		5,000,000.00
Fair value	205,817,236.08		205,817,236.08
Accumulated changes in fair value of other comprehensive income	200,817,236.08		200,817,236.08
The amount of impairment accrued			

(c) Available-for-sale financial assets measured at cost

Investees	Book value			
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Shaoxing Shangyu Liuhe Real Estate Co., Ltd.	232,600.00			232,600.00
Shaoxing City Social Security Citizen Card Service Co., Ltd.	3,750,000.00			3,750,000.00
Shaoxing Bank Co., Ltd.	122,179,200.00	282,004,830.80		404,184,030.80
Qingchuang Investment Partnership Enterprise (Limited Partnership), Shangyu District, Shaoxing City [Note 1]	15,000,000.00			15,000,000.00
Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.	3,162,821,816.48			3,162,821,816.48
Guobang Pharmaceutical Group Co., Ltd.	56,650,000.00			56,650,000.00
Shaoxing Shangyu Zhonglian Environmental Protection Co., Ltd.	1,000,000.00			1,000,000.00
Zhejiang Yushang Guarantee Co., Ltd.	40,000,000.00			40,000,000.00
Shaoxing Jiahe Civil Explosive Franchise Co., Ltd.	500,000.00			500,000.00
Shaoxing Yiyou Venture Capital Partnership (Limited Partnership) [Note 2]	30,000,000.00			30,000,000.00
Shaoxing Shangyu Datong Small Loan Co., Ltd.	4,700,000.00			4,700,000.00
Shaoxing Zhicheng Auction Co., Ltd.	500,000.00			500,000.00
Zhejiang Rural Economic Investment Co., Ltd.	50,000.00			50,000.00

Investees	Book value			
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Ningbo Free Trade Zone Yuke Wenjian Investment Partnership (Limited Partnership) [Note 3]	548,000,000.00		173,598,657.89	374,401,342.11
Shaoxing Shangyu District Yutong Equity Investment Partnership (Limited Partnership) [Note 4]	25,000,000.00	165,750,000.00		190,750,000.00
Shaoxing Shangyu Urban Construction Qianjiang Smart City Construction Co., Ltd.	50,000.00			50,000.00
Zhejiang Xinghe Chunfeng Cultural Tourism Development Co., Ltd.		3,600,000.00		3,600,000.00
Hangzhou Orange New Holdings Co., Ltd.		300,000.00		300,000.00
Financial Street (Shaoxing) Education Development Co., Ltd.		8,700,000.00		8,700,000.00
Shaoxing Shangyu Yuxin Equity Investment Partnership (Limited Partnership)		43,000,000.00		43,000,000.00
Shaoxing Shangyu Baoxiang Enterprise Management Partnership (Limited Partnership)		50,000,000.00		50,000,000.00
Total	4,010,433,616.48	553,354,830.80	173,598,657.89	4,390,189,789.39

(Continued)

Investees	Provision for impairment				Share of interest in investee (%)	Cash dividends for the year ended 30 Sep 2020
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020		
Shaoxing Shangyu Liuhe Real Estate Co., Ltd.					2.33	
Shaoxing City Social Security Citizen Card Service Co., Ltd.					10.71	
Shaoxing Bank Co., Ltd.					3.10	
Qingchuang Investment Partnership Enterprise (Limited Partnership), Shangyu District, Shaoxing City [Note 1]					30.00	

Investees	Provision for impairment				Share of interest in investee (%)	Cash dividends for the year ended 30 Sep 2020
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020		
Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.					18.00	
Guobang Pharmaceutical Group Co., Ltd.					1.45	2,200,000.32
Shaoxing Shangyu Zhonglian Environmental Protection Co., Ltd.					15.00	
Zhejiang Yushang Guarantee Co., Ltd.					20.00	
Shaoxing Jiahe Civil Explosive Franchise Co., Ltd.					14.29	
Shaoxing Yiyou Venture Capital Partnership (Limited Partnership) [Note 2]					30.00	
Shaoxing Shangyu Datong Small Loan Co., Ltd.					3.13	
Shaoxing Zhicheng Auction Co., Ltd.					10.00	
Zhejiang Rural Economic Investment Co., Ltd.						
Ningbo Free Trade Zone Yuke Wenjian Investment Partnership (Limited Partnership) [Note 3]					99.64	26,141,596.97
Shaoxing Shangyu District Yutong Equity Investment Partnership (Limited Partnership) [Note 4]					39.92	
Shaoxing Shangyu Urban Construction Qianjiang Smart City Construction Co., Ltd.					0.50	
Zhejiang Xinghe Chunfeng Cultural Tourism Development Co., Ltd.					12.00	

Investees	Provision for impairment				Share of interest in investee (%)	Cash dividends for the year ended 30 Sep 2020
	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020		
Hangzhou Orange New Holdings Co., Ltd.					30.00	
Financial Street (Shaoxing) Education Development Co., Ltd.					10.00	
Shaoxing Shangyu Yuxin Equity Investment Partnership (Limited Partnership)					15.00	
Shaoxing Shangyu Baoxiang Enterprise Management Partnership (Limited Partnership)					37.50	
Total						28,341,597.29

Instruction:

Note 1: According to the provisions of the partnership agreement of Shaoxing Shangyu District Qingchuang Investment Partnership Enterprise (Limited Partnership), Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd., as a limited partner, doesn't represent the enterprise externally, and is not allowed to perform partnership affairs.

Note 2: According to the Shaoxing Yiyou Venture Capital Partnership (Limited Partnership) partnership agreement, Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd., a subsidiary of Shaoxing Shangyu District Featured Town Investment and Construction Co., Ltd., as a limited partner, does not represent the enterprise externally and cannot be executed Partnership affairs.

Note 3: According to the provisions of the Ningbo Free Trade Zone Yuke Wenjian Investment Partnership (Limited Partnership) partnership agreement, Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd., as a limited partner, does not represent the enterprise externally and may not perform partnership affairs.

Note 4: According to the provisions of the partnership agreement of Yutong Equity Investment Partnership (Limited Partnership) in Shangyu District of Shaoxing City, Shaoxing Shangyu Economic Development Zone Investment and

Development Group Co., Ltd., as a limited partner, does not represent the enterprise externally and is not allowed to perform partnership affairs.

5.10 Long-term Receivables

(a) General information of long-term receivables

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for bad debt	Carrying amount	Book value	Provision for bad debt	Carrying amount
Payment of project cost on behalf of Water Conservancy Bureau of Shangyu District, Shaoxing City	1,594,532,963.09		1,594,532,963.09	1,649,860,124.36		1,649,860,124.36
Yongying Financial Leasing Co., Ltd.	10,800,000.00		10,800,000.00	10,800,000.00		10,800,000.00
Xiamen International Bank				150,000,000.00		150,000,000.00
Total	1,605,332,963.09		1,605,332,963.09	1,810,660,124.36		1,810,660,124.36

5.11 Long-term Equity Investments

Investees	31 Dec 2019	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Associates						
Shaoxing Shangyu Industry M&A Guidance Fund Partnership	56,721,477.81			-21,018.39		
Shaoxing Shangyu Shunlian Hydropower Development Co., Ltd.	1,200,870.64			-151,530.11		
Shangyu Daily Co., Ltd.	27,090,974.15			-103,474.59		
Shaoxing Tangpu Reservoir Co., Ltd.	430,194,079.67			3,452,524.90		-7,438,591.66
Zhejiang Xincheng Pawn Co., Ltd.	13,990,899.56			-33,463.50		
Shaoxing Shangyu Dissolved Acetylene Gas Co., Ltd.	4,900,861.15			-230,763.83		
Shaoxing Shangyu Datong Asset Management Co., Ltd.	30,327,944.34			4,248,371.14		
Shaoxing Datongfan Master Green Food Co., Ltd.	-					

Investees	31 Dec 2019	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shaoxing Shangyu Cao'ejiangjiang River Huahai Development and Construction Co., Ltd.	10,146,665.25			-715,323.76		
Shaoxing Shangyu District Yijia Real Estate Development Co., Ltd.	3,450,241.61			-65,352.00		
Shaoxing Shangyu District Chaohui Trading Co., Ltd.	-					
Shaoxing Shangyu District Huiduoli Agricultural Materials Co., Ltd.	3,000,000.00					
Shaoxing Shangyu Hengtai Used Car Evaluation Co., Ltd.	246,522.56			8,945.24		
Shaoxing Chase Shopping Center Co., Ltd.	31,017,278.27			62,709.80		
Shaoxing Shangyu Binxia Real Estate Co., Ltd. [Note 1]	-					
Datong Gas Station, Donghai Joint Venture, Shangyu District, Shaoxing City	736,529.52					
Shaoxing Shangyu Cao'ejiang Agricultural Products Co., Ltd.	831,131.17			-44,376.56		
Hangzhou Angel Electric Vehicle Co., Ltd.	-					
Shaoxing Shangyu Cao'ejiang Tourism Development Investment Co., Ltd.	1,260,513,116.01					
Shaoxing Yu Yi Cultural and Creative Co., Ltd.	151,830.56			-50,262.69		
Total	1,874,520,422.27			6,356,985.65		-7,438,591.66

(Continued)

Investees	Changes during the reporting period			30 Sep 2020	Provision for impairment at 30 Sep 2020
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Associates					
Shaoxing Shangyu Industry M&A Guidance Fund Partnership				56,700,459.42	
Shaoxing Shangyu Shunlian Hydropower Development Co., Ltd.				1,049,340.53	
Shangyu Daily Co., Ltd.				26,987,499.56	
Shaoxing Tangpu Reservoir Co., Ltd.				426,208,012.91	
Zhejiang Xincheng Pawn Co., Ltd.				13,957,436.06	
Shaoxing Shangyu Dissolved Acetylene Gas Co., Ltd.				4,670,097.32	
Shaoxing Shangyu Datong Asset Management Co., Ltd.	1,703,000.00			32,873,315.48	
Shaoxing Datongfan Master Green Food Co., Ltd.				-	3,150,830.88
Shaoxing Shangyu Cao'ejiangjiang River Huahai Development and Construction Co., Ltd.				9,431,341.49	
Shaoxing Shangyu District Yijia Real Estate Development Co., Ltd.				3,384,889.61	
Shaoxing Shangyu District Chaohui Trading Co., Ltd.				-	
Shaoxing Shangyu District Huiduoli Agricultural Materials Co., Ltd.				3,000,000.00	
Shaoxing Shangyu Hengtai Used Car Evaluation Co., Ltd.	40,000.00			215,467.80	
Shaoxing Chase Shopping Center Co., Ltd.	2,665,974.93			28,414,013.14	
Shaoxing Shangyu Binxia Real Estate Co., Ltd. [Note 1]					
Datong Gas Station, Donghai Joint Venture, Shangyu District, Shaoxing City				736,529.52	
Shaoxing Shangyu Cao'ejiang Agricultural Products Co., Ltd.	28,000.00			758,754.61	

Investees	Changes during the reporting period			30 Sep 2020	Provision for impairment at 30 Sep 2020
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Hangzhou Angel Electric Vehicle Co., Ltd.					100,000.00
Shaoxing Shangyu Cao'ejiang Tourism Development Investment Co., Ltd.				1,260,513,116.01	
Shaoxing Yu Yi Cultural and Creative Co., Ltd.	40,905.00			60,662.87	
Total	4,477,879.93			1,868,960,936.33	3,250,830.88

Note 1: The Company holds 40% shares in Shaoxing Shangyu Binsha Real Estate Co., Ltd, because Shaoxing Shangyu Binsha Real Estate Co., Ltd. was in continuous loss, the net assets are negative, and the long-term equity investment is presented at CNY0.00.

5.12 Investment Properties

(a) Investment properties accounted for cost measurement model

Items	Buildings and constructions	Total
Initial cost:		
Balance at 31 Dec 2019	4,059,729,612.71	4,059,729,612.71
Add: Increase during the reporting period	7,857,409,844.38	7,857,409,844.38
(i) Acquisition	55,365,999.50	55,365,999.50
(ii) Transfer from Inventories	1,028,688.99	1,028,688.99
(iii) Increase in business combination		
(iv) Gratuitous transfer	7,801,015,155.89	7,801,015,155.89
(v) Others		
Less: Decrease during the reporting period	168,232,774.39	168,232,774.39
(i) Disposal		
(ii) Others	168,232,774.39	168,232,774.39
Balance at 30 Sep 2020	11,748,906,682.70	11,748,906,682.70
Accumulated depreciation:		
Balance at 31 Dec 2019	325,127,478.42	325,127,478.42
Add: Increase during the reporting period	110,564,066.92	110,564,066.92
(i) Provision	110,564,066.92	110,564,066.92
(ii) Others		

Items	Buildings and constructions	Total
Less: Decrease during the reporting period	38,707,121.29	38,707,121.29
(i) Disposal		
(ii) Others	38,707,121.29	38,707,121.29
Balance at 30 Sep 2020	396,984,424.05	396,984,424.05
Provision for impairment		
Balance at 31 Dec 2019		
Add: Increase during the reporting period		
(i) Provision		
Less: Decrease during the reporting period		
(i) Disposal		
Balance at 30 Sep 2020		
Carrying amount		
Balance at 30 Sep 2020	11,351,922,258.65	11,351,922,258.65
Balance at 31 Dec 2019	3,734,602,134.29	3,734,602,134.29

5.13 Property, plant and equipment

(a) Property, plant and equipment by category

Items	30 Sep 2020	31 Dec 2019
Property, plant and equipment	5,252,299,085.87	4,168,007,165.16
Disposal of property, plant and equipment		
Total	5,252,299,085.87	4,168,007,165.16

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Vehicles	Office equipment and others	Water supply facility	Total
Initial cost:						
Balanceat 31 December 2019	3,850,942,340.89	532,734,139.84	126,331,114.09	122,369,810.74	1,654,136,790.77	6,286,514,196.33
Add: Increase during the reporting period	1,268,677,958.75	8,413,600.73	7,004,373.73	22,181,206.69	192,039,197.57	1,498,316,337.47
Among them:						
(i) Acquisition	155,270,353.43	8,294,588.76	6,666,398.73	10,352,850.00	5,001,410.85	185,585,601.77
(ii) Transfer from construction in progress	15,134,418.37	119,011.97		31,994.86	187,037,786.72	202,323,211.92

Items	Buildings and constructions	Machinery equipment	Vehicles	Office equipment and others	Water supply facility	Total
(iii) Business combination	327,764,482.30		337,975.00	11,104,960.28		339,207,417.58
(iv) Gratuitous transfer						0.00
(v) Others	770,508,704.65			691,401.55		771,200,106.20
Less: Decrease during the reporting period	76,264,873.75	679,272.83	3,338,461.22	1,919,899.44	51,992,903.74	134,195,410.98
Among them:						
(i) Disposal	220,000.00	577,272.83	3,186,561.22	550,911.86		4,534,745.91
(ii) Other transfer	76,044,873.75	102,000.00	151,900.00	1,368,987.58	51,992,903.74	129,660,665.07
Balance at 30 September 2020	5,043,355,425.89	540,468,467.74	129,997,026.60	142,631,117.99	1,794,183,084.60	7,650,635,122.82
Accumulated depreciation:						**0.00**
Balanceat 31 December 2019	769,752,713.77	365,409,296.95	69,156,703.83	76,734,381.65	837,453,934.97	2,118,507,031.17
Add: Increase during the reporting period	206,167,501.22	27,077,242.48	9,151,719.18	24,435,928.13	70,330,016.18	337,162,407.19
Among them:						
(i) Provision	163,768,057.70	27,077,242.48	8,830,659.18	14,964,652.77	70,330,016.18	284,970,628.31
(ii) Business combination	42,399,443.52		321,060.00	9,471,275.36		52,191,778.88
(iii) Others						0.00
Less: Decrease during the reporting period	16,474,403.69	3,205,721.46	3,182,891.68	1,696,656.61	32,773,727.97	57,333,401.41
Among them:						
(i) Disposal	209,000.00	3,122,733.34	3,061,065.68	550,799.01	32,773,727.97	39,717,326.00
(ii) Others transfer	16,265,403.69	82,988.12	121,826.00	1,145,857.60		17,616,075.41
1. Balance at 30 September 2020	959,445,811.30	389,280,817.97	75,125,531.33	99,473,653.17	875,010,223.18	2,398,336,036.95
Provision for impairment						
1. Balanceat 31 December 2019						

Items	Buildings and constructions	Machinery equipment	Vehicles	Office equipment and others	Water supply facility	Total
Add: Increase during the reporting period						
Among them:						
(i) Provision						
Less: Decrease during the reporting period						
Among them:						
(i) Disposal						
2. Balance at 30 September 2020						
Carrying amount						
1. Balance at 30 September 2020	4,083,909,614.59	151,187,649.77	54,871,495.27	43,157,464.82	919,172,861.42	5,252,299,085.87
2. Balance at 31 December 2019	3,081,189,627.12	167,324,842.89	57,174,410.26	45,635,429.09	816,682,855.80	4,168,007,165.16

5.14 Construction in Progress

(a) Construction in progress by category

Items	30 Sep 2020	31 Dec 2019
Construction in progress	5,001,796,910.62	1,973,826,234.77
Construction materials		
Total	5,001,796,910.62	1,973,826,234.77

(b) Construction in progress

(b.1) General information of construction in progress

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Water engineering	4,196,526,430.95		4,196,526,430.95	1,432,995,692.82		1,432,995,692.82
Youth Apartment	136,708,493.60		136,708,493.60	70,932,474.31		70,932,474.31
Binhai Mall Phase I Project	133,699,075.79		133,699,075.79	115,457,869.63		115,457,869.63
Songxia Small and Micro Industrial Park Project	120,094,320.90		120,094,320.90	51,976,972.79		51,976,972.79
One River Two Banks Lighting Project	40,555,669.80		40,555,669.80	36,444,726.85		36,444,726.85

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Shangyu District Fenghui Central Grain Station	40,194,982.37		40,194,982.37	27,661,160.79		27,661,160.79
Baiguan Market Expansion Project				25,417,410.13		25,417,410.13
Linli Center Project	22,799,870.07		22,799,870.07			
Ecological Grave	4,277,060.20		4,277,060.20			
Transit station renovation project	4,101,816.49		4,101,816.49			
Shishi Flower and Bird Market Infrastructure	2,741,450.41		2,741,450.41			
Expansion and mountain treatment project	1,513,765.00		1,513,765.00			
GLP832 standard multi-span film steel frame greenhouse	1,340,755.89		1,340,755.89			
New house colored flower base	1,162,028.76		1,162,028.76			
Yubei Central Grain Depot, Shangyu District	60,227,146.60		60,227,146.60	57,769,782.59		57,769,782.59
Shangyu Chengnan Medical Comprehensive Center New Construction	187,510,279.74		187,510,279.74	132,329,155.53		132,329,155.53
Others	48,343,764.05		48,343,764.05	22,840,989.33		22,840,989.33
Total	5,001,796,910.62		5,001,796,910.62	1,973,826,234.77		1,973,826,234.77

(b.2) Provision for impairment during the reporting period

There is no such item.

5.15 Intangible Assets

(a) General information of intangible assets

Items	Land use rights	Software	Sandstone resource exploitation rights	Total
Initial cost				
Balanceat 31 December 2019	2,875,869,702.50	3,354,680.93	1,169,610,000.00	4,048,834,383.43
Add: Increase during the reporting period	5,120,004,502.39	1,568,678.82	-	5,121,573,181.21
(i) Acquisition	4,086,494.99	1,524,431.03		5,610,926.02

Items	Land use rights	Software	Sandstone resource exploitation rights	Total
(ii) Business combination	5,115,918,007.40	44,247.79		5,115,962,255.19
Less: Decrease during the reporting period	10,630,175.69	-	-	10,630,175.69
(i) Disposal				
(ii) Other transfer	10,630,175.69			10,630,175.69
Balance at 30 September 2020	7,985,244,029.20	4,923,359.75	1,169,610,000.00	9,159,777,388.95
Accumulated depreciation:				-
Balanceat 31 December 2019	202,385,501.84	2,336,265.11	52,910,928.57	257,632,695.52
Add: Increase during the reporting period	65,334,868.36	582,928.67	25,063,071.42	90,980,868.45
(i) Provision	65,328,968.68	582,928.67	25,063,071.42	90,974,968.77
(ii) Business combination	5,899.68			5,899.68
Less: Decrease during the reporting period	160,29,627.76			16,029,627.76
(i) Disposal				
(ii) Others transfer	16,029,627.76			16,029,627.76
Balance at 30 September 2020	251,690,742.44	2,919,193.78	77,973,999.99	332,583,936.21
Provision for impairment				-
Balanceat 31 December 2019				-
Add: Increase during the reporting period				-
(i) Provision				
Less: Decrease during the reporting period				-
(i) Disposal				
Balance at 30 September 2020				-
Carrying amount				-
Balance at 30 September 2020	7,733,553,286.76	2,004,165.97	1,091,636,000.01	8,827,193,452.74
Balanceat 31 December 2019	2,673,484,200.66	1,018,415.82	1,116,699,071.43	3,791,201,687.91

5.16 Goodwill

(a) Book value of gGoodwill

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
		Business combination	Disposal	
Shaoxing Shangyu Jianmin Poultry Slaughtering Co., Ltd.	1,378,475.89			1,378,475.9
Total	1,378,475.89			1,378,475.89

(b) Provision for impairment of Goodwill

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Shaoxing Shangyu Jianmin Poultry Slaughtering Co., Ltd.				
Total				

5.17 Long-term Deferred Expenses

Items	31 Dec 2019	Increase during the reporting period	Amortisation during the reporting period	Other decrease during the reporting period	30 Sep 2020
Renovation costs	47,390,633.77	24,854,670.84	7,476,643.58		64,768,661.03
Financing fee	15,466,158.33	3,218,666.40	2,993,450.00		15,691,374.73
Total	62,856,792.10	28,073,337.24	10,470,093.58		80,460,035.76

5.18 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	30 Sep 2020		31 Dec 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	7,069,235.56	1,767,308.89	15,827,111.08	3,956,777.77
Total	7,069,235.56	1,767,308.89	15,827,111.08	3,956,777.77

(b) Deferred tax liabilities before offsetting

Items	30 Sep 2020		31 Dec 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in the fair value of available-for-sale financial assets	200,817,236.08	50,204,309.02	215,099,926.84	53,774,981.71
Total	200,817,236.08	50,204,309.02	215,099,926.84	53,774,981.71

(c) Unrecognized deferred tax assets

Items	30 Sep 2020	31 Dec 2019
Deductible temporary differences	72,316,238.30	63,552,432.95
Total	72,316,238.30	63,552,432.95

5.19 Other Non-current Assets

Items	30 Sep 2020	31 Dec 2019
Advance payment for construction	47,903,178.59	50,606,875.05
Advance land payment	2,152,374.40	8,189,015.00

Items	30 Sep 2020	31 Dec 2019
Prepaid housing	1,300,000.00	
Prepaid mining rights fees	429,500.00	
School assets	55,552,568.70	
Total	107,337,621.69	58,795,890.05

5.20 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	30 Sep 2020	31 Dec 2019
Guarantee loan	3,670,864,100.00	1,821,850,000.00
Mortgage loan	968,100,000.00	949,250,000.00
Credit loan	1,523,447,628.78	351,587,278.00
Pledge loan	300,200,000.00	307,600,000.00
Mortgage and guarantee loan	150,000,000.00	165,000,000.00
Total	6,612,611,728.78	3,595,287,278.00

5.21 Notes Payable

Items	30 Sep 2020	31 Dec 2019
Bank acceptance bills		3,161,072.20
Letter of credit	17,300,000.00	20,000,000.00
Total	17,300,000.00	23,161,072.20

5.22 Accounts Payable

(a) Accounts payables categorized by ages:

Aging	30 Sep 2020	31 Dec 2019
Within 1 year (including 1 year)	460,737,952.60	720,517,369.69
1 to 2 years	163,275,728.89	103,380,194.12
2 to 3 years	48,771,470.62	121,860,253.89
Over 3 years	98,040,452.90	10,810,965.12
Total	770,825,605.01	956,568,782.82

(b) Top five closing balances by entity

Items	30 Sep 2020	Proportion of the balance to the total accounts payable (%)
Beijing Jinhe Water Construction Group Co., Ltd.	49,857,862.00	6.47
Zhejiang Hydropower Construction and Installation Co., Ltd.	40,321,273.00	5.23

Items	30 Sep 2020	Proportion of the balance to the total accounts payable (%)
Zhejiang Zhengbang Hydropower Construction Co., Ltd.	34,864,838.00	4.52
Shaoxing Tangpu Reservoir Co., Ltd.	28,617,887.98	3.71
Zhejiang Huanxing Machinery Co., Ltd.	16,061,992.47	2.08
Sub-total	169,723,853.45	22.02

5.23 Advances from Customers

(a) Details of advances from customers

Items	30 Sep 2020	31 Dec 2019
Within 1 year (including 1 year)	227,307,069.87	207,108,546.56
1 to 2 years	37,506,667.62	30,608,534.19
2 to 3 years	27,169,292.69	27,366,276.66
Over 3 years	22,729,018.89	55,530,364.44
Total	314,712,049.07	320,613,721.85

(b) Important advances from customers with an age of more than one year

There is no such item.

5.24 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
I. Short-term employee benefits	52,607,551.82	334,079,953.26	348,403,613.16	38,283,891.92
II. Post-employment benefits-defined contribution plans	707,413.63	20,133,867.67	20,259,735.94	581,545.36
III. Termination benefits				
IV. Other benefits due within one year				
Total	53,314,965.45	354,213,820.93	368,663,349.10	38,865,437.28

(b) Short-term employee benefits

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
I. Salaries, bonuses, allowances and subsidies	50,833,380.56	284,995,670.42	299,688,701.64	36,140,349.34

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
II. Employee benefits		20,686,376.39	20,686,376.39	
III. Social insurance	397,274.30	6,329,065.47	6,397,317.35	329,022.42
Including: Health insurance	345,602.60	6,211,570.21	6,241,911.23	315,261.58
Injury insurance	22,270.06	48,454.24	62,677.48	8,046.82
Birth insurance	29,401.64	69,041.02	92,728.64	5,714.02
IV. Housing accumulation fund	448,465.61	18,805,796.72	18,974,556.00	279,706.33
V. Labour union funds and employee education funds	928,431.35	3,263,044.26	2,656,661.78	1,534,813.83
VI. Short-term absence pays				
VII. Short-term profit-sharing plan				
Sub-total	52,607,551.82	334,079,953.26	348,403,613.16	38,283,891.92

(c) Defined contribution plans

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Basic endowment insurance	664,592.68	6,176,430.73	6,635,660.49	205,362.92
Unemployment insurance	24,569.35	137,833.36	159,404.28	2,998.43
Enterprise annuity	18,251.60	13,819,603.58	13,464,671.17	373,184.01
Sub-total	707,413.63	20,133,867.67	20,259,735.94	581,545.36

5.25 Taxes Payable

Items	30 Sep 2020	31 Dec 2019
VAT	3,005,868.26	12,591,739.02
Business tax	1,039,417.59	1,039,417.59
Urban maintenance and construction tax	991,410.95	1,193,183.69
corporate income tax	17,050,183.72	23,878,294.30
Personal Income Tax	1,459,946.88	1,414,887.77
property tax	6,535,623.01	5,679,703.44
Stamp duty	135,218.81	326,889.88
land holding tax	2,828,356.77	1,245,714.22
Disability deposit	34,938.77	12,916.57
Education surcharge	791,274.88	925,458.43

Items	30 Sep 2020	31 Dec 2019
Water conservancy construction fund	21,731.96	21,731.96
Others	8,364,668.45	942,599.43
Total	42,258,640.05	49,272,536.30

5.26 Other Payables

(a) Other payables by category

Items	30 Sep 2020	31 Dec 2019
Interest payable	327,217,183.52	410,407,391.24
Dividend payable	151,930.72	411,180.72
Other payables	2,168,621,298.96	1,056,985,008.80
Total	2,495,990,413.20	1,467,803,580.76

(b) Interest payable

Items	30 Sep 2020	31 Dec 2019
Interest on long-term borrowings with installment interest payments and the repayment of the principal at maturity	41,920,349.26	48,198,151.38
Bond interest payable	269,755,350.75	357,684,463.03
Interest on short-term borrowings	14,557,925.23	3,541,218.55
Medium-term bills interest	983,558.28	983,558.28
Total	327,217,183.52	410,407,391.24

As at 30 Sep 2020, the Company has no significant amount of unpaid overdue interest.

(c) Dividends payable

Items	30 Sep 2020	31 Dec 2019
Shaoxing Shangyu Arts & Crafts Co., Ltd.	31,000.00	7,000.00
Shaoxing Shangyu Storage and Transportation Co., Ltd.	3,000.00	12,000.00
Individual shareholder of Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	117,930.72	392,180.72
Total	151,930.72	411,180.72

(d) Other payables

(d.1) Disclosure of other payables by aging

Aging	30 Sep 2020	31 Dec 2019
Within 1 year (including 1 year)	487,684,038.84	686,704,800.47

Aging	30 Sep 2020	31 Dec 2019
1 to 2 years	1,199,431,164.07	88,379,537.78
2 to 3 years	142,858,628.80	132,746,955.56
Over 3 years	338,647,467.25	149,153,714.99
Total	2,168,621,298.96	1,056,985,008.80

Notes: The balance of other payables aged over 1 year is greater than December 31, 2019 due to changes in the scope of consolidation.

(d.2) Top five closing balances by entity

Items	Balance as at 30 Sep 2020	Proportion (%)	Nature of Payment
Shaoxing Shangyu Shengchang Beautiful Countryside Construction Co., Ltd.	900,000,000.00	41.50	Current payment
Shangyu, Shaoxing City, District Finance Bureau	200,000,000.00	9.22	Current payment
Shaoxing Shangyu Cao'ejiang Tourism Development Investment Co., Ltd.	188,188,133.30	8.68	Current payment
Shaoxing Shangyu Cao'e River One River Two Banks Tourism Development Co., Ltd.	158,797,465.94	7.32	Current payment
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	131,000,000.00	6.04	Current payment
Sub-total	1,577,985,599.24	72.76	

5.27 Non-current Liabilities Maturing within One Year

(a) Non-current liabilities maturing within one year by category

Items	30 Sep 2020	31 Dec 2019
Long-term borrowings maturing within one year	8,269,769,959.16	4,806,776,667.00
Bonds payable maturing within one year	5,257,185,204.53	811,655,900.54
Long-term payables maturing within one year	31,900,000.00	31,900,000.00
Total	13,558,855,163.69	5,650,332,567.54

5.28 Other Current Liabilities

Items	30 Sep 2020	31 Dec 2019
Risk reserve	100,000.00	100,000.00
Tomb maintenance fee	22,151,715.42	21,581,780.12
Short-term financing bonds	649,641,800.65	649,279,378.71
Bill financing	400,000,000.00	
Total	1,071,893,516.07	670,961,158.83

5.29 Long-term Borrowings

(a) Long-term borrowings by category

Items	30 Sep 2020	31 Dec 2019
Credit loan	1,253,125,000.00	2,174,000,000.00
Pledge loan	8,071,231,334.00	7,267,210,667.00
Mortgage loan	635,050,000.00	735,200,000.00
Guarantee Loan	4,969,808,200.01	6,538,000,000.00
Mortgage and guaranteed loan	1,719,500,000.00	1,245,000,000.00
Pledge and guaranteed loan	3,741,000,000.00	3,842,000,000.00
Mortgage and pledge loan	30,000,000.00	37,500,000.00
Local government bond on-lending	922,000,000.00	900,000,000.00
Total	21,341,714,534.01	22,738,910,667.00

5.30 Bonds payable

(a) General information of bonds payable

Items	30 Sep 2020	31 Dec 2019
16 Yujingkai Bond	749,342,472.25	1,127,342,472.25
16 Yujingkai Bond 01	1,479,234,600.66	1,479,234,600.66
16 Shangyu 01		2,750,000,000.00
16 Shangyu 02		498,000,000.00
16 Shangyu 03		1,150,000,000.00
17 Yuzi 01	1,602,000,000.00	2,991,000,000.00
18 Shangyu State-owned Capital MTN001	597,015,000.00	596,520,000.00
19 Yuzi 01	997,333,333.34	996,666,666.67
19 Yuzi 03	1,794,800,000.00	1,793,600,000.00
19 Yushu 01	598,550,000.00	598,250,000.00
19 Shangyu State-owned Capital US Dollar Bond	2,069,027,849.90	2,086,581,419.90
17 Shangyu 01 (145676)	995,661,593.99	994,758,375.92
17 Shangyu 02 (145688)	497,821,346.72	497,314,113.14
17 Shangyu Water MTN001	649,582,261.22	648,649,678.71
Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan	620,897,489.75	649,561,408.24
14 Yucheng Construction Bond		355,855,398.82
19 Yucheng Construction Bond	997,227,387.99	995,083,333.33
Shangyu "Tangpu Township Comprehensive" Asset Income Rights		10,000,000.00
Shangyu "Xietang Township Sanitation " Asset		10,000,000.00

Items	30 Sep 2020	31 Dec 2019
Income Rights		
Shangyu's "Xiaguan Township Transportation" Asset Income Rights		10,000,000.00
Shangyu "Dingzhai Township Road" Asset Income Rights		20,000,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights		9,170,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights		2,540,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights		5,270,000.00
18 Yucheng Construction Overseas Bond	1,691,856,122.93	1,664,981,580.62
20 Shangyu Parking Lot Bond	993,166,666.67	
20 Shangyu 01	500,000,000.00	
20 Shangyu State Investment (debt for epidemic prevention and control) PPN001	499,358,333.33	
20 Yuzi 01	996,333,333.33	
20 Shangyu State Investment MTN001	499,520,833.33	
20 Yuzi 05	2,194,952,408.96	
20 Shangyu Non-public Project Income Bond	446,940,000.00	
Total	21,470,621,034.38	21,940,379,048.26

(b) Changes in bonds payable (except for other financial instruments classified as financial liabilities such as preference shares and perpetual bonds)

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec 2019	Including: bonds payable within one year
16 Yujingkai Bond	1,890,000,000.00	11-Apr-2016	7 years	1,890,000,000.00	1,505,342,472.25	378,000,000.00
16 Yujingkai Bond 01	1,500,000,000.00	9-Dec-2019	5 years	1,500,000,000.00	1,479,234,600.66	
16 Shangyu 01	3,000,000,000.00	21-Jul-2016	3+2 years	3,000,000,000.00	2,750,000,000.00	
16 Shangyu 02	500,000,000.00	25-Aug-2016	5 years	500,000,000.00	498,000,000.00	
16 Shangyu 03	1,500,000,000.00	25-Aug-2016	3+2 years	1,500,000,000.00	1,150,000,000.00	
17 Yuzi 01	3,000,000,000.00	29-Sep-2017	3+2 years	3,000,000,000.00	2,991,000,000.00	
18 Shangyu State-owned Capital MTN001	600,000,000.00	23-Apr-2018	5 years	600,000,000.00	596,520,000.00	
19 Yuzi 01	1,000,000,000.00	20-Jun-2019	3+2 years	1,000,000,000.00	996,666,666.67	

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec 2019	Including: bonds payable within one year
19 Yuzi 03	1,800,000,000.00	13-Aug-2019	3+2 years	1,800,000,000.00	1,793,600,000.00	
19 Yushu 01	600,000,000.00	12-Nov-2019	3+2 years	600,000,000.00	598,250,000.00	
19 Shangyu State-owned Capital US Dollar Bond	2,092,859,999.90	27-Nov-2019	3 years	2,092,859,999.90	2,086,581,419.90	
17 Shangyu 01 (145676)	1,000,000,000.00	24-Jul-2017	5 years	1,000,000,000.00	994,758,375.92	
17 Shangyu 02 (145688)	500,000,000.00	28-Jul-2017	5 years	500,000,000.00	497,314,113.14	
17 Shangyu Water MTN001	650,000,000.00	30-Aug-2017	5 years	650,000,000.00	648,649,678.71	
Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan	850,000,000.00	31-Oct-2019	Note 1	850,000,000.00	723,217,308.78	73,655,900.54
14 Yucheng Construction Bond	1,800,000,000.00	7-Aug-2014	7 years	1,800,000,000.00	715,855,398.82	360,000,000.00
19 Yucheng Construction Bond	1,000,000,000.00	28-Nov-2019	5 years	1,000,000,000.00	995,083,333.33	
Shangyu "Tangpu Township Comprehensive" Asset Income Rights	10,000,000.00	12-Feb-2018	3 years	10,000,000.00	10,000,000.00	
Shangyu "Xietang Township Sanitation " Asset Income Rights	10,000,000.00	13-Feb-2018	3 years	10,000,000.00	10,000,000.00	
Shangyu's "Xiaguan Township Transportation" Asset Income Rights	10,000,000.00	22-Feb-2018	3 years	10,000,000.00	10,000,000.00	
Shangyu "Dingzhai Township Road" Asset Income Rights	20,000,000.00	9-Feb-2018	3 years	20,000,000.00	20,000,000.00	
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	9,170,000.00	28-Mar-2018	3 years	9,170,000.00	9,170,000.00	
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	2,540,000.00	3-Apr-2018	3 years	2,540,000.00	2,540,000.00	

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec 2019	Including: bonds payable within one year
Township Rural Appearance" Asset Income Rights	5,270,000.00	17-Apr-2018	3 years	5,270,000.00	5,270,000.00	
18 Yucheng Construction Overseas Bond	1,647,168,000.00	20-Dec-2018	3 years	1,674,134,017.84	1,664,981,580.62	
20 Shangyu Parking Lot Bond	1,000,000,000.00	17-Apr-2020	7 years	1,000,000,000.00		
20 Shangyu 01	500,000,000.00	19-Mar-2020	5 years	500,000,000.00		
20 Shangyu State Investment (debt for epidemic prevention and control) PPN001	500,000,000.00	16-Mar-2020	3 years	500,000,000.00		
20 Yuzi 01	1,000,000,000.00	14-Apr-2020	3 years	1,000,000,000.00		
20 Shangyu State Investment MTN001	500,000,000.00	27-May-2020	3 years	500,000,000.00		
20 Yuzi 05	2,200,000,000.00	21-Sep-2020	5 years	2,200,000,000.00		
20 Shangyu Non-public Project Income Bond	450,000,000.00	27-Aug-2020	3+2+2 years	450,000,000.00		
Total	31,147,007,999.90			31,173,974,017.74	22,752,034,948.80	811,655,900.54

Note 1: The expiry date of the Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan is June 25, 2028.

(Continued)

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	30 Sep 2020	Non-current Liabilities Maturing within One Year
16 Yujingkai Bond					756,000,000.00	749,342,472.25	
16 Yujingkai Bond 01						1,479,234,600.66	
16 Shangyu 01						2,750,000,000.00	2,750,000,000.00
16 Shangyu 02				600,000.00		498,600,000.00	498,600,000.00
16 Shangyu 03						1,150,000,000.00	1,150,000,000.00
17 Yuzi 01				6,000,000.00	1,395,000,000.00	1,602,000,000.00	

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	30 Sep 2020	Non-current Liabilities Maturing within One Year
18 Shangyu State-owned Capital MTN001				495,000.00		597,015,000.00	
19 Yuzi 01				666,666.67		997,333,333.34	
19 Yuzi 03				1,200,000.00		1,794,800,000.00	
19 Yushu 01				300,000.00		598,550,000.00	
19 Shangyu State-owned Capital US Dollar Bond		-18,553,570.00		1,000,000.00		2,069,027,849.90	
17 Shangyu 01 (145676)				903,218.07		995,661,593.99	
17 Shangyu 02 (145688)				507,233.58		497,821,346.72	
17 Shangyu Water MTN001				932,582.51		649,582,261.22	
Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan				6,469,986.68	33,040,000.00	696,647,295.46	75,749,805.71
14 Yucheng Construction Bond						715,855,398.82	715,855,398.82
19 Yucheng Construction Bond				2,144,054.66		997,227,387.99	
Shangyu "Tangpu Township Comprehensive" Asset Income Rights						10,000,000.00	10,000,000.00

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	30 Sep 2020	Non-current Liabilities Maturing within One Year
Shangyu "Xietang Township Sanitation " Asset Income Rights						10,000,000.00	10,000,000.00
Shangyu's "Xiaguan Township Transportation" Asset Income Rights						10,000,000.00	10,000,000.00
Shangyu "Dingzhai Township Road" Asset Income Rights						20,000,000.00	20,000,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights						9,170,000.00	9,170,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights						2,540,000.00	2,540,000.00
Township Rural Appearance" Asset Income Rights						5,270,000.00	5,270,000.00
18 Yucheng Construction Overseas Bond		24,586,433.00		2,288,109.31		1,691,856,122.93	
20 Shangyu Parking Lot Bond	1,000,000,000.00		-7,000,000.00	166,666.67		993,166,666.67	
20 Shangyu 01	500,000,000.00					500,000,000.00	
20 Shangyu State Investment (debt for	500,000,000.00		-700,000.00	58,333.33		499,358,333.33	

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	30 Sep 2020	Non-current Liabilities Maturing within One Year
epidemic prevention and control) PPN001							
20 Yuzi 01	1,000,000,000.00		-4,000,000.00	333,333.33		996,333,333.33	
20 Shangyu State Investment MTN001	500,000,000.00		-500,000.00	20,833.33		499,520,833.33	
20 Yuzi 05	2,200,000,000.00		-5,047,591.04			2,194,952,408.96	
20 Shangyu Non-public Project Income Bond	450,000,000.00		-3,060,000.00			446,940,000.00	
Total	6,150,000,000.00	6,032,863.00	-20,307,591.04	24,086,018.15	2,184,040,000.00	26,727,806,238.91	5,257,185,204.53

5.31 Long-term Payables

(a) Long-term payables by category

Items	30 Sep 2020	31 Dec 2019
Long-term payables	1,028,485,767.94	741,485,321.19
Specific items payable	2,197,553,323.74	794,870,902.04
Total	3,226,039,091.68	1,536,356,223.23

(b) Long-term payables by nature

Items	30 Sep 2020	31 Dec 2019
Financing lease	311,021,667.94	60,601,221.19
Zhejiang Jianrong Investment Development Co., Ltd	716,544,100.00	680,250,000.00
Others	920,000.00	634,100.00
Total	1,028,485,767.94	741,485,321.19

(c) Specific items payable

Items	31 Dec 2019	30 Sep 2020
Songbei River Comprehensive Improvement Project	63,000,000.00	63,000,000.00
Zhedong Water Diversion Project	15,533,083.00	15,772,583.00
Thermal power plant demolition compensation	4,504,751.27	4,642,755.27
Yudong River and Lake Comprehensive Improvement Project	277,995,729.00	253,000,000.00

Items	31 Dec 2019	30 Sep 2020
Special allocation for grain station construction	53,460,000.00	31,360,000.00
Baiguan Street Demolition Grant	736,594,738.00	265,774,738.00
Financial grant	1,043,965,022.47	161,320,825.77
Shunong Cao'e River Comprehensive Improvement Project	2,500,000.00	
Total	2,197,553,323.74	794,870,902.04

5.32 Deferred Income

(a) Details of deferred income

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Government grants	277,581,615.60	13,052,193.15	15,207,531.98	275,426,276.77
Total	277,581,615.60	13,052,193.15	15,207,531.98	275,426,276.77

(b) Items related to government grants

Items	31 Dec 2019	Increase during the reporting period	Recognized as other income during the reporting period	30 Sep 2020	Related to assets/Related to profit or loss
Water plant infrastructure project	10,437,500.00		1,187,500.00	9,250,000.00	Related to assets
One household and one table project	145,313,301.45		7,267,146.60	138,046,154.85	Related to assets
Water supply project subsidy	80,280,865.24	11,752,193.15	5,769,385.38	86,263,673.01	Related to assets
Urban construction subsidy	41,549,948.91		983,500.00	40,566,448.91	Related to assets
Asset purchase sibsidy		1,300,000.00		1,300,000.00	Related to assets
Total	277,581,615.60	13,052,193.15	15,207,531.98	275,426,276.77	

5.33 Other Non-current Liabilities

Items	30 Sep 2020	31 Dec 2019
Sewage treatment network construction fee	58,550,334.41	46,912,480.46

Items	30 Sep 2020	31 Dec 2019
Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. 2019 first phase of debt financing plan	160,000,000.00	160,000,000.00
Total	218,550,334.41	206,912,480.46

5.34 Paid-in Capital

Items	31 Dec 2019		Increase during the reporting period	Decrease during the reporting period	30 Sep 2020	
	Amount	Shareholding ratio (%)			Amount	Shareholding ratio (%)
Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission	372,000,000.00	100.00			372,000,000.00	100.00
Total	372,000,000.00	100.00			372,000,000.00	100.00

5.35 Capital Reserves

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Capital premium	7,226,112,023.48			7,226,112,023.48
Other capital reserves	25,033,338,903.51	4,832,427,195.25	1,564,024,522.65	28,301,741,576.11
Total	32,259,450,926.99	4,832,427,195.25	1,564,024,522.65	35,527,853,599.59

Note: Changes and relevant reasons for capital reserves

Increase during the reporting period:

According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, 49% of the state-owned equity of Shaoxing Shangyu New Rural Construction Development Investment Co., Ltd. was transferred to Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd., and 51% of the state-owned equity was transferred to the subsidiary for free. The company's Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd. it increased the capital reserve by CNY1,319,416,989.30.

- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, 100% of the state-owned equity of Shaoxing Shangyu Education and Sports Group Co., Ltd. was transferred to Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd. for free, which increased the capital reserve by

CNY2,752,932,937.36.

- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, some state-owned assets were allocated to Shaoxing Shangyu Characteristic Town Investment and Construction Co., Ltd. for free, which increasing the capbaozhengital reserve by CNY141,974,310.00.
- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, some state-owned assets were allocated to Shaoxing Shangyu Characteristic Town Investment and Construction Co., Ltd. for free, which increasing the capbaozhengital reserve by CNY602,246,400.00.
- The Company received CNY12,212,580.61 from the Shaoxing Shangyu District Radio and Television Station in this period, which increased the capital reserve by CNY12,212,580.61.
- The Company is allocated to assets free of charge, which increasd the capital reserve by CNY3,643,977.98.

Decrease during the reporting period:

- Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd. deducted the capital reserve by CNY946,162,428.60 for the land assets was transferred out for free
- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, the 90% state-owned equity of Shaoxing Shangyu Transportation Survey and Design Co., Ltd. and 100% equity of Shaoxing Shangyu Transportation Construction Supervision Co., Ltd. held by Yuxin Engineering Company were transferred to Shaoxing Shangyu District Transportation Group Co., Ltd. for free, which reduced the capital reserve by CNY16,826,364.82.
- In this period, the subsidiary Shaoxing Shangyu District Water Treatment Development Co., Ltd. contributed CNY15,787,678.93 to the township government project, reducing the capital reserve byCNY15,787,678.93.
- In this period, the associated company Shaoxing Tangpu Reservoir Co., Ltd. has other equity changes, reducing its capital reserve by CNY7,438,591.66.
- In this period, assets were allocated free of charge, reducing the capital reserve by CNY43,288,774.15.

5.36 Other Comprehensive Income

Items	31 Dec 2019	Changes during the reporting period					30 Sep 2020
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
Items that may be reclassified subsequently to profit or loss	161,324,945.13	-14,282,690.76		-3,570,672.69	-10,712,018.07		150,612,927.06
Fair value of investment property is greater than its original book value when it is first converted	161,324,945.13	-14,282,690.76		-3,570,672.69	-10,712,018.07		150,612,927.06
Total	161,324,945.13	-14,282,690.76		-3,570,672.69	-10,712,018.07		150,612,927.06

5.37 Specific Reserves

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Safety fund	5,404,097.04	427,353.48	364,031.66	5,467,418.86
Total	5,404,097.04	427,353.48	364,031.66	5,467,418.86

5.38 Surplus Reserves

Items	31 Dec 2019	Increase during the reporting period	Decrease during the reporting period	30 Sep 2020
Statutory surplus reserves	7,589,715.71			7,589,715.71
Total	7,589,715.71			7,589,715.71

5.39 Retained Earnings

Items	30 Sep 2020	31 Dec 2019
Balance at the end of last period before adjustments	636,743,758.57	333,119,305.17
Adjustments for the opening balance (increase /(decrease))		164,617,119.27
Balance at the beginning of the reporting period after adjustments	636,743,758.57	497,736,424.44
Add: net profit attributable to owners of the parent company for the reporting period	113,501,544.04	139,792,134.13

Items	30 Sep 2020	31 Dec 2019
Less: appropriation to statutory surplus reserves		
Appropriation to discretionary surplus reserves		
Provision for general risk reserves		
Payment of ordinary share dividends	7,550,000.00	784,800.00
Ordinary shares dividends converted into share capital		
Balance at the end of the reporting period	742,695,302.61	636,743,758.57

5.40 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	For the nine months ended 2020		For the nine months ended 2019	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	2,981,659,186.44	2,637,755,083.19	2,666,702,634.63	2,362,005,754.18
Other activities				
Total	2,981,659,186.44	2,637,755,083.19	2,666,702,634.63	2,362,005,754.18

(b) Revenue and cost of sales by categories

Items	For the nine months ended 2020		For the nine months ended 2019	
	Revenue	Costs of sales	Revenue	Costs of sales
Water	343,638,390.25	352,463,277.00	362,369,595.89	373,067,442.01
Labor agency service	122,586,467.45	121,253,740.13	99,570,548.46	98,399,968.78
Rental service	117,842,449.95	93,113,748.01	97,772,196.98	78,989,019.82
Other service	120,534,864.21	69,897,942.79	51,206,155.69	37,347,728.45
Logistics transportation service	47,912,098.93	42,083,708.19	51,621,362.65	44,964,759.55
Goods sales	655,217,580.80	576,515,481.91	648,849,709.65	544,081,806.09
Grain storage	162,191,812.90	167,347,768.24	115,189,194.72	119,586,167.85
Land development	761,725,043.27	671,799,819.57	919,716,230.19	787,542,490.66
Engineering construction	262,235,827.34	217,110,414.31	146,896,550.65	129,333,243.44
Entrusted construction project	114,593,144.21	109,825,332.85	21,385,097.40	18,508,511.89
Sanitation income	72,140,810.91	67,808,598.09	68,511,919.75	60,889,595.02
House sales	153,405,967.76	130,828,034.41	49,325,221.52	46,852,014.76
Others	47,634,728.46	17,707,217.69	34,288,851.08	22,443,005.85
Total	2,981,659,186.44	2,637,755,083.19	2,666,702,634.63	2,362,005,754.18

5.41 Taxes and Surcharges

Items	For the nine months ended 2020	For the nine months ended 2019
Consumption tax	1,671,164.09	2,789,462.08
Educational surcharge	1,984,470.82	2,736,809.01
Urban maintenance and construction tax	3,223,169.56	4,578,438.08
Property tax	11,580,343.12	2,423,935.78
Land usage tax	8,149,917.59	1,411,863.83
Land value added tax	2,186,852.33	715,195.50
Stamp tax	1,789,118.91	713,897.36
Vehicle and vessel use tax	13,086.20	6,963.47
Environmental protection tax	1,805,109.83	3,706,887.39
Others	452,420.94	745,702.03
Employment guarantee for the disabled fund	275,646.23	842,777.25
Total	33,131,299.62	20,671,931.78

5.42 Finance Costs

Items	For the nine months ended 2020	For the nine months ended 2019
Interest expenses	572,760,685.21	207,936,297.96
Less: Interest income	281,977,096.90	166,383,904.32
Net interest expenses	290,783,588.31	41,552,393.64
Foreign exchange losses	-6,541,521.10	-6,292.03
Less: Foreign exchange gains	31,694,654.62	
Net foreign exchange losses	-38,236,175.72	-6,292.03
Bank charges	24,077,316.37	1,838,908.17
Others	8,987,940.39	1,846,563.84
Total	285,612,669.35	45,231,573.62

5.43 Other Income

Items	For the nine months ended 2020	For the nine months ended 2019	Related to assets /income
Amortization of deferred income	4,584,240.89	11,131,713.33	Related to assets
Government grants related to daily activities	604,055,747.79	375,630,651.47	Related to income
Total	608,639,988.68	386,762,364.80	

5.44 Investment Income

Items	For the six months ended 2019	For the six months ended 2018
Investment income from long-term equity investments under equity method	6,356,985.65	12,394,430.12
Investment income from available-for-sale financial assets during holding period	35,117,149.21	11,560,671.30
Financial products	1,738,886.67	
Gains on disposal of financial assets held for trading		3,907.80
Investment income from financial assets held for trading during holding period		624.58
Total	43,213,021.53	23,959,633.80

5.45 Impairment Loss of Assets

Items	For the nine months ended 2020	For the nine months ended 2019
Bad debt of receivables	958,752.20	-5,587,797.84
Total	958,752.20	-5,587,797.84

5.46 Gains/ (losses) from Disposal of Assets

Items	For the nine months ended 2020	For the nine months ended 2019
Gains/(losses) from disposal of property, plant and equipment, construction in progress, and intangible assets not classified as held for sale		
Including: Gains/(losses) from disposal of property, plant and equipment	-192,478.25	4,547,797.31
Intangible assets		
Total	-192,478.25	4,547,797.31

5.47 Non-operating Income

Items	For the nine months ended 2020	For the nine months ended 2019
Government grants irrelevant to daily operation activities	2,403,490.14	710,000.00
Gain from damage or scrappage of non-current assets	60,000.00	8,501.21
Confiscated income	57,759.00	36,478.00
others	12,267,960.47	3,816,131.14
Total	14,789,209.61	4,571,110.35

5.48 Non-operating Expenses

Items	For the nine months ended 2020	For the nine months ended 2019
Donations	1,793,060.80	320,000.00
Loss from damage or scrappage of non-current assets	44,815.08	107,287.43
overdue payment of penalty	290,539.58	1,295,057.54
Others	4,472,336.15	1,126,100.77
Total	6,600,751.61	2,848,445.74

5.49 Income Tax Expenses

Items	For the nine months ended 2020	For the nine months ended 2019
Current tax expenses	7,518,580.93	11,830,190.71
Deferred tax expenses	1,384,992.19	-418,032.80
Total	8,903,573.12	11,412,157.91

5.50 Restricted Assets

Items	30 Sep 2020	Reason
Cash and cash equivalents	489,860,000.00	Time deposit certificate mortgage
Inventories	1,102,239,231.00	Mortgage for bank loans
Investment properties	2,186,939,381.10	Mortgage for bank loans
Property, plant and equipment	232,657,198.21	Mortgage for bank loans
Intangible assets	1,350,181,545.21	Mortgage for bank loans
Total	5,361,877,355.52	

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not Under Common control

There is no such item.

6.2 Business Combination under Common Control

There is no such item.

6.3 Other Situations Leading to Changes in the Scope of Consolidation

The newly incorporated subsidiaries during the reporting period are as follows:

Sequence Number	Name of Subsidiaries	Reason of incorporation
1	Shaoxing Shangyu New Rural Construction Development Investment Co., Ltd. [Note 1]	Free transfer
2	Shaoxing Shangyu Xiaxin Umbrella City Construction Development Co., Ltd.	Establishment
3	Shaoxing Shangyu Yushun Town Construction Development Co., Ltd.	Establishment

Sequence Number	Name of Subsidiaries	Reason of incorporation
4	Shaoxing Shangyu Zhuyin Rural Construction Development Co., Ltd.	Establishment
5	Shaoxing Shangyu Daoyuan Town Construction Development Co., Ltd.	Free transfer
6	Shaoxing Shangyu Huisheng Town Construction Development Co., Ltd.	Free transfer
7	Shaoxing Shangyu Xingyue Town Construction Development Co., Ltd.	Free transfer
8	Shaoxing Shangyu Zhangzhen Town Construction Development Co., Ltd.	Free transfer
9	Shaoxing Shangyu Liangyu Town Construction Development Co., Ltd.	Free transfer
10	Shaoxing Shangyu Shunhui Town Construction Development Co., Ltd.	Free transfer
11	Shaoxing Shangyu Dongxin Town Construction Development Co., Ltd.	Free transfer
12	Shaoxing Shangyu Shunyuan Red Rural Construction Development Co., Ltd.	Free transfer
13	Shaoxing Shangyu Pufa Rural Construction Development Co., Ltd.	Free transfer
14	Shaoxing Shangyu Yeteng Rural Construction Development Co., Ltd.	Free transfer
15	Shaoxing Shangyu Zhuyun Tourism Development Co., Ltd.	Free transfer
16	Shaoxing Shangyu District Hefeng Construction Development Co., Ltd.	Free transfer
17	Shaoxing Shangyu Jinrun Rural Construction Development Co., Ltd.	Free transfer
18	Shaoxing Shangyu Fuzhi Mountain Tourism Development Co., Ltd.	Free transfer
19	Shaoxing Shangyu Guanxing Tourism Development Co., Ltd.	Free transfer
20	Shaoxing Shangyu Yixing Rural Construction Development Co., Ltd.	Free transfer
21	Shaoxing Shangyu District Dingzan Tourism Development Co., Ltd.	Free transfer
22	Shaoxing Shangyu Education and Sports Group Co., Ltd. [Note 2]	Free transfer
23	Shaoxing Shangyu District Education Development Co., Ltd.	Free transfer
24	Shaoxing Shangyu Shunkang Sports Development Co., Ltd.	Free transfer
25	Shangyu Education Logistics Service Co., Ltd.	Free transfer
26	Shaoxing Shangyu District State Construction Evaluation Consulting Co., Ltd.	Establishment

Note 1: According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City issued on May 12, 2020, 49% of the state-owned equity of Shaoxing Shangyu New Rural Construction Development Investment Co., Ltd. was transferred to Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd., and 51% of the state-owned equity was transferred to the subsidiary Shaoxing

Shangyu Water Conservancy Construction Group Co., Ltd. for free, thus from then on, the company included in the scope of consolidation.

Note 2: According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, 100% of the state-owned equity of Shaoxing Shangyu Education and Sports Group Co., Ltd. was transferred to Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd. for free. The document was issued on June 3, 2020; thus, the company was included in the scope of consolidation.

The subsidiaries reduced during the reporting period are as follows:

Sequence Number	Name of Subsidiaries	Reason of Reduction
1	Shaoxing Shangyu Traffic Survey and Design Co., Ltd.	Transferred without consideration
2	Shaoxing Shangyu Traffic Construction Supervision Co., Ltd.	Transferred without consideration

According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City issued on April 7, 2020, Yuxin Engineering Company transferred 90% of the state-owned equity of Shaoxing Shangyu Transportation Survey and Design Co., Ltd. and 100% of the equity of Shaoxing Shangyu Transportation Construction Supervision Co., Ltd. was transferred to Shaoxing Shangyu District Transportation Group Co., Ltd. for free.Thus the company has not been included in the scope of consolidation since then.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Constitution of enterprise group

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Park Development	100.00		Free transfer
Shaoxing Shangyu Economic Development Zone Standard Factory Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Factory Lease		100.00	Establishment
Shangyu Binjiang New City Investment Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	New Town Development		100.00	Free transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District High-tech Industry Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Park Development		100.00	Free transfer
Shaoxing Shangyu Cao'e Street Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Street Construction		100.00	Free transfer
Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Engineering Constrction		100.00	Free transfer
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water	100.00		Free transfer
Shaoxing Shangyu District Water Industry Construction Engineering Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Engineering Constrction		100.00	Free transfer
Shaoxing Shangyu District Water Materials Trade Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		100.00	Free transfer
Shaoxing Shangyu District Drainage Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water		100.00	Free transfer
Shaoxing Shangyu District Water Repairing Technology Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Maintenance Industry		100.00	Free transfer
Shaoxing Shangyu District Water Environment Testing Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Testing		100.00	Free transfer
Shaoxing Shangyu District Water Treatment Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Sewage Treatment		100.00	Free transfer
Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Engineering Constrction	49.00	51.00	Free transfer
Shaoxing Shangyu District Shunze Catering Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Accommodation and Meals		100.00	Establishment
Shaoxing Shangyu District Shunnong Construction Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Agricultural Construction		100.00	Free transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Agricultural Development		100.00	Free transfer
Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water		100.00	Free transfer
Shaoxing Shangyu District Water Supply Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water		100.00	Free transfer
Shaoxing Shangyu District Water Supply Investment Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water		100.00	Free transfer
Shaoxing Shangyu State Control Industrial Group Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	House Lease	100.00		Newly established
Shaoxing Shangyu District Commerce and Trade State-owned Assert Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		100.00	Free transfer
Shaoxing Shangyu District Pingan Security Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Security Services		100.00	Free transfer
Shangyu Xincheng Farm Produce Cold Storage Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Cold Stroage Lease		100.00	Free transfer
Shaoxing Xincheng Logistics Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Logistics		100.00	Free transfer
Shaoxing Shangyu Minbao Chemical Construction Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Chemical Sales		52.00	Free transfer
Shaoxing Antai Fireworks and Firecrackers Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Fireworks Wholesale		52.00	Free transfer
Shaoxing Shangyu Chemical Construction Warehouse Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Warehouse Management		52.00	Free transfer
Shaoxing Shangyu District Property Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		100.00	Free transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Dazhong Labor Affairs Agency (Office) Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Labor Dispatch		100.00	Free transfer
Shaoxing Shangyu District Mechanical and Electrical Engineers Association	Shaoxing Shangyu District	Shaoxing Shangyu District	Business Consulting		100.00	Free transfer
Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water Conservancy Project		100.00	Free transfer
Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Road Construction		100.00	Free transfer
Shaoxing Shangyu District Agricultural Enterprise Non-Financing Guarantee Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Guarantee Service	100.00		Free transfer
Shaoxing Shangyu District Grain Storage Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Grain Storage		100.00	Free transfer
Shaoxing Shangyu District Shanty Town Reconstruction Investment Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Real Estate Development		100.00	Establishment
Shaoxing Shangyu District Property Rights Trading Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Consulting Services	100.00		Free transfer
Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Investment Management		100.00	Establishment
Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Land Development and Consolidation		100.00	Establishment
Shaoxing Shangyu Caijin Real Estate Surveying and Mapping Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Real Estate Development		100.00	Free transfer
Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Advertising Design	100.00		Establishment

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Traffic Advertising Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Advertising Design		51.00	Free transfer
Shaoxing Shangyu District Radio and Television Media Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Advertising Design		51.00	Free transfer
Shaoxing Shangyu District Shunnan Locomotive Network Service Center	Shaoxing Shangyu District	Shaoxing Shangyu District	Locomotive sales		100.00	Free transfer
Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Market Investment		100.00	Establishment
Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Funeral Industry		100.00	Free transfer
Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Investment Management		100.00	Establishment
Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Project Consultancy		100.00	Establishment
Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Scientific Research and Technology Services		100.00	Establishment
Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water Conservancy, Environment and Public Facilities Management		100.00	Free transfer
Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Engineering Quality Inspection		100.00	Free transfer
Shaoxing Shangyu District Shunlan Survey and Design Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Water Conservancy Survey and Design		100.00	Establishment

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Urban Construction Group Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Infrastructure onstruction	51.00		Business combination under common control
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		51.04	Business combination under common control
Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Wholesale of Agricultural Products		100.00	Business combination under common control
Shaoxing Datong E-commerce Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Electronic Commerce		50.00	Business combination under common control
Shaoxing Datong Culture Media Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	cultural Medium		51.00	Business combination under common control
Shaoxing Shangyu Datong Farm Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Agricultural Product Trade		51.00	Business combination under common control
Shaoxing Shangyu Yutong Agricultural Technology Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Agricultural Technology		60.00	Business combination under common control
Shaoxing Datong Supermarket Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Food Business		100.00	Business combination under common control
Shaoxing Shangyu District Yusheng Property Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Property Management		100.00	Business combination under common control
Shaoxing Shangyu District Yutong Real Estate Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Real Estate Development		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Datong Mall Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		76.64	Business combination under common control
Shaoxing Shangyu Datong Mall Enterprise Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Business Management		95.00	Business combination under common control
Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Financial Services	42.86	57.14	Business combination under common control
Shaoxing Shangyu Datong Binjiang Farmers Market Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Market Administration		100.00	Business combination under common control
Shaoxing Shangyu Datong Binhai Mall Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		100.00	Business combination under common control
Shaoxing Shangyu Datong Binjiang Mall Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Trade		100.00	Business combination under common control
Shaoxing Shangyu Yibin Trading Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Wholesale and Retail		100.00	Newly established
Shaoxing Shangyu District Tea Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Tea sales		59.75	Business combination under common control
Shaoxing Shangyu Datong Market Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Real Estate Development		100.00	Business combination under common control
Shaoxing Shangyu District Neighborhood Center Asset Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Asset Management		55.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Material Recycling Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Recycling of Recycled Materials		65.00	Business combination under common control
Shaoxing Shangyu Datong Used Car Trading Market Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Second-hand Car Trading		80.00	Business combination under common control
Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Agricultural Production Service		66.62	Business combination under common control
Shaoxing Shangyu Runnong Chemical Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Sales of Chemical Products		51.00	Business combination under common control
Shaoxing Shangyu Jianmin Poultry Slaughter Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Poultry Slaughtering		100.00	Business combination under common control
Shaoxing Shangyu District Donghai Gas Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Gas Sales		50.00	Business combination under common control
Shaoxing Shangyu District Dongguan Liquefied Gas Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	LPG Sales		70.00	Business combination under common control
Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Oil and Gas Sales		50.00	Business combination under common control
Xiaojin County Jinshun Agricultural Products Co., Ltd.	Aba County, Sichuan Province	Aba County, Sichuan Province	Agricultural Products Sales		100.00	Newly established
Shaoxing Shangyu Urban and Rural Ecological Environmental Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Environmental Sanitation Service		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Reconstruction and Construction of Villages in City		67.88	Business combination under common control
Shaoxing Shangyu Haina Real Estate Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Real Estate Development and Sale		100.00	Business combination under common control
Shaoxing Shangyu District Hongyan Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	New Community Construction and Development		100.00	Business combination under common control
Shaoxing Shangyu Construction Labor Affairs Agency Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Labor Dispatch		100.00	Business combination under common control
Shaoxing Shangyu Leju Property Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Property Management Service		100.00	Business combination under common control
Shaoxing Shangyu Urban Construction Asset Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Real Estate Development and Sale		100.00	Business combination under common control
Shaoxing Shangyu Urban Construction Project Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Engineering Design		100.00	Business combination under common control
Shaoxing Shangyu Sanitation Management Group Co., Ltd	Shaoxing Shangyu District	Shaoxing Shangyu District	Construction of Sanitation Infrastructure		100.00	Business combination under common control
Shaoxing Shangyu Sanitation Equipment Maintenance Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Vehicle Maintenance		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Sanitation Group Yuxi Sanitation Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Operational Cleaning, Collection, Transportation and Treatment Services of Urban Domestic Waste		100.00	Business combination under common control
Shaoxing Shangyu Solid Waste Treatment Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Landfill Disposal of Construction Waste and Domestic Waste		100.00	Business combination under common control
Shaoxing Shangyu Solid Waste Removal Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Operational Cleaning, Collection, Transportation and Treatment Services of Urban Domestic Waste		100.00	Business combination under common control
Shaoxing Shangyu Sanitation Group Urban Sanitation Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Operational Cleaning, Collection, Transportation and Treatment Services of Urban Domestic Waste		100.00	Business combination under common control
Shaoxing Shangyu District Ejiang Construction Waste Disposal Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Collection and Cleaning of Construction Waste Soil and Mud		100.00	Business combination under common control
Shaoxing Shangyu District Streetlight Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Streetlight Repair and Maintenance		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Lighting Project Investment Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Lighting Project Investment Management Consulting Services		100.00	Business combination under common control
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Project Investment and Operation Management Services		100.00	Business combination under common control
Shaoxing Shangyu Small Town Construction Investment Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Small Town Construction and Investment		100.00	Business combination under common control
Shaoxing Shangyu Municipal Public Engineering Quality Inspection Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Routine Testing of Building Materials		100.00	Business combination under common control
Shangyu Urban Construction Hong Kong Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District			100.00	Business combination under common control
Shaoxing Shangyu Garden Municipal Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Construction, Management and Maintenance of garden and municipal public facilities		100.00	Business combination under common control
Shaoxing Shangyu Lvxin Trading Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Building Materials Sales, Seedling Planting and Sales		100.00	Business combination under common control
Shaoxing Shangyu Lvneng Environmental Protection New Material Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Environmental Protection New Material Research and Development		60.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Municipal Construction Engineering Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Municipal Roads		100.00	Business combination under common control
Shaoxing Shangyu Landscaping Engineering Construction Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Green Seedlings Wholesale and Retail		100.00	Business combination under common control
Shaoxing Shangyu Municipal Maintenance Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Maintenance and Operation Management of Municipal Facilities		100.00	Business combination under common control
Zhoushan Yutong Petrochemical Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Oil and Gas Sales		100.00	Newly established
Shaoxing Shangyu Datong Pension Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Maintenance Services		100.00	Newly established
Shaoxing Shangyu Datong Rural Tourism Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Tourism		100.00	Newly established
Shaoxing Shangyu Community Service Center Management Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Community Service Management		100.00	Newly established
Shaoxing Shangyu New Rural Construction Development Investment Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Rural Folk Crafts and Products	49.00	51.00	Free transfer
Shaoxing Shangyu Xiaxin Umbrella City Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Invest to establish
Shaoxing Shangyu Yushun Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Invest to establish

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Zhuyin Rural Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Rural Folk Crafts and Products	-	100.00	Establishment
Shaoxing Shangyu Daoyuan Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Huisheng Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Development and Management of Leisure Agriculture and Rural Tourism Resources	-	100.00	Free transfer
Shaoxing Shangyu Xingyue Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Development and Management of Leisure Agriculture and Rural Tourism Resources	-	100.00	Free transfer
Shaoxing Shangyu Zhangzhen Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Liangyu Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Property Management	-	100.00	Free transfer
Shaoxing Shangyu Shunhui Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Development and Management of Leisure Agriculture and Rural Tourism Resources	-	100.00	Free transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Dongxin Town Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Shunyuan Red Rural Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Pufa Rural Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Yeteng Rural Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Development and Management of Leisure Agriculture and Rural Tourism Resources	-	100.00	Free transfer
Shaoxing Shangyu Zhuyun Tourism Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Development and Management of Leisure Agriculture and Rural Tourism Resources	-	100.00	Free transfer
Shaoxing Shangyu District Hefeng Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Project Management Services	-	100.00	Free transfer
Shaoxing Shangyu Jinrun Rural Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Property Management	-	100.00	Free transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Fuzhi Mountain Tourism Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Guanxing Tourism Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Rural Folk Crafts and Products	-	100.00	Free transfer
Shaoxing Shangyu Yixing Rural Construction Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Rural Folk Crafts and Products	-	100.00	Free transfer
Shaoxing Shangyu District Dingzan Tourism Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	General Contracting of Housing Construction and Municipal Infrastructure Projects	-	100.00	Free transfer
Shaoxing Shangyu Education and Sports Group Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Teacher Logistics Service	100.00	-	Free transfer
Shaoxing Shangyu District Education Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Education Facilities Construction Project Investment	-	100.00	Free transfer
Shaoxing Shangyu Shunkang Sports Development Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Management and Operation of Sports Venues	-	100.00	Free transfer
Shangyu Education Logistics Service Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Sales of Educational Equipment and Facilities	-	100.00	Free transfer
Shaoxing Shangyu District State Construction Evaluation Consulting Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Engineering cost Consulting Business	-	100.00	Establishment

(i) Illustration for the difference between percentage of equity interests and percentage of voting rights

The Company has no difference between percentage of equity interests and percentage of voting rights during the reporting period.

(ii) Basis for having control power over the investees with voting rights of 50% or lower, and having no control power over the investees with voting rights Over 50%

Sequence number	Name of invested entity	Proportion of interest (%)	Reason
1	Shaoxing Shangyu District Donghai Gas Co., Ltd.	50.00	Sign a concerted action agreement
2	Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	50.00	Sign a concerted action agreement

(iii) Basis for control power over important structured entities within the scope of consolidation

There was no basis for control power over important structured entities within the scope of consolidation.

(iv) Basis for defining the Company as an agent or a principal

There is no such item.

(a) Important non-wholly owned subsidiary

Name of subsidiary	Percentage of equity interests held by minority shareholders (%)	Profit or loss attributable to non-controlling interests during the reporting period	Non-controlling interests at the end of the reporting period
Shaoxing Shangyu Urban Construction Group Co., Ltd.	49.00	31,542,333.03	7,423,504,469.65
Shaoxing Datong Holding Group Co., Ltd.	48.96	-15,693,367.77	135,454,780.75
Shaoxing Datong Mall Co., Ltd.	23.36	768,094.21	17,315,480.76
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	32.12	4,210,960.37	1,295,590,093.86
Total		20,828,019.84	8,871,864,825.01

(b) Main financial information of important non-wholly owned subsidiaries

Subsidiaries	30 Sep 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	27,808,700,343.80	3,560,659,432.10	31,369,359,775.90	4,693,886,029.65	9,722,749,151.09	14,416,635,180.74
Shaoxing Datong Holding Group Co., Ltd.	542,877,698.40	1,102,239,203.76	1,645,116,902.16	1,067,742,176.89	300,710,548.91	1,368,452,725.80
Shaoxing Datong Mall Co., Ltd.	220,021,890.99	110,157,970.13	330,179,861.12	256,055,371.57	-	256,055,371.57
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	8,861,461,638.65	203,784,136.17	9,065,245,774.82	1,614,274,705.52	3,417,378,000.00	5,031,652,705.52

(Continued)

Subsidiaries	For the nine months ended 2020			
	Revenue	Net profit/(loss) for the year	Total comprehensive income for the year	Net cash flows from operating activities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	1,319,083,575.04	64,372,108.22	64,372,108.22	-691,553,068.14
Shaoxing Datong Holding Group Co., Ltd.	531,598,066.74	-32,053,447.24	-32,053,447.24	187,163,036.17
Shaoxing Datong Mall Co., Ltd.	263,601,675.72	3,288,074.53	3,288,074.53	122,414,441.05
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	399,779,815.41	13,110,088.33	13,110,088.33	348,443,902.96

(Continued)

Subsidiaries	31 Dec 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	26,187,776,633.73	3,494,343,822.39	29,682,120,456.12	4,507,771,292.61	8,307,382,998.68	12,815,154,291.29
Shaoxing Datong Holding Group Co., Ltd.	609,181,659.48	1,048,788,036.25	1,657,969,695.73	1,076,608,285.80	270,544,048.91	1,347,152,334.71
Shaoxing Datong Mall Co., Ltd.	283,723,894.96	142,578,707.11	426,302,602.07	349,613,356.18		349,613,356.18
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	9,364,249,605.76	210,196,923.63	9,574,446,529.39	1,871,721,055.09	3,682,444,000.00	5,554,165,055.09

(Continued)

Subsidiaries	For the nine months ended 2019			
	Revenue	Net profit/(loss) for the year	Total comprehensive income for the year	Net cash flows from operating activities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	535,728,514.39	38,065,333.44	38,065,333.44	148,283,675.20
Shaoxing Datong Holding Group Co., Ltd.	417,705,304.10	9,201,316.26	9,201,316.26	112,374,585.71
Shaoxing Datong Mall Co., Ltd.	241,025,277.40	16,667,005.36	16,667,005.36	41,830,000.49

(c) Material restrictions to using the assets and settling the liabilities of the group

There is no such item.

(d) The financial support or other support to consolidated structured entities

There is no such item.

7.2 Interests in Joint Arrangements or Associates

(a) Material joint ventures or associates

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Associates						
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.	Shaoxing Shangyu District	Shaoxing Shangyu District	Leasing and business services	49.00		Equity method
Shaoxing Tangpu reservoir Co., Ltd	Shaoxing Shangyu District	Shaoxing Shangyu District	Operation and management of reservoir		29.69992	Equity method

(a.1) Note to the differences between the share of equity interests and that of voting rights:
There is no such item.

(a.2) Basis for having significant influence over the investees with voting rights of less than 20%, and having no significant influence over the investee with voting rights above 20% or above:

There is no such item.

8. FAIR VALUE DISCLOSURES

8.1 Assets and Liabilities Measured at Fair Value at 30 September 2020

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Financial assets at fair value through profit or loss				
(i) Held-for-trading financial assets	183,494.00			183,494.00
Equity instruments	183,494.00			183,494.00
(b) Available-for-sale financial assets	205,817,236.08			205,817,236.08
Equity instruments	205,817,236.08			205,817,236.08
Total assets measured at fair value on a recurring basis	206,000,730.08			206,000,730.08

8.2 Basis for the Quoted Prices in Active Markets for Level 1 of the Fair Value Hierarchy

The ending fair value of listed company stock investment in the available-for-sale financial assets held by the Company is determined at the closing price of the public trading market on the balance sheet date. The stock investment of listed companies in financial assets that are measured at fair value and whose changes are included in the current profit or loss. Since the stock has not been listed for trading on the balance sheet date, the ending fair value is determined at the stock issue price.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Shaoxing Shangyu District State owned assets supervision and Administration Commission	Shaoxing Shangyu District	Government organs		100.00	100.00

Ultimate controlling party of the Company: Shaoxing Shangyu District State owned assets supervision and Administration Commission.

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Notes 7 INTERESTS IN OTHER ENTITIES*.

9.3 Joint Ventures and Associates of the Company

(a) Basic information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Notes 7 INTERESTS IN OTHER ENTITIES.*

(b) Details of other joint ventures or associates trading with the Company during the reporting period, or with outstanding balances arising in prior periods

There is no such item.

9.4 Other Related Parties of the Company

Name	Relationship with the Company
Shaoxing Shangyu Hangzhou Bay Construction and Development Group Co., Ltd	Shareholding corporation
Shaoxing Hangzhou Bay Shangyu Industrial Park Investment Development Co., Ltd	The subsidiary of shareholding corporation
Shaoxing Shangyu Haifa Agricultural Garden Co., Ltd	The subsidiary of shareholding corporation
Shaoxing Shangyu Zhonglian environmental protection Co., Ltd	Shareholding corporation
Shaoxing Tangpu reservoir Co., Ltd	Associate of subsidiary
Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd	Shareholding corporation

10. COMMITMENTS AND CONTINGENCIES

10.1 Significant Commitments

As at 30 September 2020, the Company has no significant commitments need to be disclosed.

10.2 Contingencies

Significant contingencies existing at the balance sheet date:

(a) Contingent liabilities resulting from debt guarantees of other entities and the estimate of the financial effects

Guarantor	Guarantee	Amount ('000)	Guarantees start date	Guarantees maturity date
Shaoxing Shangyu Urban Construction Group Co., Ltd	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	50,000.00	19-Jun-2019	19-Jun-2024
Shaoxing Shangyu Urban Construction Group Co., Ltd	Shaoxing Shangyu District Zhang Zhen Fucun Property Management Co., Ltd.	24,000.00	15-Dec-2017	31-Dec-2020
Shaoxing Shangyu Urban Construction Group Co., Ltd	Shaoxing Shangyu Cultural Tourism Group Co., Ltd	300,000.00	8-May-2019	8-May-2021

Guarantor	Guarantee	Amount ('000)	Guarantees start date	Guarantees maturity date
Shaoxing Shangyu Urban Construction Group Co., Ltd	Shaoxing Shangyu Greenland Agricultural Garden Co., Ltd	47,000.00	22-Jul-2019	22-Jul-2022
Shaoxing Shangyu Village in city Reconstruction Investment Development Co., Ltd.	Shaoxing Shangyu Traffic Group Co., Ltd	4,200,000.00	18-Sep-2015	17-Sep-2027
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Binhai New Town Investment Development and Construction Co., Ltd	48,000.00	27-Jun-2017	31-Dec-2020
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Binhai New Town Investment Development and Construction Co., Ltd	200,000.00	30-Jun-2015	31-May-2021
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Greenland Agricultural Garden Co., Ltd	15,000.00	26-Jun-2019	19-Jun-2021
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Tongchang Municipal Engineering Co., Ltd	19,000.00	26-Jun-2019	19-Jun-2021
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Zhenyue Construction Investment Co., Ltd	50,000.00	26-Nov-2018	26-Nov-2020
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu District Dongguan Supply and Marketing Cooperative	35,000.00	3-Oct-2019	20-Jun-2022
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu District Zhangzhen Supply and Marketing Cooperative	6,000.00	19-Dec-2019	20-Jun-2022
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Yubei oil products Co., Ltd	2,000.00	6-Dec-2019	5-Dec-2021
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu Huiduoli Agricultural Materials Co., Ltd	3,000.00	23-Jul-2019	23-Jul-2022
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu Juyuan Property Management Co., Ltd	4,600.00	30-Dec-2014	10-May-2021
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu District Xietang Lianchuang Property Management Co., Ltd	2,500.00	3-Dec-2019	2-Dec-2020
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu Yongan Property Management Co., Ltd	5,000.00	8-Aug-2016	20-Jun-2021

Guarantor	Guarantee	Amount ('000)	Guarantees start date	Guarantees maturity date
Shaoxing Shangyu District Water Affairs Group Co., Ltd.	Shaoxing Shangyu District Song City municipal garden Engineering Co., Ltd	70,000.00	27- Jul-2018	27-Jul-2021
Shaoxing Shangyu District Water Affairs Group Co., Ltd.	Shaoxing Shangyu water resources investment and Development Co., Ltd	275,000.00	15-Dec-2014	14-Dec-2022
Shaoxing Shangyu District Water Affairs Group Co., Ltd.	Shaoxing Shangyu water resources investment and Development Co., Ltd	100,000.00	27-Mar-2020	26-Mar-2021
Shaoxing Shangyu District Sunnong Construction Co., Ltd.	Shaoxing Shangyu Yushun Tourism Industry Co., Ltd	100,000.00	31-Dec-2019	31-Dec-2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Hangzhou Bay Shangyu Binhai New Town Investment Development and Construction Co., Ltd	300,000.00	22-Nov-2019	16-Dec-2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd	100,000.00	31-Dec-2019	31-Dec-2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Traffic Investment Co., Ltd	800,000.00	24-Oct-2019	23-Oct-2025
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Zhejiang Shun'an Industrial Co., Ltd	50,000.00	15-Jun-2020	15-Jun-2021
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Traffic Assets Management Co., Ltd	49,000.00	28-Nov-2019	27-Nov-2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Zhejiang Chunhui Middle School	30,000.00	23-Apr-2020	23-Apr-2022
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Technology Investment Co., Ltd	200,000.00	19-Nov-2019	19-Nov-2022
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Vocational Secondary School	20,000.00	20-Mar-2020	25-Mar-2022

Guarantor	Guarantee	Amount ('000)	Guarantees start date	Guarantees maturity date
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Water Tourism Development Co., Ltd	50,000.00	9-Jan-2020	31-Dec-2021
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Zhejiang Sanshang Cultural Tourism Investment Development Co., Ltd	90,000.00	31-Dec-2019	30-Dec-2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Shuntai Municipal Engineering Co., Ltd	90,000.00	31-Dec-2019	30-Dec-2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Haifa Agricultural Garden Co., Ltd	60,000.00	29-Jan-2020	15-Jan-2021
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Tongchang Municipal Engineering Co., Ltd	200,000.00	20-Feb-2020	4-Jan-2021
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Zhejiang Jinqu Traffic Engineering Co., Ltd	50,000.00	26-Mar-2020	26-Mar-2021
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd	50,000.00	31-Mar-2020	31-Mar-2022
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Yucheng Scenic Spot Development Co., Ltd	80,000.00	30-Jan-2018	30-Jan-2024
Shaoxing Shangyu District Education Development Co., Ltd.	Shaoxing Shangyu Vocational Secondary School	25,000.00	29-Aug-2019	25-Aug-2021
Shaoxing Shangyu District Education Development Co., Ltd.	Shaoxing Shangyu Vocational Secondary School	15,000.00	24-Jun-2020	27-Dec-2020
Shaoxing Shangyu District Education Development Co., Ltd.	Zhejiang Chunhui Middle School	40,000.00	23-Dec-2019	16-Dec-2021
Shaoxing Shangyu District Education Development Co., Ltd.	Shangyu Vocational Education Center	40,000.00	19-May-2020	28-Apr-2021

Guarantor	Guarantee	Amount ('000)	Guarantees start date	Guarantees maturity date
Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Binhai New Town Investment Development and Construction Co., Ltd	2,000,000.00	26-Apr-2019	17-Apr-2024
Total		9,895,100.00		

11. EVENTS AFTER THE REPORTING PERIOD

As at 30 September 2020, the Company has no events after the reporting period.

12. OTHER SIGNIFICANT MATTERS

As at 30 September 2020, the Company has no other significant matters.

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

13.1 Other Receivables

(a) Other receivables by category

Items	30 Sep 2020	31 Dec 2019
Interest receivable		
Dividend receivable		
Other receivables	5,307,958,579.59	10,510,228,170.00
Total	5,307,958,579.59	10,510,228,170.00

(b) Interest receivable:

There is no such item.

(c) Dividends receivable:

There is no such item.

(d) Other receivables

(d.1) Other receivables by category

Items	30 Sep 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					

Items	30 Sep 2020				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	5,307,958,579.59	100.00			5,307,958,579.59
Portfolio 1:	5,307,958,579.59	100.00			5,307,958,579.59
Portfolio 2:					
Other receivables with individually insignificant balance but provision for bad debt recognized individually					
Total	5,307,958,579.59	100.00			5,307,958,579.59

(Continued)

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	10,510,228,170.00	100.00			10,510,228,170.00
Portfolio 1:	10,510,228,170.00	100.00			10,510,228,170.00
Portfolio 2:					
Other receivables with individually insignificant balance but provision for bad debt recognized individually					
Total	10,510,228,170.00	100.00			10,510,228,170.00

(i) Other receivables with individually significant balance and provision for bad debt recognized individually:

There is no such item.

(ii) Other receivable with individually insignificant balance but recognized provision for bad debt individually

There is no such item.

(iii) In portfolio 1, other receivables with no provision for bad debts, the details are as follows:

Entity name	Carrying amount	Proportion for bad debt	Provision ratio (%)	Reason
Shaoxing Water Group Co., Ltd	809,897,897.62			The possibility of bad debt is low.
Zhejiang Shangyu Economic Development Zone Development Corporation	498,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Shunmao Investment Co., Ltd	483,952,496.05			The possibility of bad debt is low.
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	460,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District characteristic Town Investment and Construction Co., Ltd.	335,697,916.00			The possibility of bad debt is low.
Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd	330,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu Haifa Agronomic Garden Co., Ltd.	300,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Caiyuan Land Development Co., Ltd.	255,248,701.31			The possibility of bad debt is low.
Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	211,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Commerce and Trade State-owned Assets Co., Ltd.	205,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu Binjiang New City Investment Development and Construction Co., Ltd.	200,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Water Treatment evelopment Co., Ltd	197,000,000.00			The possibility of bad debt is low.

Entity name	Carrying amount	Proportion for bad debt	Provision ratio (%)	Reason
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	164,330,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Water Supply Co., Ltd	150,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu Shunong Construction Co., Ltd	146,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Water Supplies Trade Co., Ltd	135,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu New Rural Construction Development Investment Co., Ltd.	100,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd	97,500,000.00			The possibility of bad debt is low.
Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	94,839,573.36			The possibility of bad debt is low.
Shaoxing Shangyu District Education Development Co., Ltd.	70,000,000.00			The possibility of bad debt is low.
Shangyu Education Logistics Service Co., Ltd.	30,000,000.00			The possibility of bad debt is low.
Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd.	29,989,795.25			The possibility of bad debt is low.
Shaoxing Shangyu Yuxin Engineering Consulting Co., Ltd	2,001,000.00			The possibility of bad debt is low.
Others	2,501,200.00			The possibility of bad debt is low.
Total	5,307,958,579.59			

(d.2) Provision, recovery or reversal of bad debt

There is no such item.

(d.3) Other receivables written-off during the reporting period

As at 30 September 2020, the Company has no other receivables written-off during the reporting period.

(d.4) Top five closing balances by entity

Entity name	Nature	Carrying amount	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Shaoxing Water Group Co., Ltd	Current payment	809,897,897.62	Within 1 year, 1 to 2 years	15.26	
Zhejiang Shangyu Economic Development Zone Development Corporation	Current payment	498,000,000.00	1 to 2 years	9.38	
Shaoxing Shangyu District Shunmao Investment Co., Ltd	Current payment	483,952,496.05	1 to 2 years	9.12	
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	Current payment	460,000,000.00	2 to 3 years, over 3 years	8.67	
Shaoxing Shangyu District characteristic Town Investment and Construction Co., Ltd.	Current payment	335,697,916.00	1 to 2 years	6.32	
Total		2,587,548,309.67		48.75	

13.2 Long-term Equity Investments

Items	30 Sep 2020			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Subsidiaries	28,174,565,758.56		28,174,565,758.56	16,490,469,169.20		16,490,469,169.20
Investments in associates	10,585,051,450.83		10,585,051,450.83	4,574,781,069.28		4,574,781,069.28
Total	38,759,617,209.39		38,759,617,209.39	21,065,250,238.48		21,065,250,238.48

(a) Investments in subsidiaries

Investees	31 Dec 2019	Increase	Decrease	30 Sep 2020	Provision for impairment during the reporting period	Provision for impairment at 30 Sep 2020
Shaoxing Shangyu District Agricultural Enterprise Non-Financing Guarantee Co., Ltd.	15,310,691.99			15,310,691.99		
Shangyu Economic Development Zone Investment Development Co., Ltd.	6,040,951,105.66			6,040,951,105.66		
Shaoxing Shangyu District Water Group Co., Ltd.	2,701,317,147.51	7,431,163,652.00		10,132,480,799.51		

Investees	31 Dec 2019	Increase	Decrease	30 Sep 2020	Provision for impairment during the reporting period	Provision for impairment at 30 Sep 2020
Shaoxing Shangyu District Grain Storage and Storage Co., Ltd.	56,463,728.41		56,463,728.41			
Shaoxing Shangyu District Property Rights Trading Co., Ltd.	30,317,322.56			30,317,322.56		
Shaoxing Shangyu Urban Construction Group Co., Ltd	7,365,035,533.86			7,365,035,533.86		
Shaoxing Shangyu State Control Industrial Group Co., Ltd	281,073,639.21	1,556,463,728.41		1,837,537,367.62		
Shaoxing Shangyu education and Sports Group Co., Ltd		2,752,932,937.36		2,752,932,937.36		
Total	16,490,469,169.20	11,740,560,317.77	56,463,728.41	28,174,565,758.56		

Note 1: The Company established Shaoxing Shangyu District Wanxiang advertising media Co., Ltd. on December 28, 2017, with a subscribed capital contribution of CNY20 million, but no actual capital contribution has been made by the end of the reporting period.

(a) Investments in associates

Investees	31 Dec 2019	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shaoxing Shangyu District Shunlian Hydropower Development Co., Ltd.	1,200,870.64			-21,018.39		
Shangyu Daily News Co., Ltd.	27,090,974.15			-151,530.11		
Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.	17,119,051.25					
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.	1,260,513,116.01					

Investees	31 Dec 2019	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd	3,268,857,057.23			-14,084,578.96		2,590,431,692.54
Shaoxing Shangyu new rural construction and Development Investment Co., Ltd		732,435,661.72		-8,114,464.76		2,709,774,619.51
Total	4,574,781,069.28	732,435,661.72		-22,371,592.22		5,300,206,312.05

(Continued)

Investees	Changes during the reporting period			30 Sep 2020	Provision for impairment at 30 Sep 2020
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Shaoxing Shangyu District Shunlian Hydropower Development Co., Ltd.				1,179,852.25	
Shangyu Daily News Co., Ltd.				26,939,444.04	
Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.				17,119,051.25	
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.				1,260,513,116.01	
Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd				5,845,204,170.81	
Shaoxing Shangyu new rural construction and Development Investment Co., Ltd				3,434,095,816.47	
Total				10,585,051,450.83	

13.3 Investment Income

Items	For the nine months ended 2020	For the nine months ended 2019
Investment income from long-term equity investments under cost method	12,212,580.61	
Investment income from long-term equity investments under equity method	-22,371,592.22	1,714,471.50

Items	For the nine months ended 2020	For the nine months ended 2019
Investment income from held-to-maturity investments during the holding period	50,540,581.01	2,746,671.30
Gains on disposal of available-for-sale financial assets		3,907.80
Investment income from available-for-sale financial assets during the holding period		624.58
Total	40,381,569.40	4,465,675.18

Name of the Company: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Legal Representative: Chief Financial Officer: Finance Manager:

Date: 2 February 2021

Auditor's Report

Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

RSM SZ [2020] No.310Z0633

RSM CHINA CPA LLP

CHINA·BEIJING

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Auditor's Report

RSM SZ [2020] NO.310Z0633

To the Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.:

Opinion

We have audited the financial statements of Shaoxing Shangyu State-owned Capital Investment and Operation Company Co., Ltd. (hereafter referred to as "Shangyu State-owned Capital Investment Company"), which comprises the consolidated and the parent company's statement of financial position as at 31 December 2019, 31 December 2018, 31 December 2017, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying Shangyu State-owned Capital Investment Company's financial statements present fairly, in all material respects, the consolidated and the company's financial position as at 31 December 2019, 31 December 2018, 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Shangyu State-owned Capital Investment Company in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our

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other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of Shangyu State-owned Capital Investment Company (hereafter referred to as "Management") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing Shangyu State-owned Capital Investment Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate Shangyu State-owned Capital Investment Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Shangyu State-owned Capital Investment Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Shangyu State-owned Capital Investment Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Shangyu State-owned Capital Investment Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Shangyu State-owned Capital Investment Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(There is no text below，which is the signature and stamp page of RSM SZ [2020] NO.310Z0633, Shangyu State-owned Capital Investment Company's audit report.)

RSM China CPA LLP

China·Beijing

[Name of CPA]:

[Name of CPA]:

[Date] 2 February 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	31 Dec 2019	31 Dec 2018	31 Dec 2017	Item	Note	31 Dec 2019	31 Dec 2018	31 Dec 2017
Current assets:					**Current liabilities:**				
Cash and cash equivalents		11,447,604,098.72	9,384,762,662.50	10,511,972,322.94	Short-term borrowings	5.20	3,595,287,278.00	2,338,923,500.00	1,705,756,800.00
Financial assets at fair value through profit or loss	5.2	185,494.00	3,140.00	-	Financial liabilities at fair value through profit or loss		-	-	-
Derivative financial assets		-	-	-	Derivative financial liabilities		-	-	-
Notes receivable	5.3	10,973,644.45	10,252,126.99	1,266,809.00	Notes payable	5.21	23,161,072.20	24,677,795.00	47,132,641.20
Accounts receivable	5.4	364,539,919.13	178,417,402.39	140,928,816.25	Accounts payable	5.22	956,568,782.82	1,067,901,447.87	819,324,694.37
Prepayments	5.5	34,924,900.18	29,130,366.64	545,346,931.37	Advances from customers	5.23	320,613,721.85	311,106,140.19	302,950,519.37
Other receivables	5.6	16,226,806,421.76	16,385,896,035.35	16,361,418,643.91	Employee benefits payable	5.24	53,314,965.45	47,490,011.69	28,261,809.60
Inventories	5.7	51,830,618,005.64	46,647,228,708.90	52,383,506,485.31	Taxes payable	5.25	49,272,536.30	42,266,742.42	112,746,465.67
Assets classified as held for sale		-	-	-	Other payables	5.26	1,467,803,580.76	2,833,718,558.19	1,654,896,415.05
Non-current assets maturing within one year		-	-	22,000,000.00	Liabilities classified as held for sale		-	-	-
Other current assets	5.8	151,916,939.88	93,435,638.64	60,423,837.11	Non-current liabilities maturing within one year	5.27	5,650,332,567.54	5,801,268,000.00	3,574,108,772.76
Total current assets		**80,067,567,423.76**	**72,729,126,081.41**	**80,026,863,845.89**	Other current liabilities	5.28	670,961,158.83	18,819,455.12	100,000.00
Non-current assets:					**Total current liabilities**		**12,787,315,663.75**	**12,486,171,650.48**	**8,245,278,118.02**
Available-for-sale financial assets	5.9	4,230,533,543.32	4,036,643,811.08	415,384,047.42	**Non-current liabilities:**				
Held-to-maturity investments		-	-	-	Long-term borrowings	5.29	22,738,910,667.00	25,776,924,000.00	30,933,794,000.00
Long-term receivables	5.10	1,810,660,124.36	1,734,373,796.38	2,137,784,997.18	Bonds payable	5.30	21,940,379,048.26	14,630,318,955.60	14,777,811,136.31
Long-term equity investments	5.11	1,874,520,422.27	1,047,044,836.04	2,067,898,832.05	Long-term payables	5.31	1,536,356,223.23	2,038,159,498.99	3,278,904,487.31
Investment properties	5.12	3,734,602,134.29	3,484,645,016.55	2,595,286,410.03	Long-term employee benefits payable		-	-	-
Property, plant and equipment	5.13	4,168,007,165.16	4,111,251,258.65	2,028,422,728.58	Estimated liabilities		-	-	-
Construction in progress	5.14	1,973,826,234.77	1,969,708,060.46	1,488,557,867.44	Deferred income	5.32	277,581,615.60	241,689,389.47	204,281,568.77
Productive biological assets		-	-	-	Deferred tax liabilities	5.18	53,774,981.71	27,590,048.65	35,418,061.85
Oil and gas assets		-	-	-	Other non-current liabilities	5.33	206,912,480.46	46,775,532.88	47,705,813.51
Intangible assets	5.15	3,791,201,687.91	8,389,208,135.79	1,692,178,282.47	**Total non-current liabilities**		**46,753,915,016.26**	**42,761,457,425.59**	**49,277,915,067.75**
Research and development expenditure		-	-	-	**Total liabilities**		**59,541,230,680.01**	**55,247,629,076.07**	**57,523,193,185.77**
Goodwill	5.16	1,378,475.89	1,378,475.89	-	**Owners' equity**				
Long-term deferred expenses	5.17	62,856,792.10	37,933,926.12	598,554,634.63	Paid-in capital	5.34	372,000,000.00	372,000,000.00	200,000,000.00
Deferred tax assets	5.18	3,956,777.77	2,828,741.18	2,435,259.81	Other equity instruments		-	-	-
Other non-current assets	5.19	58,795,890.05	10,399,528.00	455,227,214.80	Including: Preference shares		-	-	-
Total non-current assets		**21,710,339,247.89**	**24,825,415,586.14**	**13,481,730,274.41**	Perpetual bonds		-	-	-
					Capital reserves	5.35	32,259,450,926.99	31,943,287,434.97	29,321,977,323.65
					Less: Treasury stock		-	-	-
					Other comprehensive income	5.36	161,324,945.13	82,770,145.95	106,254,185.57
					Specificreserves	5.37	5,404,097.04	4,578,962.20	2,822,095.16
					Surplus reserves	5.38	7,589,715.71	7,589,715.71	3,887,528.21
					Retained earnings	5.39	636,743,758.57	497,736,424.44	355,120,783.36
					Total owner's equity attributable to parent company		**33,442,513,443.44**	**32,907,962,683.27**	**29,990,061,915.95**
					Non-controlling interests		**8,794,162,548.20**	**9,398,949,908.21**	**5,995,339,018.59**
					Total owners' equity		**42,236,675,991.64**	**42,306,912,591.48**	**35,985,400,934.54**
Total assets		**101,777,906,671.65**	**97,554,541,667.25**	**93,508,594,120.31**	**Total liabilities and owners' equity**		**101,777,906,671.65**	**97,554,541,667.25**	**93,508,594,120.31**

Legal Representative: 娣偲印红

Chief Financial Officer: 娣偲印红

Finance Manager: 季洁印

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2019	2018	2017
I. Revenue	5.40	**4,477,590,518.06**	**4,111,246,209.86**	**4,674,952,264.22**
Less: Costs of sales	5.40	4,194,227,649.41	3,852,832,296.94	4,107,312,088.61
Taxes and surcharges	5.41	39,407,789.51	39,073,427.86	38,852,239.68
Selling and distribution expenses		182,749,152.57	175,922,379.70	139,039,704.64
General and administrative expenses		527,524,580.59	481,952,362.13	374,097,399.83
Research and development expenses		-	-	-
Finance costs	5.42	209,860,428.24	227,183,633.83	506,516,168.62
Including: Interest expenses		460,597,908.38	502,029,539.79	677,023,976.13
Interest income		308,917,077.20	290,171,603.58	198,348,354.80
Add: Other income	5.43	851,647,212.48	879,974,080.63	701,413,437.71
Investment income/(losses)	5.44	64,105,018.41	71,300,919.42	31,037,029.18
Including: Investment income from associates and joint ventures		41,699,106.33	38,427,285.49	3,850,471.16
Gains/(losses) from changes in fair values	5.45	20,349.00	-	-
Impairment loss of assets	5.46	6,279,018.27	-6,615,597.81	-5,452,414.88
Gains/(losses) from disposal of assets	5.47	7,410,285.19	958,383.33	3,550.85
II. Profit/(loss) from operations		**253,282,801.09**	**279,899,894.97**	**236,136,265.70**
Add: Non-operating income	5.48	5,405,004.29	7,337,964.33	21,341,114.34
Less: Non-operating expenses	5.49	6,136,983.07	5,080,622.73	5,880,176.52
III. Profit/(loss) before tax		**252,550,822.31**	**282,157,236.57**	**251,597,203.52**
Less: Income tax expenses	5.50	27,670,119.93	18,973,500.12	23,105,139.56
IV. Net profit/(loss) for the year		**224,880,702.39**	**263,183,736.45**	**228,492,063.96**
(I) Net profit/(loss) by continuity				
Net profit/(loss) from continuing operation		224,880,702.39	263,183,736.45	228,492,063.96
Net profit/(loss) from discontinued operation		-		-
(II) Net profit/(loss) by ownership attribution				
Attributable to owners of the parent		139,792,134.13	148,673,344.63	190,742,163.31
Attributable to non-controlling interests		85,088,568.25	114,510,391.82	37,749,900.65
V. Other comprehensive income for the year, after tax		**78,554,799.18**	**-23,484,039.62**	**-14,969,358.58**
(a) attributable to owners of the parent		**78,554,799.18**	**-23,484,039.62**	**-14,969,358.58**
(i) Items that will not be reclassified subsequently to profit or loss				
1. Remeasurement of the net defined benefit liability (asset)				
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss				
(ii) Items that may be reclassified subsequently to profit or loss		78,554,799.18	-23,484,039.62	-14,969,358.58
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss				-
2. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		78,554,799.18	-23,484,039.62	-14,969,358.58
3. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		-	-	-
4. The effective portion of the gains /losses on cash flow hedge		-	-	-
5. Exchange differences on translating foreign operations		-	-	-
6. Others		-	-	-
(b) Attributable to non-controlling interests				
VI. Total comprehensive income for the year		**303,435,501.57**	**239,699,696.83**	**213,522,705.38**
Attributable to owners of the parent		218,346,933.31	125,189,305.01	175,772,804.73
Attributable to non-controlling interests		85,088,568.25	114,510,391.82	37,749,900.65
VII. Earnings per share:				
Basic earnings per share				
Diluted earnings per share				

In the current period, the net profit realized by the acquirer before the consolidation was CNY107,981,602.35 in 2017, CNY183,862,567.77 in 2018, and CNY-22,045,929.81 from January 1, 2019 to the date of consolidation.

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2019	2018	2017
I. Cash flows from operating activities				
Cash received from sale of goods and rendering of services		4,453,995,474.66	4,368,930,211.06	4,817,299,095.93
Refund of tax and levies		341,614.33	220,814.04	398,958.90
Other cash received relating to operating activities		5,936,471,234.98	3,964,530,618.28	5,454,286,492.37
Sub-total of cash inflows from operating activities		10,390,808,323.97	8,333,681,643.38	10,271,984,547.20
Cash paid for received commodities or labor		9,187,712,195.59	10,554,453,424.89	13,887,240,293.23
Cash paid to and for employees		467,022,426.90	390,399,557.64	338,889,746.67
Payments of all types of taxes		143,348,411.22	216,785,444.38	117,055,974.90
Other cash paid relating to operating activities		3,515,546,560.83	5,291,565,326.17	8,458,258,118.97
Sub-total of cash outflows from operating activities		13,313,629,594.54	16,453,203,753.08	22,801,444,133.77
Net cash flows from operating activities		**-2,922,821,270.57**	**-8,119,522,109.70**	**-12,529,459,586.57**
II. Cash flows from investing activities				
Cash received from disposal of investments		324,672,285.54	26,603,036.06	71,000,000.00
Cash received from returns on investments		30,907,530.73	51,944,100.68	33,567,924.28
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		16,232,887.00	1,040,138.52	103,550.00
Net cash received from disposals of subsidiaries or other business units		1,759,715.91	-	-
Other cash received relating to investing activities		193,205,354.18	583,777,887.65	230,422,790.63
Sub-total of cash inflows from investing activities		565,018,057.45	663,365,162.91	335,094,264.91
Cash paid to acquire property,plant and equipment, intangible assets and other long-term assets		1,188,279,080.21	868,080,532.53	670,498,268.52
Cash paid to acquire investments		111,108,941.48	600,056,176.06	273,097,300.00
Net cash paid to acquire subsidiaries and other business units		-	13,064,074.05	-
Other cash payments relating to investing activities		1,342,097,312.65	1,405,111,444.55	1,138,775,573.64
Sub-total of cash outflows from investing activities		2,641,485,334.34	2,886,312,227.19	2,082,371,142.16
Net cash flows from investing activities		**-2,076,467,276.89**	**-2,222,947,064.28**	**-1,747,276,877.25**
III. Cash flows from financing activities				
Cash received from capital contributions		-	176,598,000.00	83,269,000.00
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries		-	-	-
Cash received from borrowings		17,917,422,777.81	16,527,694,800.00	22,233,885,100.00
Other cash received relating to financing activities		2,227,185,287.71	705,991,236.34	5,808,521,081.18
Sub-total of cash inflows from financing activities		20,144,608,065.52	17,410,284,036.34	28,125,675,181.18
Cash repayments of amounts borrowed		9,818,541,665.91	5,381,037,786.86	7,073,098,301.34
Cash payments for dividends, distribution of profit or interest expenses		2,804,133,120.26	2,578,508,110.11	1,951,134,109.97
Including: Cash payments for dividends and distribution of profit to minority shareholders		-	-	-
Other cash payments relating to financing activities		582,791,955.46	205,782,450.00	3,521,352,105.32
Sub-total of cash outflows from financing activities		13,205,466,741.63	8,165,328,346.97	12,545,584,516.63
Net cash flows from financing activities		**6,939,141,323.89**	**9,244,955,689.37**	**15,580,090,664.55**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**16,246,273.02**	-	-
V. Net increase / (decrease) in cash and cash equivalents		**1,957,858,765.36**	**-1,097,513,484.61**	**1,303,354,200.73**
Plus: Cash and cash equivalents at the beginning of the period		9,148,776,732.36	10,246,290,216.97	8,942,936,016.24
VI. Cash and cash equivalents at the end of the period		**11,106,635,497.72**	**9,148,776,732.36**	**10,246,290,216.97**

Legal Representative: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2019												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
		Preference shares	Perpetual capital securities	Others									
I. Balance at 31 December 2018	372,000,000.00	-	-	-	24,891,407,792.77	-	82,770,145.95	4,578,962.20	3,887,528.21	333,119,305.17	25,687,763,734.30	158,198,038.43	25,845,961,772.73
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	7,051,879,642.20	-	-	-	3,702,187.50	164,617,119.27	7,220,198,948.97	9,240,751,869.78	16,460,950,818.75
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2019	372,000,000.00	-	-	-	31,943,287,434.97	-	82,770,145.95	4,578,962.20	7,589,715.71	497,736,424.44	32,907,962,683.27	9,398,949,908.21	42,306,912,591.48
III. Changes in equity during the reporting period	-	-	-	-	316,163,492.02	-	78,554,799.18	825,134.84	-	139,007,334.13	534,550,760.18	-604,787,360.01	-70,236,599.83
(i) Total comprehensive income	-	-	-	-	-	-	78,554,799.18	-	-	139,792,134.13	218,346,933.31	85,088,568.25	303,435,501.57
(ii) Capital contributions or withdrawals by owners	-	-	-	-	316,163,492.02	-	-	-	-	-	316,163,492.02	-684,370,903.86	-368,207,411.84
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	316,163,492.02	-	-	-	-	-	316,163,492.02	-684,370,903.86	-368,207,411.84
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-784,800.00	-784,800.00	-5,505,024.40	-6,289,824.40
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-784,800.00	-784,800.00	-5,505,024.40	-6,289,824.40
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-				-	-		-	-		-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	825,134.84	-	-	825,134.84	-	825,134.84
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	1,472,326.85	-	-	1,472,326.85	-	1,472,326.85
2. Usage during the reporting period	-	-	-	-	-	-	-	647,192.01	-	-	647,192.01	-	647,192.01
(vi) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2019	372,000,000.00	-	-	-	32,259,450,926.99	-	161,324,945.13	5,404,097.04	7,589,715.71	636,743,758.57	33,442,513,443.44	8,794,162,548.20	42,236,675,991.65

Legal Representativ: Chief Financial Officer: Finance Manager:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2018												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual capital securities	Other equity instruments: Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
I. Balance at 31 December 2017	200,000,000.00	-	-	-	24,666,465,105.99	-	106,254,185.57	2,822,095.16	3,887,528.21	284,188,857.32	25,263,617,772.25	69,421,470.15	25,333,039,242.40
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-9,474,979.10	-9,474,979.10	-	-9,474,979.10
Business combination under common control	-	-	-	-	4,655,512,217.66	-	-	-	3,702,187.50	80,406,905.14	4,739,621,310.30	5,925,917,548.45	10,665,538,858.74
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2018	200,000,000.00	-	-	-	29,321,977,323.65	-	106,254,185.57	2,822,095.16	7,589,715.71	355,120,783.36	29,993,764,103.45	5,995,339,018.59	35,989,103,122.04
III. Changes in equity during the reporting period	172,000,000.00	-	-	-	2,621,310,111.32	-	-23,484,039.62	1,756,867.04	-	142,615,641.08	2,914,198,579.83	3,403,610,889.62	6,317,809,469.44
(i) Total comprehensive income	-	-	-	-	-	-	-23,484,039.62	-	-	148,673,344.63	125,189,305.01	114,510,391.82	239,699,696.83
(ii) Capital contributions or withdrawals by owners	172,000,000.00	-	-	-	2,621,310,111.32	-	-	-	-	-3,957,703.55	2,789,352,407.77	3,294,605,522.20	6,083,957,929.97
1. Ordinary shares contributed by owners	172,000,000.00	-	-	-	-	-	-	-	-	-	172,000,000.00	4,598,000.00	176,598,000.00
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	2,621,310,111.32	-	-	-	-	-3,957,703.55	2,617,352,407.77	3,290,007,522.20	5,907,359,929.97
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-2,100,000.00	-2,100,000.00	-5,505,024.40	-7,605,024.40
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-2,100,000.00	-2,100,000.00	-5,505,024.40	-7,605,024.40
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	1,756,867.04	-	-	1,756,867.04	-	1,756,867.04
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	2,446,296.79	-	-	2,446,296.79	-	2,446,296.79
2. Usage during the reporting period	-	-	-	-	-	-	-	689,429.75	-	-	689,429.75	-	689,429.75
(vi) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2018	372,000,000.00	-	-	-	31,943,287,434.97	-	82,770,145.95	4,578,962.20	7,589,715.71	497,736,424.44	32,907,962,683.27	9,398,949,908.21	42,306,912,591.48

Legal Representative: 姚倪印红 Chief Financial Officer: 姚倪印红 Finance Manager: 印洁

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2017												
	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual capital securities	Other equity instruments: Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
I. Balance at 31 December 2016	200,000,000.00	-	-	-	24,656,418,158.85	-	121,223,544.15	1,984,878.96	3,887,528.21	127,009,039.51	25,110,523,149.68	16,931,998.06	25,127,455,147.74
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	4,655,441,362.96	-	-	-	3,702,187.50	43,369,580.55	4,702,513,131.00	6,027,541,317.35	10,730,054,448.35
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2017	200,000,000.00	-	-	-	29,311,859,521.81	-	121,223,544.15	1,984,878.96	7,589,715.71	170,378,620.05	29,813,036,280.68	6,044,473,315.41	35,857,509,596.08
III. Changes in equity during the reporting period	-	-	-	-	10,117,801.84	-	-14,969,358.58	837,216.20	-	184,742,163.31	180,727,822.77	-49,134,296.81	131,593,525.96
(i) Total comprehensive income	-	-	-	-	-	-	-14,969,358.58	-	-	190,742,163.31	175,772,804.73	37,749,900.65	213,522,705.38
(ii) Capital contributions or withdrawals by owners	-	-	-	-	10,117,801.84	-	-	-	-	-	10,117,801.84	-81,007,237.72	-70,889,435.88
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	10,117,801.84	-	-	-	-	-	10,117,801.84	-81,007,237.72	-70,889,435.88
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-6,000,000.00	-6,000,000.00	-5,876,959.74	-11,876,959.74
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-6,000,000.00	-6,000,000.00	-5,876,959.74	-11,876,959.74
3. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	837,216.20	-	-	837,216.20	-	837,216.20
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	1,651,605.98	-	-	1,651,605.98	-	1,651,605.98
2. Usage during the reporting period	-	-	-	-	-	-	-	814,389.78	-	-	814,389.78	-	814,389.78
(vi) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2017	200,000,000.00	-	-	-	29,321,977,323.65	-	106,254,185.57	2,822,095.16	7,589,715.71	355,120,783.36	29,993,764,103.45	5,995,339,018.59	35,989,103,122.04

Legal Representative: 姚倪印红 Chief Financial Officer: 姚倪印红 Finance Manager: 印洁

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER

Prepared by:Shaoxing Shengyu State-Owned Capital Investment Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	31 Dec 2019	31 Dec 2018	31 Dec 2017	Item	Note	31 Dec 2019	31 Dec 2018	31 Dec 2017
Current assets:					**Current liabilities:**				
Cash and cash equivalents		4,576,536,077.94	1,867,237,416.92	3,511,629,716.47	Short-term borrowings		-	-	-
Financial assets at fair value through profit or loss		183,494.00	3,140.00		Financial liabilities at fair value through profit or loss		-	-	-
Derivative financial assets		-	-	-	Derivative financial liabilities		-	-	-
Notes receivable		-	-	-	Notes payable		-	-	-
Accounts receivable		-	-	-	Accounts payable		-	-	-
Prepayments		-	-	15,000,000.00	Advances from customers		-	-	-
Other receivables	13.1	10,510,228,170.00	6,451,777,550.00	4,265,600,000.00	Employee benefits payable		85,996.01	73,524.61	8,399.18
Inventories		-	-	-	Taxes payable		13,833.97	8,709.99	2,969.48
Assets classified as held for sale		-	-	-	Other payables		264,999,421.59	160,752,877.74	136,934,589.96
Non-current assets maturing within one year		-	-	-	Liabilities classified as held for sale		-	-	-
Other current assets		-	-	-	Non-current liabilities maturing within one year		865,000,000.00	30,300,000.00	-
Total current assets		**15,086,947,741.94**	**8,319,018,106.92**	**7,792,229,716.47**	Other current liabilities		-	-	-
Non-current assets:					**Total current liabilities**		**1,130,099,251.57**	**191,135,112.34**	**136,945,958.62**
Available-for-sale financial assets		4,019,133,543.32	3,850,243,811.08	272,834,047.42	**Non-current liabilities:**				
Held-to-maturity investments		-	-	-	Long-term borrowings		2,100,000,000.00	989,700,000.00	-
Long-term receivables		-	-	-	Bonds payable		13,460,618,086.57	8,561,680,000.00	7,933,600,000.00
Long-term equity investments	13.2	21,065,250,238.48	10,898,431,223.34	24,808,639,093.23	Long-term payables		-	-	-
Investment properties		-	-	-	Long-term employee benefits payable		-	-	-
Property, plant and equipment		46,958,912.02	49,308,104.11	25,035,880.32	Estimated liabilities		-	-	-
Construction in progress		-	-	-	Deferred income		-	-	-
Productive biological assets		-	-	-	Deferred tax liabilities		53,774,981.71	27,590,048.65	35,418,061.85
Oil and gas assets		-	-	-	Other non-current liabilities		-	-	-
Intangible assets		5,200.00	6,800.00	-	**Total non-current liabilities**		**15,614,393,068.28**	**9,578,970,048.65**	**7,969,018,061.85**
Research and development expenditure		-	-	-	**Total liabilities**		**16,744,492,319.85**	**9,770,105,160.99**	**8,105,964,020.47**
Goodwill		-	-	-	**Owners' equity:**				
Long-term deferred expenses		15,537,519.93	-	-	Paid-in capital		372,000,000.00	372,000,000.00	200,000,000.00
Deferred tax assets		-	-	-	Other equity instruments		-	-	-
Other non-current assets		-	-	-	Including: Preference shares		-	-	-
Total non-current assets		**25,146,885,413.75**	**14,797,989,938.53**	**25,106,509,020.97**	Perpetual bonds		-	-	-
					Capital reserves		23,249,100,397.27	13,111,272,232.27	24,612,062,838.38
					Less: Treasury stock		-	-	-
					Other comprehensive income		161,324,945.13	82,770,145.95	106,254,185.57
					Specific reserves		-	-	-
					Surplus reserves		3,887,528.21	3,887,528.21	3,887,528.21
					Retained earnings		-296,972,034.77	-223,027,021.97	-129,429,835.19
					Total owner's equity		**23,489,340,835.84**	**13,346,902,884.45**	**24,792,774,716.97**
Total assets		**40,233,833,155.69**	**23,117,008,045.45**	**32,898,738,737.44**	**Total liabilities and owners' equity**		**40,233,833,155.69**	**23,117,008,045.45**	**32,898,738,737.44**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	Note	2019	2018	2017
I. Revenue		-	-	-
Less: Costs of sales		-	-	-
Taxes and surcharges		27,062.50	-	300.00
Selling and distribution expenses		-	-	-
Administrative expenses		9,950,456.04	6,232,913.46	3,297,559.29
Research and development expenses		-	-	-
Finance costs		96,887,759.18	94,870,030.61	196,286,844.19
Including: Interest expense		96,774,906.09	109,573,038.13	269,287,500.00
Interest income		38,743,057.42	51,404,524.33	73,011,606.31
Add: Other income		-	-	52,350,000.00
Investment income/(losses)	13.3	36,091,312.85	7,701,892.83	1,626,255.65
Including: Investment income from associates and joint ventures		32,182,247.07	5,865,213.80	1,076,921.39
Gains/(losses) from changes in fair values		20,349.00	-	-
Impairment loss of assets		-	-11,875.04	-
Gains/(losses) from disposal of assets		-	-	-
II. Profit/(loss) from operations		**-70,753,615.87**	**-93,412,926.28**	**-145,608,447.83**
Add: Non-operating income		-	-	-
Less: Non-operating expenses		-	50,000.00	-
III. Profit/(loss) before tax		**-70,753,615.87**	**-93,462,926.28**	**-145,608,447.83**
Less: Income tax expenses		-	-	-
IV. Net profit/(loss) for the year		**-70,753,615.87**	**-93,462,926.28**	**-145,608,447.83**
Net profit/(loss) from continuing operation		-70,753,615.87	-93,462,926.28	-145,608,447.83
Net profit/(loss) from discontinued operation				
V. Other comprehensive income for the year, after tax		**78,554,799.18**	**-23,484,039.62**	**-14,969,358.58**
(i) Items that will not be reclassified subsequently to profit or loss		-	-	-
1. Remeasurement of the net defined benefit liability (asset)		-	-	-
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss		-	-	-
(ii) Items that may be reclassified subsequently to profit or loss		78,554,799.18	-23,484,039.62	-14,969,358.58
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassi subsequently to profit or loss		-	- fied	-
2. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		78,554,799.18	-23,484,039.62	-14,969,358.58
3. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		-	-	-
4. The effective portion of the gains /losses on cash flow hedge		-	-	-
5. Exchange differences on translating foreign operations		-	-	-
VI. Total comprehensive income for the year		**7,801,183.31**	**-116,946,965.90**	**-160,577,806.41**
VII. Earnings per share:				
Basic earnings per share				
Diluted earnings per share				

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Items	Note	2019	2018	2017
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		-	-	-
Refund of tax and levies		-	-	-
Other cash received relating to operating activities		1,895,692,580.25	351,404,713.59	195,420,398.09
Sub-total of cash inflows from operating activities		1,895,692,580.25	351,404,713.59	195,420,398.09
Cash paid for received commodities or labor		-	-	-
Cash paid to and or employees		2,434,623.85	1,523,240.59	273,239.30
Payments of all types of taxes		26,762.50	134,260.50	300.00
Other cash paid relating to operating activities		5,385,737,817.51	2,692,790,202.32	4,269,105,498.77
Sub-total of cash outflows from operating activities		5,388,199,203.86	2,694,447,703.41	4,269,379,038.07
Net cash flows from operating activities		**-3,492,506,623.61**	**-2,343,042,989.82**	**-4,073,958,639.98**
II. Cash flows from investing activities		-	-	-
Cash received from disposal of investments		7,047.80	10,003,036.06	-
Cash received from returns on investments		2,747,271.30	1,836,679.03	7,409,334.26
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		-	-	-
Net cash received from disposals of subsidiaries or other business units		-	-	-
Other cash received relating to investing activities		-	-	-
Sub-total of cash inflows from investing activities		2,754,319.10	11,839,715.09	7,409,334.26
Cash paid to acquire property,plant and equipment, intangible assets and other long-term assets		175,979.50	10,923,802.14	15,002,650.00
Cash paid to acquire investments		64,313,145.00	703,445,514.96	93,097,300.00
Net cash paid to acquire subsidiaries and other business units		-	-	-
Other cash payments relating to investing activities		-	-	-
Sub-total of cash outflows from investing activities		64,489,124.50	714,369,317.10	108,099,950.00
Net cash flows from investing activities		**-61,734,805.40**	**-702,529,602.01**	**-100,690,615.74**
III. Cash flows from financing activities		-	-	-
Cash received from capital contributions		-	**172,000,000.00**	-
Cash received from borrowings		7,922,859,499.81	1,620,000,000.00	2,964,000,000.00
Other cash received relating to financing activities		-	-	-
Sub-total of cash inflows from financing activities		7,922,859,499.81	1,792,000,000.00	2,964,000,000.00
Cash repayments of amounts borrowed		1,084,899,499.91	-	-
Cash payments for dividends, distribution of profit or interest expenses		533,709,209.87	385,319,707.72	204,699,137.00
Other cash payments relating to financing activities		40,710,700.00	5,500,000.00	-
Sub-total of cash outflows from financing activities		1,659,319,409.78	390,819,707.72	204,699,137.00
Net cash flows from financing activities		**6,263,540,090.03**	**1,401,180,292.28**	**2,759,300,863.00**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	-	-
V. Net increase/(decrease) in cash and cash equivalents		**2,709,298,661.02**	**-1,644,392,299.55**	**-1,415,348,392.72**
Plus: Cash and cash equivalents at the beginning of the period		1,867,237,416.92	3,511,629,716.47	4,926,978,109.19
VI. Cash and cash equivalents at the end of the period		**4,576,536,077.94**	**1,867,237,416.92**	**3,511,629,716.47**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Unit: Yuan Currency: CNY

Item	2019										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2018	**372,000,000.00**	-	-	-	**13,111,272,232.27**	-	**82,770,145.95**	-	**3,887,528.21**	**-223,027,021.97**	**13,346,902,884.46**
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2019	**372,000,000.00**	-	-	-	**13,111,272,232.27**	-	**82,770,145.95**	-	**3,887,528.21**	**-223,027,021.97**	**13,346,902,884.46**
III. Changes in equity during the reporting period	-	-	-	-	**10,137,828,165.00**	-	**78,554,799.18**	-	-	**-70,753,615.87**	**10,145,629,348.31**
(i) Total comprehensive income	-	-	-	-	-	-	78,554,799.18	-	-	-70,753,615.87	**7,801,183.31**
(ii) Capital contributions or withdrawals by owners	-	-	-	-	10,137,828,165.00	-	-	-	-	-	**10,137,828,165.00**
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. The amount of share-based payments recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	10,137,828,165.00	-	-	-	-	-	**10,137,828,165.00**
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	-	-	-	-
2. Usage during the reporting period	-	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-3,191,39[illegible]93	-3[illegible]1,396.93
IV. Balance at 31 December 2019	**372,000,000.00**	-	-	-	**23,249,100,397.27**	-	**161,324,945.13**	-	**3,887,528.21**	**-296,972,036.77**	**23,489,340,835.84**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	2018										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual capital securities	Others							
I. Balance at 31 December 2017	**200,000,000.00**	-	-	-	**24,612,062,838.38**	-	**106,254,185.57**	-	**3,887,528.21**	**-129,429,835.19**	**24,792,774,716.97**
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2018	**200,000,000.00**	-	-	-	**24,612,062,838.38**	-	**106,254,185.57**	-	**3,887,528.21**	**-129,429,835.19**	**24,792,774,716.97**
III. Changes in equity during the reporting period	**172,000,000.00**	-	-	-	**-11,500,790,606.11**	-	**-23,484,039.62**	-	-	**-93,597,186.78**	**-11,445,871,832.51**
(i) Total comprehensive income	-	-	-	-	-	-	-23,484,039.62	-	-	-93,597,186.78	**-117,081,226.40**
(ii) Capital contributions or withdrawals by owners	172,000,000.00	-	-	-	-11,500,790,606.11	-	-	-	-	-	**-11,328,790,606.11**
1. Ordinary shares contributed by owners	172,000,000.00	-	-	-	-	-	-	-	-	-	**172,000,000.00**
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. The amount of share-based payments recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-11,500,790,606.11	-	-	-	-	-	**-11,500,790,606.11**
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	-	-	-	-
2. Usage during the reporting period	-	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2018	**372,000,000.00**	-	-	-	**13,111,272,232.27**	-	**82,770,145.95**	-	**3,887,528.21**	**-223,027,021.97**	**13,346,902,884.46**

Legal Representative: Chief Financial Officer: Finance Manager:

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER

Prepared by:Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. Unit: Yuan Currency: CNY

Item	2017										
	Paid-in capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual capital securities	Other equity instruments: Others	Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
I. Balance at 31 December 2016	**200,000,000.00**	-	-	-	**24,668,681,063.90**	-	**121,223,544.15**	-	**3,887,528.21**	**19,128,612.64**	**25,012,920,748.90**
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2017	**200,000,000.00**	-	-	-	**24,668,681,063.90**	-	**121,223,544.15**	-	**3,887,528.21**	**19,128,612.64**	**25,012,920,748.90**
III. Changes in equity during the reporting period	-	-	-	-	**-56,618,225.52**	-	**-14,969,358.58**	-	-	**-148,558,447.83**	**-220,146,031.93**
(i) Total comprehensive income	-	-	-	-	-	-	-14,969,358.58	-	-	-145,608,447.83	**-160,577,806.41**
(ii) Capital contributions or withdrawals by owners	-	-	-	-	-56,618,225.52	-	-	-	-	-	**-56,618,225.52**
1. Ordinary shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. The amount of share-based payments recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-56,618,225.52	-	-	-	-	-	**-56,618,225.52**
(iii) Profit distribution	-	-	-	-	-	-	-	-	-	-2,950,000.00	**-2,950,000.00**
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-2,950,000.00	**-2,950,000.00**
3. Others	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	-	-	-	-
2. Usage during the reporting period	-	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2017	**200,000,000.00**	-	-	-	**24,612,062,838.38**	-	**106,254,185.57**	-	**3,887,528.21**	**-129,429,835.19**	**24,792,774,716.97**

Legal Representative: Chief Financial Officer: Finance Manager:

Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Notes to the Financial Statements

For the year ended 31 December 2019, 31 December 2018, 31 December 2017

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY

1.1 Corporate Information

According to the Reply of the People's Government Office of Shangyu District of Shaoxing on the Approval of Restructuring Shaoxing Shangyu District State-owned Assets Management Corporation and the Establishment Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd. (*YZB* [*2015*] *No.284*) on December 11, 2015, Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.(hereinafter referred to as "the Company") was invested and established by Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission on December 28, 2015. It was incorporated in Shangyu District, Shaoxing City, Zhejiang Province, with a registered capital of CNY200 million.

On August 2,2017, according to the document of Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission (*YGF* [*2017*] *No.21*), the approval to increase the registered capital of Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd., it agreed to implement capital increase in the Company by monetary method. The registered capital increased by CNY800 million, and the registered capital of the Company was changed from CNY200 million to CNY1,000 million.

Enterprise unified social credit code: 91330604MA2884PCXL.

Scope of business: State-owned capital operation, State-owned equity management, Foreign investment.

Legal representative: Ni, Hongdi.

Residence of a company: No.18, Stadium Road, Shangyu District, Shaoxing City, Zhejiang Province.

As at 31 December 2019, the shareholdings of shareholders were as follows: Shaoxing Shangyu District State-owned Assets Supervision and Administration Commission subscribed capital contribution of CNY1 billion, holding 100% of the shares, and actually contributed CNY372 million.

The financial statements were approved and authorized to issue on February 2, 2021.

1.2 Scope of Consolidation

(a) Incorporated subsidiaries of the Company

Subsidiaries of the Company included during this period are as follows:

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
1	Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	First level	From January 1, 2017 to December 31, 2019	100.00	
2	Shaoxing Shangyu Economic Development Zone Standard Factory Management Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
3	Shangyu Binjiang New City Investment Development Co., Ltd.	Second level	From January 1, 2017 to December 31,2019		100.00
4	Shaoxing Shangyu District High-tech Industry Development Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
5	Shaoxing Shangyu Cao'e Street Construction Development Co., Ltd.	Second level	From January 10, 2018 to December 31, 2019		100.00
6	Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd.	Second level	From January 10, 2018 to December 31, 2019		100.00
7	Shaoxing Shangyu District Water Group Co., Ltd.	First level	From January 1, 2017 to December 31, 2019	100.00	
8	Shaoxing Shangyu District Water Industry Construction Engineering Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
9	Shaoxing Shangyu District Water Materials Trade Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
10	Shaoxing Shangyu District Drainage Management Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
11	Shaoxing Shangyu District Water Repairing Technology Service Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
12	Shaoxing Shangyu District Water Environment Testing Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
13	Shaoxing Shangyu District Water Treatment Development Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
14	Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019	49.00	51.00
15	Shaoxing Shangyu District Shunze Catering Management Co., Ltd.	Third level	From Decmber 7, 2018 to December 31, 2019		100.00
16	Shaoxing Shangyu District Shunnong Construction Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
17	Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
18	Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.	Third level	From June 30, 2018 to December 31, 2019		100.00
19	Shaoxing Shangyu District Water Supply Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
20	Shaoxing Shangyu District Water Supply Investment Development Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
21	Shaoxing Shangyu State Control Industrial Group Co., Ltd.	First level	From December 5, 2019 to December 31, 2019	100.00	
22	Shaoxing Shangyu District Commerce and Trade State-owned Assert Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
23	Shaoxing Shangyu District Pingan Security Service Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
24	Shangyu Xincheng Farm Produce Cold Storage Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
25	Shaoxing Xincheng Logistics Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
26	Shaoxing Shangyu Minbao Chemical Construction Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		52.00
27	Shaoxing Antai Fireworks and Firecrackers Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		52.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
28	Shaoxing Shangyu Chemical Construction Warehouse Management Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		52.00
29	Shaoxing Shangyu District Property Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
30	Shaoxing Shangyu Dazhong Labor Affairs Agency (Office) Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
31	Shaoxing Shangyu District Mechanical and Electrical Engineers Association	Second level	From January 1, 2017 to December 31, 2019		100.00
32	Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
33	Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
34	Shaoxing Shangyu District Agricultural Enterprise Non-Financing Guarantee Co., Ltd.	First level	From January 1, 2017 to December 31, 2019	100.00	
35	Shaoxing Shangyu District Grain Storage Co., Ltd.	First level	From January 1, 2017 to December 31, 2019	100.00	
36	Shaoxing Shangyu District Shanty Town Reconstruction Investment Development Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
37	Shaoxing Shangyu District Property Rights Trading Co., Ltd.	First level	From March 31, 2017 to December 31, 2019	100.00	
38	Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd.	Second level	From August 4, 2017 to December 31, 2019		100.00
39	Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	Second level	From December 28, 2017 to December 31, 2019		100.00
40	Shaoxing Shangyu Caijin Real Estate Surveying and Mapping Co., Ltd.	Third level	From April 10, 2018 to December 31, 2019		100.00
41	Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd.	First level	From December 28, 2017 to December 31, 2019	100.00	

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
42	Shaoxing Shangyu District Traffic Advertising Co., Ltd.	Second level	From April 4, 2018 to December 31, 2019		51.00
43	Shaoxing Shangyu District Radio and Television Media Co., Ltd.	Second level	From July 10, 2018 to December 31, 2019		51.00
44	Shaoxing Shangyu District Shunnan Locomotive Network Service Center	Third level	From July 10, 2018 to December 31, 2019		100.00
45	Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd.	Second level	From December 28, 2017 to December 31, 2019		100.00
46	Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	Second level	From January 10, 2018 to December 31, 2019		100.00
47	Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	Second level	From March 8, 2018 to December 31, 2019		100.00
48	Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd.	Second level	From August 3, 2018 to December 31, 2019		100.00
49	Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd.	Third level	From January 28, 2019 to December 31, 2019		100.00
50	Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd.	Forth level	From January 28, 2019 to December 31, 2019		100.00
51	Shaoxing Shangyu Traffic Construction Supervision Co., Ltd.	Third level	From August 21, 2018 to December 31, 2019		100.00
52	Shaoxing Shangyu Traffic Survey and Design Co., Ltd.	Third level	From August 25, 2018 to December 31, 2019		90.00
53	Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd.	Third level	From November 30, 2018 to December 31, 2019		100.00
54	Shaoxing Shangyu District Shunlan Survey and Design Co., Ltd.	Third level	From December 29, 2018 to December 31, 2019		100.00
55	Shaoxing Shangyu Urban Construction Group Co., Ltd.	First level	From January 1, 2017 to December 31, 2019	51.00	
56	Shaoxing Datong Holding Group Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		51.04

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
57	Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
58	Shaoxing Datong E-commerce Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		50.00
59	Shaoxing Datong Culture Media Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		51.00
60	Shaoxing Shangyu Datong Farm Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		51.00
61	Shaoxing Shangyu Yutong Agricultural Technology Co., Ltd.	Fifth level	From October 11, 2017 to December 31, 2019		60.00
62	Shaoxing Datong Supermarket Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
63	Shaoxing Shangyu District Yusheng Property Management Co., Ltd.	Forth level	From November 15, 2017 to December 31, 2019		100.00
64	Shaoxing Shangyu District Yutong Real Estate Development Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		100.00
65	Shaoxing Datong Mall Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		76.64
66	Shaoxing Shangyu Datong Mall Enterprise Management Co., Ltd.	Forth level	From November 14, 2017 to December 31, 2019		95.00
67	Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019	42.86	57.14
68	Shaoxing Shangyu Datong Binjiang Farmers Market Management Co., Ltd.	Third level	From November 13, 2017 to December 31, 2019		100.00
69	Shaoxing Shangyu Datong Binhai Mall Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
70	Shaoxing Shangyu Datong Binjiang Mall Co., Ltd.	Third level	From November 13, 2017 to December 31, 2019		100.00
71	Shaoxing Shangyu Yibin Trading Co., Ltd.	Forth level	From April 30, 2019 to December 31, 2019		100.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
72	Shaoxing Shangyu District Tea Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		59.75
73	Shaoxing Shangyu Datong Market Development Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
74	Shaoxing Shangyu District Neighborhood Center Asset Management Co., Ltd.	Third level	From January 30, 2018 to December 31, 2019		55.00
75	Shaoxing Shangyu District Material Recycling Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		65.00
76	Shaoxing Shangyu Datong Used Car Trading Market Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		80.00
77	Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		66.62
78	Shaoxing Shangyu Runnong Chemical Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		51.00
79	Shaoxing Shangyu Jianmin Poultry Slaughter Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
80	Shaoxing Shangyu District Donghai Gas Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		50.00
81	Shaoxing Shangyu District Dongguan Liquefied Gas Co., Ltd.	Forth level	From January 1, 2017 to December 31, 2019		70.00
82	Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		50.00
83	Xiaojin County Jinshun Agricultural Products Co., Ltd.	Third level	From November 7, 2018 to December 31, 2019		100.00
84	Shaoxing Shangyu Urban and Rural Ecological Environmental Development Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
85	Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		51.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
86	Shaoxing Shangyu Haina Real Estate Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
87	Shaoxing Shangyu District Hongyan Construction Development Co., Ltd.	Third level	From September 4, 2019 to December 31, 2019		100.00
88	Shaoxing Shangyu Construction Labor Affairs Agency Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
89	Shaoxing Shangyu Leju Property Service Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
90	Shaoxing Shangyu Urban Construction Asset Management Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
91	Shaoxing Shangyu Urban Construction Project Management Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
92	Shaoxing Shangyu Sanitation Management Group Co., Ltd	Second level	From March 5, 2018 to December 31, 2019		100.00
93	Shaoxing Shangyu Sanitation Equipment Maintenance Service Co., Ltd.	Third level	From March 5, 2018 to December 31, 2019		100.00
94	Shaoxing Shangyu Sanitation Group Yuxi Sanitation Management Co., Ltd.	Third level	From March 5, 2018 to December 31, 2019		100.00
95	Shaoxing Shangyu Solid Waste Treatment Service Co., Ltd.	Third level	From March 5, 2018 to December 31, 2019		100.00
96	Shaoxing Shangyu Solid Waste Removal Service Co., Ltd.	Third level	From March 5, 2018 to December 31, 2019		100.00
97	Shaoxing Shangyu Sanitation Group Urban Sanitation Management Co., Ltd.	Third level	From March 5, 2018 to December 31, 2019		100.00
98	Shaoxing Shangyu District Ejiang Construction Waste Disposal Co., Ltd.	Third level	From March 5, 2018 to December 31, 2019		100.00
99	Shaoxing Shangyu District Streetlight Management Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
100	Shaoxing Shangyu Lighting Project Investment Management Co., Ltd.	Second level	From February 13, 2017 to December 31, 2019		100.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
101	Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
102	Shaoxing Shangyu Small Town Construction Investment Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
103	Shaoxing Shangyu Municipal Public Engineering Quality Inspection Co., Ltd.	Second level	From January 1, 2017 to December 31, 2019		100.00
104	Shangyu Urban Construction Hong Kong Co., Ltd.	Second level	From November 1, 2018 to December 31, 2019		100.00
105	Shaoxing Shangyu Garden Municipal Construction Development Co., Ltd.	Second level	From April 12, 2019 to December 31, 2019		100.00
106	Shaoxing Shangyu Lvxin Trading Co., Ltd.	Third level	From June 29, 2018 to December 31, 2019		100.00
107	Shaoxing Shangyu Lvneng Environmental Protection New Material Co., Ltd.	Third level	From June 29, 2018 to December 31, 2019		60.00
108	Shaoxing Shangyu Municipal Construction Engineering Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
109	Shaoxing Shangyu Landscaping Engineering Construction Co., Ltd.	Third level	From January 1, 2017 to December 31, 2019		100.00
110	Shaoxing Shangyu Municipal Maintenance Co., Ltd.	Third level	From June 5, 2019 to December 31, 2019		100.00
111	Shaoxing Shangyu Garden Maintenance Co., Ltd.	Third level	From November 8, 2019 to December 31, 2019		100.00
112	Zhoushan Yutong Petrochemical Co., Ltd.	Third level	From July 4, 2019 to December 31, 2019		100.00
113	Shaoxing Shangyu Datong Pension Co., Ltd.	Third level	From November 4, 2019 to December 31, 2019		100.00
114	Shaoxing Shangyu Datong Rural Tourism Co., Ltd.	Third level	From November 15, 2019 to December 31, 2019		100.00
115	Shaoxing Shangyu Community Service Center Management Co., Ltd.	Forth level	From July 16, 2019 to December 31, 2019		100.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
116	Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.	First level	From January 1, 2017 to September 27, 2018	100.00	
117	Shaoxing Shangyu Hangzhou Bay New District Urban Construction Investment Development Co., Ltd.	Second level	From January 1, 2017 to September 27, 2018		100.00
118	Shaoxing Shangyu Hangzhou Bay Agricultural Comprehensive Development Co., Ltd.	Third level	From January 1, 2017 to September 27, 2018		100.00
119	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	Third level	From January 1, 2017 to September 27, 2018		100.00
120	Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	Forth level	From January 1, 2017 to September 27, 2018		100.00
121	Zhejiang Rixin Technology Park Co., Ltd.	Forth level	From January 8, 2018 to September 27, 2018		100.00
122	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	Second level	From January 1, 2017 to September 27, 2018		100.00
123	Shaoxing Shangyu Haifa Agronomic Garden Co., Ltd.	Second level	From January 1, 2017 to September 27, 2018		100.00
124	Shaoxing Shangyu Hangzhou Bay Binhai New City Agricultural Development Co., Ltd.	Second level	From January 1, 2017 to September 27, 2018		100.00
125	Shaoxing Shangyu Haishuo Property Management Co., Ltd.	Second level	From January 1, 2017 to September 27, 2018		100.00
126	Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	First level	From January 1, 2017 to September 30, 2019	100.00	
127	Shangyu Education Logistics Service Co., Ltd.	First level	From January 1, 2017 to November 30, 2017	100.00	
128	Shaoxing Shangyu District Education Development Co., Ltd.	First level	From January 1, 2017 to November 30, 2017	100.00	
129	Shaoxing Shangyu Fengshan Trading Co., Ltd.	Third level	From January 1, 2017 to October 30, 2018		52.00

Sequence Number	Name of Subsidiaries	Hierarchy	Consolidation Period	Proportion of Ownership Interest (%)	
				Direct	Indirect
130	Shaoxing Yuyi Cultural and Creative Co., Ltd.	Forth level	From September 1, 2017 to January 18, 2019		60.00
131	Shaoxing Shangyu Cao'e River Jiangshang Huahai Development and Construction Co., Ltd.	Second level	From July 31, 2017 to November 14, 2018		55.00
132	Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.	First level	From January 1, 2017 to March 26, 2019	100.00	
133	Shaoxing Shangyu Shunye Agricultural Development Co., Ltd.	Second level	From January 1, 2017 to March 26, 2019		100.00
134	Shaoxing Shangyu Shunxiang Asset Management Co., Ltd.	Second level	From January 1, 2017 to March 26, 2019		100.00
135	Shaoxing Shangyu Shuntai Municipal Engineering Co., Ltd.	Second level	From January 1, 2017 to March 26, 2019		100.00
136	Shaoxing Shangyu District Yucun Asset Management Co., Ltd.	Second level	From January 1, 2017 to October 24, 2019		100.00
137	Shaoxing Shangyu District Shunyu Assets Management Co., Ltd.	Second level	From January 1, 2017 to May 20, 2019		100.00
138	Shaoxing Shangyu Affordable Housing Development and Construction Co., Ltd.	Second level	From January 1, 2017 to November 7, 2019		100.00
139	Shaoxing Shangyu Cao'e River Agricultural Products Co., Ltd.	Third level	From January 1, 2017 to November 7, 2018		100.00

For details of the subsidiaries mentioned above, please refer to *Note 7 INTERESTS IN OTHER ENTITIES.*

(b) Change of the scope of consolidation

The subsidiaries increased in 2017 as follows:

Sequence Number	Name of Subsidiaries	Reason of incorporation
1	Shaoxing Shangyu District Property Rights Trading Co., Ltd.	Business combination not under common control
2	Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd.	Newly established
3	Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	Newly established

Sequence Number	Name of Subsidiaries	Reason of incorporation
4	Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd.	Newly established
5	Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd.	Newly established

The subsidiaries increased in 2018 as follows:

Sequence Number	Name of Subsidiaries	Reason of incorporation
1	Shaoxing Datong Holding Group Co., Ltd.	Business combination under common control
2	Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd.	Business combination under common control
3	Shaoxing Datong E-commerce Co., Ltd.	Business combination under common control
4	Shaoxing Datong Culture Media Co., Ltd.	Business combination under common control
5	Shaoxing Yuyi Cultural and Creative Co., Ltd.	Business combination under common control
6	Shaoxing Shangyu Datong Farm Co., Ltd.	Business combination under common control
7	Shaoxing Shangyu Yutong Agricultural Technology Co., Ltd.	Business combination under common control
8	Shaoxing Shangyu Cao'e River Agricultural Products Co., Ltd.	Business combination under common control
9	Shaoxing Datong Supermarket Co., Ltd.	Business combination under common control
10	Shaoxing Shangyu District Yusheng Property Management Co., Ltd.	Business combination under common control
11	Shaoxing Shangyu District Yutong Real Estate Development Co., Ltd.	Business combination under common control
12	Shaoxing Shangyu District Yucun Asset Management Co., Ltd.	Business combination under common control
13	Shaoxing Datong Mall Co., Ltd.	Business combination under common control
14	Shaoxing Shangyu Datong Mall Enterprise Management Co., Ltd.	Business combination under common control
15	Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.	Business combination under common control
16	Shaoxing Shangyu Datong Binjiang Farmers Market Management Co., Ltd.	Business combination under common control
17	Shaoxing Shangyu Datong Binhai Mall Co., Ltd.	Business combination under common control
18	Shaoxing Shangyu Datong Binjiang Mall Co., Ltd.	Business combination under common control

Sequence Number	Name of Subsidiaries	Reason of incorporation
19	Shaoxing Shangyu Datong Binjiang Mall Co., Ltd.	Business combination under common control
20	Shaoxing Shangyu District Tea Co., Ltd.	Business combination under common control
21	Shaoxing Shangyu Datong Market Development Co., Ltd.	Business combination under common control
22	Shaoxing Shangyu District Neighborhood Center Asset Management Co., Ltd.	Business combination under common control
23	Shaoxing Shangyu District Material Recycling Co., Ltd.	Business combination under common control
24	Shaoxing Shangyu Datong Used Car Trading Market Co., Ltd.	Business combination under common control
25	Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	Business combination under common control
26	Shaoxing Shangyu Runnong Chemical Co., Ltd.	Business combination under common control
27	Shaoxing Shangyu Jianmin Poultry Slaughter Co., Ltd.	Business combination under common control
28	Shaoxing Shangyu District Donghai Gas Co., Ltd.	Business combination under common control
29	Shaoxing Shangyu District Dongguan Liquefied Gas Co., Ltd.	Business combination under common control
30	Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	Business combination under common control
31	Shaoxing Shangyu Cao'e Street Construction Development Co., Ltd.	Free transferred
32	Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd.	Free transferred
33	Zhejiang Rixin Technology Park Co., Ltd.	Free transferred
34	Shaoxing Shangyu Caijin Real Estate Surveying and Mapping Co., Ltd.	Free transferred
35	Shaoxing Shangyu District Traffic Advertising Co., Ltd.	Free transferred
36	Shaoxing Shangyu District Radio and Television Media Co., Ltd.	Free transferred
37	Shaoxing Shangyu District Shunnan Locomotive Network Service Center	Free transferred
38	Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	Free transferred
39	Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	Newly established
40	Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd.	Newly established

Sequence Number	Name of Subsidiaries	Reason of incorporation
41	Shaoxing Shangyu Traffic Construction Supervision Co., Ltd.	Free transferred
42	Shaoxing Shangyu Traffic Survey and Design Co., Ltd.	Free transferred
43	Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.	Free transferred
44	Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd.	Free transferred
45	Shaoxing Shangyu District Shunlan Survey and Design Co., Ltd.	Free transferred
46	Xiaojin County Jinshun Agricultural Products Co., Ltd.	Newly established
47	Shaoxing Shangyu District Shunze Catering Management Co., Ltd.	Newly established

The subsidiaries increased in 2019 as follows:

Sequence Number	Name of Subsidiaries	Reason of incorporation
1	Shaoxing Shangyu Urban Construction Group Co., Ltd.	Business combination under common control
2	Shaoxing Shangyu Urban and Rural Ecological Environmental Development Co., Ltd.	Business combination under common control
3	Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Business combination under common control
4	Shaoxing Shangyu Haina Real Estate Co., Ltd.	Business combination under common control
5	Shaoxing Shangyu District Hongyan Construction Development Co., Ltd.	Business combination under common control
6	Shaoxing Shangyu Construction Labor Affairs Agency Co., Ltd.	Business combination under common control
7	Shaoxing Shangyu Leju Property Service Co., Ltd.	Business combination under common control
8	Shaoxing Shangyu Urban Construction Asset Management Co., Ltd.	Business combination under common control
9	Shaoxing Shangyu Urban Construction Project Management Co., Ltd.	Business combination under common control
10	Shaoxing Shangyu Sanitation Management Group Co., Ltd.	Business combination under common control
11	Shaoxing Shangyu Sanitation Equipment Maintenance Service Co., Ltd.	Business combination under common control
12	Shaoxing Shangyu Sanitation Group Yuxi Sanitation Management Co., Ltd.	Business combination under common control

Sequence Number	Name of Subsidiaries	Reason of incorporation
13	Shaoxing Shangyu Solid Waste Treatment Service Co., Ltd.	Business combination under common control
14	Shaoxing Shangyu Solid Waste Removal Service Co., Ltd.	Business combination under common control
15	Shaoxing Shangyu Sanitation Group Urban Sanitation Management Co., Ltd.	Business combination under common control
16	Shaoxing Shangyu District Ejiang Construction Waste Disposal Co., Ltd.	Business combination under common control
17	Shaoxing Shangyu District Streetlight Management Co., Ltd.	Business combination under common control
18	Shaoxing Shangyu Lighting Project Investment Management Co., Ltd.	Business combination under common control
19	Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Business combination under common control
20	Shaoxing Shangyu Small Town Construction Investment Co., Ltd.	Business combination under common control
21	Shaoxing Shangyu Municipal Public Engineering Quality Inspection Co., Ltd.	Business combination under common control
22	Shangyu Urban Construction Hong Kong Co., Ltd.	Business combination under common control
23	Shaoxing Shangyu Garden Municipal Construction Development Co., Ltd.	Business combination under common control
24	Shaoxing Shangyu Lvxin Trading Co., Ltd.	Business combination under common control
25	Shaoxing Shangyu Lvneng Environmental Protection New Material Co., Ltd.	Business combination under common control
26	Shaoxing Shangyu Municipal Construction Engineering Co., Ltd.	Business combination under common control
27	Shaoxing Shangyu Landscaping Engineering Construction Co., Ltd.	Business combination under common control
28	Shaoxing Shangyu Municipal Maintenance Co., Ltd.	Business combination under common control
29	Shaoxing Shangyu Garden Maintenance Co., Ltd.	Newly established
30	Zhoushan Yutong Petrochemical Co., Ltd.	Newly established
31	Shaoxing Shangyu Datong Pension Co., Ltd.	Newly established
32	Shaoxing Shangyu Datong Rural Tourism Co., Ltd.	Newly established
33	Shaoxing Shangyu Community Service Center Management Co., Ltd.	Business combination under common control
34	Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd.	Newly established

Sequence Number	Name of Subsidiaries	Reason of incorporation
35	Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd.	Free transferred
36	Shaoxing Shangyu State Control Industrial Group Co., Ltd.	Newly established
37	Shaoxing Shangyu Yibin Trading Co., Ltd.	Newly established
38	Shaoxing Shangyu Affordable Housing Development and Construction Co., Ltd.	Business combination under common control

The subsidiaries reduced in 2017 are as follows:

Sequence Number	Name of Subsidiaries	Reason of Reduction
1	Shangyu Education Logistics Service Co., Ltd.	Transfer
2	Shaoxing Shangyu District Education Development Co., Ltd.	Transfer

The subsidiaries reduced in 2018 are as follows:

Sequence Number	Name of Subsidiaries	Reason of Reduction
1	Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.	Transfer
2	Shaoxing Shangyu Hangzhou Bay New District Urban Construction Investment Development Co., Ltd.	Transfer
3	Shaoxing Shangyu Hangzhou Bay Agricultural Comprehensive Development Co., Ltd.	Transfer
4	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	Transfer
5	Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	Transfer
6	Zhejiang Rixin Technology Park Co., Ltd.	Transfer
7	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	Transfer
8	Shaoxing Shangyu Haifa Agronomic Garden Co., Ltd.	Transfer
9	Shaoxing Shangyu Hangzhou Bay Binhai New City Agricultural Development Co., Ltd.	Transfer
10	Shaoxing Shangyu Haishuo Property Management Co., Ltd.	Transfer
11	Shaoxing Shangyu Yufu Asset Management Co., Ltd.	Transfer
12	Shaoxing Shangyu Fengshan Trading Co., Ltd.	Cancellation

Sequence Number	Name of Subsidiaries	Reason of Reduction
13	Shaoxing Shangyu Cao'e River Agricultural Products Co., Ltd.	Other parties increase their capital, resulting in loss of control
14	Shaoxing Shangyu Cao'e River Jiangshang Huahai Development and Construction Co., Ltd.	Other parties increase their capital, resulting in loss of control

The subsidiaries reduced in 2019 are as follows:

Sequence Number	Name of Subsidiaries	Reason of Reduction
1	Shaoxing Yuyi Cultural and Creative Co., Ltd.	Other parties increase their capital, resulting in loss of control
2	Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.	Transfer
3	Shaoxing Shangyu Shunye Agricultural Development Co., Ltd.	Transfer
4	Shaoxing Shangyu Shunxiang Asset Management Co., Ltd.	Transfer
5	Shaoxing Shangyu Shuntai Municipal Engineering Co., Ltd.	Transfer
6	Shaoxing Shangyu District Yucun Asset Management Co., Ltd.	Cancellation
7	Shaoxing Shangyu District Shunyu Assets Management Co., Ltd.	Transfer
8	Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	Transfer
9	Shaoxing Shangyu Affordable Housing Development and Construction Co., Ltd.	Cancellation

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION*.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the Company prepares its financial statements in accordance with the *Accounting Standards for Business Enterprises* – Basic Standards and concrete accounting standards, *Accounting Standards for Business Enterprises* – Application Guidelines, *Accounting Standards for Business Enterprises* – Interpretations and other relevant provisions (collectively known as "*Accounting Standards for Business Enterprises*, issued by Ministry of Finance of PRC").

2.2 Going Concern

The Company has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the Company to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. Business not mentioned are executed according to the relevant accounting policies in the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's financial position as at 31 December 2019, and its operating results, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the Company is from January 1 to December 31 in calendar year.

The accounting period for the financial information contained in these financial statements is from 1 January 2017 to 31 December 2019.

3.3 Operating Cycle

The normal operating cycle of the Company is twelve months.

3.4 Functional Currency

The Company takes Chinese Yuan ("CNY") as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the Company obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity in the ultimate controller's consolidated financial statements at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party

based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

The accounting treatment of business combinations under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(b) Business combinations not under common control

The assets and liabilities that the Company obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

(i) It shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;

(ii) If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

The accounting treatment of business combinations not under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(c) Accounting treatment of transaction costs in business combinations

Intermediary expenses such as auditing, legal services, evaluation and consulting, and other related administrative expenses incurred for the business consolidations shall be included in the current profits or losses. The transaction costs of equity securities or debt securities issued as a consolidation consideration shall be included in the initial recognition amount of equity securities or debt securities.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the Company has all the following: power over the investee; exposure, or rights to variable returns from the Company's involvement with the investee; and the ability to use the Company's power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that the Company has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) The special regulations about the parent company being an investment subject

If the parent company is an investment subject, only those subsidiaries that provide relevant services for the investment activities of the investment subject shall be included in the consolidation scope. Other subsidiaries are not be consolidated. The equity investors of the subsidiaries that are not included in the consolidation scope will be recognized as financial assets at fair value through profit or loss.

When the parent company satisfies the following conditions at the same time, the parent company is an investment subject:

(i) The purpose of the Company is to provide investment management services to investors and obtain funds from one or more investors.

(ii) The Company's sole operating purpose is to allow investors to obtain returns through capital appreciation, investment income or both.

(iii) The Company measures and evaluates the performance of almost all investments based on fair value.

When the parent company transforms from a non-investment subject to an investment subject, except that the preparation of consolidated financial statements by including only subsidiaries that provide relevant services for its investment activities within the consolidated financial statements, the other subsidiaries of the Company will not be consolidated from the date of transform, and refer to the principle of partially disposing the subsidiary's equity without losing the control right.

When the parent company transforms from an investment subject to a non-investment subject, Subsidiaries not previously included in the consolidated financial statements

shall be included in the consolidated financial statements on the date of transforms, the fair value of a subsidiary not previously included in the consolidated financial statements shall be regarded as the transaction consideration of the purchase at the date of transforms, according to accounting treatment of business combinations not under common control for processing.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries and using other related information.

When preparing consolidated financial statements, the Company shall consider the entire group as an accounting entity, adopt uniform accounting policies and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement and presentation. The consolidated financial statements shall reflect the overall financial position, operating results and cash flows of the group.

(i) Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the Company with those of the Company's subsidiaries.

(ii) Offset the carrying amount of the Company's long-term equity investment in the subsidiaries and the Company's share of owner's equity of the subsidiaries.

(iii) Eliminate the impact of intragroup transactions between the Company and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.

(iv) Make adjustments to special transactions from the perspective of the group.

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(i) Addition of subsidiaries or business

Addition of subsidiaries or business through business combination under common control

When preparing consolidated statements of financial position, the beginning balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always

existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Addition of subsidiaries or business through business combination not under common control

When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(ii) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the beginning balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(e) Special consideration in consolidation elimination

(i) Long-term investment held by the subsidiaries to the Company shall be recognized as treasury stock of the Company, which is offset with the owner's equity, represented as "loss: treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term investment held by the Company to its subsidiaries as reference. That is, the long-term investment is eliminated with the share of the corresponding subsidiary's equity.

(ii) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Special provision" and "General risk provision" shall be recovered at the share of the parent after long-term investment to the subsidiaries is eliminated with the subsidiaries' equity.

(iii) If temporary timing difference between the book value of the assets and liabilities in the consolidated balance sheet and their tax basis is generated as a result of unrealized inter-company transaction profit or loss elimination, deferred tax assets of deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.

(iv) Unrealized inter-company transactions profit or loss generated from the Company selling assets to its subsidiaries shall be eliminated with "net profit attributed to the owners of the parent company" in full. Unrealized inter-company transactions profit or loss generated from the subsidiaries selling assets to the Company shall be eliminated with "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the Company. Unrealized inter-company transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "net profit attributed to the owners of the parent company" and "non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the Company.

(v) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still written down.

(f) Accounting for Special Transactions

(i) Purchasing of non-controlling interests

Where, the Company purchases non-controlling interests of its subsidiary, in the individual financial statements of the Company, the cost of the long-term investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration paid. In the consolidated financial statements, difference between the cost of the long-term investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the purchasing date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(ii) Gaining control over the subsidiary in stages through multiple transactions

Business combination under common control in stages through multiple transactions

At the combination date, preliminary cost of the long-term investment is determined

according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the merger, except for adjustments due to different accounting principles, they shall be measured pursuant to their carrying amount in the consolidated financial statements of the final control party on the date of consolidation; The sum of the book value of the investment held before merger plus the book value of the consideration paid by the merger on a daily basis, as for the difference between the book value of the net assets obtained in the merger, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted.

If the acquiring entity holds equity investment in the acquired entity prior of the combination date and the equity investment is accounted for on equity method, related income or loss, other comprehensive income and other equity movement which have been recognized during the period form the later of the date of the Company obtaining original equity interest and both the acquirer and the acquiree being common controlled by the same ultimate controlling entity to combination date should be offset with the retained earnings at the beginning of the period of the comparative financial statements.

Business combination not under common control in stages through multiple transactions

In individual financial statements, equity investment is always recognized as long-term investment in each transaction prior of the combination date, and the preliminary cost of the investment is determined according to the fair value of the consideration paid.

In the consolidated financial statements, the share of the acquired entity's equity held prior of the acquisition date shall be re-measured at its fair value at the acquisition date. Difference between the fair value of the equity share and its book value is recognized as investment income. If other comprehensive income was recognized concerning the equity interest held prior of the acquisition date, the other

comprehensive income should be transferred to investment income of reporting period which the acquisition belongs to, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined. The Company shall disclose in the note the fair value at the acquisition date of the equity interest held by it prior of the acquisition date, and the amounts of related gains or losses due to re-measurement at fair value.

(iii) Disposing investment in subsidiaries without losing control

For partial disposal of the long-term investment in the subsidiaries with no controlling right lost, when the Company prepares consolidated financial statements, difference between consideration received for the disposal and the corresponding subsidiary's net assets continuingly calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital reserve is not enough, retained earnings shall be adjusted.

(iv) Disposing investment in subsidiaries with controlling right lost

Disposal through one transaction

For partial disposal of the long-term investment in the subsidiaries with controlling right lost, when the Company prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the remaining equity interest, minus share of the former subsidiary's net assets continuingly calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

Disposal in stages

In business combination, first of all, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", in the individual financial statements, the transaction before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of the equity, and the difference between the proceeds and the book value of the disposal of the long-term equity investment shall be booked

into the current investment income; In the consolidated financial statements, it should be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in stages should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost.

If one or more of the following situations exist in trade terms, conditions and economic effect, the multiple transactions are usually accounted for as "a package deal":

- These transactions are made at the same time or under the condition of considering the influence of each other.
- These transactions as a whole can achieve a complete business result.
- The occurrence of one transaction depends on occurrence of at least another transaction.
- One transaction is not economic when considered separately, but economic when considered together with other transactions.

(v) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control.

A joint arrangement of the Company is classified as either a joint operation or a joint venture.

(a) Joint operation

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

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

(i) its solely held assets, and its share of any assets held jointly;

(ii) its solely assumed liabilities, and its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its solely incurred expenses, and its share of any expenses incurred jointly.

(b) Joint venture

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

The Company accounts for its investment in the joint venture by using the long-term equity investment equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Foreign Currency Financial Statements Translation

(a) Selection of foreign exchange rate when foreign currency transactions occur

Foreign currency transactions are converted into reporting currency at spot exchange rates prevailing on the day when the transactions occur or the exchange rate similar to the spot exchange rate on the date of transaction determined in a systematic and reasonable way (hereinafter referred to as the approximate spot exchange rate).

(b) Translation of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted at the

spot rates prevailing on the balance sheet date. Foreign exchange difference resulted from the difference of the spot rates prevailing on the balance sheet date and the spot rates prevailing on the day when the transactions occur or the sport rate prevailing on the last balance sheet date is recognized as profit or loss of the reporting period. For foreign currency non-monetary items measured at historical cost, the spot exchange rate on the transaction date shall still be used for translation; For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date shall be used for translation, and the difference between the converted amount of the functional currency and the original functional currency is included in the current profit or loss.

(c) Foreign currency financial statements translation

Before translating the financial statements of foreign entities, the accounting period and accounting policy shall be adjusted so as to conform to that of the Company. The adjusted foreign entities' financial statements shall be converted in accordance with the following method:

(i) The asset and liability items in the statement of financial position shall be converted at the spot exchange rates prevailing on the balance sheet date. The owners' equity items except "retained earnings" shall be converted at the spot exchange rates on the occurrence date.

(ii) The income and expense items in the statement of profit and other comprehensive income shall be converted at the spot exchange rates on the occurrence date or other approximate exchange rate.

(iii) Foreign currency cash flows and foreign entity's statement of cash flows shall be converted at the spot exchange rate on the occurrence date or other approximate exchange rate. Effect on cash due to exchange rate fluctuation shall be presented separately in the statement of cash flows as an adjustment item.

(iv) The differences arising from the conversion of financial statements denominated in foreign currency in compliance with the aforesaid principle shall be presented separately as "other comprehensive income" under the owners' equity of the consolidated statement of financial position.

When disposing of an overseas operation and losing control, the foreign currency statement translation difference related to the overseas operation listed under the owner's equity item in the statement of financial position shall be transferred to the current profit or loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

3.10 Financial Instruments

(a) Classification of financial assets

(i) Financial assets at fair value through profit or loss

This category comprises financial assets defined as held for trading, or those designated as at fair value through profit or loss. The former mainly includes shares, bonds, funds, and derivative financial instruments investment that are not designated effective hedging instruments that are acquired principally for the purpose of sale in the near future. Such financial assets are initially recognized at fair values when acquired. Relevant transaction expenses are included in the current profit or loss. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income. On the balance sheet date, this category of financial assets is measured at fair value and change in fair values is included in the current profit or loss. Difference between the fair value and initial measurement amount is recognized as investment income upon disposal; meanwhile, gains or losses from changes in fair values are written-off.

(ii) Held-to-maturity investments

This category of financial assets comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables, for which there is a positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair values plus the related transaction costs when acquired. Bond interests that have matured but not been drawn included in the consideration paid is recognized as a receivable separately. The interest income calculated at amortization cost and effective interest rate during the holding period is recognized as investment income. The difference between the amount received and the book value of the investment is included in the investment profit or loss upon disposal.

(iii) Receivables

Receivables include accounts receivable, other receivables, etc. Receivables arise from external sales of goods or rendering of service by the Company. They are recognized initially at the contract price or agreement price receivable from the purchasing party.

(iv) Available-for-sale financial assets

This category of financial assets comprises those financial assets that cannot be

classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Available-for-sale financial assets are initially recognized at fair values plus the related transaction costs when acquired. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income.

If the available-for-sale financial assets are foreign currency monetary financial assets, the exchange gains and losses arising therefrom shall be included in the profits and losses of the current period. Interest on available-for-sale debt instrument investments calculated using the actual interest rate method is included in profit or loss for the current period. The cash dividends of available-for-sale equity instrument investments are included in the current profit or loss when the investee declares the distribution of dividends. It is measured at fair value at the end of the period and change in fair value is included in other comprehensive income at the end of the period. The difference between the amount received and the book value of the financial asset is included in the investment profit or loss upon disposal. Meanwhile, the corresponding accumulated change in fair value recognized in other comprehensive income is transferred into investment profit or loss.

(b) Classification of financial liabilities

(i) Financial liabilities at fair value through profit or loss

This category of financial liabilities comprises financial liabilities that are defined as held for trading, or those that are designated as at fair value through profit or loss.

This category of financial liabilities is initially measured at fair value. Relevant transaction costs are included in the current profit or loss. On the balance sheet date, change in fair values is included in the current profit or loss.

(ii) Other financial liabilities

Other financial liabilities are those financial liabilities excluding financial liabilities at fair value through profit or loss.

(c) Reclassification of financial assets

An investment will be reclassified as available-for-sale if, as a result of a change in intention or ability, it fails to meet the requirements for classification as held-to-maturity. After the reclassification, it will be subsequently measured at fair value. If the held-to maturity investment is partially disposed, or a large part of it has been reclassified, and not included in the exceptions illustrated in provision 16 of

"Enterprise and business accounting standards No.22-Recognition and measurement of financial instruments", as a result of which, the remaining of the investment fails to meet the requirements for classification as held-to-maturity, any remaining held-to-maturity investments should also be reclassified as available-for-sale, and subsequently measured at fair value. However, it is prohibited that the above available-for-sale is reclassified back to held-to-maturity within current fiscal year and the following two fiscal years.

On the date of reclassification, difference between carrying value of the investment and its fair value is recorded in other comprehensive income, which shall be transferred out and recognized as profit or loss upon incurrence of impairment or de-recognition of the investment.

Due to changes in holding intention or ability, or the fair value can no longer be reliably measured, or the held-to-maturity investment is reclassified as available-for-sale financial assets and the holding period has exceeded two complete accounting years, the financial assets are not when it is again suitable to be measured at fair value, the Company will change available-for-sale financial assets to be measured at cost or amortized cost. Cost or amortized cost is the fair value or book value of the financial asset on the reclassification date.

If the financial asset has a fixed maturity date, the gain or loss related to the financial asset that was directly included in other comprehensive income shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss; The difference between the amortized cost of the financial asset and the amount at maturity shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss. If there is no fixed maturity date for the financial asset, the gains or losses related to the financial asset that were directly recorded in other comprehensive income will remain in the owner's equity, and will be transferred out when the financial asset is disposed of and recorded in the current profit or loss.

(d) Classification of financial liabilities and equity instruments

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

(i) If the Company has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another

financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.

(ii) If a financial instrument must or may be settled in the entity's own equity instruments, it should be considered that the entity's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer, otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the entity's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contacts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed or fluctuate totally or partially with variables (such as the interest rate, the price of a good or a financial instrument) other than market price of the entity's own equity instruments.

(e) Transfer of Financial Assets

Transfer of financial assets include below situations:

- The contractual rights to receive cash flows from the asset are transferred to another entity; or
- The financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

Cease to confirm the transferred financial assets

The financial assets should be derecognized if the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the Company shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no any relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial

asset.

If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

Continue to involve the transferred financial assets

If the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received will be recognized as a financial liability.

The extent to which the transferred financial assets continue to be involved refers to the level of risk the enterprises are exposed to due to the changes in the value of the financial assets.

Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and confirmed related financial liabilities shall not offset each other. In the subsequent accounting period, the Company should continue to confirm the income generated by the financial assets and the expenses incurred by the financial liabilities. If the transferred financial assets are measured at amortized cost, the related liabilities that are recognized may not be designated as financial liabilities at fair value through profit or loss.

(f) Derecognition of financial liability

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved.

If the assets to be used to settle a financial liability is transferred to another institute or establish a trust, where the present obligations still exist, either the financial liability or the assets transferred shall not be derecognized.

Where the Company enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the Company shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

(g) Offsetting financial assets and liabilities

Financial assets and liabilities shall be presented separately in the statement of financial position and shall not be offset. However, they shall be presented on a net basis after offset if the following criteria are both satisfied.

(i) The Company has a legal right to offset the recognized amounts, and the right is executable at present; and

(ii) The Company has an intention to settle on a net basis or liquidate the asset and settle the liability simultaneously.

Asset transfer that does not satisfy the criteria for derecognition of this asset, the transferor shall not offset the asset and the liability.

(h) Impairment testing and impairment provision of financial assets

(i) Objective evidence for the impairment of the financial assets

- The issuer or debtor encounters serious financial difficulties;
- The debtor violates the terms of contract, for example, it cannot repay the interest or the principal of the loan on schedule;

- The creditor makes concessions to the debtor in financial difficulties from the respect of economy or law;
- The creditor is possible to bankrupt or execute other financial restructuration;
- The financial asset is no longer traded in the active market since the issuer encounters significant financial difficulties;
- It is unrecognizable whether cash flows from an asset in one group of financial assets has Decreased, however, it is identifiable that the estimated future cash flows of the group of financial assets has Decreased and measurable since they are initially recognized through overall assessment on them on the basis of public data;
- The debtor's technological, market, economic or legal environment encounters significant unfavorable change, as a result of which investment cost may not be recovered;
- A serious or prolonged decline in the fair value of equity instrument; and
- Other objective evidence that indicates impairment of financial assets.

(ii) Impairment provision of the financial assets (excluding receivables)

Financial assets measured at amortized cost

If there is objective evidence that the financial asset is impaired, the carrying amount of the financial asset shall be written down to the present value of its expected future cash flows (excluding future credit loss that have not occurred), the amount written down shall be recognized as impairment loss in current profit or loss.

The present value of the estimated future cash flows is determined by discounting at the original effective rate of the financial asset, considering the value of related guaranty (deducting expense incurred for obtaining or selling this guaranty). The original effective rate is the effective rate calculated when the financial asset is initially recognized. For the financial asset with variable interest rates, the current effective interest rate as stipulated in the contract may be used as the discount rate in calculating the present value of future cash flows.

The Company was carried out on the amortized cost measurement of financial assets impairment test, the amount is greater than or equal to CNY5 million of financial assets as a single large sum of financial assets, under this standard as a single amount is not significant financial assets.

The Company shall conduct impairment tests on a single financial asset with a significant amount separately. If there is objective evidence that such asset has experienced impairment, the impairment loss shall be recognized and recorded into

the current profit and loss; For single amount is not significant financial assets, impairment test alone or include in combination of financial assets with similar credit risk characteristics in the impairment test.

Separately test the financial assets that have not suffered any impairment (including the financial assets with significant or insignificant amount of a single item), including conducting a further impairment test in the financial asset portfolio with similar credit risk characteristics; Financial assets that have recognized impairment losses separately shall not be included in the impairment test of financial asset portfolios with similar credit risk characteristics.

After the Company recognizes the impairment loss of a financial asset measured at the amortized cost, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the events occurred after the recognition of the loss, the previously recognized impairment loss will be reversed and recorded into the current profit and loss. However, the carrying value after the reversal does not exceed the amortized cost of the financial asset on the day of the reversal assuming no provision for impairment.

Impairment provision of available-for sale financial assets

When recognizing impairment loss, the cumulative loss due to decreases in fair value shall be removed from equity to profit or loss. After impairment loss related to an available-for-sale debt instrument has been recognized, interest income of the instrument is calculated at the discount rate used in determining present value of the future cash flows when calculating impairment provision of the instrument.

If, in a subsequent period, the carrying amount of available-for-sale debt instruments investments increases and the increase is related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed, and included in current profit or loss. The impairment losses of available-for-sale equity instruments cannot be reversed through profit or loss.

(i) Method of determining the fair value of financial assets and financial liabilities

Method of determining the fair value of financial assets and financial liabilities, please refer to *Note 3.11 Measured at fair value*.

3.11 Measured at fair value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The Company determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The Company using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the Company shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the Company shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

- Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, including the market method, the revenue method and the cost method. The Company uses fair value measurement in accordance with one or more of the valuation techniques to measure fair value. When using various techniques to measure fair value, the Company shall consider the reasonableness of each valuation result and select the most representative the amount of fair value as the fair value.

In the application of valuation techniques, the Company will give priority to the relevant observable inputs and only use unobservable inputs if the relevant observable inputs cannot be obtained or made impracticable. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired form the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

- Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial

statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.12 Receivables

(a) Receivable with individually significant balance and recognized provision for bad debts individually

Assessment basis or standard of amount individually significant: The amounts of accounts receivable over CNY100 million and other receivables over CNY500 million is assessed individually significant.

Method of provision for bad debts of receivables that are individually significant: After separate impairment test, if there is objective evidence of impairment, the impairment loss of receivables that are individually significant shall be measured at the difference between the individual receivable's carrying amount and the present value of estimated future cash flows, and shall be included in current profit or loss.

Where there is a small difference between the estimated future cash flows of the short-term accounts receivable and its present value, the estimated future cash flows may not be discounted when determining the related impairment losses.

(b) Receivables with provision for bad debts recognized on the basis of similar credit risk characteristics

Determine the basis of the portfolio:

Determine the basis of the portfolio		Method of provision for bad debts
Portfolio 1	According to the combination of credit risk characteristics after the combination of the smaller risk, a separate test does not indicate a significant impairment in receivables	No provision for bad debts will be made due to very little possibility of bad debt losses
Portfolio 2	Remaining receivables excluding Portfolio 1	Aging analysis method

The proportion of bad debt provision in the receivables portfolio of each aging section is as follows:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1 to 2 years	10.00	10.00
2 to 3 years	20.00	20.00
3 to 5 years	30.00	30.00
Over 5 years	50.00	50.00

(c) Receivables that are individually insignificant but with bad debt provided on an individual basis

For receivables that are individually insignificant with objective evidence of impairment, they shall be separated from relevant portfolios and separately assessed for impairment to recognize the impairment losses. Bad debts are provided at the difference between the present value of estimated future cash flows of the receivable and its carrying value.

3.13 Inventories

(a) Classification of inventories

Inventories refer to the finished products or commodities held by the Company for sale in the daily activities, the products in the production process, the materials and materials consumed during the production process or the provision of labor services, etc., including the raw materials, semi-finished products, inventory goods, turnover materials and so on.

(b) Measurement method of cost of inventories sold or used

The cost of inventories used or sold is determined on the weighted average basis.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered.

(i) In normal operation process, for merchandise inventories for direct sale,

including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

(ii) In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.

(iii) At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.

(iv) If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

(i) One-off writing off method is adopted in amortization of low-value consumables.

(ii) One-off writing off method is adopted in amortization of wrappages.

3.14 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a common control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the

relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those polices. When indenting an investing enterprise whether can exercise significant influences over the investee, it shall consider the effects of the voting shares directly or indirectly held by the investee and the current enforceable voting rights held by the investee and other parties on the assumption of conversion to the equity of the investee, including the issuance by the investee current convertible warrants, share options and convertible corporate bonds and so on.

When the Company indirectly owns more than 20% (including 20%) but less than 50% of the voting shares of the investee directly or through its subsidiaries, it is generally considered to have a material impact on the investee unless there is clear evidence that such circumstances cannot participate in the decision of production and operation of the invested unit. Under this circumstance, it does not have a significant impact.

(b) Determination of initial investment cost

(i) Long-term equity investments generated in business combinations

For a business combination involving enterprises under common control: if the Company makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, book value of the owners' equity of the acquiree obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed and par value of share issued shall be adjusted to the stock premium in the capital reserve; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings shall be adjusted.

For business combination not under common control, the Company recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment. When exercising control over an investee not under common control due to additional investment or other reasons, in separate financial statements, the investor shall change to the cost method and use the carrying amount of the

previously held equity investment, together with the additional investment cost, as the initial investment cost under the cost method. The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the acquiring entity or acquirer for the business combination, shall be recognized in profit or loss as incurred.

(ii) Long-term equity investments acquired by other means

For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses directly related to obtaining long-term equity investment, taxes and other necessary expenses.

For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

For long-term equity investment acquired through debt restructuring, the book value is determined by the fair value of the abandoned creditor's rights and other costs such as taxes directly attributable to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value is recorded into the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the Company has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method. The Company's equity investments in associates are measured at fair value through profit and loss through a portion indirectly held by a venture capital institution, mutual funds, trust companies or similar entities (including a joint venture insurance fund), and the remaining part are measured by the equity method.

(i) Cost method

For Long-term equity investment at cost method, cost of the long-term equity

investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The Company recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(ii) Equity method

Generally, for long term equity investment with equity method, accounting practice is as below:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The Company recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income respectively. Meanwhile the Company adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly.

The Company recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, based on which, investment income or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from inter-company transactions between the Company and its associate or joint venture are eliminated in proportion to the Company's equity interest in the investee, based on which investment income or losses shall be recognized. Any losses resulting from inter-company transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

Where the Company obtains the power of joint control or significant influence, but

not control, over the investee, due to additional investment or other reason, the relevant long-term equity investment shall be accounted for by using the equity method, initial cost of which shall be the fair value of the original investment plus the additional investment. Where the original investment is classified as available-for sale investment, difference between its fair value and its carrying value, in addition to the cumulated fair value fluctuation recorded in other comprehensive income, shall be recognized as profit or loss.

Due to the disposal of part of the equity investment and other reasons lost the joint control or significant impact on the investee, the remaining after the disposal of equity measured at fair value, the difference between the proceeds actually received and the carrying amount shall be recognized in profit or loss for the reporting period.

For a long-term equity investment accounted for using the equity method, any other comprehensive income previously recognized shall be accounted for on the same basis as would have been required if the investee had directly disposed the related assets or liabilities on a pro-rata basis upon the disposal of the equity investment.

(d) Equity Investment Held for Sale

Accounting of equity method ceases when the equity investment in an associates or joint venture which is classified in whole or in part as holding assets for sale, the relevant accounting treatment, please refer to *Note 3.14 ASSETS HELD FOR SALE*.

For residual equity investments that is not classified as holding for sale, the equity method shall continue to be used for accounting treatment prior to the sale of the portion of equity investments that is classified as holding for sale.

If the equity investment in an associated enterprise or joint venture that has been classified as holding for sale no longer qualifies the conditions for the classification of assets for sale, the equity method shall be applied for retroactive adjustment from the date when the investment is classified as holding assets for sale. The equity investments are classified as financial statements held for sale and adjusted accordingly.

(e) Impairment testing and impairment provision

For the investment of subsidiaries, associates or joint ventures, please refer to *Note 3.20 Impairment of Long-Term Assets*.

3.15 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term

capital appreciation, buildings leased out under operating leases.

(b) The measurement model of investment property

The Company adopts the cost model for measurement of investment properties.

The Company calculates the depreciation or amortization on the straight-line method after the investment properties cost less accumulated impairment and net residual value. The type of investment properties, the estimated economic useful life and the estimated net residual value rate determine the depreciation period and annual depreciation rate respectively as follows:

Type	Depreciation period (year)	Residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	30 to 50	5.00	1.90 to 3.17

3.16 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one year.

(a) Recognition criteria of property, plant and equipment

Property, plant and equipment will only be recognized at the actual cost paid when obtaining when all the following criteria are satisfied:

(i) it is probable that the economic benefits relating to the property, plant and equipment will flow into the Company;

(ii) the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

Depreciation is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of property, plant and equipment.

The estimated useful lives and annual depreciation rates of property, plant and equipment are listed by their respective categories as follows:

Categories of property, plant and equipment	Residual rates (%)	Estimated useful life (years)	Annual depreciation rates (%)
Buildings and constructions	0 to 5	20 to 30	3.17 to 5.00
Machinery equipment	0 to 5	8 to 20	4.75 to 12.50
Vehicles	0 to 5	3 to 20	4.75 to 33.33

Categories of property, plant and equipment	Residual rates (%)	Estimated useful life (years)	Annual depreciation rates (%)
Office equipment and others	0 to 5	3 to 10	9.50 to 33.33
Water supply equipment	5	12, 15	7.92, 6.33

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the Company shall review the useful life, estimated net residual value and depreciation method of the property, plant and equipment. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

(c) Criteria, valuation and depreciation methods of property, plant and equipment obtained through a finance lease.

If the entire risk and rewards related to the leased assets have been transferred, the lease shall be a finance lease. The cost of the property, plant and equipment obtained through a finance lease is determined at the lower of the present value of the fair value of the leased assets and the minimum lease payment on the day of the lease. The property, plant and equipment obtained by a finance lease are depreciated in the method which is in consistency with the property, plant and equipment owned by the Company itself. For property, plant and equipment obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.17 Construction in Progress

(a) Classification of construction in progress

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures incurred before they are ready for their intended use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the Company when the property, plant and equipment are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not

adjusted.

3.18 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets form part of the costs of those assets and satisfy the following factors could be capitalized:

(i) expenditures are being incurred, which comprise disbursements incurred in the form of payments of cash, transfer of non-monetary assets or assumption of interest-bearing debts;

(ii) borrowing costs are being incurred, and;

(iii) acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Interest on bank overdrafts and borrowings, amortization of discounts or premiums on borrowings, exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest costs are recognized as expenses and charged to profit or loss in the reporting period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction or manufacturing of assets eligible for capitalization are part of a general pool, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general pool.

3.19 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(i) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life	Basis
Land use right	40 years, 50 years	Useful life
Software	5 years	The service life is determined by reference to the period for the Company to bring economic benefits
Sand and gravel resources	35 years	The service life is determined by reference to the period for the Company to bring economic benefits

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(ii) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The Company reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(iii) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period during which they can bring economic benefits to the Company. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the cumulated impairment provision shall be deducted as well, with a residual value of nil. For intangible assets which are not expected to bring economic benefits to the Company, they are deemed as intangible assets with uncertain useful lives and are not amortized.

Intangible assets with indefinite useful lives shall not be amortized. The Company reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

The Company classifies expenditures on internal research and development projects

into research costs and development costs.

Research is original and planned investigation, undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, or products before the start of commercial production or use.

Expenditures incurred during the research phase of internal research and development projects shall be written off to profit or loss of the reporting period.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the Company can satisfy all of the following criteria:

(i) there is technical feasibility of completing the intangible assets (so that they will be available for use or sale);

(ii) there is intention to complete and use or sell the assets;

(iii) the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;

(iv) adequate technical, financial, and other resources are available to complete the assets, and the Company has the ability to use or sell the assets; and

(v) the costs of the assets can be measured reliably.

3.20 Impairment of Long-Term Assets

(a) Impairment test and accounting methods of long-term equity investment

The Company examines long-term equity investments on a balance sheet date one by one and judges whether there is any indication of impairment in the long-term equity investments based on various changes in the operating policies, legal environment, market demand, industry and profitability of the investee. When the recoverable amount of the long-term equity investment is lower than the book value, the difference between the recoverable amount and the carrying amount of the long-term equity investment is accrued as the impairment provision of the long-term equity investment. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods.

(b) Impairment test and accounting methods of investment property

On the balance sheet date, the investment property is revalued at the lower of the cost and the recoverable amount. If the recoverable amount is lower than the cost, an impairment provision shall be made based on the difference between the two. If the value of the investment property for which the provision for impairment has been accrued is restored, the provision for impairment in the previous period shall not be reversed.

(c) Impairment test and accounting methods of property, plant, equipment

On the balance sheet date, the Company makes a judgment on each fixed asset. If there is an evidence of impairment and the estimated recoverable amount is lower than its book value, the book value shall be reduced to the recoverable amount. The amount of write-down shall be recognized as asset impairment loss, included in the current profits and losses, while making provision for the corresponding asset impairment. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods. When there are the following signs, according to the single item of property, plant, equipment provision for impairment in full:

(i) Long-term idle, will not be reused in the foreseeable future, and has no transfer of value of property, plant, equipment.

(ii) Property, plant, equipment is unable to be used due to technical advances and other reasons.

(iii) Though they can still be used, a large number of unqualified products could be produced after using them.

(iv) Property, plant, equipment that have been damaged no longer have the use value and the transfer value.

(v) Other property, plant, equipment that can no longer bring economic benefits to the Company.

(d) Impairment test and accounting methods of construction in progress

If there is any indication that the construction in progress may be impaired at the balance sheet date, an impairment test would be implemented. If the result of impairment test indicates the recoverable amounts of the construction in progress are lower than their book values, the difference between the recoverable amounts and book values is recognized as impairment loss included in profits and losses, provisions for impairment are made. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods. When there are one or more the following signs, making impairment test of construction in progress:

(i) Construction in progress that has been suspended for a long time and is not

expected to restart in the next three years.

(ii) In terms of performance, or technically backward, projects bring economic benefits to the enterprise with great uncertainty.

(iii) Other circumstances that can prove that the construction in progress has been impaired have occurred.

(e) (e) Impairment test and accounting methods of intangible assets

If there is any indication that the intangible assets may be impaired at the balance sheet date, an impairment test would be implemented. If the result of impairment test indicates the recoverable amounts of the construction in progress are lower than their book values, the difference between the recoverable amounts and book values is recognized as impairment loss included in profits and losses, provisions for impairment are made. Once the asset impairment loss is confirmed, it will not be reversed in subsequent accounting periods. When there are one or more the following signs, making impairment test of intangible assets:

(i) the intangible assets have been replaced by other new technologies, which have a material adverse effect on their ability to generate economic benefits for the enterprise.

(ii) The market price of the intangible assets dropped sharply during the current period and may not rise during the remaining years.

(iii) Other conditions that indicate that the carrying amount of the intangible asset has exceeded its recoverable amount.

(f) Impairment test and accounting methods of goodwill

Impairment testing for goodwill acquired in a business combination shall be performed at least annually. If impairment indication exists in the assets or a group of assets, the impairment shall be accounted for in accordance with the following procedures:

Firstly, impairment testing for asset or assets group excluding goodwill shall be made. Impairment loss is recognized through comparing the recoverable amount of the assets and assets group with their carrying amount; then, impairment testing for assets or assets group including goodwill shall be made. The excess of the carrying amount of the assets or assets group (including goodwill allocated to the assets or assets group) over their recoverable amount is recognized as impairment loss. The impairment loss shall be allocated to reduce the carrying amount of the assets of assets group in the following order:

(i) first, to reduce the carrying amount of any goodwill allocated to the assets or

assets group; and

(ii) then, to the other assets or assets group pro rata on the basis of the carrying amount of each asset.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

3.21 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

Long-term deferred expenses are evenly amortized over the beneficial period, the amortization period of each expense is as follows:

Item	The years of amortization
Financing fee	3 years
Renovation	10 to 20 years

3.22 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of decreased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee compensation shall be presented in the "Employee benefits payable" item and the "Long-term Employee benefits payable" item respectively on the statement of financial position.

(a) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, actually occurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

Employee benefit expenses incurred by the Company are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually occurred. Employee benefits are non-monetary benefits measured at their fair value.

Payments made by the Company of social security contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and union running costs and

employee education costs provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits.

Paid absences are classified into accumulating paid absences and non-accumulating paid absences. The Company shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The additional payable amounts shall be measured at the expected additional payments as a result of the unused entitlement that has accumulated.

The Company shall recognize the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

(i) the Company has a present legal or constructive obligation to make such payments as a result of past events; and

(ii) a reliable estimate of the amounts of employee benefits obligation arising from the profit- sharing plan can be made.

(b) Post-employment benefits

The Company shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The Company will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

Determining the net liabilities or net assets of defined benefit plan

If there is any asset in the defined benefit plan, the Company will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the Company measures the net profit of the defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

Determining the amount that should be included in the cost of assets or current profits and losses

Service costs include current service costs, past service costs and settlement gains or losses. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net liabilities or net assets of the defined benefit plan, including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

Determine the amount that should be included in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

(i) actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of actuarial assumptions and experience adjustments.

(ii) Planned return on assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

(iii) Changes in the upper limit of assets: deducing the amount of net interest included in the net liabilities or net assets of defined benefit plans.

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the Company can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits

The Company providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

(i) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

(ii) when the Company recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values.

(d) Other long-term employee benefits

(i) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the Company meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(ii) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the Company recognized employee compensation costs arising from other long-term employee benefits as the following components:

- Service costs;
- Net interest on the other long-term employee benefits liability (asset);
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the profit or loss of the reporting period or the cost of a relevant asset.

3.23 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The Company recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

(i) that obligation is a current obligation of the Company;

(ii) it is likely to cause any economic benefit to flow out of the Company as a result of performance of the obligation;

(iii) the amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the Company are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The Company, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties and the time value of money. The carrying

amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidence indicates that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount should be adjusted based on the updated best estimate.

3.24 Revenue

(a) Revenue from sale of goods

Revenue from sales of goods shall be recognized if the following criteria are all Revenue from sale of goods is recognized when the following criteria are satisfied:

(i) significant risks and rewards related to ownership of the goods have been transferred to the buyer;

(ii) the Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;

(iii) relevant amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow into the Company;

(v) relevant amount of cost incurred or to be incurred can be measured reliably.

(b) Revenue from rendering of services

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Percentage of completion is determined by using the proportion of services performed to date to the total services that should be performed, or the proportion of cost incurred for rendering of the services to date to the total estimated cost.

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; the percentage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably.

The Company shall determine the total income from rendering of services in accordance with the price of the contract or agreement received or receivable, except the price of the contract or agreement received or receivable is not fair. On the balance sheet date, the total amount of labor services provided is multiplied by the progress of completion and deducted the accumulated amount of labor service income confirmed in the previous accounting period to confirm the income from providing labor service. Meanwhile, the carrying amount of labor costs incurred for the current

period is calculated by multiplying the estimated total cost of rendering of services by the completion progress deducting the accumulated recognized service costs in previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, deal with the following situations:

(i) If the labor cost incurred is expected to be compensated, the labor service income will be recognized according to the cost of labor service already incurred and the service cost will be carried forward at the same amount.

(ii) If the cost of the service that has occurred is not expected to be compensated, the cost of the service that has occurred shall be included in the current profits and losses, and the service income shall not be confirmed.

(c) Revenue from alienating the right to use assets

Revenue from alienating of right to use assets consists of interest revenue and royalty revenue. The Company shall recognize the amount of revenue from the alienating of right to use assets based on the following circumstances, respectively:

(i) interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate;

(ii) the amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from construction contracts

Under the circumstances that result of the construction contracts can be estimated reliably, contract revenue and contract cost shall be recognized by using percentage of completion method, which is determined according to the completion stages of the construction contracts. The completion stages of the contracts shall be calculated at the portion of the contract costs incurred to the total estimated contract costs.

Under the circumstances that the result of the construction contracts cannot be estimated reliably, while the estimated contact costs can be recovered, the revenue shall be recognized to the extent of costs incurred that are expected to be recoverable, contract costs shall be recognized as expense upon incurrence. If the estimated contract costs cannot be recovered, they shall be charged in expenses upon incurrence, without any revenue recognized.

If the estimated contract costs exceed estimated contract revenue, the estimated loss shall be recognized as expenses in current period.

(e) The Company's revenue specific confirmation method

(e.1) Revenue from land development and consolidation

The Company' s land has been transferred to the Land Reserve Center for listing, and the land development revenue finally returned has been determined. The land transfer fee has been received or the receipt certificate has been obtained and the relevant economic benefits are likely to flow in, and the land development cost can be reliably measured.

(e.2) Commissioned construction project revenue

After the completion of the commissioned construction project, the Company settles with the entrusting party according to the project cost and a certain rate of return.

(e.3) Engineering construction revenue

The subsidiary confirms the income from the provision of labor services by the percentage of completion method. Calculating the percentage of completion based on the ratio of the cumulative labor service cost to the estimated total cost. The current income is recognized according to total contract income multiplied by the completion percentage after deducting the accumulated labor income confirmed in the previous accounting period. At the same time, the current cost is recognized according to the estimated total cost of the project multiplied by the completion percentage after deducting the labor cost confirmed in the previous accounting period. That is, the amount of income that can be satisfied at the same time can be reliably measured, the relevant economic benefits are likely to flow in, the completion schedule of the transaction can be reliably determined, the costs that have occurred and will occur in the transaction can be reliably measured, and the realization of the income is confirmed.

(e.4) Sewage treatment fee revenue

Self-collected network access enterprises: The customer signs a network access agreement with the Company to build a sewage treatment pipeline, which is calculated according to the meter reading displacement, and the income is determined according to the actual meter reading quantity;

Domestic sewage collected by the water supply company: This part is settled by the water supply company along with the water supply fee according to the water supply amount, and is verified with the water supply company monthly reconciliation.

(e.5) Water supply sales revenue

The Company confirms that the income is determined based on the actual number of meter readings by each user. According to the actual meter reading data, the MIS system for tap water supply and sales is entered, and the system automatically generates the water fee for each user in the current period. The finance confirms the

income and receivables according to the water supply sales summary table of the current month.

(e.6) Goods sales revenue

Goods retail income, after transferring the main risks and rewards of ownership of the goods to the purchaser, confirm the sales income of the goods when cash is obtained or the other party pays for the consideration of the goods.

The grain sales income, after transferring the main risks and rewards of ownership of the goods to the purchaser, confirms the sales income of the goods when the right to receive the consideration is obtained.

(e.7) Resettlement housing sales revenue

Passing the owner's acceptance and delivering the owner's resettlement house is the time for income recognization.

(e.8) Logistics service revenue

According to the customer's requirements, the company's transport fleet or designated transport company will deliver the goods to the place designated by the customer, and when settling accounts with the customer, the company will confirm the completion of the service and recognize the revenue.

(e.9) Rental service revenue

After the Company provides leasing services, it shall confirm the realization of the rental income according to the straight-line method according to the contract or agreement signed with the lessee.

(e.10) Labor agency service revenue

After the Company provides labor agency services, the labor agency income is recognized on a monthly basis at the price of the contract or agreement signed with the actual employer.

(e.11) Sanitation service revenue

According to the contract terms, the Company completes the agreed sanitation and cleaning services, has received labor payments or obtained receipts, and related economic benefits are likely to flow in. The related labor costs incurred or to be incurred can be reliably measured to confirm the realization of revenue

3.25 Government Grants

(a) Recognition of government grants

A government grant shall not be recognized until there is reasonable assurance that:

(i) the Company will comply with the conditions attaching to them; and

(ii) the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at their nominal value when reliable fair value is not available.

(c) Accounting for government grants

(i) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the Company used for purchase or construction or forming the long-term assets by other ways.

Government grants pertinent to assets shall be recognized as deferred income, and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(ii) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

a) if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;

b) if the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.

c) For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.

d) Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(iii) Loan interest subsidy

When the loan interest subsidy is allocated to the Company, the subsidy is written off with corresponding loan interest.

(iv) Repayment of the government grants

Repayment of the government grants shall be recognized by increasing the carrying amount of the asset if the book value of the asset has been written down, or reducing the balance of relevant deferred income if deferred income balance exists, or directly recognized in profit or loss of the current period for other circumstances.

3.26 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The Company recognizes the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

Deferred tax assets should be recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized at the tax rates that are expected to apply to the period when the asset is realized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

(i) is not a business combination; and

(ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

(i) the temporary difference will reverse in the foreseeable future;

(ii) taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each

reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent that the deferred tax liability arises from:

(i) the initial recognition of goodwill; or

(ii) the initial recognition of an asset or liability in a transaction which:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

(i) the Company is able to control the timing of the reversal of the temporary difference; and

(ii) it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(i) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(ii) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments.

- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error.
- amounts arising on initial recognition of the equity component of a compound financial instrument.

(iii) Unused tax losses and unused tax credits

Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. Income taxes in current profit or loss shall be deducted as well.

Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- acquired deferred tax benefits recognized within 12 months after acquisition date that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.
- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(iv) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of inter-company unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well (except for deferred tax related to transactions or events

recognized directly in equity and business combination).

(v) Share-based payment settled by equity

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the Company, during the period in which a remuneration expense is recognized according to the accounting standards, the Company estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.27 Operating Leases and Finance Leases

A lease that risks and rewards related to relevant assets' ownership are transferred in substance shall be classified as a finance lease. Other leases shall be classified as an operating lease.

(a) Accounting for operating leases

(i) The Company as a lessee

The lease payments should be recognized as expenses of the reporting period over the lease terms (including rent-free periods) on a straight-line basis. If expenses relating to lease which should be borne by the Company are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the reporting period.

Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the reporting period. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(ii) The Company As a lessor

Lease income should be recognized over the lease terms (including rent-free periods) on a straight-line basis. If expenses relating to leases which should be borne by the lessee of the assets are paid by the Company, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the Company.

Initial direct costs relating to lease transactions incurred by the Company shall be recognized as expenses of the reporting period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income. Contingent rental, if included in the lease contract, shall be

recognized as profit or loss upon incurrence.

(b) Accounting for finance leases

(i) The Company as a lessee

At commencement of the lease, assets obtained through finance leases should be recorded at the lower of their fair values and the present values of the minimum lease payments. The Company shall recognize long-term payables at amounts equal to the minimum lease payments, and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The Company adopts effective interest rate method, which shall be amortized over the lease terms as finance expenses by using effective interest rate method.

Initial direct costs are recorded in the value of the leased assets.

The Company adopts the same depreciation policy for the leased assets as its own property, plant and equipment. Depreciation period is determined according to the lease contract. If it is reasonably certain that the Company will obtain the ownership of the assets when the lease expires, the depreciation period will be the useful lives of the leased assets. If it is difficult to reasonably determine whether the Company can obtain the ownership of the underlying assets when the lease expires, depreciation period is the lower of the lease period and their useful lives.

(ii) The Company as a lessor

At commencement of the lease, rental receivables shall be measured at minimum lease receivables plus initial direct costs relating to lease transactions incurred by the Company. Unguaranteed residual values are recorded simultaneously. The differences between the undiscounted rental receivables plus unguaranteed residual values and their present values shall be recognized as unearned finance income and shall amortized over the lease terms as lease income at the effective rate.

3.28 Safety fund and maintenance cost

The Company according to the previous year revenue of 1.5% extraction safe production costs.

Safety fund and maintenance cost shall be included in the cost or current profit and loss of related products when extracted, and shall also be included in the item of "Special reserves".

Where the extracted production safety fund is used within the prescribed scope, if they are expense, the special reserve shall be directly deducted. In case of the formation of fixed assets, the expenses incurred shall be first collected under the item of "Construction in Progress" and shall be recognized as fixed assets when the safety

project is completed and reaches the expected usable state. At the same time, according to the cost of the formation of fixed assets special reserves, and recognize the same amount of accumulated depreciation. The fixed assets will not be depreciated in future periods.

3.29 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting polices

- On April 28, 2017, the Ministry of Finance issued *Accounting Standards for Business Enterprises No.42 - Non-current Assets and Disposal Groups Classified as Held-for-sale and Discontinued Operations*, which is in effective on May 28, 2017. For the non-current assets and disposal groups classified as held-for-sale and discontinued operations, a prospective method is used.
- On May 10, 2017, the Ministry of Finance issued *Accounting Standards for Business Enterprises No.16 - Government Grants*, which is in effective on June 12, 2017. For the government grants exist on January 1, 2017, a prospective method is used. For government grants obtained from January 1, 2017 to the date of this standard's effective date was in effective, adjustment shall be made according to this standard.

According to the above 2 new or modified accounting standards, the Ministry of Finance modified template of the financial statements and issued *Notice about Modifying Template of Financial Statements* on December 25, 2017, the Statement of Financial Position added "Assets classified as held for sale" and "Liabilities classified as held for sale" line items, the Statement of Profit or Loss and Other Comprehensive Income added "gains/(losses) from disposal of assets" and "other income" line items, net profit items added "Net profit from continuing operations" and "Net profit from discontinued operations" items and *the Interpretation about the Modified Template of Financial Statements* on January 12, 2018:

For the newly added "Gains/(losses) from disposal of assets" line items in the Statement of Profit or Loss and Other Comprehensive Income, the Company adjusted comparative data in comparable periods in accordance with *Accounting Standard for Business Enterprises No.30 – Presentation of Financial Statements* and other relevant provisions.

For the newly added "Other income" line item in the Statement of Profit or Loss and Other Comprehensive Income, the Company adopts the prospective application method for the government grants that existed on January 1, 2017 in accordance with the relevant provisions of the "*Accounting Standards for Business Enterprises No.16-Government Subsidies*". The amount of impact in 2017, 2018 and 2019 was

CNY701,413,437.71, CNY879,974,080.63, and CNY851,647,212.48, respectively.

- In June 2017, *<Interpretation of Accounting Standards for Enterprises No.9-Accounting for Net Investment Loss under Equity Method>*, *<Interpretation of Accounting Standards for Enterprises No.10-Depreciation Based on the Revenue Generated from use of Property, plant and equipment>*, *<Interpretation of Accounting Standards for Enterprises No.11-Amortization Based on the Revenue Generated from use of Intangible Assets>*, and *<Interpretation of Accounting Standards for Enterprises No.12-Whether the Provider and Receiver of the Service of Key Management are Related Parties>* were published by the Ministry of Finance. The Company has adopted these interpretations since January 1, 2018.
- In accordance with requirement of *<the Notice about Modifying and Publishing the Format of Financial Statements of General Enterprises in 2018>* announced by the Ministry of Finance on June 15, 2018 (*Cai Kuai* [*2018*] *No.15*), *<the Notice on Revising and Issuing the Format of General Corporate Financial Statements for 2019>* issued by the Ministry of Finance on April 30, 2019 (*Cai Kuai* [*2019*] *No.6*) and *<the Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition)>* (*Cai Kuai* [*2019*] *No.16*) issued by the Ministry of Finance on September 19, 2019, for enterprises which have not adopted new accounting standards related to financial instruments and new standards of revenue, financial statements shall be prepared in line with the following rules:

In the Statement of Financial Position, accounts receivable and notes receivable are combined with and recorded in the newly added item, notes receivable and accounts receivable; dividend receivable and interest receivable are combined with and recorded in other receivables; disposal of property, plant and equipment are combined with the item of property, plant and equipment; construction materials are combined with the item of construction in progress; accounts payable and notes payable are combined with and recorded in the newly added item, notes payable and accounts payable; notes receivable and accounts receivable; dividend payable and interest payable are combined with and recorded in other payables; specific items payable are combined with long-term payables.

In the Statement of Profit or Loss and Other Comprehensive Income, research and development expenses are divided from administrative expenses and presented as a separate item; interest expense and interest income are presented under finance cost.

The Company prepares financial statements for the year of 2019 in accordance with

Cai Kuai [*2018*] *No.15*, *Cai Kuai* [*2019*] *No.6*, *Cai Kuai* [*2019*] *No.16* and the prescribed financial statement format, and adopted the retrospective adjustment method to change the presentation of relevant financial statements.

- In accordance with the Notice about *Modifying and Publishing the Format of Financial Statements of General Enterprises* in 2019 announced by the Ministry of Finance on April 30, 2019 (*Cai Kuai* [*2019*] *No.6*), enterprises that are required not to implement the new financial standards, new revenue standards and new leasing standards shall prepare financial statements in accordance with the following provisions:

In the Statement of Financial Position, "Notes receivable and accounts receivable" is divided to "Notes receivable" and "Accounts receivable"; "Notes payable and accounts payable" is divided to "Notes payable" and "Accounts payable".

On September 19, 2019, the Ministry of Finance issued the Notice about *the Revised on the Revision and Printing of the Format of Consolidated Financial Statements* (*version 2019*) (*Cai Kuai* [*2019*] *No.16*), which will be implemented together with *Cai Kuai* [*2019*] *No.6*.

The Company has prepared comparative statements in accordance with the financial statement formats prescribed by *Cai Kuai* [*2019*] *No.6* and *Cai Kuai* [*2019*] *No.16*, and adopted the retroactive adjustment method to change the presentation of relevant financial statements.

The effects of above changes of accounting policies on financial statements are as follows:

Consolidated Statement of Financial Position and the parent company's Statement of Financial Position as at 31 December 2018:

Items	Consolidated		Parent company	
	Before adjustment	After adjustment	Before adjustment	After Adjustment
Notes receivable		10,252,126.99		
Accounts receivable		178,417,402.39		
Notes receivable and accounts receivable	188,669,529.38			
Notes payable		24,677,795.00		
Accounts payable		1,067,901,447.87		
Notes payable and trade payable	1,092,579,242.87			

Consolidated Statement of Financial Position and the parent company's Statement of Financial Position as at 31 December 2017:

Items	Consolidated		Parent company	
	Before adjustment	After adjustment	Before adjustment	After Adjustment
Notes receivable		1,266,809.00		
Accounts receivable		140,928,816.25		
Notes receivable and accounts receivable	142,195,625.25			
Notes payable		47,132,641.20		
Accounts payable		819,324,694.37		
Notes payable and trade payable	866,457,335.57			

- On May 9, 2019, the Ministry of Finance issued *Accounting Standards for Enterprises No.7 - Exchange of Non-monetary Assets* (*Cai Kuai* [*2019*] *No.8*). According to the requirements, the Company should adjust the non-monetary asset exchanges occurred between 1 January 2019 and the execution date, and no retrospective adjustments will be made for non-monetary asset exchanges occurred before 1 January 2019. The Company implements this standard from 10 June 2019.
- On May 16, 2019, the Ministry of Finance issued *Accounting Standards for Enterprises No.12 - Debt Restructuring* (*Cai Kuai* [*2019*] *No.9*). According to the requirements, the Company should adjust the debt restructuring occurred between 1 January 2019 and the execution date, and no retrospective adjustments will be made for debt restructuring occurred before 1 January 2019. The Company implements this standard from 17 June 2019.

(b) Changes in accounting estimates

The Company has no change in accounting estimates during the reporting period.

4. TAXATION

(a) Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate (%)
Value added tax (VAT)	Sales of goods or provision of taxable services	17,16,13,11,10,9,6,5,3
Urban maintenance and construction tax	Turnover taxes payable	7
Educational surcharge	Turnover taxes payable	3
Local education surcharge	Turnover taxes payable	2
Water conservancy construction fund	Taxable revenue	0.1

Categories of tax	Basis of tax assessment	Tax rate (%)
Property Tax	Residual value of house, rental income	1.2,12
Enterprise income tax	Enterprise income taxes are paid on taxable profits.	25,20

Notes:

According to *Cai Shui* [*2018*] *No.32*, the notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-Added Tax Rates: Starting from May 1, 2018, taxpayers who engage in VAT taxable sales or import goods, originally applied 17% and 11% tax rates are adjusted to 16% and 10% respectively.

According to the Notice No.39 about the adjustment of VAT rate announced by Ministry of Finance, State Administration of Taxation and General Administration of Customs in 2019, since 1 April 2019, if the taxpayer conducts VAT taxable sales or imports goods, the original applicable tax rate 16% and 10% shall be adjusted to 13% and 9% respectively.

(b) Tax Preference

- From 2017 to 2019, the subsidiary Shaoxing Shangyu District Water Treatment Development Co., Ltd. enjoys the preferential policy of 70% immediate refund of VAT according to the document "*Cai Shui* [*2015*] *No.78*".
- The subsidiary Shaoxing Shangyu District Drainage Management Co., Ltd., in accordance with the "*Notice of Comprehensive Utilization of Resources and Value-Added Tax Policies for Other Products*" issued by the Ministry of Finance and the State Administration of Taxation (*Cai Shui* [*2008*] *No.156*), reclaimed water (in accordance with the relevant regulations of "Reclaimed Water Quality Standard"), sewage treatment services (in accordance with the water quality standards of GB18918-2002) are exempt from value-added tax.
- The subsidiary Shaoxing Shangyu District Water Supply Co., Ltd., in accordance with the "*Announcement on Continuing the Implementation of Preferential Tax Policies for Rural Drinking Water Safety Projects*" (Announcement No.67, 2019 of the Ministry of Finance and Taxation Administration), from January 1, 2019 to December 31, 2020 property tax and urban land use tax were exempted for production and office property and land used by drinking water project operation and management units.
- According to the "*Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises*" (*Cai Shui* [*2019*] *No.13*) jointly issued by the Ministry of Finance and the State Administration of Taxation, from January 1,

2019 to December 31, 2021, for small and low-profit enterprises whose annual taxable income does not exceed CNY1 million, a 75% reduction is included in the taxable income, and corporate income tax is paid at a tax rate of 20%; for the annual taxable income that exceeds CNY1 million but not more than CNY3 million, the taxable income is reduced by 50%, and the corporate income tax is paid at a tax rate of 20%. The subsidiary Shaoxing Shangyu District Water Maintenance Technical Service Co., Ltd. enjoys the above preferential tax policies.

- According to the *Cai Shui* [*2019*] *No.21* "*Notice on Further Supporting Tax Policies for Entrepreneurship and Employment of Self-Employed Retired Soldiers*" jointly issued by the Ministry of Finance, the State Administration of Taxation, and the Ministry of Veterans, if the enterprises recruiting self-employed retired soldiers and sign a labor contract with the period more than 1 year and paid social insurance premiums a in accordance with the law, from the month of signing the labor contract and paying the social insurance, the VAT, urban maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax will be deducted in order according to the actual number of people recruited within 3 years.. The quota standard is CNY6,000.00 per person per year, with a maximum increase of 50%. The people's governments of various provinces, autonomous regions, and Municipal People's Government can determine specific quota standards within this range according to the actual conditions of the region. The subsidiaries Shaoxing Shangyu District Water Supply Co., Ltd. and Shaoxing Shangyu District Material Trade Co., Ltd. enjoy the above preferential tax policies.
- According to the *Cai Shui* [*2016*] *No.12* "*Notice on Expanding the Exemption Scope of Relevant Government Funds*" jointly issued by the Ministry of Finance and the State Administration of Taxation, starting from February 1, 2016, the scope of exemption of education surcharges, local education surcharges and water conservancy construction fund changes from taxpayers whose monthly sales or turnover does not exceed CNY30,000 and pays tax monthly (quarterly sales or turnover does not exceed CNY90,000, with tax paid in every quarter) to whose monthly sales or turnover do not exceed CNY100,000 and pays tax monthly (quarterly sales or turnover do not exceed CNY300,000 with tax paid in every quarter). The subsidiary Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd. enjoys the above preferential tax policies.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 Dec 2019	31 Dec 2018
Cash on hand	1,347,644.44	1,669,272.71
Cash in bank	11,419,649,507.61	9,362,044,669.72
Other monetary funds	26,606,946.67	21,048,720.07
Total	11,447,604,098.72	9,384,762,662.50

Notes: As of December 31, 2019, CNY317,000,000.00 in bank deposits was pledged by time deposit certificates; CNY22,718,601.00 in other monetary funds was deposit for bank acceptance bills, CNY50,000.00 was as other deposits, and CNY1,200,000.00 was as guarantee deposit. In addition, there are no other funds with restrictions on use and potential recovery risks due to mortgage, pledge, or freezing in the cash and cash equivalents at the end of the period.

5.2 Financial Assets at Fair Value through Profit or Loss

Items	31 Dec 2019	31 Dec 2018
Held-for-trading financial assets:	183,494.00	3,140.00
Including: Debt instruments		
Equity instruments	183,494.00	3,140.00
Total	183,494.00	3,140.00

5.3 Notes Receivable

(a) Notes receivable by category

Items	31 Dec 2019	31 Dec 2018
Bank acceptance bills	10,973,644.45	10,252,126.99
Commercial acceptance bills		
Total	10,973,644.45	10,252,126.99

5.4 Accounts Receivable

(a) Accounts receivable by category

Items	31 Dec 2019				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually					
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	378,686,266.14	99.35	14,146,347.01	4.61	364,539,919.13

Items	31 Dec 2019				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Portfolio 1	167,388,127.22	43.91			167,388,127.22
Portfolio 2	211,298,138.92	55.44	14,146,347.01	6.69	197,151,791.91
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually	2,491,922.27	0.65	2,491,922.27	100.00	
Total	381,178,188.41	100.00	16,638,269.28	5.38	364,539,919.13

(Continued)

Items	31 Dec 2018				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually	2,414,911.84	1.26	2,414,911.84	100.00	
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	188,071,891.28	98.28	9,654,488.89	5.13	178,417,402.39
Portfolio 1	38,428,632.87	20.08			38,428,632.87
Portfolio 2	149,643,258.41	78.20	9,654,488.89	6.45	139,988,769.52
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually	880,000.40	0.46	880,000.40	100.00	
Total	191,366,803.52	100.00	12,949,401.13	6.77	178,417,402.39

(a.1) Accounts receivable with individually insignificant balance but provision for bad debt recognized individually

Entity name	31 Dec 2019			
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Reasons
Shaoxing Shangyu Brilliant Thread Industry Co., Ltd.	1,026,664.84	1,026,664.84	100.00	It is not expected to be recovered
Zhangzhen Station	740,722.00	740,722.00	100.00	It is not expected to be recovered
Wang Zhongliang	500,000.00	500,000.00	100.00	It is not expected to be recovered

Entity name	31 Dec 2019			
	Accounts receivable	Provision for bad debt	Provision ratio (%)	Reasons
Others	224,535.43	224,535.43	100.00	It is not expected to be recovered
Total	2,491,922.27	2,491,922.27	100.00	

(a.2) In portfolio 1, due to low possibility of bad debt, large accounts receivable without provision for bad debts are as follows:

Entity name	31 Dec 2019	Proportion (%)	Reason
Natural Resources and Planning Branch of Shangyu District, Shaoxing City	71,921,200.00		The possibility of bad debt is low.
Shangyu District Bureau of Public Security Bureau of Shaoxing City	13,232,000.00		The possibility of bad debt is low.
Finance Bureau of Shangyu District, Shaoxing City	12,753,473.36		The possibility of bad debt is low.
People's Government of Xiaoyue Town, Shangyu District, Shaoxing City	11,152,636.00		The possibility of bad debt is low.
The People's Government of Daoxu Town, Shangyu District, Shaoxing City	10,265,135.00		The possibility of bad debt is low.
Environmental Sanitation Management Center of Shangyu District, Shaoxing City	10,272,275.00		The possibility of bad debt is low.
Municipal Engineering Management Center of Shangyu District, Shaoxing City	9,631,161.70		The possibility of bad debt is low.
People's Government of Lianghu Town, Shangyu District, Shaoxing City	4,000,000.00		The possibility of bad debt is low.
Dongguan Sub-district Office, Shangyu District, Shaoxing City	3,561,000.00		The possibility of bad debt is low.
Special Account for Infrastructure Construction of the Party School of Shangyu District Committee of Shaoxing City	2,376,075.00		The possibility of bad debt is low.
Education and Sports Bureau of Shangyu District, Shaoxing City	1,785,487.23		The possibility of bad debt is low.
Hangzhou Bay Shangyu Economic and Technological Development Zone Management Committee (Zhejiang Shangyu Economic Development Zone Management Committee	1,343,000.00		The possibility of bad debt is low.
Others	15,094,683.93		The possibility of bad debt is low.
Total	167,388,127.22		

(a.3) In portfolio 2, accounts receivables with bad debt provision recognized collectively by aging analysis method are as follows:

Portfolio 2	31 Dec 2019		
	Accounts receivable	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	182,624,028.10	9,127,807.41	5.00
1 to 2 years	15,025,052.42	1,502,505.24	10.00
2 to 3 years	9,600,939.00	1,920,187.80	20.00
3 to 4 years	96,265.36	28,879.61	30.00
4 to 5 years	2,044,800.34	613,440.10	30.00
Over 5 years	1,907,053.70	953,526.85	50.00
Total	211,298,138.92	14,146,347.01	6.70

(b) Provision, recovery or reversal of bad debt

Bad debt provided in 2019 amounted to CNY3,688,868.15.

(c) Top five closing balances by entity

Entity name	Balance at 31 Dec 2019	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Natural Resources and Planning Branch of Shangyu District, Shaoxing City	71,921,200.00	18.87	
Xie Tang Station	15,917,358.65	4.18	795,867.93
Shangyu District Bureau of Public Security Bureau of Shaoxing City	13,232,000.00	3.47	
Finance Bureau of Shangyu District, Shaoxing City	12,753,473.36	3.35	
People's Government of Xiaoyue Town, Shangyu District, Shaoxing City	11,152,636.00	2.93	
Total	124,976,668.01	32.79	795,867.93

5.5 Prepayments

(a) Prepayments by aging

Aging	31 Dec 2019		31 Dec 2018	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	29,147,765.72	83.46	25,305,735.93	86.87
1 to 2 years	3,915,981.93	11.21	1,057,983.70	3.63
2 to 3 years	1,056,440.50	3.03	802,467.50	2.76
Over 3 years	804,712.03	2.30	1,964,179.51	6.74
Total	34,924,900.18	100.00	29,130,366.64	100.00

5.6 Other Receivables

(a) Other receivables by category

Items	31 Dec 2019	31 Dec 2018
Interest receivable	4,597,137.87	
Dividend receivable	8,000,000.00	11,000,000.00
Other receivables	16,214,209,283.89	16,374,896,035.35
Total	16,226,806,421.76	16,385,896,035.35

(b) Interest receivable

Items	31 Dec 2019	31 Dec 2018
Time deposits	4,597,137.87	
Total	4,597,137.87	

(c) Dividend Receivable

Items	31 Dec 2019	31 Dec 2018
Shaoxing Shangyu Zhonglian Environmental Protection Co., Ltd.	8,000,000.00	6,000,000.00
Shaoxing Tangpu Reservoir Co., Ltd.		5,000,000.00
Total	8,000,000.00	11,000,000.00

(d) Other Receivables

(d.1) Other receivables by category

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	16,264,504,294.36	99.96	50,295,010.47	0.31	16,214,209,283.89
Portfolio 1	16,065,835,536.83	98.74			16,065,835,536.83
Portfolio 2	198,668,757.53	1.22	50,295,010.47	25.32	148,373,747.05
Other receivable with individually insignificant balance but recognized provision for bad debt individually	5,870,438.27	0.04	5,870,438.27	100.00	
Total	16,270,374,732.63	100.00	56,165,448.74	0.35	16,214,209,283.89

(Continued)

Items	31 Dec 2018				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually	6,000,000.00	0.04	6,000,000.00	100.00	0.00
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	16,430,164,672.37	99.93	55,268,637.02	0.34	16,374,896,035.35
Portfolio 1	16,210,712,989.68	98.59	0.00		16,210,712,989.68
Portfolio 2	219,451,682.69	1.33	55,268,637.02	25.18	164,183,045.67
Other receivables with individually insignificant balance but recognized provision for bad debt individually	5,886,959.55	0.04	5,886,959.55	100.00	0.00
Total	16,442,051,631.92	100.00	67,155,596.57	0.41	16,374,896,035.35

(i) In portfolio 1, due to low possibility of bad debt, large other receivables without provision for bad debts are as follows:

Entity name	31 Dec 2019	Proportion of the balance to the total other receivables (%)	Reason
Shaoxing Shangyu District Construction Development Co., Ltd.	8,827,477,824.65		The possibility of bad debt is low.
Hangzhou Bay Shangyu Economic and Technological Development Zone Management Committee (Zhejiang Shangyu Economic Development Zone Management Committee)	2,645,187,098.95		The possibility of bad debt is low.
Municipal Engineering Management Center of Shangyu District, Shaoxing City	666,615,962.51		The possibility of bad debt is low.
Financial Office of Shangyu Economic Development Zone (Cao'e Street)	608,399,134.82		The possibility of bad debt is low.
Shaoxing Shangyu District Shunmao Investment Co., Ltd.	499,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	460,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu Haifa Agronomic Garden Co., Ltd.	300,000,000.00		The possibility of bad debt is low.

Entity name	31 Dec 2019	Proportion of the balance to the total other receivables (%)	Reason
Shaoxing Shangyu District Transportation Investment Co., Ltd.	235,211,229.62		The possibility of bad debt is low.
Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	211,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu District Transportation Development Co., Ltd.	205,555,253.33		The possibility of bad debt is low.
Landscape Management Center of Shangyu District, Shaoxing City	187,243,014.82		The possibility of bad debt is low.
Shaoxing Shangyu Binxia Real Estate Co., Ltd.	122,383,390.94		The possibility of bad debt is low.
Demolition and Resettlement Office of Shangyu District, Shaoxing City	120,931,574.00		The possibility of bad debt is low.
Shangyu District, Shaoxing City e Tour Town Management Committee	120,000,000.00		The possibility of bad debt is low.
High-speed Railway New Town Service Center, Shangyu District, Shaoxing City	100,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	97,500,000.00		The possibility of bad debt is low.
Agricultural Public Service Center, Cao'e Street, Shangyu District, Shaoxing City	90,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu Urban Construction Qianjiang Smart City Construction Co., Ltd.	65,400,000.00		The possibility of bad debt is low.
Shaoxing Shangyu District Transportation Group Co., Ltd.	60,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu Water Resources Investment Development Co., Ltd.	50,000,000.00		The possibility of bad debt is low.
Shaoxing Shangyu Zhenyu Industrial Corporation	39,500,000.00		The possibility of bad debt is low.
Environmental Sanitation Management Center of Shangyu District, Shaoxing City	35,567,712.63		The possibility of bad debt is low.
Fucun Property Management Co., Ltd., Zhangzhen, Shangyu District, Shaoxing City	20,000,000.00		The possibility of bad debt is low.
Zhejiang Xinhua Customized Information Service Co., Ltd.	18,267,762.96		The possibility of bad debt is low.
Sewage treatment fee income right green asset support special plan trustee	15,977,607.33		The possibility of bad debt is low.

Entity name	31 Dec 2019	Proportion of the balance to the total other receivables (%)	Reason
People's Government of Tangpu Town, Shangyu District, Shaoxing City	15,000,000.00		The possibility of bad debt is low.
Ohters	249,617,970.27		The possibility of bad debt is low.
Total	16,065,835,536.83		

(ii) In portfolio2, other receivables with bad debt provision recognized collectively by aging analysis method are as follows:

Portfolio 2	31 Dec 2019		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	55,698,522.57	2,784,926.13	5.00
1 to 2 years	38,825,236.76	3,882,523.71	10.00
2 to 3 years	13,679,501.41	2,735,900.28	20.00
3 to 5years	21,705,440.17	6,511,632.09	30.00
Over 5 years	68,760,056.62	34,380,028.26	50.00
Total	198,668,757.53	50,295,010.47	25.32

(iii) Other accounts receivable whose single item amount is not significant but with separate bad debt provision:

Entity name	31 Dec 2019			
	Other receivables	Provision for bad debt	Provision ratio (%)	Reason
Qiangnong Investment and Development Company of Shangyu District, Shaoxing City	2,302,866.66	2,302,866.66	100.00	Unable to recover
Shaoxing Shangyu District Municipal Engineering Co., Ltd.	700,000.00	700,000.00	100.00	Unable to recover
Xindong approach	567,463.50	567,463.50	100.00	Unable to recover
Zhejiang Yushang Guarantee Co., Ltd.	560,000.00	560,000.00	100.00	Unable to recover
Compensation fee for Hu Guansheng iron shop	480,090.50	480,090.50	100.00	Unable to recover
Water Resources Construction Receivable Finance Bureau	158,666.67	158,666.67	100.00	Unable to recover
Zhejiang Shunjie Construction Engineering Company	150,000.00	150,000.00	100.00	Unable to recover
Ningshao Management Office of Qiantang River Administration of Zhejiang Province	50,000.00	50,000.00	100.00	Unable to recover

Entity name	31 Dec 2019			
	Other receivables	Provision for bad debt	Provision ratio (%)	Reason
Canteen	30,000.00	30,000.00	100.00	Unable to recover
Early stage of Yintan Reservoir	23,352.00	23,352.00	100.00	Unable to recover
Early stage of Century Beiqiu Second Line Gate Project	22,423.00	22,423.00	100.00	Unable to recover
Ningbo Municipal Engineering Construction Group Co., Ltd., Shaoxing Branch	15,834.65	15,834.65	100.00	Unable to recover
Reserve cash	11,000.00	11,000.00	100.00	Unable to recover
Maintenance of Wanggongshatang Embankment	10,464.00	10,464.00	100.00	Unable to recover
Gaosheng Municipal Engineering Co., Ltd., Shangyu District, Shaoxing City	10,000.00	10,000.00	100.00	Unable to recover
Others	778,277.29	778,277.29	100.00	Unable to recover
Total	5,870,438.27	5,870,438.27	100.00	

(d.2) Provision, recovery or reversal of bad debt

Bad debt provided in 2019 recovery is CNY7,838,230.65.

(d.3) Other receivables written-off during the reporting period

As at 31 December 2019, the Company has no other receivables written-off during the reporting period.

(d.4) Top five closing balances by entity

Entity name	Nature	Balance at 31 Dec 2019	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Shaoxing Shangyu District Construction Development Co., Ltd.	Current payment	8,827,477,824.65	Within 1 year (including 1 year), 1 to 2 years	54.25	
Hangzhou Bay Shangyu Economic and Technological Development Zone Management Committee (Zhejiang Shangyu Economic Development Zone Management Committee)	Current payment	2,645,187,098.95	Within 1 year (including 1 year), 1 to 2 years, 2 to3 years, over 3 years	16.26	

Entity name	Nature	Balance at 31 Dec 2019	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Municipal Engineering Management Center of Shangyu District, Shaoxing City	Current payment	666,615,962.51	Within 1 year (including 1 year), 1 to 2 years, 2 to 3 years, 3 to 4 years, 4 to 5 years	4.10	
Financial Office of Shangyu Economic Development Zone (Cao'e Street)	Current payment	608,399,134.82	Within 1 year (including 1 year), 1 to 2 years, over 3 years	3.74	
Shaoxing Shangyu District Shunmao Investment Co., Ltd.	Current payment	499,000,000.00	Within 1 year (including 1 year)	3.07	
Total		13,246,680,020.93		81.42	

(d.5) Other receivables relating to government grants:

There is no such item.

(d.6) Derecognition of other receivables for transfer of financial assets:

There is no such item.

(d.7) Assets or liabilities formed due to other receivables transferred but still involved:

There is no such item.

5.7 Inventories

(a) Inventories by category

Items	31 Dec 2019			31 Dec 2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Raw Materials	25,638,650.04		25,638,650.04	25,843,080.85		25,843,080.85
Stock Product	469,068,534.37	173,077.95	468,895,456.42	455,912,422.03	184,617.81	455,727,804.22
Package Items and Low-value Consumables	3,651,624.88		3,651,624.88	3,563,246.46		3,563,246.46
Development costs	48,724,679,029.02		48,724,679,029.02	44,686,602,445.59		44,686,602,445.59
Product development	2,248,067,875.14		2,248,067,875.14	1,299,704,652.95		1,299,704,652.95

Items	31 Dec 2019			31 Dec 2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Engineering construction	359,685,370.14		359,685,370.14	175,787,478.83		175,787,478.83
Total	51,830,791,083.59	173,077.95	51,830,618,005.64	46,647,413,326.71	184,617.81	46,647,228,708.90

(b) Provision for impairment:

Items	31 Dec 2018	Increase during the reporting period		Decrease during the reporting period		31 Dec 2019
		Accrual	Others	Transferred out or written-off	Others	
Stock Product	184,617.81			11,539.86		173,077.95
Total	184,617.81			11,539.86		173,077.95

5.8 Other Current Assets

Items	31 Dec 2019	31 Dec 2018
Prepaid expenses	31,777,086.14	25,580,937.30
Financial products	5,000,000.00	
Pending deduct VAT on purchase	110,831,889.68	55,791,718.96
Prepaid tax	3,488,919.45	11,901,010.95
Others	819,044.61	161,971.43
Total	151,916,939.88	93,435,638.64

5.9Available-for-sale Financial Assets

(a) General information of available-for-sale financial assets

Items	31 Dec 2019			31 Dec 2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	4,230,533,543.32		4,230,533,543.32	4,036,643,811.08		4,036,643,811.08
Measured at fair value	220,099,926.84		220,099,926.84	115,360,194.60		115,360,194.60
Measured at cost	4,010,433,616.48		4,010,433,616.48	3,921,283,616.48		3,921,283,616.48
Total	4,230,533,543.32		4,230,533,543.32	4,036,643,811.08		4,036,643,811.08

(b) Available-for-sale financial assets measured at fair value

Items	Equity instruments	Debt instruments	Total
Cost of equity instruments	5,000,000.00		5,000,000.00

Items	Equity instruments	Debt instruments	Total
Cumulative gains /(losses) on changes in fair value recognized in other comprehensive income	215,099,926.84		215,099,926.84
Fair value	220,099,926.84		220,099,926.84
Provision for impairment			

Dividends of available-for-sale financial assets measured at fair value: In 2019, a cash dividend of CNY2,746,671.30 was received.

(c) Available-for-sale financial assets measured at cost

Investees	Book value			
	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Shaoxing Shangyu Liuhe Real Estate Co., Ltd.	232,600.00			232,600.00
Shaoxing Social Security Citizen Card Service Co., Ltd.	3,750,000.00			3,750,000.00
Shaoxing Bank Co., Ltd.	122,179,200.00			122,179,200.00
Qingchuang Investment Partnership Enterprise (Limited Partnership), Shangyu District, Shaoxing City [Note 1]	7,500,000.00	7,500,000.00		15,000,000.00
Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.	3,162,821,816.48			3,162,821,816.48
Guobang Pharmaceutical Group Co., Ltd.		56,650,000.00		56,650,000.00
Shaoxing Shangyu Zhonglian Environmental Protection Co., Ltd.	1,000,000.00			1,000,000.00
Zhejiang Yushang Guarantee Co., Ltd.	40,000,000.00			40,000,000.00
Shaoxing Jiahe Civil Explosive Franchise Co., Ltd.	500,000.00			500,000.00
Shaoxing Yiyou Venture Capital Partnership (Limited Partnership) [Note 2]	30,000,000.00			30,000,000.00
Shaoxing Shangyu Datong Small Loan Co., Ltd.	4,700,000.00			4,700,000.00
Shaoxing Zhicheng Auction Co., Ltd.	500,000.00			500,000.00
Zhejiang Rural Economic Investment Co., Ltd.	50,000.00			50,000.00
Ningbo Free Trade Zone Yuke Wenjian Investment Partnership (Limited Partnership) [Note 3]	548,000,000.00			548,000,000.00

Investees	Book value			
	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Shaoxing Shangyu District Yutong Equity Investment Partnership (Limited Partnership) [Note 4]		25,000,000.00		25,000,000.00
Shaoxing Shangyu Urban Construction Qianjiang Smart City Construction Co., Ltd.	50,000.00			50,000.00
Total	3,921,283,616.48	89,150,000.00		4,010,433,616.48

(Continued)

Investees	Provision for impairment				Share of interest in invest (%)	Cash dividends for the year ended 31 Dec 2019
	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019		
Shaoxing Shangyu Liuhe Real Estate Co., Ltd.					2.33	
Shaoxing Social Security Citizen Card Service Co., Ltd.					10.71	
Shaoxing Bank Co., Ltd.					3.10	
Qingchuang Investment Partnership Enterprise (Limited Partnership), Shangyu District, Shaoxing City [Note 1]					30.00	
Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.					18.00	
Guobang Pharmaceutical Group Co., Ltd.					1.45	
Shaoxing Shangyu Zhonglian Environmental Protection Co., Ltd.					15.00	16,000,000.00
Zhejiang Yushang Guarantee Co., Ltd.					20.00	
Shaoxing Jiahe Civil Explosive Franchise Co., Ltd.					14.29	
Shaoxing Yiyou Venture Capital Partnership (Limited Partnership) [Note 2]					30.00	

Investees	Provision for impairment				Share of interest in invest (%)	Cash dividends for the year ended 31 Dec 2019
	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019		
Shaoxing Shangyu Datong Small Loan Co., Ltd.					3.13	814,000.00
Shaoxing Zhicheng Auction Co., Ltd.					10.00	
Zhejiang Rural Economic Investment Co., Ltd.						
Ningbo Free Trade Zone Yuke Wenjian Investment Partnership (Limited Partnership) [Note 3]					99.64	1,447,394.66
Shaoxing Shangyu District Yutong Equity Investment Partnership (Limited Partnership) [Note 4]					39.92	
Shaoxing Shangyu Urban Construction Qianjiang Smart City Construction Co., Ltd.					0.50	
Total						18,261,394.66

Note 1: According to the provisions of the partnership agreement of Shaoxing Shangyu District Qingchuang Investment Partnership Enterprise (Limited Partnership), Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd., as a limited partner, doesn't represent the enterprise externally, and is not allowed to perform partnership affairs.

Note 2: According to the Shaoxing Yiyou Venture Capital Partnership (Limited Partnership) partnership agreement, Shaoxing Shangyu District Characitristic Town Investment and Construction Co., Ltd., a subsidiary of Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd., as a limited partner, does not represent the enterprise externally and cannot be executed Partnership affairs.

Note 3: According to the provisions of the Ningbo Free Trade Zone Yuke Wenjian Investment Partnership (Limited Partnership) partnership agreement, Shaoxing Shangyu District State-owned Capital Investment and Operation Co., Ltd., as a limited partner, does not represent the enterprise externally and may not perform partnership affairs.

Note 4: According to the provisions of the partnership agreement of Shaoxing

Shangyu District Yutong Equity Investment Partnership (Limited Partnership), Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd., as a limited partner, does

5.10 Long-term Receivables

General information of long-term receivables

Items	31 Dec 2019			31 Dec 2018		
	Book value	Provision for bad debt	Carrying amount	Book value	Provision for bad debt	Carrying amount
Water Conservancy Bureau of Shangyu District, Shaoxing City	1,649,860,124.36		1,649,860,124.36	1,530,573,796.38		1,530,573,796.38
Shanghai Yuexiu Financial Leasing Co., Ltd.				24,000,000.00		24,000,000.00
Yongying Asset Management Co., Ltd.				19,000,000.00		19,000,000.00
Yongying Financial Leasing Co., Ltd.	10,800,000.00		10,800,000.00	10,800,000.00		10,800,000.00
Xiamen International Bank	150,000,000.00		150,000,000.00	150,000,000.00		150,000,000.00
Total	1,810,660,124.36		1,810,660,124.36	1,734,373,796.38		1,734,373,796.38

5.11 Long-term Equity Investments

Investees	31 Dec 2018	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Associates						
Shaoxing Shangyu Industry M&A Guidance Fund Partnership	255,066,831.56		200,000,000.00	1,654,646.25		
Shaoxing Shangyu Shunlian Hydropower Development Co., Ltd.	1,428,483.14			-227,612.50		
Shangyu Daily Co., Ltd.	25,570,885.38			1,520,088.77		
Shaoxing Tangpu Reservoir Co., Ltd.	453,282,446.18			14,720,656.98		-31,809,023.49
Zhejiang Xincheng Pawn Co., Ltd.	13,197,342.80			793,556.76		
Shaoxing Shangyu Dissolved Acetylene Gas Co., Ltd.	4,115,433.10			1,250,227.73		

Investees	31 Dec 2018	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shaoxing Shangyu Datong Asset Management Co., Ltd.	29,352,367.41			2,940,576.93		
Shaoxing Datongfan Master Green Food Co., Ltd.	3,150,830.88					
Shaoxing Shangyu Cao'ejiangjiang River Huahai Development and Construction Co., Ltd.	10,856,959.59			-710,294.34		
Shaoxing Shangyu District Yijia Real Estate Development Co., Ltd.	3,558,646.05			-108,404.44		
Shaoxing Shangyu District Chaohui Trading Co., Ltd.	139,615.99			-139,615.99		
Shaoxing Shangyu District Huiduoli Agricultural Materials Co., Ltd.	3,042,000.00			93,000.00		
Shaoxing Shangyu Hengtai Used Car Evaluation Co., Ltd.	225,941.05			60,581.51		
Shaoxing Chase Shopping Center Co., Ltd.	30,693,715.72			2,970,656.25		
Shaoxing Shangyu Binxia Real Estate Co., Ltd. [Note 1]						
Datong Gas Station, Donghai Joint Venture, Shangyu District, Shaoxing City	436,505.50			456,258.83		
Shaoxing Shangyu Cao'ejiang Agricultural Products Co., Ltd.	756,650.17			74,481.00		
Hangzhou Angel Electric Vehicle Co., Ltd.						
Shaoxing Shangyu Cao'ejiang Tourism Development Investment Co., Ltd.		1,244,164,599.17		16,348,516.84		

Investees	31 Dec 2018	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shaoxing Yu Yi Cultural and Creative Co., Ltd.		120,000.00		1,785.75		30,044.81
Shaoxing Shangyu Yufu Asset Management Co., Ltd.	212,170,181.52		212,170,181.52			
Total	1,047,044,836.04	1,244,284,599.17	412,170,181.52	41,699,106.33	0.00	-31,778,978.68

(Continued)

Investees	Changes during the reporting period			31 Dec 2019	Provision for impairment at 31 Dec 2019
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Associates					
Shaoxing Shangyu Industry M&A Guidance Fund Partnership				56,721,477.81	
Shaoxing Shangyu Shunlian Hydropower Development Co., Ltd.				1,200,870.64	
Shangyu Daily Co., Ltd.				27,090,974.15	
Shaoxing Tangpu Reservoir Co., Ltd.	6,000,000.00			430,194,079.67	
Zhejiang Xincheng Pawn Co., Ltd.				13,990,899.56	
Shaoxing Shangyu Dissolved Acetylene Gas Co., Ltd.	464,799.68			4,900,861.15	
Shaoxing Shangyu Datong Asset Management Co., Ltd.	1,965,000.00			30,327,944.34	
Shaoxing Datongfan Master Green Food Co., Ltd.		3,150,830.88			3,150,830.88
Shaoxing Shangyu Cao'ejiangjiang River Huahai Development and Construction Co., Ltd.				10,146,665.25	
Shaoxing Shangyu District Yijia Real Estate Development Co., Ltd.				3,450,241.61	
Shaoxing Shangyu District Chaohui Trading Co., Ltd.					
Shaoxing Shangyu District Huiduoli Agricultural Materials Co., Ltd.	135,000.00			3,000,000.00	
Shaoxing Shangyu Hengtai Used Car Evaluation Co., Ltd.	40,000.00			246,522.56	
Shaoxing Chase Shopping Center Co., Ltd.	2,647,093.70			31,017,278.27	

Investees	Changes during the reporting period			31 Dec 2019	Provision for impairment at 31 Dec 2019
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Shaoxing Shangyu Binxia Real Estate Co., Ltd. [Note 1]					
Datong Gas Station, Donghai Joint Venture, Shangyu District, Shaoxing City	156,234.81			736,529.52	
Shaoxing Shangyu Cao'ejiang Agricultural Products Co., Ltd.				831,131.17	
Hangzhou Angel Electric Vehicle Co., Ltd.					100,000.00
Shaoxing Shangyu Cao'ejiang Tourism Development Investment Co., Ltd.				1,260,513,116.01	
Shaoxing Yu Yi Cultural and Creative Co., Ltd.				151,830.56	
Shaoxing Shangyu Yufu Asset Management Co., Ltd.					
Total	11,408,128.19	3,150,830.88		1,874,520,422.27	3,250,830.88

Note 1: The Company holds 40% shares in Shaoxing Shangyu Binsha Real Estate Co., Ltd., because Shaoxing Shangyu Binsha Real Estate Co., Ltd. was in continuous loss, the net assets are negative, and the long-term equity investment is presented at CNY0.

5.12 Investment Properties

Items	Buildings and constructions	Total
Initial cost:		
Balance at 31 Dec 2018	3,704,397,483.64	3,704,397,483.64
Add: Increase during the reporting period	355,411,727.07	355,411,727.07
(i) Acquisition	263,328,566.41	263,328,566.41
(ii) Transfer from Inventories	92,083,160.66	92,083,160.66
(iii) Increase in business combination		
(iv) Gratuitous transfer		
Less: Decrease during the reporting period	79,598.00	79,598.00
(i) Disposal	79,598.00	79,598.00
(ii) Others		
Balance at 31 Dec 2019	4,059,729,612.71	4,059,729,612.71
Accumulated depreciation:		
Balance at 31 Dec 2018	325,127,478.42	325,127,478.42

Items	Buildings and constructions	Total
Add: Increase during the reporting period	325,127,478.42	325,127,478.42
(i) Provision	325,127,478.42	325,127,478.42
(ii) Others		
Less: Decrease during the reporting period		
(i) Disposal		
(ii) Others		
Balance at 31 Dec 2019	325,127,478.42	325,127,478.42
Provision for impairment		
Balance at 31 Dec 2018		
Add: Increase during the reporting period		
(i) Provision		
Less: Decrease during the reporting period		
(i) Disposal		
Balance at 31 Dec 2019		
Carrying amount		
Balance at 31 Dec 2019	3,734,602,134.29	3,734,602,134.29
Balance at 31 Dec 2018	3,484,645,016.55	3,484,645,016.55

The situation of investment property that has not completed the ownership certificate

Items	Carrying amount	Reasons
Buildings and constructions	14,708,828.65	Processing

5.13 Property, plant and equipment

(a) Property, plant and equipment by category

Items	31 Dec 2019	31 Dec 2018
Property, plant and equipment	4,168,007,165.16	4,111,251,258.65
Disposal of property, plant and equipment		
Total	4,168,007,165.16	4,111,251,258.65

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Vehicles	Office equipment and others	Water supply facility	Total
Initial cost:						
Balance at 31 Dec 2018	3,602,088,896.93	495,263,717.97	117,832,507.65	111,780,999.65	1,608,405,585.54	5,935,371,707.74

Items	Buildings and constructions	Machinery equipment	Vehicles	Office equipment and others	Water supply facility	Total
Add: Increase during the reporting period	390,168,652.30	45,525,431.59	13,378,342.72	11,604,384.05	59,731,205.23	520,408,015.89
Among them:						
(i) Acquisition	25,739,405.67	33,097,629.34	12,033,235.16	8,443,455.84	4,966,502.17	84,280,228.18
(ii) Transfer from construction in progress	277,858,292.24				54,764,703.06	332,622,995.30
(iii) Business combination				3,022,995.40		3,022,995.40
(iv) Gratuitous transfer	86,570,954.39	12,427,802.25	1,345,107.56	137,932.81	-	100,481,797.01
(v) Others						-
Less: Decrease during the reporting period	141,315,208.34	8,055,009.72	4,879,736.28	1,015,572.96	14,000,000.00	169,265,527.30
Among them:						
(i) Disposal	33,956,010.51	1,709,597.67	3,273,983.40	583,912.96	14,000,000.00	53,523,504.54
(ii) Other transfer	107,359,197.83	6,345,412.05	1,605,752.88	431,660.00		115,742,022.76
Balance at 31 Dec 2019	3,850,942,340.89	532,734,139.84	126,331,114.09	122,369,810.74	1,654,136,790.77	6,286,514,196.33
Accumulated depreciation:						
Balance at 31 Dec 2018	626,349,525.35	328,174,334.18	59,044,177.07	65,390,507.65	745,161,904.84	1,824,120,449.09
Add: Increase during the reporting period	158,405,466.56	39,410,108.17	13,659,825.71	12,336,963.99	93,642,030.13	317,454,394.56
Among them:						
(i) Acquisition	158,405,466.56	39,071,716.01	10,774,035.97	12,336,963.99	93,642,030.13	314,230,212.66
(ii) Business combination		338,392.16	2,885,789.74			3,224,181.90
Less: Decrease during the reporting period	15,002,278.14	2,175,145.40	3,547,298.95	993,089.99	1,350,000.00	23,067,812.48
Among them:						
(i) Disposal	11,878,852.04	2,128,592.20	2,050,713.37	323,858.93		16,382,016.54
(ii) Others transfer	3,123,426.10	46,553.20	1,496,585.58	669,231.06	1,350,000.00	6,685,795.94
Balance at 31 Dec 2019	769,752,713.77	365,409,296.95	69,156,703.83	76,734,381.65	837,453,934.97	2,118,507,031.17
Provision for impairment						
Balance at 31 Dec 2018						
Add: Increase during the reporting period						

Items	Buildings and constructions	Machinery equipment	Vehicles	Office equipment and others	Water supply facility	Total
Among them:						
(i) Provision						
Less: Decrease during the reporting period						
Among them:						
(i) Provision						
Balance at 31 Dec 2019						
Carrying amount						
Balance at 31 Dec 2019	3,081,189,627.12	167,324,842.89	57,174,410.26	45,635,429.09	816,682,855.80	4,168,007,165.16
Balance at 31 Dec 2018	2,975,739,371.58	167,089,383.79	58,788,330.58	46,390,492.00	863,243,680.70	4,111,251,258.65

5.14 Construction in Progress

(a) Construction in progress by category

Items	31 Dec 2019	31 Dec 2018
Construction in progress	1,973,826,234.77	1,969,708,060.46
Construction materials		
Total	1,973,826,234.77	1,969,708,060.46

(b) Construction in progress

(b.1) General information of construction in progres

Items	31 Dec 2019			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Water engineering	367,556,308.98		367,556,308.98	224,359,816.92		224,359,816.92
Water treatment project	184,567,425.11		184,567,425.11	239,779,816.03		239,779,816.03
Shunhuiyu Donghe Lake Project	880,871,958.73		880,871,958.73	727,450,175.67		727,450,175.67
Cao'e River Project				489,376,552.80		489,376,552.80
Chunhui Middle School Road Construction Project				2,295,022.00		2,295,022.00
Shangyu District Fenghui Central Grain Station	27,661,160.79		27,661,160.79	25,186,217.46		25,186,217.46
Zhangzhen Central Grain Station, Shangyu District				37,956,774.02		37,956,774.02
Yubei Central Grain Depot, Shangyu District	57,769,782.59		57,769,782.59	3,516,630.00		3,516,630.00
Shangyu Chengnan Medical Comprehensive Center New Construction	132,329,155.53		132,329,155.53	44,082,210.40		44,082,210.40

Items	31 Dec 2019			31 Dec 2019		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Youth Apartment	70,932,474.31		70,932,474.31	52,277,575.96		52,277,575.96
Binhai Mall Phase I Project	115,457,869.63		115,457,869.63	71,101,317.12		71,101,317.12
Baiguan Market Expansion Project	25,417,410.13		25,417,410.13			
One River Two Banks Lighting Project	36,444,726.85		36,444,726.85	27,941,683.43		27,941,683.43
Songxia Small and Micro Industrial Park Project	51,976,972.79		51,976,972.79			
Other sporadic projects	22,840,989.33		22,840,989.33	24,384,268.65		24,384,268.65
Total	1,973,826,234.77		1,973,826,234.77	1,969,708,060.46		1,969,708,060.46

5.15 Intangible Assets

(a) General information of intangible assets

Items	Land use rights	Software	Sandstone resource exploitation rights	Total
Initial cos				
Balance at 31 Dec 2018	7,725,943,248.25	3,286,924.90	1,169,610,000.00	8,898,840,173.15
Add: Increase during the reporting period	196,355,521.35	195,756.03		196,551,277.38
(i) Acquisition	196,355,521.35	195,756.03		196,551,277.38
(ii) Internal R&D				
(iii) Business combination				
Less: Decrease during the reporting period	5,046,429,067.10	128,000.00		5,046,557,067.10
(i) Disposal	2,620,000.00			2,620,000.00
(ii) Combined Decrease	1,154,325,807.00	128,000.00		1,154,453,807.00
(iii) Others	3,889,483,260.10			3,889,483,260.10
Balance at 31 Dec 2019	2,875,869,702.50	3,354,680.93	1,169,610,000.00	4,048,834,383.43
Accumulated amortization				
Balance at 31 Dec 2018	488,328,432.56	1,810,104.80	19,493,500.00	509,632,037.36
Add: Increase during the reporting period	74,888,552.92	526,160.31	33,417,428.57	108,832,141.80
(i) Provision	74,888,552.92	526,160.31	33,417,428.57	108,832,141.80
Less: Decrease during the reporting period	360,831,483.64			360,831,483.64
(i) Disposal	456,654.92			456,654.92

Items	Land use rights	Software	Sandstone resource exploitation rights	Total
(ii) Combined Decrease	328,845,132.95			328,845,132.95
(iii) Others	31,529,695.77			31,529,695.77
Balance at 31 Dec 2019	202,385,501.84	2,336,265.11	52,910,928.57	257,632,695.52
Provision for impairment				
Balance at 31 Dec 2018				
Add: Increase during the reporting period				
(i) Provision				
Less: Decrease during the reporting period				
(i) Disposal				
Balance at 31 Dec 2019				
Carrying amount				
Balance at 31 Dec 2019	2,673,484,200.66	1,018,415.82	1,116,699,071.43	3,791,201,687.91
Balance at 31 Dec 2018	7,237,614,815.69	1,476,820.10	1,150,116,500.00	8,389,208,135.79

5.16 Goodwill

(a) Book value of goodwill

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
		Business combination	Disposal	
Shaoxing Shangyu Jianmin Poultry Slaughtering Co., Ltd.	1,378,475.89			1,378,475.89
Total	1,378,475.89			1,378,475.89

(b) Provision for impairment of Goodwill

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Shaoxing Shangyu Jianmin Poultry Slaughtering Co., Ltd.				
Total				

5.17 Long-term Deferred Expenses

Items	31 Dec 2018	Increase during the reporting period	Amortization during the reporting period	Other decrease during the reporting period	31 Dec 2019
Renovation costs	37,933,926.12	18,794,835.56	9,338,127.91		47,390,633.77
Financing fee		17,960,700.00	2,494,541.67		15,466,158.33
Total	37,933,926.12	36,755,535.56	11,832,669.58		62,856,792.10

5.18 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 Dec 2019		31 Dec 2018	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	15,827,111.08	3,956,777.77	11,314,964.72	2,828,741.18
Total	15,827,111.08	3,956,777.77	11,314,964.72	2,828,741.18

(b) Deferred tax liabilities before offsetting

Items	31 Dec 2019		31 Dec 2018	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in the fair value of available-for-sale financial assets	215,099,926.84	53,774,981.71	110,360,194.60	27,590,048.65
Total	215,099,926.84	53,774,981.71	110,360,194.60	27,590,048.65

(c) Unrecognized deferred tax assets

Items	31 Dec 2019	31 Dec 2018
Deductible temporary differences	63,552,432.95	53,240,157.64
Total	63,552,432.95	53,240,157.64

5.19 Other non-current assets

Items	31 Dec 2019	31 Dec 2018
Advance payment for construction	50,606,875.05	2,210,513.00
Advance land payment	8,189,015.00	8,189,015.00
Total	58,795,890.05	10,399,528.00

5.20 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	31 Dec 2019	31 Dec 2019
Guarantee loan	1,821,850,000.00	914,050,000.00
Mortgage loan	949,250,000.00	918,350,000.00
Credit loan	351,587,278.00	218,523,500.00
Pledge loan	307,600,000.00	38,000,000.00
Mortgage and guarantee loan	165,000,000.00	250,000,000.00
Total	3,595,287,278.00	2,338,923,500.00

5.21 Notes payable

Items	31 Dec 2019	31 Dec 2018
Bank acceptance bills	3,161,072.20	24,677,795.00
Letter of credit	20,000,000.00	
Total	23,161,072.20	24,677,795.00

5.22 Accounts Payables

(a) Category of accounts payable by aging

Items	31 Dec 2019	31 Dec 2018
Within 1 year (including 1 year)	720,517,369.69	821,972,710.22
1 to 2 years	103,380,194.12	215,373,166.21
2 to 3 years	121,860,253.89	7,828,378.12
Over 3 years	10,810,965.12	22,727,193.32
Total	956,568,782.82	1,067,901,447.87

(b) Important accounts payable with an age of more than one year

Items	31 Dec 2019	Reason
Zhejiang Zhengbang Hydropower Construction Co., Ltd.	23,438,461.00	The project payment has not been settled
Total	23,438,461.00	

(c) Significant balances of accounts payable

Name	31 Dec 2019	Proportion (%)
Zhejiang Construction Engineering Group Co., Ltd.	104,941,651.00	10.97
Shaoxing City Shangyu District Cao'e Street Sanjiao Station Share Economic Cooperative	51,004,437.00	5.33
Xiasha Residents Committee, Cao'e Street, Shangyu District, Shaoxing City	35,123,408.00	3.67
China Construction Engineering Group Co., Ltd.	32,526,008.80	3.40
Zhejiang Zhongfu Construction Group Co., Ltd.	23,902,833.50	2.50
Total	247,498,338.30	25.87

5.23 Advances from Customers

(a) Details of advances from customers by aging

Items	31 Dec 2019	31 Dec 2018
Within 1 year (including 1 year)	207,108,546.56	218,285,051.50
1 to 2 years	30,608,534.19	33,002,101.62
2 to 3 years	27,366,276.66	29,274,549.23
Over 3 years	55,530,364.44	30,544,437.84
Total	320,613,721.85	311,106,140.19

5.24 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Short-term employee benefits	46,713,560.15	441,132,028.53	435,238,036.86	52,607,551.82
Post-employment benefits-defined contribution plans	776,451.54	30,598,005.93	30,667,043.84	707,413.63
Termination benefits				
Other benefits due within one year				
Total	47,490,011.69	471,730,034.46	465,905,080.70	53,314,965.45

(b) Short-term employee benefits

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Salaries, bonuses, allowances and subsidies	45,422,031.09	377,381,141.79	371,969,792.32	50,833,380.56
Employee benefits		24,612,527.21	24,612,527.21	
Social insurance:	327,841.92	12,861,046.47	12,791,614.09	397,274.30
Health insurance	271,256.28	10,842,818.47	10,768,472.15	345,602.60
Injury insurance	26,510.58	491,183.79	495,424.31	22,270.06
Birth insurance	30,075.06	1,527,044.21	1,527,717.63	29,401.64
Housing accumulation fund	97,467.20	21,172,813.99	20,821,815.58	448,465.61
Labor union funds and employee education funds	866,219.94	5,104,499.07	5,042,287.66	928,431.35
Short-term absence pays				
Short-term profit-sharing plan				
Total	46,713,560.15	441,132,028.53	435,238,036.86	52,607,551.82

(c) Defined contribution plans

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Basic endowment insurance	702,049.64	24,807,605.20	24,845,062.16	664,592.68
Unemployment insurance	25,728.02	790,135.47	791,294.14	24,569.35
Enterprise annuity	48,673.88	5,000,265.26	5,030,687.54	18,251.60
Total	776,451.54	30,598,005.93	30,667,043.84	707,413.63

5.25 Taxes Payable

Items	31 Dec 2019	31 Dec 2018
VAT	12,591,739.02	17,862,422.83
Business tax	1,039,417.59	1,055,454.34
Urban maintenance and construction tax	1,193,183.69	1,085,321.21
Enterprise income tax	23,878,294.30	15,118,424.42
Personal Income Tax	1,414,887.77	1,184,675.85
Property tax	5,679,703.44	2,577,217.64
Stamp duty	326,889.88	1,057,023.98
Land use tax	1,245,714.22	1,077,769.17
Land appreciation tax		32,390.36
Security fund for the disabled	12,916.57	22,186.46
Education surcharge	925,458.43	769,693.57
Water conservancy construction fund	21,731.96	89,410.61
Others	942,599.43	334,751.98
Total	49,272,536.30	42,266,742.42

5.26 Other Payables

(a) Other payables by category

Items	31 Dec 2019	31 Dec 2018
Interest payable	410,407,391.24	389,104,858.14
Dividend payable	411,180.72	7,000.00
Other payables	1,056,985,008.80	2,444,606,700.05
Total	1,467,803,580.76	2,833,718,558.19

(b) Interest payable

Items	31 Dec 2019	31 Dec 2018
Interest on long-term borrowings with installment interest payments and the repayment of the principal at maturity	48,198,151.38	47,071,315.11
Bond interest payable	357,684,463.03	337,734,817.12
Interest on short-term borrowings	3,541,218.55	3,271,110.19
Medium-term bills interest	983,558.28	1,027,615.72
Sub-total	410,407,391.24	389,104,858.14

(c) Dividend payable

Items	31 Dec 2019	31 Dec 2018
Shaoxing Shangyu Arts & Crafts Co., Ltd.	7,000.00	7,000.00
Shaoxing Shangyu Storage and Transportation Co., Ltd.	12,000.00	
Individual shareholder of Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	392,180.72	
Total	411,180.72	7,000.00

(d) Other payables

(d.1) Other payables by aging

Items	31 Dec 2019	31 Dec 2018
Within 1 year (including 1 year)	686,704,800.47	2,092,550,102.00
1 to 2 years	88,379,537.78	194,613,938.69
2 to 3 years	132,746,955.56	28,556,669.67
Over 3 years	149,153,714.99	128,885,989.69
Total	1,056,985,008.80	2,444,606,700.05

(d.2) Significant balances of other payables:

Items	Balance as at 31 Dec 2019	Proportion to the total balance of other payables at the end of the period (%)	Nature
Shaoxing Shangyu Greenland Agronomic Garden Co., Ltd.	87,797,546.67	8.31	Current account
Songxia Supply and Marketing Cooperative of Shangyu District, Shaoxing City	60,000,000.00	5.68	Current account
Dongguan Supply and Marketing Cooperative of Shangyu District, Shaoxing City	51,000,000.00	4.83	Current account
Shaoxing Shangyu Shunye Agricultural Development Co., Ltd.	50,615,896.68	4.79	Current account
Baiguan Supply and Marketing Cooperative of Shangyu District, Shaoxing City	40,000,000.00	3.78	Current account
Total	289,413,443.35	27.39	

5.27 Non-current Liabilities Maturing within One Year

Items	31 Dec 2019	31 Dec 2018
Long-term borrowings maturing within one year	4,806,776,667.00	5,063,268,000.00
Bonds payable maturing within one year	811,655,900.54	738,000,000.00
Long-term payables maturing within one year	31,900,000.00	
Total	5,650,332,567.54	5,801,268,000.00

5.28 Other Current Liabilities

Items	31 Dec 2019	31 Dec 2018
Risk reserve	100,000.00	100,000.00
Tomb maintenance fee	21,581,780.12	18,719,455.12
Short-term financing bonds	649,279,378.71	
Total	670,961,158.83	18,819,455.12

Changes in short-term financing bonds

Bond name	Par value (million)	Issue date	Bond period	Issuance amount (million)	31 Dec 2018	Issued in 2019	Rate (%)
19 Shangyu Water Affairs CP001 (0.4 billion)	400.00	16-Jan-2019	365 days	400.00		400,000,000.00	4.60
19 Shangyu Water CP002 (0.25 billion)	250.00	5-Dec-2019	366 days	250.00		250,000,000.00	4.00
Total						650,000,000.00	

(Continued)

Bond name	Issuance fee adjustment	Repayment in current period	31 Dec 2019
19 Shangyu Water Affairs CP001 (0.4 billion)	52,726.80		399,947,273.20
19 Shangyu Water CP002 (0.25 billion)	667,894.49		249,332,105.51
Total	720,621.29		649,279,378.71

5.29 Long-term Borrowings

(a) Long-term borrowings by category

Items	31 Dec 2019	31 Dec 2018
Credit loan	2,174,000,000.00	993,700,000.00
Pledge loan	7,267,210,667.00	7,764,234,000.00
Mortgage loan	735,200,000.00	843,500,000.00
Guarantee Loan	6,538,000,000.00	8,164,500,000.00
Mortgage and guaranteed loan	1,245,000,000.00	446,000,000.00
Pledge and guaranteed loan	3,842,000,000.00	4,401,000,000.00
Mortgage and pledge loan	37,500,000.00	566,750,000.00
Local government bond on-lending	900,000,000.00	2,597,240,000.00
Total	22,738,910,667.00	25,776,924,000.00

5.30 Bonds payable

(a) General information of bonds payable

Items	31 Dec 2019	31 Dec 2018
16 Yujingkai Bond	1,127,342,472.25	1,503,317,470.50
16 Yujingkai Bond 01	1,479,234,600.66	
16 Shangyu 01	2,750,000,000.00	2,993,000,000.00
16 Shangyu 02	498,000,000.00	496,800,000.00
16 Shangyu 03	1,150,000,000.00	1,496,000,000.00
17 Yuzi 01	2,991,000,000.00	2,979,000,000.00
18 Shangyu State-owned Capital MTN001	596,520,000.00	596,880,000.00

Items	31 Dec 2019	31 Dec 2018
19Yuzi 01	996,666,666.67	
19Yuzi 03	1,793,600,000.00	
19Yushu 01	598,250,000.00	
19 Shangyu State-owned Capital US Dollar Bond	2,086,581,419.90	
17 Shangyu 01 (145676)	994,758,375.92	992,830,590.34
17 Shangyu 02 (145688)	497,314,113.14	496,406,201.26
17 Shangyu Water MTN001	648,649,678.71	648,698,937.54
Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan	649,561,408.24	
14 Yucheng Construction Bond	355,855,398.82	713,237,755.96
19 Yucheng Construction Bond	995,083,333.33	
Shangyu "Tangpu Township Comprehensive" Asset Income Rights	10,000,000.00	10,000,000.00
Shangyu "Xietang Township Sanitation" Asset Income Rights	10,000,000.00	10,000,000.00
Shangyu's "Xiaguan Township Transportation" Asset Income Rights	10,000,000.00	10,000,000.00
Shangyu "Dingzhai Township Road" Asset Income Rights	20,000,000.00	20,000,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	9,170,000.00	9,170,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	2,540,000.00	2,540,000.00
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	5,270,000.00	5,270,000.00
18 Yucheng Construction Overseas Bond	1,664,981,580.62	1,647,168,000.00
Total	21,940,379,048.26	14,630,318,955.60

(b) Changes in bonds payable

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec 2018	Including: bonds payable within one year
16 Yujingkai Bond	1,890,000,000.00	11-Apr-2016	7 years	1,890,000,000.00	1,881,317,470.50	378,000,000.00
16 Yujingkai Bond 01	1,500,000,000.00	9-Dec-2019	5 years	1,500,000,000.00		
16 Shangyu 01	3,000,000,000.00	21-Jul-2016	3+2 years	3,000,000,000.00	2,993,000,000.00	
16 Shangyu 02	500,000,000.00	25-Aug-2016	5 years	500,000,000.00	496,800,000.00	
16 Shangyu 03	1,500,000,000.00	25-Aug-2016	3+2 years	1,500,000,000.00	1,496,000,000.00	
17 Yuzi 01	3,000,000,000.00	29-Sep-2017	3+2 years	3,000,000,000.00	2,979,000,000.00	

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec 2018	Including: bonds payable within one year
18 Shangyu State-owned Capital MTN001	600,000,000.00	23-Apr-2018	5 years	600,000,000.00	596,880,000.00	
19Yuzi 01	1,000,000,000.00	20-Jun-2019	3+2 years	1,000,000,000.00		
19Yuzi 03	1,800,000,000.00	13-Aug-2019	3+2 years	1,800,000,000.00		
19Yushu 01	600,000,000.00	12-Nov-2019	3+2 years	600,000,000.00		
19 Shangyu State-owned Capital US Dollar Bond	2,092,859,999.90	27-Nov-2019	3 years	2,092,859,999.90		
17 Shangyu 01 (145676)	1,000,000,000.00	24-Jul-2017	5 years	1,000,000,000.00	992,830,590.34	
17 Shangyu 02 (145688)	500,000,000.00	28-Jul-2017	5 years	500,000,000.00	496,406,201.26	
17 Shangyu Water MTN001	650,000,000.00	30-Aug-2017	5 years	650,000,000.00	648,698,937.54	
Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan	850,000,000.00	31-Oct-2019	Note 1	850,000,000.00		
14 Yucheng Construction Bond	1,800,000,000.00	7-Aug-2014	7 years	1,800,000,000.00	1,073,237,755.96	360,000,000.00
19 Yucheng Construction Bond	1,000,000,000.00	28-Nov-2019	5 years	1,000,000,000.00		
Shangyu "Tangpu Township Comprehensive" Asset Income Rights	10,000,000.00	12-Feb-2018	3 years	10,000,000.00	10,000,000.00	
Shangyu "Xietang Township Sanitation" Asset Income Rights	10,000,000.00	13-Feb-2018	3 years	10,000,000.00	10,000,000.00	
Shangyu's "Xiaguan Township Transportation" Asset Income Rights	10,000,000.00	22-Feb-2018	3 years	10,000,000.00	10,000,000.00	
Shangyu "Dingzhai Township Road" Asset Income Rights	20,000,000.00	9-Feb-2018	3 years	20,000,000.00	20,000,000.00	
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	9,170,000.00	28-Mar-2018	3 years	9,170,000.00	9,170,000.00	

Bonds	Par value	Issue date	Bonds duration	Amount issued	31 Dec 2018	Including: bonds payable within one year
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	2,540,000.00	3-Apr-2018	3 years	2,540,000.00	2,540,000.00	
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights	5,270,000.00	17-Apr-2018	3 years	5,270,000.00	5,270,000.00	
18 Yucheng Construction Overseas Bond	1,647,168,000.00	20-Dec-2018	3 years	1,674,134,017.84	1,647,168,000.00	
Total	24,997,007,999.90			25,023,974,017.74	15,368,318,955.60	738,000,000.00

Note 1: The expiry date of the Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan is June 25, 2028.

(Continued)

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	31 Dec 2019	Non-current Liabilities Maturing within One Year
16 Yujingkai Bond				2,025,001.75	378,000,000.00	1,505,342,472.25	378,000,000.00
16 Yujingkai Bond 01	1,500,000,000.00		-21,030,000.00	264,600.66		1,479,234,600.66	
16 Shangyu 01				7,000,000.00	250,000,000.00	2,750,000,000.00	
16 Shangyu 02				1,200,000.00		498,000,000.00	
16 Shangyu 03				4,000,000.00	350,000,000.00	1,150,000,000.00	
17 Yuzi 01				12,000,000.00		2,991,000,000.00	
18 Shangyu State-owned Capital MTN001			-1,350,000.00	990,000.00		596,520,000.00	
19Yuzi 01	1,000,000,000.00		-4,000,000.00	666,666.67		996,666,666.67	
19Yuzi 03	1,800,000,000.00		-7,200,000.00	800,000.00		1,793,600,000.00	
19Yushu 01	600,000,000.00		-1,800,000.00	50,000.00		598,250,000.00	
19 Shangyu State-owned Capital US Dollar Bond	2,092,859,999.90		-6,278,580.00			2,086,581,419.90	
17 Shangyu 01 (145676)				1,927,785.58		994,758,375.92	

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	31 Dec 2019	Non-current Liabilities Maturing within One Year
17 Shangyu 02 (145688)				907,911.88		497,314,113.14	
17 Shangyu Water MTN001			-1,399,580.12	1,350,321.29		648,649,678.71	
Caitong Shangyu Water Sewage Treatment Charging Income Right Green Asset Support Special Plan	800,000,000.00		-8,221,282.98	3,438,591.76	72,000,000.00	723,217,308.78	73,655,900.54
14 Yucheng Construction Bond				2,617,642.86	360,000,000.00	715,855,398.82	360,000,000.00
19 Yucheng Construction Bond	1,000,000,000.00		-5,000,000.00	83,333.33		995,083,333.33	
Shangyu "Tangpu Township Comprehensive" Asset Income Rights						10,000,000.00	
Shangyu "Xietang Township Sanitation" Asset Income Rights						10,000,000.00	
Shangyu's "Xiaguan Township Transportation" Asset Income Rights						10,000,000.00	
Shangyu "Dingzhai Township Road" Asset Income Rights						20,000,000.00	
Shangyu "Lianghu						9,170,000.00	

Bonds	Issued amount during the reporting period	Other Increase	Bond issuing expense	Amortization of issue fees	Repayment during the reporting period	31 Dec 2019	Non-current Liabilities Maturing within One Year
Township Rural Appearance" Asset Income Rights							
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights						2,540,000.00	
Shangyu "Lianghu Township Rural Appearance" Asset Income Rights						5,270,000.00	
18 Yucheng Construction Overseas Bond		26,966,017.84	-13,728,655.84	4,576,218.62		1,664,981,580.62	
Total	8,792,859,999.90	26,966,017.84	-70,008,098.94	43,898,074.40	1,410,000,000.00	22,752,034,948.80	811,655,900.54

5.31 Long-term Payables

(a) Long-term payables by category

Items	31 Dec 2019	31 Dec 2018
Long-term payables	741,485,321.19	1,155,070,101.86
Specific items payable	794,870,902.04	883,089,397.13
Total	1,536,356,223.23	2,038,159,498.99

(b) Long-term payables:

Items	31 Dec 2019	31 Dec 2018
Financing lease	60,601,221.19	187,547,682.27
Yongying Asset Management Co., Ltd.		190,000,000.00
Zhejiang Jianrong Investment Development Co., Ltd.	680,250,000.00	744,050,000.00
China Agricultural Development Key Construction Fund Co., Ltd.		33,100,000.00

Items	31 Dec 2019	31 Dec 2018
Others	634,100.00	372,419.59
Total	741,485,321.19	1,155,070,101.86

(c) Specific items payable

Items	31 Dec 2019	31 Dec 2018
Water conservancy project		2,281,200.00
Water treatment project		17,595,000.00
Songbei River Comprehensive Improvement Project	63,000,000.00	18,000,000.00
East Zhejiang Water Diversion Project	15,772,583.00	26,800,000.00
Compensation for demolition of thermal power plants	4,642,755.27	4,359,435.68
220KV transformation and construction project		148,791,282.45
Tax share		459,300.00
Yudong River and Lake Comprehensive Improvement Project	253,000,000.00	230,500,000.00
Special appropriation for grain station construction	31,360,000.00	54,970,000.00
Baiguan Subdistrict Demolition Subsidy	265,774,738.00	166,982,842.00
Project funding	1,700,000.00	1,700,000.00
Provincial funds	13,195,800.00	150,305,700.00
Financial allocation	96,425,025.77	60,344,637.00
Project Appropriation	50,000,000.00	
Total	794,870,902.04	883,089,397.13

5.32 Deferred Income

(a) Details of deferred income

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Government grants	241,689,389.47	59,124,190.80	23,231,964.67	277,581,615.60
Total	241,689,389.47	59,124,190.80	23,231,964.67	277,581,615.60

(b) Items related to government grants

Items	31 Dec 2018	Increase during the reporting period	Recognized as other income during the reporting period	Other fluctuation	31 Dec 2019	Related to assets/Related to profit or loss
Water plant infrastructure project	12,812,500.00		2,375,000.00		10,437,500.00	Related to assets
One household and one table project	158,568,706.54	1,400,000.00	14,447,583.09	-207,822.00	145,313,301.45	Related to assets
Water supply project subsidy	70,308,182.93	15,398,563.89	5,425,881.58		80,280,865.24	Related to assets
Urban construction subsidy		42,533,448.91	983,500.00		41,549,948.91	Related to assets
Total	241,689,389.47	59,332,012.80	23,231,964.67	-207,822.00	277,581,615.60	

Other fluctuation:

It is the refund of CNY207,822.00 for one household, one meter overcharged in Xiangtian Village in the previous period.

5.33 Other Non-current Liabilities

Items	31 Dec 2019	31 Dec 2018
Sewage treatment network construction fee	46,912,480.46	46,775,532.88
Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. 2019 first phase of debt financing plan	160,000,000.00	
Total	206,912,480.46	46,775,532.88

5.34 Paid-in Capital

Investment entity	31 Dec 2018		Increase during the reporting period	Decrease during the reporting period	31 Dec 2019	
	Amount	Proportion of ownership interest (%)			Amount	Proportion of ownership interest (%)
State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City	372,000,000.00	100.00			372,000,000.00	100.00
Total	372,000,000.00	100.00			372,000,000.00	100.00

(Continued)

Investment entity	31 Dec 2017		Increase during the reporting period	Decrease during the reporting period	31 Dec 2018	
	Amount	Proportion of ownership interest (%)			Amount	Proportion of ownership interest (%)
State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City	200,000,000.00	100.00	172,000,000.00		372,000,000.00	100.00
Total	200,000,000.00	100.00	172,000,000.00		372,000,000.00	100.00

Note: In 2018, CNY172 million of capital allocated by the Finance Bureau of Shangyu District, Shaoxing City was received as paid-in capital.

(Continued)

Investment entity	31 Dec 2016		Increase during the reporting period	Decrease during the reporting period	31 Dec 2017	
	Amount	Proportion of ownership interest (%)			Amount	Proportion of ownership interest (%)
State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City	200,000,000.00	100.00			200,000,000.00	100.00
Total	200,000,000.00	100.00			200,000,000.00	100.00

5.35 Capital Reserves

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Capital premium	24,816,584,107.82	3,137,165,430.61	2,920,410,634.92	25,033,338,903.51
Other capital reserves	7,126,703,327.15	7,221,827,110.42	7,122,418,414.09	7,226,112,023.48
Total	31,943,287,434.97	10,358,992,541.03	10,042,829,049.01	32,259,450,926.99

Capital reserves increased in 2019:

- According to the relevant requirements of the "*Notice on the Handling of Accounting Matters Concerning the Substitution of Local Government Bonds for Existing Government Debts*" (*Yu Cai Ban* [*2019*] *No.38*) issued by the Finance Bureau of Shangyu District, Shaoxing City, the amount of local government replacement debts of the Company and its subsidiaries is adjusted from liabilities to owners' equity and included in the Company's capital reserve. The subsidiary Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. increased its capital reserve by CNY1,738,300,000.00; the subsidiary Shaoxing Shangyu District Hongda Highway Construction Co., Ltd. increased its capital reserve by CNY50,000,000.00. The subsidiary Shaoxing

Shangyu District Water Conservancy Construction Development Co., Ltd. increased its capital reserve by CNY460,000,000.00.

- According to the *Yu Zi Wei* [*2019*] *No.21* document, the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City transferred all the state-owned equity of Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd. to Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd. for free. On the transfer base date, the company's net assets were CNY27,485,978.69.
- According to the documents of the People's Government of Shangyu District, Shaoxing City, 1,487.91 acres of Haitu seven seven hills land was transferred to the subsidiary Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd. for free in this period. The title certificate number is *Zhe* (*2019*) Shaoxing Real Estate Property *No.0029951*. The assessed value is CNY145,818,120.00.
- According to Document [*2019*] *No.61* of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, it is agreed that China Agricultural Development Key Construction Fund Co., Ltd. to reduce its capital and withdraw from the subsidiary, Shaoxing Shangyu village in City Reconstruction and Investment Development Co., Ltd., and the equity relationship between the two parties was terminated. The shareholding ratio in the Shaoxing Shangyu village in City Reconstruction and Investment Development Co., Ltd. increased from 51% to 67.88%, and the share of the book value of the Shaoxing Shangyu village in City Reconstruction and Investment Development Co., Ltd. increased, and the capital reserve was increased by CNY678,623,512.87.
- According to the Yu State-owned Assets Supervision and Administration Commission [*2019*] *No.54* document, the Company obtained 51.00% of the equity of Shaoxing Shangyu Urban Construction Group Co., Ltd. without consideration, which is a business combination under common control. The Company recognized the book value share of Shaoxing Shangyu Urban Construction Group Co., Ltd. as the initial investment cost of long-term equity investment, and adjusted and increased the capital reserve-capital premium by CNY7,221,827,110.42. The base date for the combination is September 30, 2019.
- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, all state-owned equity of Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd. will be allocated to Shaoxing Shangyu District Guojing Engineering Survey

and Design Co., Ltd. On the transfer base date, the book value of the asset is CNY4,049,551.13, which is included in the capital reserve.

- The Central Grain Station in Zhangzhen, Shangyu District, Shaoxing City was completed and merged into the property, plant and equipment of the subsidiary Shaoxing Shangyu District Grain Purchasing and Storage Co., Ltd., increasing the capital reserve by CNY45,417,340.07.

Capital reserves decrease in 2019:

- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, all state-owned equity of the subsidiary Shaoxing Shangyu District Shunyu Asset Management Co., Ltd. was transferred to Shaoxing Shangyu District Farm Asset Management Co., Ltd. for free during the current period. The book value of the net assets of Shaoxing Shangyu District Shunyu Asset Management Co., Ltd. on transfer base date was CNY3,637,193.41, which was used to offset the capital reserve.
- According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission* [*2019*] *No.14*), it was agreed to transfer 51% of the equity of Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd. held by the Company to Shaoxing Shangyu District Yushun Tourism Industry Co., Ltd. reduced the capital reserve by CNY1,313,444,784.64.
- According to the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, the equity in Shaoxing Shangyu District Haitu Investment Development Co., Ltd. held by the Company was transferred to the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City for free, reducing the capital reserve by CNY1,022,695,041.57.
- According to government documents, the Company's subsidiary Shaoxing Shangyu Urban and Rural Ecological Environmental Protection Development Co., Ltd. returned financial grants of CNY7,680,000.00 in this period, reducing the capital reserve by CNY7,680,000.00.
- During the current period, the subsidiary Shaoxing Shangyu District Water Treatment Development Co., Ltd. (hereinafter referred to as the "Water Treatment Company") transferred the pipeline relocation project of the junction well pumping station to the Zhejiang Shangyu Economic Development Zone Management Committee, the pumping station pipeline relocation project subsidy

of CNY34,700,000.00 calculated under the original system was transferred into income; when the Water Treatment Company was established in 2002, the original shareholder Shangyu Urban Construction Development Co., Ltd. did not actually contribute capital amounted at CNY6,000,000.00 and accounted as other receivables which were reversed to the capital reserve in the current period.

- 51.00% of the equity of Shaoxing Shangyu Urban Construction Group Co., Ltd. is transferred to the Company for free, which is a business combination under common control. According to the relevant provisions of the Accounting Standards for Business Enterprises, when compiling and comparing the consolidated financial statements, after the relevant assets and liabilities of the above-mentioned companies are consolidated, the net assets increased due to the consolidation are adjusted to the capital reserve in the consolidated financial statement, and the retained earning realized on the consolidation date is confirmed. So the Company's consolidated financial statements at the end of 2018 confirmed a capital reserve of CNY7,051,879,642.20 was reduced. In September 2019, the investment of the acquiree in a business combination under common control of the Company has been realized. The net assets of the acquiree on the consolidation date of the business combination under common control were transferred out of CNY7,051,879,642.20, and the retained earnings realized before the combination under common control was transferred from the capital reserve to the retained earnings at CNY75,860,478.80.
- According to government documents, assets were transferred free of charge in this period, reducing the capital reserve by CNY953,315.83.

Changes in other equity of associates during the current period reduced the capital reserve by CNY31,809,023.49 in proportion.

Items	31 Dec 2017	Increase during the reporting period	Decrease during the reporting period	31 Dec 2018
Other capital reserve	24,640,301,493.40	13,512,776,052.09	13,336,493,437.67	24,816,584,107.82
Capital premium	4,681,675,830.25	2,465,235,920.34	20,208,423.44	7,126,703,327.15
Total	29,321,977,323.65	15,978,011,972.43	13,356,701,861.11	31,943,287,434.97

Capital reserves increase in 2018:

- According to the *"Notice Regarding the Return of Some Houses and Land Assets of Shaoxing Shangyu District Construction and Development Co., Ltd. to the State-owned Assets Supervision and Administration Office of Shaoxing City, and Free Transfer to the District Related State-owned Enterprises"* by the Office of the People's Government of Shangyu District, Shaoxing City. The appraised value

of houses and land amounted at CNY5,037,180,537.00 was transferred to Shaoxing Shangyu District Water Affairs Group Co., Ltd. and its subsidiaries, increasing the capital reserve by CNY5,037,180,537.00.

- According to the document of the Office of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, "*Approval of injecting Shangyu District sand and gravel resources into Shaoxing Shangyu Green Energy Environmental Protection New Material Co., Ltd. and Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd.*", according to Zhongming International Asset Appraisal (Beijing) Co., Ltd. issued an appraisal report (*Zhongming Pingbao Zi* [*2018*] *No.3073*), agreeing to inject the sand and gravel resources of the main stream of the Cao'e River, worth CNY300,640,000.00 into Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd. which increased the capital reserve by CNY300,640,000.00.
- The People's Government of Shangyu District of Shaoxing City transferred the 30% equity of Shaoxing Shangyu District Shunong Construction Co., Ltd. held by the former Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd. to grandson company, Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd. The share of the equity of this part of the equity of Shaoxing Shangyu District Shunong Construction Co., Ltd. on the base date is CNY23,763,193.24, increasing the capital reserve by CNY23,763,193.24; the People's Government of Shangyu District of Shaoxing City transferred 100% of Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.'s equity held by the Shangyu District Water Resources Bureau of Shaoxing City to Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd., The company's net assets were CNY37,823,037.33 on the basis of the transfer, and the capital reserve was increased by CNY37,823,037.33.
- The equity of Shaoxing Shangyu Cao'e Street Construction and Development Co., Ltd. was transferred to Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. for free, increasing the capital reserve by CNY100,000,000.00.
- The equity of Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd. was transferred to Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. for free, increasing the capital reserve by CNY57,967,360.19.

- 10% equity of Shaoxing Shangyu Economic Development Zone Standard Factory Operation Co., Ltd. is transferred to Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd., Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. recognized the initial investment cost of the long-term equity investment in accordance with the book value in the financial statements of Shaoxing Shangyu Economic Development Zone Standard Factory Operation Co., Ltd., increasing the capital reserve by CNY1,937,109.52.
- According to the Shaoxing Shangyu District People's Government Office "*Notice on Receiving Part of the Houses* and *Land Assets of Shaoxing Shangyu District Construction Development Co., Ltd. to the State-owned Assets Office and transferring them to relevant state-owned enterprises in the district without compensation*" part of the house and land assets owned by Shaoxing Shangyu District Construction Development Co., Ltd. were returned to the State-owned Assets Supervision and Administration Office, and transferred to Shaoxing Shangyu Economic Development Zone Investment and Development Group Co., Ltd. free of charge, increasing the capital reserve by CNY3,377,974,269.00.
- According to the document of the Shaoxing Municipal People's Government Office "*Notice on Receiving Part of the Houses and Land Assets of Shaoxing Shangyu District Construction Development Co., Ltd. to the State-owned Assets Office and transferring them to relevant state-owned enterprises in the district without compensation*", the No.84 and 85 real estate in the east of Xiabaiguan Street owned by Shaoxing Shangyu District Construction Development Co., Ltd. was transferred to Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd. for free, increasing the capital reserve by CNY2,080,023,042.00.
- According to the document of the Shaoxing Municipal People's Government Office "*Notice on Receiving Part of the Houses and Land Assets of Shaoxing Shangyu District Construction Development Co., Ltd. to the State-owned Assets Office and transferring them to relevant state-owned enterprises in the district without compensation*" Straighten out the right of use and ownership. The ownership of the No.2 Bridge Warehouse and Triangle Station Warehouse was originally belong to Shaoxing Shangyu District Construction Development Co., Ltd., and now the ownership has been changed to the Grain Company. These two assets were assessed by Shaoxing Tongji Asset Appraisal Management Co., Ltd. and issued *Shaotongdanpingzi* [*2018*] *No.667* appraisal report for No.2 Bridge

Warehouse, with an appraisal value of CNY137,006,100.00; and issued *Shaotongdanpingzi* [*2018*] *No.668* appraisal report for Triangle Bridge warehouse, with the appraising value of CNY373,696,600.00. The appraised value of two assets amounted at CNY510,702,700.00, deducting the original maintenance and transformation amortized cost of No.2 Bridge Warehouse and Triangle Station Warehouse of CNY10,123,482.62 and related taxes and fees of CNY2,277,796.40, the total net appreciation of the two assets is CNY498,301,420.98.

- According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission* [*2018*] *No.120*), "*Approval on Approval of the District Development and Reform Bureau's Integration of Subordinate Grain Enterprises (Institutions)*". Straighten out the relationship between government and enterprise. The assets, liabilities and owner's equity of Shangyu District Grain Bureau Trusteeship Center and Shaoxing Shangyu District Grain and Oil Corporation are integrated into Shaoxing Shangyu District Grain Purchasing and Storage Co., Ltd. The property rights on houses and buildings belongs to Shaoxing Shangyu District Grain Bureau (The net book value of CNY1,510,289.17) was transferred to the District Development and Reform Bureau. According to the Shaoxing Tongji Certified Public Accountants Co., Ltd. issued *Shaotong Huishen* (*2018*) *No.457* audit report, the net assets of Shangyu District Grain and Oil Corporation of Shaoxing City was CNY15,573,860.72, deducted the net book value of houses and buildings included in the District Development and Reform Bureau of CNY1,510,289.17, and the remaining net assets was CNY14,063,571.55; according to Shaoxing Tongji Certified Public Accountants Co., Ltd. issued *Shaotong Huishen* (*2018*) *No.458* Audit Report, the net assets of the Shaoxing Shangyu District Custody Center of the Grain Bureau was CNY-6,933,658.98, and the total increase in capital reserve was CNY7,129,912.57.
- According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission* [*2018*] *No.8*), "*Approval of transferring the state-owned equity of Shaoxing Shangyu Hengda Real Estate Surveying and Mapping Co., Ltd. to Shaoxing Shangyu District Caiyuan Land Development and Consolidation Co., Ltd. for free*", agreed to transfer 100% of the shares of Shaoxing Shangyu Hengda Real Estate Surveying and Mapping Co., Ltd. (renamed: Shaoxing Shangyu Finance Real Estate Surveying and Mapping

Co., Ltd.) to Shaoxing Shangyu District Caiyuan Land Consolidation Co., Ltd. for free, increasing the capital reserve by CNY5,511,362.28.

- According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission [2018] No.23*), it was agreed to transfer the 51% equity of Shaoxing Shangyu District Transportation Advertising Co., Ltd. held by Shaoxing Shangyu District Transportation Group Co., Ltd. to Shaoxing Shangyu District Vientiane Advertising Media Co., Ltd. increased its capital reserve by CNY8,561,288.42.
- According to the "Approval of the Shaoxing Shangyu District People's Government Office on agreeing to establish Shaoxing Shangyu District Shunhui Market Investment Co., Ltd., Shaoxing Shangyu District Caiyuan Land Development Co., Ltd., and Shaoxing Shangyu District Vientiane Advertising Media Co., Ltd." will inject 13 markets Assets into Shunhui Market Company, increasing the capital reserve by CNY273,492,609.00.
- According to the document of the People's Government Office of Shangyu District, Shaoxing City (*Yu Zheng Ban Fa* [*2018*] *No.10*), "*Approval to Restructure Shaoxing Shangyu District Nanshan Cemetery and Form Shaoxing Shangyu District Nanshan Park Industrial Co., Ltd.*", agreed to restructure Shaoxing Shangyu District Nanshan Cemetery and establish Shaoxing Shangyu District Nanshan Park Industrial Co., Ltd. with a registered capital of CNY30,000,000.00. Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd. was as the investor to invest CNY29,000,000.00 in currency, and CNY1,000,000.00 in net assets of Shangyu District Nanshan Cemetery, increase the capital reserve by CNY1,000,000.00.
- According to the Shaoxing Shangyu District People's Government Office "*Notice on Receiving Part of the Houses and Land Assets of Shaoxing Shangyu District Construction Development Co., Ltd. to the State-owned Assets Office and transferring them to relevant state-owned enterprises in the district without compensation*", Land on Lianghu Street, Xinsha Village, Cao'e Street, Jiujinfan, No.58 property, No.1-1 Yantang Lane property, No.70 property on Jiangyang South Road on Baiguan Street, under the name of Shaoxing Shangyu District Construction Development Co., Ltd., were transferred to Shaoxing Shangyu Yu'an Investment Management Co., Ltd. free of charge, increasing the capital reserve by CNY1,661,314,860.60.
- According to a document of the State-owned Assets Supervision and

Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission [2018] No.110*), it was agreed to transfer the 90% equity of Shaoxing Shangyu District Traffic Survey and Design Co., Ltd. and 100% of the state-owned equity of Shaoxing Shangyu District Transportation Construction Supervision Co., Ltd. held by Shangyu District Traffic Survey and Design Institute of Shaoxing City was transferred to Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. for free, increasing the capital reserve by CNY4,696,218.13.

- According to the document of the People's Government Office of Shangyu District of Shaoxing City (*Yu Zheng Ban Fa [2018] No.217*), it was agreed to transform the Shaoxing Shangyu District Construction Engineering Quality Inspection Center into Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd., 100% equity of Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd. was transferred to Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. for free, increasing the capital reserve by CNY30,363,977.80.
- According to the document of the People's Government Office of Shangyu District of Shaoxing City (*Yu Zheng Ban Fa [2018] No.249*), it was agreed to transform the Shaoxing Shangyu District Water Conservancy Survey and Design Institute into a company-based Shaoxing Shangyu District Shunlan Water Conservancy Survey Design Co., and 100% equity of Shaoxing Shangyu District Shunlan Water Conservancy Survey and Design Co., Ltd. was transferred to Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. free of charge, increasing the capital reserve by CNY5,095,854.03.

Decrease in Other Capital Reserve in 2018:

- According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, the 82% equity of Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd. held by the Company was transferred free of charge. After the equity was transferred, Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd. and Shaoxing Shangyu Yufu Assets Management Co., Ltd. were no longer included in the consolidation, and the total capital reserve was reduced by CNY12,143,420,009.82.
- According to the "*Notice on the Free Transfer of Some Administrative Institutions and State-owned Enterprises' Housing and Land Assets in the District to Shaoxing Shangyu District Construction Development Co., Ltd.*" by the Office of

the People's Government of Shangyu District, Shaoxing City, some housing and land assets were transferred to Shaoxing Shangyu District Construction and Development Co., Ltd. for free. adjusted and reduced the capital reserve by CNY866,742,864.60.

- Due to urban planning needs, a land asset originally injected into the subsidiary Shangyu Binjiang New City Investment Development and Construction Co., Ltd. was recovered. The land asset area involved was 33,157.00 square meters and the amount was CNY253,649,781.75, which reduced the capital reserve by CNY253,649,781.75.
- According to the document "*Minutes of the Joint Meeting of Traffic Work [2018] No.1*" issued by the Office of the Transportation Bureau of Shangyu District, Shaoxing City, 6.8% of Zhejiang Jinqu Traffic Engineering Co., Ltd. held by the Company's subsidiary Shaoxing Shangyu Hongda Road Construction Co., Ltd. was transferred out for free, adjusting and reducing the capital reserve by CNY6,800,000.00.
- Shaoxing Shangyu District Water Affairs Group Co., Ltd. and its subsidiaries transferred out real estate and land in 2018. The book value of the transfer out was CNY65,880,781.50, which reduced the capital reserve by CNY65,880,781.50.

Explanation of changes in capital premium:

- In 2018, the capital reserve-capital premium increased by CNY20,208,423.44, which was due to the Company's increase in the investment in Datong Group Company in 2018 to achieve a business combination under common control. The share of net assets of the acquiree attributable to the Company on the consolidation date exceeded the initial capital increase by CNY20,208,423.44, increasing the capital reserve capital premium by CNY20,208,423.44.
- The capital premium of the capital reserve in 2018 increased by CNY2,445,027,496.90, which is due to the increase of CNY4,833,795,922.24 in the capital reserve of the Urban Construction Group Company in 2018. The increase of CNY2,445,027,496.90 was recognized because of the increase in shareholding ratio.
- The 2018 capital reserve capital premium decreased by CNY20,208,423.44. This is because the business combination under common control in 2018 has been realized. The share of the net assets attributable to the Company on the consolidation date of the business combination under common control was transferred out at CNY48,660,072.36. The part of retained earnings realized

before the business combination under common control attributable to the parent company was transferred from capital reserves to retained earnings of CNY28,451,648.92.

Items	31 Dec 2016	Increase during the reporting period	Decrease during the reporting period	31 Dec 2017
Other Capital reserve	24,630,254,546.26	10,676,937.58	629,990.44	24,640,301,493.40
Capital premium	4,681,604,975.55	70,854.70		4,681,675,830.25
Total	29,311,859,521.81	10,747,792.28	629,990.44	29,321,977,323.65

Explanation of changes in capital reserve:

Other capital reserves increased:

- Jiankai Group increased the capital reserve of CNY2,581,953.65 in the equity method of associates;
- Subsidiary Shaoxing Shangyu District Shunyu Assets Management Co., Ltd. was allocated and transferred into funds and assets which increases capital reserves by CNY2,699,659.20;
- According to the document of the People's Government of Shangyu District, Shaoxing City (*Yu Zheng Fa [2017] No.19*), *"Notice of Approval of transfer the state-owned equity of Shaoxing Shangyu District Equity Exchange Co., Ltd. to the Shaoxing Shangyu State-owned Capital Investment Operation Co., Ltd. for free*", agreed to transfer 100% of the state-owned equity of Shaoxing Shangyu District Property Rights Exchange Co., Ltd. to the Company for free, as a business combination not under common control, and increase the capital reserve by CNY1,000,000.00;
- According to a document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (Yu State-owned Assets Supervision and Administration Commission *[2017] No.42*), *"The Notice of the transfer of State-owned equity of Shaoxing Shangyu District Education Development Co., Ltd. and Shangyu Education Logistics Service Co., Ltd. and other two companies, was fully transferred to State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City*" The state-owned equity of Shaoxing Shangyu District Education Development Co., Ltd. and Shaoxing hangyu Education Logistics Service Co., Ltd. were transferred out for free. As the transferred assets were negative, thus the capital reserve increased by CNY4,395,324.73.

Decrease in other capital reserve:

- the subsidiary Shaoxing Shangyu District Water Supply Co., Ltd. transferred out vehicles for free, reducing the capital reserve by CNY629,990.44.

Explanation of changes in capital premium:

- In 2017, the capital reserve of Datong Group Company increased by CNY138,821.90, and the consolidated financial statement confirmed the increase of CNY70,854.70 according to the shareholding ratio.

5.36 Other Comprehensive Income

Items	31 Dec 2018	Changes during the reporting period					31 Dec 2019
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
Items that may be reclassified subsequently to profit or loss	82,770,145.95	104,739,732.24		-26,184,933.06	78,554,799.18		161,324,945.13
Fair value of investment property is greater than its original book value when it is first converted	82,770,145.95	104,739,732.24		-26,184,933.06	78,554,799.18		161,324,945.13
Total	82,770,145.95	104,739,732.24		-26,184,933.06	78,554,799.18		161,324,945.13

(Continued)

Items	31 Dec 2017	Changes during the reporting period					31 Dec 2018
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
Items that may be reclassified subsequently to profit or loss	106,254,185.57	-31,312,052.82		-7,828,013.20	-23,484,039.63		82,770,145.95
Fair value of investment property is greater than its original book value when it is first converted	106,254,185.57	-31,312,052.82		-7,828,013.20	-23,484,039.63		82,770,145.95
Total	106,254,185.57	-31,312,052.82		-7,828,013.20	-23,484,039.63		82,770,145.95

(Continued)

Items	31 Dec 2016	Changes during the reporting period					31 Dec 2017
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
Items that may be reclassified subsequently to profit or loss	121,223,544.15	-19,959,144.78		-4,989,786.20	-14,969,358.58		106,254,185.57
Fair value of investment property is greater than its original book value when it is first converted	121,223,544.15	-19,959,144.78		-4,989,786.20	-14,969,358.58		106,254,185.57
Total	121,223,544.15	-19,959,144.78		-4,989,786.20	-14,969,358.58		106,254,185.57

5.37 Specific Reserves

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	31 Dec 2019
Safety fund	4,578,962.20	1,472,326.85	647,192.01	5,404,097.04
Total	4,578,962.20	1,472,326.85	647,192.01	5,404,097.04

(Continued)

Items	31 Dec 2017	Increase during the reporting period	Decrease during the reporting period	31 Dec 2018
Safety fund	2,822,095.16	2,446,296.79	689,429.75	4,578,962.20
Total	2,822,095.16	2,446,296.79	689,429.75	4,578,962.20

(Continued)

Items	31 Dec 2016	Increase during the reporting period	Decrease during the reporting period	31 Dec 2017
Safety fund	1,984,878.96	1,651,605.98	814,389.78	2,822,095.16
Total	1,984,878.96	1,651,605.98	814,389.78	2,822,095.16

5.38 Surplus Reserves

Items	31 Dec 2018	Increase during the reporting period	Decrease during the reporting period	30 Dec 2019
Statutory surplus reserves	7,589,715.71			7,589,715.71
Total	7,589,715.71			7,589,715.71

(Continued)

Items	31 Dec 2017	Increase during the reporting period	Decrease during the reporting period	31 Dec 2018
Statutory surplus reserves	3,887,528.21	3,702,187.50		7,589,715.71
Total	3,887,528.21	3,702,187.50		7,589,715.71

(Continued)

Items	31 Dec 2016	Increase during the reporting period	Decrease during the reporting period	31 Dec 2017
Statutory surplus reserves	3,887,528.21			3,887,528.21
Total	3,887,528.21			3,887,528.21

5.39 Retained Earnings

Items	2019	2018	2017
Balance at the end of last period before adjustments	333,119,305.17	284,188,857.32	127,009,039.51
Adjustments for the opening balance (increase /(decrease))	164,617,119.27	70,931,926.04	43,369,580.55
Balance at the beginning of the reporting period after adjustments	497,736,424.44	355,120,783.36	170,378,620.05
Add: net profit attributable to owners of the parent company for the reporting period	139,792,134.13	142,615,641.08	190,742,163.31
Less: appropriation to statutory surplus reserves			
Appropriation to discretionary surplus reserves			
Provision for general risk reserves			
Payment of ordinary share dividends	784,800.00	2,100,000.00	6,000,000.00
Ordinary shares dividends converted into share capital			
Balance at the end of the reporting period	636,743,758.57	497,736,424.44	355,120,783.36

5.40 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	2019	
	Revenue	Costs of sales
Principal activities	4,467,561,549.73	4,192,043,047.36
Other activities	10,028,968.33	2,184,602.05
Total	4,477,590,518.06	4,194,227,649.41

(Continued)

Items	2018	
	Revenue	Costs of sales

Items	2018	
	Revenue	Costs of sales
Principal activities	4,049,857,042.10	3,802,222,620.20
Other activities	61,389,167.76	50,609,676.74
Total	4,111,246,209.86	3,852,832,296.94

(Continued)

Items	2017	
	Revenue	Costs of sales
Principal activities	4,618,378,106.73	4,075,001,669.10
Other activities	56,574,157.49	32,310,419.51
Total	4,674,952,264.22	4,107,312,088.61

(b) Revenue and cost of sales by categories

Items	2019	
	Revenue	Costs of sales
Water	494,682,244.26	532,485,478.92
House sale	697,787,865.55	828,012,187.66
Sanitation Service	131,979,794.65	101,390,082.53
Labor agency service	143,560,846.15	142,127,805.55
Rental Service	151,587,516.13	130,692,672.62
other service	112,759,598.08	63,567,609.08
Logistics transportation service	71,192,673.72	65,359,389.80
Merchandising	937,353,274.56	761,855,266.72
Land index	67,850,188.68	61,336,534.00
Grain storage	219,758,075.22	233,273,597.05
land development	814,102,533.70	710,986,692.55
Engineering construction	489,869,338.52	443,583,361.56
Entrusted construction project	78,093,851.47	77,836,579.67
others	56,983,749.04	39,535,789.65
Total	4,467,561,549.73	4,192,043,047.36

(Continued)

Items	2018	
	Revenue	Costs of sales
Water	441,822,621.94	481,387,172.18
House sale	773,600,498.16	804,605,297.41
Sanitation Service	119,412,839.15	94,038,295.55
Labor agency service	97,279,865.55	93,910,943.22

Items	2018	
	Revenue	Costs of sales
Rental Service	104,847,658.13	91,099,483.59
other service	58,987,232.94	41,654,578.82
Logistics transportation service	70,853,067.00	66,182,544.39
Merchandising	875,580,232.52	733,315,916.95
Grain storage	229,084,800.35	238,254,899.93
land development	872,032,992.85	789,701,791.85
Engineering construction	346,159,184.40	312,038,132.62
Entrusted construction project	40,541,069.47	38,230,769.65
others	19,654,979.64	17,802,794.04
Total	4,049,857,042.10	3,802,222,620.20

(Continued)

Items	2017	
	Revenue	Costs of sales
Water	449,576,648.72	362,409,995.27
House sale	1,504,451,788.19	1,413,702,330.22
Sanitation Service	42,246,090.63	32,104,159.85
Labor agency service	96,314,655.60	92,063,280.19
Rental Service	85,106,520.86	82,895,434.44
other service	37,300,810.54	29,966,451.78
Logistics transportation service	71,540,902.87	65,996,053.62
Merchandising	880,952,246.97	747,044,755.69
Grain storage	188,201,194.03	192,765,081.52
land development	231,195,709.53	173,091,607.95
Engineering construction	306,277,045.21	275,861,877.44
Entrusted construction project	700,233,676.90	584,517,468.22
Dormitory Service	10,873,207.80	13,690,117.71
others	14,107,608.88	8,893,055.20
Total	4,618,378,106.73	4,075,001,669.10

5.41 Taxes and Surcharges

Items	2019	2018	2017
Sale tax	2,779,870.77	5,129,508.98	3,833,204.58
Urban maintenance and construction tax	7,205,485.89	6,973,216.14	8,539,854.82
Education surcharge	5,347,365.06	5,050,048.88	6,192,054.64
Water conservancy fund		1,338,761.47	19,377.02
Land appreciation tax	2,891,373.30	2,548,157.19	5,450,302.81

Items	2019	2018	2017
Property tax	6,535,379.97	7,724,119.36	8,474,892.88
Land holding tax	2,925,739.25	3,457,989.33	3,357,281.95
Vehicle usage tax	18,962.49	35,273.50	21,221.70
Stamp duty	5,511,291.97	2,988,509.67	1,960,209.25
Security for the disabled	1,268,177.66	254,222.04	594,821.34
Environmental tax	3,797,135.35		
Others	1,127,007.80	3,573,621.30	409,018.69
Total	39,407,789.51	39,073,427.86	38,852,239.68

5.42 Finance Costs

Items	2019	2018	2017
Interest expenses	460,597,908.38	502,029,539.79	677,023,976.13
Less: Interest income	308,917,077.20	290,171,603.58	198,348,354.80
Net interest expenses	151,680,831.18	211,857,936.21	478,675,621.33
Foreign exchange losses	5,712,891.63		
Less: Foreign exchange gains			
Net foreign exchange losses	5,712,891.63		
Bank charges	12,976,193.52	7,390,311.27	1,697,533.28
Others	39,490,511.91	7,935,386.35	26,143,014.01
Total	209,860,428.24	227,183,633.83	506,516,168.62

5.43 Other Income

Items	2019	2018	2017	Related to assets/Related to income
Government grants related to daily activities	828,415,247.81	860,659,931.81	686,758,973.12	Related to income
Government grants related to daily activities	23,231,964.67	19,314,148.82	14,654,464.59	Related to assets
Total	851,647,212.48	879,974,080.63	701,413,437.71	

5.44 Investment Income

Items	2019	2018	20117
Investment income from long-term equity investments under equity method	41,699,106.33	38,427,285.49	3,850,471.16
Investment income from disposal of long-term equity investments	312,384.02	-267,829.78	5,737,109.12
Investment income from available-for-sale financial assets during holding period	21,008,065.96	22,357,234.20	20,904,570.83
Financial products	1,080,954.30	294,685.41	544,878.07

Items	2019	2018	20117
Investment income during the holding period of financial assets measured at fair value and whose changes are included in the current profit and loss	600.00		
Investment income from disposal of trading financial assets	3,907.80	5,564.83	
After the loss of control, the remaining equity is remeasured at fair value.		10,483,979.27	
Total	64,105,018.41	71,300,919.42	31,037,029.18

5.45 Gains/(losses) from changes in fair value

Source	2019	2018	2017
Financial assets that are measured at fair value through profit and loss	20,349.00		
Total	20,349.00		

5.46 Impairment Loss of Assets

Items	2019	2018	2017
Bad debt of receivables	9,429,849.15	-6,611,490.79	-5,452,414.88
Provision for impairment of inventory		-4,107.02	
Impairment of long-term equity investment	-3,150,830.88		
Total	6,279,018.27	-6,615,597.81	-5,452,414.88

5.47 Gains/ (losses) from Disposal of Assets

Items	2019	2018	2017
Gains/(losses) from disposal of property, plant and equipment, construction in progress, productive biological assets, and intangible assets not classified as held for sale	7,410,285.19	958,383.33	3,550.85
Including: property, plant and equipement	5,246,940.11	958,383.33	3,550.85
Intangible assets	2,163,345.08		
Total	7,410,285.19	958,383.33	3,550.85

5.48 Non-operating Income

Items	2019	2018	2017
Government grants irrelevant to daily operation activities	557,449.06	2,101,978.23	4,357,103.54
Gain from damage or scrappage of non-current assets	33,732.56	12,802.09	81,724.87
Confiscated income	1,272,926.00	1,385,823.26	1,728,325.66
Other asset disposal gains			12,179,230.01
Others	3,540,896.67	3,837,360.75	2,994,730.26
Total	5,405,004.29	7,337,964.33	21,341,114.34

5.49 Non-operating Expenses

Items	2019	2018	2017
Donations	302,460.00	890,111.00	632,000.00
Loss from damage or scrappage of non-current assets	116,105.08	198,588.38	103,275.71
Overdue payment of penalty	2,248,252.47	1,103,901.66	3,062,614.85
Others	3,470,165.52	2,888,021.69	2,082,285.96
Total	6,136,983.07	5,080,622.73	5,880,176.52

5.50 Income Tax Expenses

(a) Details of income tax expenses

Items	2019	2018	2017
Current tax expenses	28,331,705.91	19,366,981.49	22,247,001.48
Deferred tax expenses	-661,585.98	-393,481.37	858,138.08
Total	27,670,119.93	18,973,500.12	23,105,139.56

5.51 Supplementary Information to the Statement of Cash Flows

(a) Supplementary information to the statement of cash flows

Supplementary information	2019	2018	2017
(i) Adjustments of net profit to cash flows from operating activities:			
Net profit	224,880,702.39	263,183,736.45	228,492,063.96
Add: Provisions for impairment of assets	-6,279,018.27	6,615,597.81	5,449,757.11
Depreciation of property, plant and equipment, investment properties, oil and gas asset and productive biological assets	419,605,223.99	309,219,995.17	274,335,054.40
Amortization of intangible assets	108,832,141.80	113,177,658.49	45,718,613.40
Amortization of long-term deferred expenses	11,832,669.58	31,300,457.76	13,268,495.06
Losses /(gains) on disposal of property, plant and equipment, intangible assets and other long-term assets	-7,410,285.19	-953,324.93	-3,550.85
Losses /(gains) on scrapping of property, plant and equipment	82,372.52	180,727.89	21,550.84
Losses /(gains) on changes in fair value	-20,349.00		
Finance costs /(income) recognized in profit or loss	1,096,328,249.53	761,663,225.79	648,443,005.50
Investment losses /(income) recognized in profit or loss	-64,105,018.41	-71,300,919.42	-31,037,029.18
Decreases /(increases) in deferred tax assets	-1,128,036.59	-393,481.36	858,138.08
Increases /(decreases) in deferred tax liabilities	-		

Supplementary information	2019	2018	2017
Decreases /(increases) in inventories	-4,880,608,011.00	-7,825,024,686.58	-11,171,788,735.26
Decreases /(increases) in operating receivables	-761,058,240.00	-3,270,472,542.04	1,114,354,777.58
Increases /(decreases) in operating payables	924,955,162.80	1,589,636,069.76	-3,669,482,918.41
Others	11,271,165.28	-26,354,624.49	837,216.20
Net cash flows from operating activities	-2,922,821,270.57	-8,119,522,109.70	-12,540,533,561.57
(ii) Significant investing and financing activities not involving cash receipts and payments:			
Conversion of debt into capital			
Convertible corporate bonds maturing within one year			
Property, plant and equipment acquired under finance leases			
(iii) Net increases in cash and cash equivalents:			
Cash at the end of the reporting period	11,106,635,497.72	9,148,776,732.36	10,246,290,216.97
Less: Cash at the beginning of the reporting period	9,148,776,732.36	10,246,290,216.97	8,942,936,016.24
Add: Cash equivalents at the end of the reporting period			
Less: Cash equivalents at the beginning of the reporting period			
Net increase in cash and cash equivalents	1,957,858,765.36	-1,097,513,484.61	1,303,354,200.73

(b) The components of cash and cash equivalents

Items	31 Dec 2019	31 Dec 2018	31 Dec 2017
(i) Cash	11,106,635,497.72	9,148,776,732.36	10,246,290,216.97
Including: Cash on hand	1,347,644.44	1,669,272.71	2,623,136.22
Cash in bank available for immediate use	11,102,649,507.61	9,147,044,669.72	10,243,665,578.01
Other monetary funds available for immediate use	2,638,345.67	62,789.93	1,502.74
(ii) Cash equivalents			
Including: Bond investments maturing within three months			
(iii) Cash and cash equivalents at the end of the reporting period	11,106,635,497.72	9,148,776,732.36	10,246,290,216.97

Description of monetary funds that are not cash and cash equivalents:

Items	31 Dec 2019	31 Dec 2018	31 Dec 2017
Cash and Cash Equivalents	11,447,604,098.72	9,384,762,662.50	10,511,972,322.94
Cash and cash equivalents	11,106,635,497.72	9,148,776,732.36	10,246,290,216.97
Difference	340,968,601.00	235,985,930.14	265,682,105.97

5.52 Foreign Currency Monetary Items

Items	31 Dec 2019 in foreign currency	Exchange Rate	31 Dec 2019 in CNY
Bonds Payable-19 Shangyu State-owned U.S. Dollar Bonds	238,665,975.83		1,664,981,580.62
Include: USD	238,665,975.83	6.9762	1,664,981,580.62
Bonds Payable-19 Yucheng Construction Bond	299,100,000.00		2,086,581,419.90
Include: USD	299,100,000.00	6.9762	2,086,581,419.90
Cash and Cash Equivalents	452,868,555.61		3,158,873,587.57
Include: USD	452,798,160.79	6.9762	3,158,810,529.30
Include: HKD	70,394.82	0.8958	63,058.27
Other payables	900,000.00		6,278,580.00
Include: USD	900,000.00	6.9762	6,278,580.00

5.53 Restricted Assets

Items	31 Dec 2019	Reason
Cash and cash equivalents	340,968,601.00	Restricted time deposit certificates, Notes margin
Inventories	2,536,500,397.04	Mortgage for bank loans
Investment properties	1,725,281,356.93	Mortgage for bank loans
Fixed assets	334,070,085.16	Mortgage for bank loans
Intangible assets	787,471,312.95	Mortgage for bank loans
Total	5,724,291,753.08	

5.54 Government Grants

(a) Government Grants with Assets

In 2017

Items	Amount	Statement of financial position presentation items	The amount included in the current profit and loss or offset the loss of related costs	The presentation items included in the current profit and loss or offsetting related costs and expenses
One household one meter project subsidy	24,028,858.00	Deferred income	14,654,464.59	Other income
Water supply project subsidy	50,227,870.94	Deferred income		Other income
Total	74,256,728.94		14,654,464.59	

In 2018

Items	Amount	Statement of financial position presentation items	The amount included in the current profit and loss or offset the loss of related costs	The presentation items included in the current profit and loss or offsetting related costs and expenses
One household one meter project subsidy	30,533,639.26	Deferred income	19,314,148.82	Other income
Water supply project subsidy	26,188,330.26	Deferred income		Other income
Total	56,721,969.52		19,314,148.82	

In 2019

Items	Amount	Statement of financial position presentation items	The amount included in the current profit and loss or offset the loss of related costs	The presentation items included in the current profit and loss or offsetting related costs and expenses
One household one meter project subsidy	1,400,000.00	Deferred income	14,447,583.09	Other income
Water supply project subsidy	15,398,563.89	Deferred income	5,425,881.58	Other income
Urban construction deferred income	42,533,448.91	Deferred income	983,500.00	Other income
Water plant infrastructure subsidies		Deferred income	2,375,000.00	Other income
Total	59,332,012.80		23,231,964.67	

(b) Government Grants with Income

In 2017

Items	Amount	The presentation items included in the current profit and loss or offsetting related costs and expenses	Amount included in current profit and loss
Stable job subsidy	422,658.07	Other income	422,658.07
Rural sewage operation and maintenance supplement	3,373,136.54	Other income	3,373,136.54
5% subsidy of asset investment amount	1,871,000.00	Other income	1,871,000.00
2016 Advanced Enterprise Award for Energy Conservation and Emission Reduction	30,000.00	Other income	30,000.00
Subsidies for scientific and technological achievements	300,000.00	Other income	300,000.00

Items	Amount	The presentation items included in the current profit and loss or offsetting related costs and expenses	Amount included in current profit and loss
Provincial water-saving units are compensated by awards	30,000.00	Other income	30,000.00
Monitoring subsidies for key pollution sources	64,000.00	Other income	64,000.00
Tax refund	21,286.20	Other income	21,286.20
2016 Provincial Marine Economic Development Special Fund Project	5,000,000.00	Other income	5,000,000.00
Resource exploration information subsidy	335,942.00	Other income	335,942.00
Demolition of special funds subsidies	998,057.00	Other income	998,057.00
River cleaning subsidy	207,800.00	Other income	207,800.00
Subsidies for logistics invoicing hall	518,213.86	Other income	518,213.86
2017 "Clenbuterol" management expenses	100,000.00	Other income	100,000.00
Funding subsidies for administrative retirees	1,800,000.00	Other income	1,800,000.00
Service growth company reward	20,000.00	Other income	20,000.00
Grain purchase and storage subsidies	32,102,431.37	Other income	32,102,431.37
Agricultural machinery subsidies	406,400.00	Other income	406,400.00
Infrastructure maintenance subsidy	244,680,725.70	Other income	244,680,725.70
Financial subsidy	394,477,322.38	Other income	394,477,322.38
Others	4,357,103.54	Non-operating income	4,357,103.54
Total	691,116,076.66		691,116,076.66

In 2018

Items	Amount	The presentation items included in the current profit and loss or offsetting related costs and expenses	Amount included in current profit and loss
Tax refund	220,814.04	Other income	220,814.04
Replenishment of Long-term Management Award for Farmer's Market	250,000.00	Other income	250,000.00
2017 District Market	27,000.00	Other income	27,000.00

Items	Amount	The presentation items included in the current profit and loss or offsetting related costs and expenses	Amount included in current profit and loss
Inspection and Assessment Award			
Corporate operating expenses subsidies	1,800,000.00	Other income	1,800,000.00
Subsidies for logistics collection work	586,815.60	Other income	586,815.60
Service Incentive	8,000.00	Other income	8,000.00
Safety subsidy	16,530.00	Other income	16,530.00
Grain purchase and storage subsidies	36,432,829.05	Other income	36,432,829.05
Financial allocation	516,889,653.35	Other income	516,889,653.35
Economic Development Fund	145,000,000.00	Other income	145,000,000.00
Special subsidies for marine economic development	8,000,000.00	Other income	8,000,000.00
Subsidies for building renovation projects	2,500,000.00	Other income	2,500,000.00
Financial subsidies for sewage treatment losses	135,000,000.00	Other income	135,000,000.00
2017 public welfare water financial subsidy	3,000,000.00	Other income	3,000,000.00
Supply and Marketing Cooperative Subsidies	3,271,700.00	Other income	3,271,700.00
E-commerce service subsidy	5,604,457.05	Other income	5,604,457.05
Others	2,052,132.72	Other income	2,052,132.72
Government subsidies not related to daily operations	2,101,978.23	Non-operating income	2,101,978.23
Total	862,761,910.04		862,761,910.04

In 2019

Items	Amount	The amount included in the current profit and loss or offset the loss of related costs	The presentation items included in the current profit and loss or offsetting related costs and expenses
Financial allocation	404,536,320.48	404,536,320.48	Other income
Infrastructure operation subsidy	180,000,000.00	180,000,000.00	Other income
Financial subsidies for sewage treatment losses	130,000,000.00	130,000,000.00	Other income
Food subsidy	40,443,300.00	40,443,300.00	Other income
Agent construction service and maintenance subsidy	38,842,000.00	38,842,000.00	Other income

Items	Amount	The amount included in the current profit and loss or offset the loss of related costs	The presentation items included in the current profit and loss or offsetting related costs and expenses
Project subsidy	11,745,140.00	11,745,140.00	Other income
5% subsidy of equipment investment	9,425,400.00	9,425,400.00	Other income
Public welfare water financial subsidy	3,000,000.00	3,000,000.00	Other income
Financial assistance	2,679,818.60	2,679,818.60	Other income
Rural sewage operation and maintenance subsidies	2,600,000.00	2,600,000.00	Other income
Provincial subsidies	2,469,800.00	2,469,800.00	Other income
2018 Long-term Management Excellent Market Award Subsidy	400,000.00	400,000.00	Other income
VAT exemption	354,999.10	354,999.10	Other income
Annual job stabilization subsidy	289,128.83	289,128.83	Other income
Tax refund	285,039.75	285,039.75	Other income
Emergency supplies reserve subsidy	268,980.00	268,980.00	Other income
Operation and maintenance subsidies for the online monitoring system of key pollution sources	210,200.00	210,200.00	Other income
VAT exemption	196,355.82	196,355.82	Other income
Rest assured that the market innovation subsidy	120,000.00	120,000.00	Other income
Financial funds allocated	115,990.00	115,990.00	Other income
2018 sales promotion reward	100,000.00	100,000.00	Other income
Financial allocation	93,870.00	93,870.00	Other income
Rest assured that the market will continue to build and upgrade subsidies	70,000.00	70,000.00	Other income
Stable job subsidy	47,957.30	47,957.30	Other income
Human Resource Service Industrial Park Policy Reward Fund Subsidy	44,147.61	44,147.61	Other income
Five water governance incentive subsidies	30,000.00	30,000.00	Other income
Military supply subsidy	18,742.50	18,742.50	Other income
Tax refund	14,781.34	14,781.34	Other income
Service Incentive	8,000.00	8,000.00	Other income
Withholding personal income tax handling fee refund	5,276.48	5,276.48	Other income

Items	Amount	The amount included in the current profit and loss or offset the loss of related costs	The presentation items included in the current profit and loss or offsetting related costs and expenses
Government subsidies not related to the daily activities of the company	557,449.06	557,449.06	Non-operating income
Total	828,972,696.87	828,972,696.87	

(c) Refund of government subsidies

In 2019, The subsidy for one household and one meter was returned to the town government of CNY207,822.00.

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not Under Common control

In 2017

Acquiree	Time of equity acquisition	Equity acquisition cost	Proportion of equity acquisition (%)	Method of obtaining equity
Shaoxing Shangyu District Property Rights Trading Co., Ltd.	31-Mar-2017	0.00	100.00	Free transfer [Note 1]

(Continued)

Acquiree	Acquisition date	The basis for determining the acquisition date	The income of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period
Shaoxing Shangyu District Property Rights Trading Co., Ltd.	31-Mar-2017	Acquire actual control	56,050.00	-381,768.95

Note 1: According to the document of the People's Government of Shangyu District, Shaoxing City, "*Notice on agreeing to transfer the state-owned equity of Shaoxing Shangyu District Property Rights Exchange Co., Ltd. to Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd. for free*" (*Yu Zheng Fa [2017] No.19*), It was agreed to transfer 100% of the state-owned equity of Shaoxing Shangyu District Property Rights Exchange Co., Ltd. to the Company free of charge, and the base date for equity transfer is March 31, 2017. The Company has actual control over it, and it has been included in the Company's consolidation scope since March 31, 2017.

In 2018:

Acquiree	Time of equity acquisition	Equity acquisition cost	Proportion of equity acquisition (%)	Method of obtaining equity
Zhejiang Rixin Technology Park Co., Ltd.	8-Jan-2018	106,740,000.00	100.00	Purchase [Note 1]

Note 1: Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd. purchased 100% equity of Zhejiang Rixin Science and Technology Park Co., Ltd. in cash, and the equity was acquired on January 8, 2018.

Combination costs and goodwill:

Combination costs	Zhejiang Rixin Technology Park Co., Ltd.
Cash	106,740,000.00
Total combination costs	106,740,000.00
Less: the fair value share of identifiable net assets obtained	91,642,449.84
Goodwill	15,097,550.16

The identifiable net assets and liabilities of acquiree on the purchase date

Items	Zhejiang Rixin Technology Park Co., Ltd.	
	Fair value	Book value
Current Asset	137,600,040.88	137,600,040.88
Cash and cash equivalents	105,925.95	105,925.95
Notes receivable and accounts receivable	6,698.40	6,698.40
Property, plant and equipment	627,187.73	627,187.73
Intangible asset	77,747,093.78	77,747,093.78
Investment properties	8,248,798.01	8,248,798.01
Construction in progress	50,864,337.01	50,864,337.01
Liabilities	15,957,591.04	15,957,591.04
Notes payable and accounts payable	15,957,591.04	15,957,591.04
Net assets	91,642,449.84	91,642,449.84
Less: Non-controlling interests		
Net assets acquired	91,642,449.84	91,642,449.84

In 2019: There is no such item

6.2 Business Combination under Common Control

In 2017: There is no such item

In 2018:

(a) Business combination under common control

Acquiree	Equity percentage obtained in business combination (%)	The basis for a business combination under common control	Acquisition date	The basis for determining the acquisition date
Shaoxing Datong Holding Group Co., Ltd.	51.04	Controlled by the same party	17-Sep-2018	Actual control obtained

(Continued)

Acquiree	The income of the acquiree from the beginning of the current period to the acquisition date	Net profit of the acquiree from the beginning of the current period to the acquisition date	Income of acquiree in 2017	Net profit of acquiree in 2017
Shaoxing Datong Holding Group Co., Ltd.	593,252,600.83	-28,440,534.06	812,748,753.45	-32,942,489.47

(b) Combination costs

Combination costs	Shaoxing Datong Holding Group Co., Ltd.
Cash	123,000,000.00

(c) The identifiable net assets and liabilities of acquiree on the purchase date

Items	Shaoxing Datong Holding Group Co., Ltd.	
	Acquisition date	31 Dec 2017
Current Asset	1,742,204,039.22	1,454,263,198.63
Cash and cash equivalents	178,841,039.72	68,466,362.71
Notes receivable and accounts receivable	9,532,586.65	5,312,715.27
Prepayments	18,811,687.65	28,756,886.77
Other receivables	417,355,427.23	222,638,735.99
Inventories	349,469,240.88	352,746,096.33
Other current assets	22,564,858.56	6,405,746.29
Available-for-sale financial assets	7,750,000.00	7,750,000.00
Long-term equity investments	75,487,696.74	95,852,909.66
Property, plant and equipment	75,487,696.74	95,852,909.66
Investment properties	281,344,713.24	284,257,155.56
Construction in progress	129,485,271.37	134,587,812.42
Goodwill	1,378,475.89	
Long-term deferred expenses	34,091,799.25	37,995,679.10
Deferred tax assets	1,005,511.14	963,424.60
Liabilities	1,441,977,825.90	1,249,863,019.90
Short-term borrowings	619,850,000.00	412,000,000.00
Notes payable and accounts payable	133,553,106.86	145,064,108.64

Items	Shaoxing Datong Holding Group Co., Ltd.	
	Acquisition date	31 Dec 2017
Advances from customers	63,992,166.18	79,338,459.63
Employee benefits payable	7,220,230.95	6,257,301.74
Taxes payable	16,278,649.01	10,474,443.39
Other payables	461,754,572.90	478,399,606.50
Non-current liabilities maturing within one year		35,000,000.00
Long-term borrowings	139,000,000.00	83,000,000.00
Long-term payables	329,100.00	329,100.00
Net assets	300,226,213.32	204,400,178.73
Less: Non-controlling interests	157,017,789.88	169,675,706.71
Net assets acquired	143,208,423.44	34,724,472.02

In 2019:

(a) Business combination under common control

Acquiree	Equity percentage obtained in business combination (%)	The basis for a business combination under common control	Acquisition date	The basis for determining the acquisition date
Shaoxing Shangyu Urban Construction Group Co., Ltd.	51.00	Controlled by the same party	30-Sep-2019	Actual control obtained

(Continued)

Acquiree	The income of the acquiree from the beginning of the current period to the acquisition date	Net profit of the acquiree from the beginning of the current period to the acquisition date	Income of acquiree in 2017	Net profit of acquiree in 2017
Shaoxing Shangyu Urban Construction Group Co., Ltd.	615,379,826.66	22,045,929.81	1,645,720,480.14	137,975,097.39

(b) Combination costs

According to the government approval, 51.00% of the equity of Shaoxing Shangyu Urban Construction Group Co., Ltd. was transferred to the Company free of charge, and the base date of the equity transfer was September 30, 2019.

(c) The identifiable net assets and liabilities of acquiree on the purchase date

Items	Shaoxing Shangyu Urban Construction Group Co., Ltd.	
	Acquisition date	31 Dec 2018
Current Asset		

Items	Shaoxing Shangyu Urban Construction Group Co., Ltd.	
	Acquisition date	31 Dec 2018
Cash and cash equivalents	2,133,123,796.34	3,358,158,875.79
Accounts receivable	138,907,678.52	138,627,339.86
Prepayments	6,025,823.79	3,767,399.83
Other receivables	2,353,441,289.77	3,903,056,688.51
Inventories	20,791,620,073.60	19,790,587,603.53
Other current assets	46,013,567.76	44,973,717.21
Available-for-sale financial assets	109,650,000.00	109,650,000.00
Long-term equity investments	5,825,620.75	110,451,900.66
Investment property	640,220,185.42	656,569,182.65
Property, plant and equipment	189,955,831.12	191,038,769.26
Construction in progress	73,227,786.57	29,475,805.83
Intangible assets	1,405,424,085.81	1,419,512,486.79
Liabilities		
Short-term borrowings	810,800,000.00	478,000,000.00
Accounts payable	256,481,685.24	386,962,542.27
Advances from customers	20,735,112.72	24,847,149.92
Employee benefits payable	5,260,686.63	5,264,643.08
Taxes payable	6,065,145.41	13,293,368.90
Other payables	833,995,702.71	1,002,527,061.82
Non-current liabilities maturing within one year	17,750,000.00	2,846,388,000.00
Long-term borrowings	6,164,324,000.00	5,272,254,000.00
Bonds payable	2,470,585,715.52	2,427,385,755.96
Long-term payables	839,093,389.62	837,494,637.00
Net assets	16,468,344,301.60	16,461,452,610.97
Less: Non-controlling interests	2,307,898,987.05	2,311,778,235.90
Net assets acquired	14,160,445,314.55	14,149,674,375.07

6.3 Reverse Purchase

There is no such item.

6.4 Disposal of Subsidiaries

There is no such item.

6.5 Other Situations Leading to Changes in the Scope of Consolidation

In 2017:

Subsidiaries increased:

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
1	Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd. [Note 4]	Newly establishment
2	Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd. [Note 5]	Newly establishment
3	Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd. [Note 6]	Newly establishment
4	Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd. [Note 7]	Newly establishment

Note 4: On August 4, 2017, the Company and its subsidiary Development Zone Group Company jointly funded and established Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd. The company has a registered capital of CNY100 million, of which the Company subscribed CNY51 million and held shares proportion of 51%, the Development Zone Group Company subscribed CNY49 million, and held 49% of the shareholding ratio. The Company directly and indirectly holds 100% of the company's equity, so it was included in the scope of consolidation since the company established. As of December 31, 2019, no capital has been invested.

Note 5: On December 28, 2017, the Company invested in the establishment of Shaoxing Shangyu District Caiyuan Land Development and Consolidation Co., Ltd., with a registered capital of CNY30 million. The Company has subscribed CNY30 million, and actually invested CNY0.00, with a 100% shareholding ratio. It was included in the Company's consolidation scope from the date of establishment. As of December 31, 2019, no capital has been invested.

Note 6: On December 28, 2017, the Company invested in the establishment of Shaoxing Shangyu District Vientiane Advertising Media Co., Ltd., with a registered capital of CNY20 million, the Company subscribed CNY20 million, and actually invested CNY0.00, and the shareholding ratio was 100%, so it was included in the scope of consolidation of the Company as of the date. As of December 31, 2019, no capital has been invested.

Note 7: On December 28, 2017, the Company invested in the establishment of Shaoxing Shangyu District Shunhui Market Investment and Development Co., Ltd., with a registered capital of CNY30 million yuan, the Company subscribed CNY30 million, actually invested CNY0.00, and the shareholding ratio was 100%. It was included in the scope of the Company's

consolidation since its establishment. As of December 31, 2019, no capital has been invested.

Subsidiaries reduced:

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
1	Shangyu Education Logistics Service Co., Ltd. [Note 8]	Transferred for free
2	Shaoxing Shangyu District Education Development Co., Ltd. [Note 8]	Transferred for free

Note 8: According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, "*About the transfer of the State-owned equity of Shaoxing Shangyu District Education Development Co., Ltd. and Shaoxing Shangyu Education Logistics Service Co., Ltd. held by Shaoxing Shangyu State-owned Capital Investment Operation Co., Ltd. to the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City*" (Yu State-owned Assets Supervision and Administration Commission *[2017] No.42*), clearly categorizes to transfer the equity of Shaoxing Shangyu District Education Development Co., Ltd. and Shaoxing Shangyu Education Logistics Service Co., Ltd. to the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, and the base date for the equity transfer was November 30, 2017. These two companies were no longer be included in the Company's consolidation scope on November 30, 2017.

In 2018:

Subsidiaries increased:

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
1	Shaoxing Shangyu District Radio and Television Media Co., Ltd.	Transfer for free [Note 1]
2	Shaoxing Shangyu District Shunnan Locomotive Network Service Center	Transfer for free [Note 1]
3	Shaoxing Shangyu Caijin Real Estate Surveying and Mapping Co., Ltd.	Transfer for free [Note 2]
4	Shaoxing Shangyu District Traffic Advertising Co., Ltd.	Transfer for free [Note 3]
5	Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	Transfer for free [Note 4]

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
6	Shaoxing Shangyu Traffic Construction Supervision Co., Ltd.	Transfer for free [Note 5]
7	Shaoxing Shangyu Traffic Survey and Design Co., Ltd.	Transfer for free [Note 5]
8	Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.	Transfer for free [Note 6]
9	Shaoxing Shangyu Cao'e Street Construction Development Co., Ltd.	Transfer for free [Note 7]
10	Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd.	Transfer for free [Note 7]
11	Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd.	Transfer for free [Note 8]
12	Shaoxing Shangyu District Shunlan Survey and Design Co., Ltd.	Transfer for free [Note 9]
13	Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	Newly establishment [Note 10]
14	Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd.	Newly establishment [Note 11]
15	Shaoxing Shangyu District Donghai Gas Co., Ltd.	Sign a concerted action agreement [Note 12]
16	Shaoxing Shangyu District Dongguan Liquefied Gas Co., Ltd.	Sign a concerted action agreement [Note 12]
17	Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	Sign a concerted action agreement [Note 13]
18	Xiaojin County Jinshun Agricultural Products Co., Ltd.	Newly establishment [Note 14]
19	Shaoxing Shangyu District Shunze Catering Management Co., Ltd.	Newly establishment [Note 15]

Note 1: According to the document *Yu Zheng Ban Fa [2018] No.154* "*Approval of the Restructuring of Shaoxing Shangyu Advertising Development Company and the Establishment of Shaoxing Shangyu District Radio and Television Media Co., Ltd.*" issued by Office of the People's Government of Shangyu District, Shaoxing City. Agreed to transfer the 51% equity of Shaoxing Shangyu District Radio and Television Media Co., Ltd. held by Shaoxing Shangyu District Radio and Television General Station to Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd., and the equity transfer date is July 10, 2018. The Company has actual control over it, and it has been included in the Company's consolidation scope since July 10, 2018.

Note 2: According to the document of the State-owned Assets Supervision and

Administration Commission of Shangyu District, Shaoxing City, (Yu State-owned Assets Supervision and Administration Commission *[2018] No.8*) "*On agreeing to transfer the state-owned equity of Shaoxing Shangyu Hengda Real Estate Surveying and Mapping Co., Ltd. for free to Shangyu District, Shaoxing City*". Agreed to transfer 100% of the shares of Shaoxing Shangyu Hengda Real Estate Surveying and Mapping Co., Ltd. (renamed: Shaoxing Shangyu Financial Real Estate Surveying and Mapping Co., Ltd.) to Shaoxing Shangyu District Caiyuan Land Consolidation Co., Ltd. for free. The base date is April 10, 2018. The Company has actual control over it, and it has been included in the Company's consolidation scope since April 10, 2018.

Note 3: According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (Yu State-owned Assets Supervision and Administration Commission *[2018] No.23*), it was agreed that the 51% equity of Shaoxing Shangyu District Communications Advertising Co., Ltd. held by Shaoxing Shangyu District Communications Group Co., Ltd. was transfer to Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd., and the equity transfer date is April 4, 2018. The Company has actual control over it and has been included in the Company's consolidation scope since April 4, 2018.

Note 4: According to the document of the People's Government Office of Shangyu District, Shaoxing City, "*Approval to Restructuring Nanshan Cemetery in Shangyu District, Shaoxing City, and Forming Shaoxing Shangyu District Nanshan Park Industrial Co., Ltd.*" (*Yu Zheng Ban Fa [2018] No.10*). The overall restructuring of Nanshan Cemetery in Shangyu District, Shaoxing City, and establishing Shaoxing Shangyu District Nanshan Park Industrial Co., Ltd., with a registered capital of CNY30 million, and Shaoxing Shangyu State-owned Capital Investment and Operation Co., Ltd. is the investor. The company was established on January 10, 2018. From January 10, 2018, it was included in the scope of consolidation of the Company. As of December 31, 2019, the amount of funds invested is CNY30 million.

Note 5: According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission [2018] No.110*), "*On agreeing to transfer part of the equity of Shaoxing Shangyu District Transportation Survey and Design Co., Ltd. and Shaoxing Shangyu*

Transportation Construction Supervision Co., Ltd. to Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. for free". It agrees to transfer 90% of the shares of Shaoxing Shangyu Transportation Survey and Design Co., Ltd. and 100% of the state-owned shares of Shaoxing Shangyu Transportation Construction Supervision Co., Ltd. to Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. for free, the base date for equity transfer is August 25, 2018. The Company has actual control over it, and it has been included in the Company's consolidation scope since August 25, 2018.

Note 6: According to the State-owned Assets Supervision and Administration Commission *[2018] No.109* document, all the state-owned equity of Shaoxing Zhedong Water Diversion Construction Development Co., Ltd. was transferred to its subsidiary, Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd. The base date is June 30, 2018. The Company has actual control over it, and it has been included in the Company's consolidation scope from June 30, 2018.

Note 7: According to the document of the Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission [2018] No.6*), "*On agreeing to transfer the equity of Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd. and Shaoxing Cao'e Street Construction and Development Co., Ltd. to Shaoxing Shangyu Economic Development Zone Investment and Development Co., Ltd.*" It agrees to transfer 100% of the shares of Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd. and Shaoxing Cao'e Street Construction and Development Co., Ltd. to Shaoxing Shangyu Economic Development Zone Investment and Development Co., Ltd. for free. The approval date is January 10, 2018. The Company has actual control over it, and it has been included in the Company's consolidation scope from January 10, 2018.

Note 8: According to the document of the People's Government Office of Shangyu District, Shaoxing City (*Yu Zheng Ban Fa [2018] No.217*), "*Approval on Restructuring of the Construction Engineering Quality Inspection Center of Shangyu District, Shaoxing City*" It agreed to restructure into Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd., and the 100% equity of Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd. was transferred to

Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. for free , The approval date is October 10, 2018. The Company has actual control over it and was included in the Company's consolidation scope from October 10, 2018.

Note 9: According to a document from the Office of the People's Government of Shangyu District, Shaoxing City (*Yu Zheng Ban Fa [2018] No.249*), "*Regarding the approval to restructure the Shaoxing Shangyu District Water Conservancy Survey and Design Institute and the establishment of Shaoxing Shangyu District Shunlan Water Conservancy Survey and Design Co., Ltd.*", agreeing to transform the Shaoxing Shangyu District Water Conservancy Survey and Design Institute into a company system Shaoxing Shangyu District Shunlan Water Conservancy Survey and Design Co., Ltd., and transfer 100% of the shares of the restructured Shaoxing Shangyu District Shunlan Water Conservancy Survey and Design Co., Ltd. for free to Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd., and the approval date is November 12, 2018. The Company has actual control over it, and it has been included in the Company's consolidation scope from November 12, 2018.

Note 10: According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (Yu State-owned Assets Supervision and Administration Commission *[2018] No.13*) and approved by the State-owned Assets Supervision and Administration Commission, Shaoxing Shangyu State-owned Capital Investment Operation Co., Ltd. fully funded and established Shaoxing Shangyu Yu'an Investment Management Co., Ltd., the company was established on March 9, 2018, with a registered capital of CNY30 million, a paid-in capital of CNY30 million, and obtained 100% shareholding ratio. Therefore, it was included in the Company's consolidation scope from the date of establishment.

Note 11: According to the document of the Standing Committee of Shangyu District, Shaoxing City (*Yu Chang Wu [2018] No.27*), "*Reminiscences on matters related to the decoupling of district intermediaries and the restructuring of enterprises*", approved by the district government, Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd. fully funded and established Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd. The establishment date is August 3, 2018, with a registered capital

of CNY10 million, and a paid-in capital of CNY0 million, obtained 100% shareholding ratio. It was included in the Company's consolidation scope from the date of establishment. As of December 31, 2019, no capital has been invested.

Note 12: According to Shaoxing Datong Holding Group Co., Ltd. (holding 50% shares) and shareholder Ye Tong (holding 30% shares), Chen Zheyu (holding 10% shares), and Zhou Jianhua (holding 10% shares) signed a concerted action agreement. Thus, included Donghai Gas Company into the scope of consolidation.

Note 13: According to the concerted action agreement between Shaoxing Datong Holding Group Co., Ltd. (holding 50% shares) and shareholder Sinopec Sales Co., Ltd. (holding 50% shares), Sinopec Oil and Gas Company is included in the scope of consolidation.

Note 14: Shaoxing Datong Holding Group Co., Ltd. established Xiaojin County Jinshun Agricultural Products Co., Ltd. on November 07, 2018, with a registered capital of CNY2 million, a paid-in capital of CNY0 million, and a 100% shareholding ratio. Thus, included Xiaojin County Jinshun Agricultural Products Co., Ltd. in the Company's consolidation scope. As of December 31, 2019, no capital has been invested.

Note 15: Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd. established Shaoxing Shangyu District Shunze Catering Management Co., Ltd. on December 7, 2018, with a registered capital of CNY5 million, a paid-in capital of CNY0 million, and a 100% shareholding ratio. Therefore, it has been included in the scope of consolidation of the Company since its establishment. As of December 31, 2019, no capital has been invested.

Subsidiaries reduced:

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
1	Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd.	Transfer out [Note 16]
2	Shaoxing Shangyu Hangzhou Bay New District Urban Construction Investment Development Co., Ltd.	Transfer out [Note 16]
3	Shaoxing Shangyu Hangzhou Bay Agricultural Comprehensive Development Co., Ltd.	Transfer out [Note 16]
4	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	Transfer out [Note 16]

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
5	Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	Transfer out [Note 16]
6	Zhejiang Rixin Technology Park Co., Ltd.	Transfer out [Note 16]
7	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	Transfer out [Note 16]
8	Shaoxing Shangyu Haifa Agronomic Garden Co., Ltd.	Transfer out [Note 16]
9	Shaoxing Shangyu Hangzhou Bay Binhai New City Agricultural Development Co., Ltd.	Transfer out [Note 16]
10	Shaoxing Shangyu Haishuo Property Management Co., Ltd.	Transfer out [Note 16]
11	Shaoxing Shangyu Yufu Asset Management Co., Ltd.	Transfer out [Note 16]
12	Shaoxing Shangyu Fengshan Trading Co., Ltd.	Cancellation [Note 17]
13	Shaoxing Shangyu Cao'e River Agricultural Products Co., Ltd.	Other parties increase their capital, resulting in loss of control [Note 18]
14	Shaoxing Shangyu Cao'e River Jiangshang Huahai Development and Construction Co., Ltd.	Other parties increase their capital, resulting in loss of control [Note 19]

Note 16: According to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, the 82% equity of Shaoxing Shangyu Hangzhou Bay Construction Development Group Co., Ltd. held by the Company was allocated free of charge. After the equity transfer, the Company's equity in Shangyu Hangzhou Bay Construction Development Group Co., Ltd. became 18%. The equity transfer date is based on the date of issuance of the documents issued by the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City on September 27, 2018. Therefore, it was not included in the scope of consolidation after September 27, 2018.

Note 17: Shaoxing Shangyu Fengshan Trading Co., Ltd. was cancelled on October 30, 2018, so it was not included in the scope of consolidation after October 30, 2018.

Note 18: The minority shareholders of Shaoxing Shangyu Cao'e River Agricultural Products Co., Ltd. increased their capital on November 7, 2018. After the capital increase, the Company's subsidiary Shaoxing Datong E-Commerce Co., Ltd. held 40% of the shares in Shaoxing Shangyu Cao'e River

Agricultural Products Co., Ltd. and lost control. Therefore, since November 7, 2018, it was no longer included in the scope of consolidation and converted to equity method accounting.

Note 19: The minority shareholders of Shaoxing Shangyu Cao'e Jiangshang Huakai Development and Construction Co., Ltd. increased their capital on November 14, 2018. After the capital increase, the Company's subsidiary Shaoxing Datong Holding Group Co., Ltd. held 45.45% of Shaoxing Shangyu Cao'e Jiangshang Huakai Development and Construction Co., Ltd. and lost control. Therefore, after November 14, 2018, it was no longer included in the scope of consolidation and converted to equity method accounting.

In 2019:

Subsidiaries increased:

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
1	Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd.	Newly establishment [Note 1]
2	Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd.	Transfer for free [Note 2]
3	Shaoxing Shangyu Yibin Trading Co., Ltd.	Newly establishment [Note 3]
4	Shaoxing Shangyu State Control Industrial Group Co., Ltd.	Newly establishment [Note 4]
5	Shaoxing Shangyu Community Service Center Management Co., Ltd.	Newly establishment [Note 5]
6	Zhoushan Yutong Petrochemical Co., Ltd.	Newly establishment [Note 6]
7	Shaoxing Shangyu Datong Pension Co., Ltd.	Newly establishment [Note 7]
8	Shaoxing Shangyu Datong Rural Tourism Co., Ltd.	Newly establishment [Note 8]

Note 1: The Company's subsidiary Yuxin Engineering Consulting Co., Ltd. established Guojing Design Company on January 26, 2019, with a registered capital of CNY5 million, a paid-up capital of CNY0 million, and a 100% shareholding ratio. Therefore, it was effective from the date of establishment, and included in the Company's consolidation scope. As of December 31, 2019, no capital has been invested.

Note 2: On June 10, 2019, the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City transferred all state-owned equity of Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd. to its subsidiary, Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd. Therefore, it was included in the Company's

consolidation scope from the date of transfer.

Note 3: Shaoxing Shangyu Yibin Trading Co., Ltd., was established by a subsidiary of the Company, Shaoxing Datong Holding Group Co., Ltd., and Shaoxing Datong Shopping Mall Co., Ltd. on April 30, 2019, with a registered capital of CNY5 million and a paid-up capital of CNY0 million, and shareholding ratios of 51.00% and 49.00% respectively, so it was included in the Company's consolidation scope from the date of establishment. As of December 31, 2019, no capital has been invested.

Note 4: Shaoxing Shangyu State Control Industrial Group Co., Ltd. was established on December 16, 2019, with a registered capital of CNY200 million. Shaoxing Shangyu State-owned Capital Investment Operation Co., Ltd. subscribed and CNY200 million, obtained 100% shareholding. As of December 31, 2019, the actual paid-in capital is CNY0. Since the establishment of the company, it has been included in the consolidation of the Company. As of December 31, 2019, no capital has been invested.

Note 5: Shaoxing Shangyu Community Service Center Management Co., Ltd. was established on July 16, 2019, with a registered capital of CNY3 million, and a paid-in capital of CNY1.65 million subscribed by Shaoxing Shangyu Haina Real Estate Co., Ltd., with a shareholding ratio of 55%; Shaoxing Datong Supermarket Co., Ltd. subscribed CNY1.35 million yuan, with a shareholding ratio of 45%. As of December 31, 2019, the actual paid-in capital was CNY3 million. Therefore, it has been incorporated into the Company's consolidation scope since the establishment of the company.

Note 6: Zhoushan Yutong Petrochemical Co., Ltd. was established on July 4, 2019, with a registered capital of CNY10 million, and a capital of CNY10 million subscribed by Shaoxing Datong Holding Group Co., Ltd., obtained a 100% shareholding ratio, as of December31, 2019, the actual paid-in capital was CNY1 million, so it was included in the Company's consolidation scope since the company was established.

Note 7: Shaoxing Shangyu Datong Pension Co., Ltd. was established on November 4, 2019, with a registered capital of CNY2 million. Shaoxing Datong Holding Group Co., Ltd. subscribed CNY2 million yuan, and obtained 100% shareholding. As of December 31, 2019, the actual paid-in capital is CNY980,000, and the company has been included in the consolidation scope of the Company since the establishment of the company.

Note 8: Shaoxing Shangyu Datong Rural Tourism Co., Ltd. was established on

November 15, 2019, with a registered capital of CNY15 million, and a capital of CNY10 million subscribed by Shaoxing Datong Holding Group Co., Ltd., holding 66.67% of the shares, Shaoxing Shangyu Datong Farm Co., Ltd. has subscribed CNY5 million, with a shareholding ratio of 33.33%. As of December 31, 2019, the actual paid-up capital was CNY0.

Subsidiaries reduced:

Sequence Number	Name of subsidiary	Reasons for inclusion in the scope of consolidation
1	Shaoxing Yuyi Cultural and Creative Co., Ltd.	Other parties increase their capital, resulting in loss of control [Note 1]
2	Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.	Transfer out [Note 2]
3	Shaoxing Shangyu Shunye Agricultural Development Co., Ltd.	Transfer out [Note 2]
4	Shaoxing Shangyu Shunxiang Asset Management Co., Ltd.	Transfer out [Note 2]
5	Shaoxing Shangyu Shuntai Municipal Engineering Co., Ltd.	Transfer out [Note 2]
6	Shaoxing Shangyu District Yucun Asset Management Co., Ltd.	Cancellation [Note 3]
7	Shaoxing Shangyu District Shunyu Assets Management Co., Ltd.	Transfer out [Note 4]
8	Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	Transfer out [Note 5]
9	Shaoxing Shangyu Affordable Housing Development and Construction Co., Ltd.	Cancellation [Note 6]

Note 1: The minority shareholders of Shaoxing Yuyi Cultural Creative Co., Ltd. increased their capital on January 18, 2019. After the capital increase, the Company's subsidiary Shaoxing Datong Cultural Media Co., Ltd. held 45.45% of the shares in Shaoxing Yuyi Cultural Creative Co., Ltd. and lost control. Therefore, since January 18, 2019, it was no longer included in the scope of consolidation and converted to equity method accounting and no longer included in the scope of consolidation.

Note 2: According to the document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City (*Yu State-owned Assets Supervision and Administration Commission [2019] No.14*), it was agreed to transfer the 51% equity of Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd. held by the Company to Shaoxing Shangyu Yushun Tourism Industry Co., Ltd. for free, on March 26, 2019. Therefore, it was no longer included in the scope of consolidation after

March 26, 2019.

Note 3: On October 24, 2019, Shaoxing Shangyu District Yucun Asset Management Co., Ltd. was cancelled with the approval of the Market Supervision Administration of Shangyu District, Shaoxing City. Therefore, it was no longer included in the scope of consolidation after October 24, 2019.

Note 4: On May 20, 2019, according to a document of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, all state-owned equity held by the Company's subsidiary Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd. was transferred to Shaoxing Shangyu District Farm Asset Management Co., Ltd., for free. Therefore, it was no longer included in the scope of consolidation after May 20, 2019.

Note 5: On September 30, 2019, according to the documents of the State-owned Assets Supervision and Administration Commission of Shangyu District, Shaoxing City, all the state-owned equity of Shaoxing Shangyu District Haitu Investment Development Co., Ltd. held by the Company was allocated to the state-owned Asset Supervision and Management Committee. Therefore, it was no longer included in the scope of consolidation after September 30, 2019.

Note 6: On November 7, 2019, Shaoxing Shangyu Affordable Housing Development and Construction Co., Ltd. was cancelled with the approval of the Market Supervision Administration of Shangyu District, Shaoxing City. Therefore, it was no longer included in the scope of consolidation since November 7, 2019.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Constitution of enterprise group

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Park development	100.00		Free Transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Economic Development Zone Standard Factory Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Factory lease		100.00	Set up
Shangyu Binjiang New City Investment Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	New Town Development		100.00	Free Transfer
Shaoxing Shangyu District High-tech Industry Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Park development		100.00	Free Transfer
Shaoxing Shangyu Cao'e Street Construction Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Street construction		100.00	Free Transfer
Shaoxing Shangyu District Yufa Municipal Engineering Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Engineering construction		100.00	Free Transfer
Shaoxing Shangyu District Water Group Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water	100.00		Free Transfer
Shaoxing Shangyu District Water Industry Construction Engineering Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Engineering construction		100.00	Free Transfer
Shaoxing Shangyu District Water Materials Trade Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		100.00	Free Transfer
Shaoxing Shangyu District Drainage Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water		100.00	Free Transfer
Shaoxing Shangyu District Water Repairing Technology Service Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Maintenance		100.00	Free Transfer
Shaoxing Shangyu District Water Environment Testing Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Detection		100.00	Free Transfer
Shaoxing Shangyu District Water Treatment Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Sewage treatment		100.00	Free Transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Water Conservancy Construction Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Engineering construction	49.00	51.00	Free Transfer
Shaoxing Shangyu District Shunze Catering Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Accommodation and meals		100.00	Set up
Shaoxing Shangyu District Shunnong Construction Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Agricultural construction		100.00	Free Transfer
Shaoxing Shangyu District Shunrun Agricultural Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Agricultural development		100.00	Free Transfer
Shaoxing Shangyu District Zhedong Water Diversion Construction Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water		100.00	Free Transfer
Shaoxing Shangyu District Water Supply Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water		100.00	Free Transfer
Shaoxing Shangyu District Water Supply Investment Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water		100.00	Free Transfer
Shaoxing Shangyu State Control Industrial Group Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Rental	100.00		Newly establishment
Shaoxing Shangyu District Commerce and Trade State-owned Assert Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		100.00	Free Transfer
Shaoxing Shangyu District Pingan Security Service Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Security Service		100.00	Free Transfer
Shangyu Xincheng Farm Produce Cold Storage Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Cold storage rental		100.00	Free Transfer
Shaoxing Xincheng Logistics Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Logistics		100.00	Free Transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Minbao Chemical Construction Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Chemical sales		52.00	Free Transfer
Shaoxing Antai Fireworks and Firecrackers Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Fireworks wholesale		52.00	Free Transfer
Shaoxing Shangyu Chemical Construction Warehouse Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Warehouse management		52.00	Free Transfer
Shaoxing Shangyu District Property Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		100.00	Free Transfer
Shaoxing Shangyu Dazhong Labor Affairs Agency (Office) Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Labor dispatch		100.00	Free Transfer
Shaoxing Shangyu District Mechanical and Electrical Engineers Association	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Business Consulting		100.00	Free Transfer
Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water conservancy project		100.00	Free Transfer
Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Road construction		100.00	Free Transfer
Shaoxing Shangyu District Agricultural Enterprise Non-Financing Guarantee Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Guarantee service	100.00		Free Transfer
Shaoxing Shangyu District Grain Storage Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Grain reserves	100.00		Free Transfer
Shaoxing Shangyu District Shanty Town Reconstruction Investment Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Real estate development		100.00	Set up
Shaoxing Shangyu District Property Rights Trading Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Consultation service	100.00		Free Transfer

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Investment management		100.00	Set up
Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Land development and consolidation		100.00	Set up
Shaoxing Shangyu Caijin Real Estate Surveying and Mapping Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Real estate development		100.00	Free Transfer
Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Advertising Design	100.00		Set up
Shaoxing Shangyu District Traffic Advertising Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Advertising Design		51.00	Free Transfer
Shaoxing Shangyu District Radio and Television Media Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Advertising Design		51.00	Free Transfer
Shaoxing Shangyu District Shunnan Locomotive Network Service Center	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Locomotive sales		100.00	Free Transfer
Shaoxing Shangyu District Shunhui Market Investment Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Market investment		100.00	Set up
Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Funeral Industry		100.00	Free Transfer
Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Investment management		100.00	Set up
Shaoxing Shangyu District Yuxin Engineering Consulting Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Project consultancy		100.00	Set up
Shaoxing Shangyu District Guojing Engineering Survey and Design Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Scientific research and technical service industry		100.00	Newly establishment

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Shundun Municipal Gardening Design Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water conservancy, environment and public facilities management		100.00	Free Transfer
Shaoxing Shangyu Traffic Construction Supervision Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Engineering supervision		100.00	Free Transfer
Shaoxing Shangyu Traffic Survey and Design Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Detection and design		90.00	Free Transfer
Shaoxing Shangyu District Kecheng Construction Engineering Quality Inspection Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Project quality detection		100.00	Free Transfer
Shaoxing Shangyu District Shunlan Survey and Design Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Water conservancy survey and design		100.00	Set up
Shaoxing Shangyu Urban Construction Group Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing		51.00		Business combination under common control
Shaoxing Datong Holding Group Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		51.04	Business combination under common control
Shaoxing Datong Agricultural and Sideline Products Wholesale Market Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Agricultural wholesale		100.00	Business combination under common control
Shaoxing Datong E-commerce Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	E-commerce		50.00	Business combination under common control
Shaoxing Datong Culture Media Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Culture Media		51.00	Business combination under common control
Shaoxing Shangyu Datong Farm Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Agricultural product trade		51.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Yutong Agricultural Technology Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Agricultural Science and Technology		60.00	Business combination under common control
Shaoxing Datong Supermarket Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Food business		100.00	Business combination under common control
Shaoxing Shangyu District Yusheng Property Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Property management		100.00	Business combination under common control
Shaoxing Shangyu District Yutong Real Estate Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Real estate development		100.00	Business combination under common control
Shaoxing Datong Mall Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		76.64	Business combination under common control
Shaoxing Shangyu Datong Mall Enterprise Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Business management		95.00	Business combination under common control
Shaoxing Shangyu Datong Shunyang Investment Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Financial Services	42.86	57.14	Business combination under common control
Shaoxing Shangyu Datong Binjiang Farmers Market Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Market management		100.00	Business combination under common control
Shaoxing Shangyu Datong Binhai Mall Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		100.00	Business combination under common control
Shaoxing Shangyu Datong Binjiang Mall Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Trade		100.00	Business combination under common control
Shaoxing Shangyu Yibin Trading Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Wholesale and Retail		100.00	Newly establishment

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu District Tea Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Tea sales		59.75	Business combination under common control
Shaoxing Shangyu Datong Market Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Real estate development		100.00	Business combination under common control
Shaoxing Shangyu District Neighborhood Center Asset Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Asset management		55.00	Business combination under common control
Shaoxing Shangyu District Material Recycling Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Recycling of recycled materials		65.00	Business combination under common control
Shaoxing Shangyu Datong Used Car Trading Market Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Used car trading		80.00	Business combination under common control
Shaoxing Shangyu District Agricultural Production Materials Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Agricultural production service		66.62	Business combination under common control
Shaoxing Shangyu Runnong Chemical Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Chemical product sales		51.00	Business combination under common control
Shaoxing Shangyu Jianmin Poultry Slaughter Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Poultry slaughter		100.00	Business combination under common control
Shaoxing Shangyu District Donghai Gas Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Gas sales		50.00	Business combination under common control
Shaoxing Shangyu District Dongguan Liquefied Gas Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Liquefied gas sales		70.00	Business combination under common control
Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Oil and gas sales		50.00	Business combination under common control
Xiaojin County Jinshun Agricultural Products Co., Ltd.	Sichuan A'ba County	Sichuan A'ba County	Agricultural product sales		100.00	Newly establishment

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Urban and Rural Ecological Environmental Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Sanitation cleaning service		100.00	Business combination under common control
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Reconstruction and construction of villages in cities		51.00	Business combination under common control
Shaoxing Shangyu Haina Real Estate Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Real estate development and sales		100.00	Business combination under common control
Shaoxing Shangyu District Hongyan Construction Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	New community construction and development		100.00	Business combination under common control
Shaoxing Shangyu Construction Labor Affairs Agency Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Labor dispatch		100.00	Business combination under common control
Shaoxing Shangyu Leju Property Service Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Property Management Service		100.00	Business combination under common control
Shaoxing Shangyu Urban Construction Asset Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Real estate development and sales		100.00	Business combination under common control
Shaoxing Shangyu Urban Construction Project Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Engineering design		100.00	Business combination under common control
Shaoxing Shangyu Sanitation Management Group Co., Ltd	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Sanitation infrastructure construction		100.00	Business combination under common control
Shaoxing Shangyu Sanitation Equipment Maintenance Service Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Auto repair		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Sanitation Group Yuxi Sanitation Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Operational cleaning, collection, transportation and treatment services of urban domestic waste		100.00	Business combination under common control
Shaoxing Shangyu Solid Waste Treatment Service Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Landfill disposal of construction waste and domestic waste		100.00	Business combination under common control
Shaoxing Shangyu Solid Waste Removal Service Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Operational cleaning, collection, transportation and treatment services of urban domestic waste		100.00	Business combination under common control
Shaoxing Shangyu Sanitation Group Urban Sanitation Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Operational cleaning, collection, transportation and treatment services of urban domestic waste		100.00	Business combination under common control
Shaoxing Shangyu District Ejiang Construction Waste Disposal Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Collection and cleaning of construction waste soil and mud		100.00	Business combination under common control
Shaoxing Shangyu District Streetlight Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Streetlamp repair and maintenance		100.00	Business combination under common control
Shaoxing Shangyu Lighting Project Investment Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Investment management and consulting services for lighting engineering construction projects		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Project investment and operation management services		100.00	Business combination under common control
Shaoxing Shangyu Small Town Construction Investment Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Small town project construction and investment		100.00	Business combination under common control
Shaoxing Shangyu Municipal Public Engineering Quality Inspection Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Routine testing of building materials		100.00	Business combination under common control
Shangyu Urban Construction Hong Kong Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing			100.00	Business combination under common control
Shaoxing Shangyu Garden Municipal Construction Development Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Construction, management and maintenance of garden and municipal public facilities		100.00	Business combination under common control
Shaoxing Shangyu Lvxin Trading Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Building materials sales, seedling planting and sales		100.00	Business combination under common control
Shaoxing Shangyu Lvneng Environmental Protection New Material Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Environmental protection new material research and development		60.00	Business combination under common control
Shaoxing Shangyu Municipal Construction Engineering Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Municipal roads		100.00	Business combination under common control
Shaoxing Shangyu Landscaping Engineering Construction Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Wholesale and retail of green seedlings		100.00	Business combination under common control

Name of subsidiary	Principal place of business	Registered Address	Nature of business	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
Shaoxing Shangyu Municipal Maintenance Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Maintenance and operation management of municipal facilities		100.00	Business combination under common control
Shaoxing Shangyu Garden Maintenance Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Garden greening maintenance management, engineering construction		100.00	Business combination under common control
Zhoushan Yutong Petrochemical Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Oil and gas sales		100.00	Newly establishment
Shaoxing Shangyu Datong Pension Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Maintenance service		100.00	Newly establishment
Shaoxing Shangyu Datong Rural Tourism Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Sightseeing		100.00	Newly establishment
Shaoxing Shangyu Community Service Center Management Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Community service management		100.00	Newly establishment

(a.1) Illustration for the difference between percentage of equity interests and percentage of voting rights:

There is no such item.

(a.2) Basis for having control power over the investees with voting rights of 50% or lower, and having no control power over the investee with voting rights above 50%:

Sequence Number	Acquiree	Shareholding ratio (%)	Reasons for inclusion
1	Shaoxing Shangyu District Donghai Gas Co., Ltd.	50.00	Concerted action agreement
2	Shaoxing Shangyu District Sinopec Datong Oil and Gas Station Construction Development Co., Ltd.	50.00	Concerted action agreement

(a.3) Basis for control power over important structured entities within the scope of consolidation:

There is such item.

(b) Important non-wholly owned subsidiary

Name of subsidiary	Percentage of equity interests held by minority shareholders	Profit or loss attributable to non-controlling interests as at December 31,2019	Dividends paid to non-controlling interests during 2019	Non-controlling interests at the end of 2019
Shaoxing Shangyu Urban Construction Group Co., Ltd.	49.00	69,243,680.88		7,389,054,995.90
Shaoxing Datong Holding Group Co., Ltd.	48.96	-420,197.39		32,870,259.67
Shaoxing Datong Mall Co., Ltd.	23.36	3,488,367.41	1,029,792.00	12,212,735.49
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	32.12	-45,446.82		1,291,314,409.55
Total		72,266,404.08	1,029,792.00	8,725,452,400.61

(Continued)

Name of subsidiary	Percentage of equity interests held by minority shareholders	Profit or loss attributable to non-controlling interests as at December 31,2018	Dividends paid to non-controlling interests during 2018	Non-controlling interests at the end of 2018
Shaoxing Shangyu Urban Construction Group Co., Ltd.	49.00	67,607,797.72		6,933,340,443.78
Shaoxing Datong Holding Group Co., Ltd.	48.96	-14,052,249.61		33,290,457.07
Shaoxing Datong Mall Co., Ltd.	21.61	2,765,215.56	628,712.00	9,766,160.10
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	49.00	51,680,603.72		1,969,983,369.23
Total		108,001,367.39	628,712.00	8,946,380,430.18

(Continued)

Name of subsidiary	Percentage of equity interests held by minority shareholders	Profit or loss attributable to non-controlling interests as at December 31,2017	Dividends paid to non-controlling interests during 2017	Non-controlling interests at the end of 2017
Shaoxing Shangyu Urban Construction Group Co., Ltd.	49.00	51,739,360.57		4,516,834,076.24
Shaoxing Datong Holding Group Co., Ltd.	48.96	-16,128,642.84		47,342,706.68
Shaoxing Datong Mall Co., Ltd.	21.61	-939,716.41	1,811,788.34	7,608,656.53
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	49.00	-250,505.93		1,239,407,765.51
Total		34,420,495.39	1,811,788.34	5,811,193,204.96

(c) Main financial information of important non-wholly owned subsidiaries

Name	31 Dec 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	26,187,776,633.73	3,494,343,822.39	29,682,120,456.12	4,507,771,292.61	8,307,382,998.68	12,815,154,291.29
Shaoxing Datong Holding Group Co., Ltd.	609,181,659.48	1,048,788,036.25	1,657,969,695.73	1,076,608,285.80	270,544,048.91	1,347,152,334.71
Shaoxing Datong Mall Co., Ltd.	283,723,894.96	142,578,707.11	426,302,602.07	349,613,356.18		349,613,356.18
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	9,364,249,605.76	210,196,923.63	9,574,446,529.39	1,871,721,055.09	3,682,444,000.00	5,554,165,055.09

(Continued)

Name	2019			
	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	2,108,475,539.52	146,609,556.87	146,609,556.87	1,634,995,727.03
Shaoxing Datong Holding Group Co., Ltd.	806,758,240.80	-858,246.31	-858,246.31	322,703,785.08

Name	2019			
	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shaoxing Datong Mall Co., Ltd.	435,693,993.07	16,478,493.79	16,478,493.79	102,698,465.81
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	949,750,099.71	-92,748.61	-92,748.61	1,288,870,522.50

(Continued)

Name	31 Dec 2018					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	28,131,211,861.87	3,259,588,318.49	31,390,800,180.36	5,990,854,194.46	8,665,463,492.96	14,656,317,687.42
Shaoxing Datong Holding Group Co., Ltd.	917,534,250.06	747,256,983.2	1,664,791,233.26	1,233,571,428.47	128,329,100.00	1,361,900,528.47
Shaoxing Datong Mall Co., Ltd.	518,305,916.06	83,168,960.41	601,474,876.47	535,497,164.38		535,497,164.38
Shaoxing Shangyu Village in City Reconstructio n Investment Development Co., Ltd.	11,364,013,254.74	218,747,306.96	11,582,760,561.70	3,250,382,338.79	4,312,004,000.00	7,562,386,338.79

(Continued)

Name	2018			
	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	2,442,956,833.18	161,100,227.46	161,100,227.46	-312,237,607.09
Shaoxing Datong Holding Group Co., Ltd.	797,236,353.04	-28,701,490.22	-28,701,490.22	-170,604,021.95
Shaoxing Datong Mall Co., Ltd.	420,781,806.74	9,821,340.76	9,821,340.76	-91,023,838.01
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	1,366,519,715.83	105,470,619.83	105,470,619.83	765,123,268.60

(Continued)

Name	31 Dec 2017					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	20,775,364,859.89	1,412,131,139.30	22,187,495,999.19	1,868,106,027.80	10,444,884,113.10	12,312,990,140.90
Shaoxing Datong Holding Group Co., Ltd.	692,076,543.36	762,186,655.27	1,454,263,198.63	1,166,533,919.90	83,329,100.00	1,249,863,019.90
Shaoxing Datong Mall Co., Ltd.	304,281,732.41	95,688,407.98	399,970,140.39	340,449,709.06		340,449,709.06
Shaoxing Shangyu Village in City Reconstructio n Investment Development Co., Ltd.	11,497,479,844.02	227,297,690.29	11,724,777,534.31	1,595,279,931.23	7,600,094,000.00	9,195,373,931.23

(Continued)

Name	2017			
	Revenue	Net profit	Total comprehensive income	Cash flow from operating activities
Shaoxing Shangyu Urban Construction Group Co., Ltd.	1,626,114,725.09	107,981,602.35	107,981,602.35	-1,003,975,174.57
Shaoxing Datong Holding Group Co., Ltd.	812,748,753.45	-28,522,272.69	-28,522,272.69	83,156,364.23
Shaoxing Datong Mall Co., Ltd.	421,722,499.25	-4,422,194.81	-4,422,194.81	-20,217,378.47
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	1,296,516,844.76	-511,236.60	-511,236.60	-942,280,188.61

7.2 Transactions which Resulted in Change of Equity Interests in the Subsidiary but still Control the Subsidiary

There is no such item.

7.3 Interests in Joint Arrangements or Associates

(a) Material associates

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement method
				Direct	Indirect	
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd..	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Leasing and business services	49.00		Equity method
Shaoxing Tangpu Reservoir Co., Ltd.	Shangyu District, Shaoxing	Shangyu District, Shaoxing	Reservoir operation management		29.69992	Equity method

8. FAIR VALUE DISCLOSURES

8.1 Assets and Liabilities Measured at Fair Value at 30 September 2020

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
(a) Financial assets at fair value through profit or loss				
(i) Held-for-trading financial assets	183,494.00			183,494.00
Equity instruments	183,494.00			183,494.00
(b) Available-for-sale financial assets	220,099,926.84			220,099,926.84
Equity instruments	220,099,926.84			220,099,926.84
Total assets measured at fair value on a recurring basis	220,283,420.84			220,283,420.84

8.2 Basis for the Quoted Prices in Active Markets for Level 1 of the Fair Value Hierarchy

The ending fair value of listed company stock investment in the available-for-sale financial assets held by the Company is determined at the closing price of the public trading market on the balance sheet date. The stock investment of listed companies in financial assets that are measured at fair value and whose changes are included in the current profit or loss. Since the stock has not been listed for trading on the balance sheet date, the ending fair value is determined at the stock issue price.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Nature of the business	Registered capital	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Shaoxing Shangyu District State owned assets supervision and Administration Commission	Shaoxing Shangyu District	Governmen t organs		100.00	100.00

The Company's ultimate controlling party is Shaoxing Shangyu District State owned assets supervision and Administration Commission.

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Notes 7 INTERESTS IN OTHER ENTITIES.*

9.3 Joint Ventures and Associates of the Company

(a) Basic information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Notes 7 INTERESTS IN OTHER ENTITIES.*

(b) Details of other joint ventures or associates trading with the Company during the reporting period, or with outstanding balances arising in prior periods

There is no such item.

9.4 Other Related Parties of the Company

Name	Relationship with the Company
Shaoxing Shangyu Hangzhou Bay Construction and Development Group Co., Ltd.	Shareholding corporation
Shaoxing Hangzhou Bay Shangyu Industrial Park Investment Development Co., Ltd.	The subsidiary of shareholding corporation
Shaoxing Shangyu Haifa Agricultural Garden Co., Ltd.	The subsidiary of shareholding corporation
Shaoxing Shangyu Zhonglian environmental protection Co., Ltd.	Shareholding corporation
Shaoxing Tangpu reservoir Co., Ltd.	Associate of subsidiary
Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	Shareholding corporation

9.5 Related Party Transactions

(a) Related transactions in the purchase and sale of goods, provision and acceptance of labor services

Purchase of goods or acceptance of labor:

Related party	Related transaction content	2019	2018	2017
Shaoxing Tangpu reservoir Co., Ltd.	Purchasing raw water	53,449,295.94	53,445,412.68	52,378,852.19
Shaoxing Shangyu Zhonglian environmental protection Co., Ltd.	Sludge landfill fee		2,055,236.24	1,533,311.59

(b) Guarantees

Guarantee	Amount (in '000)	Start date	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	380,000.00	22-Nov-2019	16-Dec-2020	Not yet
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	100,000.00	31-Dec-2019	31-Dec-2020	Not yet
Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	500,000.00	19-Jun-2019	19-Jun-2024	Not yet
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	200,000.00	30-Jun-2015	31-May-2021	Not yet
Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	48,000.00	27-Jun-2017	31-Dec-2020	Not yet
Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	2,000,000.00	26-Apr-2019	17-Apr-2024	Not yet

9.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	31 Dec 2019		31 Dec 2018		31 Dec 2017	
		Book value	Provision for bad debt	Book value	Provision for bad debt	Book value	Provision for bad debt
Other receivables	Shaoxing Shangyu Haifa Agricultural Garden Co., Ltd.	300,000,000.00		300,000,000.00			
Other receivables	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	460,000,000.00					

Items	Related parties	31 Dec 2019		31 Dec 2018		31 Dec 2017	
		Book value	Provision for bad debt	Book value	Provision for bad debt	Book value	Provision for bad debt
Other receivables	Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	97,500,000.00		1,295,507,951.77			

9.7 Commitments with Related Parties

There is no such item.

9.8 Others

There is no such item.

10. SHARE-BASED PAYMENTS

There is no such item.

11. COMMITMENTS AND CONTINGENCIES

11.1 Significant Commitments

As at 31 December 2019, the Company has no significant commitments need to be disclosed.

11.2 Contingencies

Significant contingencies existing at the balance sheet date:

Contingent liabilities resulting from debt guarantees of other entities and the estimate of the financial effects

Guarantor	Guarantee	Content	Amount ('000)	Warranty period
Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	Zhejiang Shangyu Automobile Transportation Co., Ltd.	loan	60,000.00	From Jul. 3, 2019 to Jul. 2, 2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	loan	380,000.00	From Nov. 22, 2019 to Dec.16, 2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	loan	100,000.00	From Dec. 31, 2019 to Dec. 31, 2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu District Transportation Investment Co., Ltd.	loan	800,000.00	From Oct. 24, 2019 to Oct. 23, 2025
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Zhejiang Sunan Industrial Co., Ltd.	loan	50,000.00	From Jun. 28, 2019 to Jun. 28, 2020

Guarantor	Guarantee	Content	Amount ('000)	Warranty period
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu District Transportation Asset Management Co., Ltd.	loan	49,000.00	From Nov. 28, 2019 to Nov. 27, 2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Zhejiang Chunhui Middle School	loan	30,000.00	From Mar. 20, 2018 to Mar. 20, 2020
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu Technology Investment Co., Ltd.	loan	200,000.00	From Nov. 19, 2019 to Nov. 19, 2022
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	Shaoxing Shangyu District Vocational School	loan	20,000.00	From Mar. 20, 2018 to Mar. 20, 2020
Shaoxing Shangyu Urban Construction Group Co., Ltd.	Fucun Property Management Co., Ltd., Zhangzhen, Shangyu District, Shaoxing City	loan	24,000.00	From Dec. 15, 2017 to Dec. 31, 2020
Shaoxing Shangyu Urban Construction Group Co., Ltd.	Shaoxing Shangyu Cultural Tourism Group Co., Ltd.	loan	300,000.00	From May. 8, 2019 to From May. 8, 2021
Shaoxing Shangyu Urban Construction Group Co., Ltd.	Shaoxing Shangyu Greenland Agronomic Garden Co., Ltd.	loan	47,000.00	From Jul. 22, 2019 to Jul. 22, 2022
Shaoxing Shangyu Urban Construction Group Co., Ltd.	Shaoxing Shangyu New Countryside Construction Development Investment Co., Ltd.	loan	500,000.00	From Jun. 19, 2019 to Jun. 19, 2024
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Shaoxing Shangyu New Countryside Construction Development Investment Co., Ltd.	loan	1,200,000.00	From Dec. 30, 2014 to Dec. 29, 2024
Shaoxing Shangyu Village in City Reconstruction Investment Development Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	4,200,000.00	From Sep. 18, 2015 to Sep. 17, 2027
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	loan	200,000.00	From Jun. 30, 2015 to May. 31, 2021
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	loan	48,000.00	From Jun. 27, 2017 to Dec. 31, 2020
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Zhenyue Construction Investment Co., Ltd.	loan	50,000.00	From Nov. 16, 2018 to Nov. 16, 2020
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu District Yucheng Scenic Area Development Co., Ltd.	loan	100,000.00	From Feb. 26, 2018 to Feb. 26, 2020

Guarantor	Guarantee	Content	Amount ('000)	Warranty period
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Greenland Agronomic Garden Co., Ltd.	loan	25,000.00	From Mar. 7, 2019to Mar. 7, 2020
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Greenland Agronomic Garden Co., Ltd.	loan	15,000.00	From Jun. 26, 2019 to Jun. 19, 2021
Shaoxing Shangyu High-speed Railway New City Construction Investment Co., Ltd.	Shaoxing Shangyu Tongchang Municipal Engineering Co., Ltd.	loan	19,000.00	From Jun. 26, 2019 to Jun. 19, 2021
Shaoxing Datong Holding Group Co., Ltd.	Dongguan Supply and Marketing Cooperative of Shangyu District, Shaoxing City	loan	35,000.00	From Oct. 3, 2019 to Jun. 20, 2022
Shaoxing Datong Holding Group Co., Ltd.	Zhangzhen Supply and Marketing Cooperative, Shangyu District, Shaoxing City	loan	6,000.00	From Dec. 19, 2019 to Jun. 20, 2022
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Yubei Oil Products Co., Ltd.	loan	2,000.00	From Dec. 6, 2019 to Dec. 5, 2021
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu District Huiduoli Agricultural Materials Co., Ltd.	loan	3,000.00	From Jul. 23, 2019 to Jul. 23, 2022
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu Juyuan Property Management Co., Ltd.	loan	4,600.00	From Dec. 30, 2014 to May 30, 2021
Shaoxing Datong Holding Group Co., Ltd.	Shaoxing Shangyu District Xietang Lianchuang Property Management Co., Ltd.	loan	2,500.00	From Dec. 3, 2019 to Dec. 2, 2020
Shaoxing Datong Holding Group Co., Ltd.	Shangyu District, Shaoxing City Yongan Property Management Co., Ltd.	loan	5,000.00	From Aug. 8, 2016to Jun. 20, 2021
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2020
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2021
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2021
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2022
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2022
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2023
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2023

Guarantor	Guarantee	Content	Amount ('000)	Warranty period
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2024
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2024
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	30,000.00	From Jun. 29, 2015 to Dec. 29, 2025
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2020
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2021
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2021
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2022
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2022
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Jun. 30, 2023
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2023
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Jun. 30, 2024
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Dec. 30, 2024
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu District Transportation Group Co., Ltd.	loan	5,000.00	From Jun. 30, 2015 to Jun. 30, 2025
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing City Shangyu District Songcheng City Government Garden Engineering Co., Ltd.	loan	70,000.00	From Jul. 27, 2018 to Jul. 27, 2021
Shaoxing Shangyu District Water Group Co., Ltd.	Shaoxing Shangyu Water Resources Investment Development Co., Ltd.	loan	330,000.00	From Dec. 15, 2014 to Dec. 14, 2022
Shaoxing Shangyu District Water Group Co., Ltd.	Daoxu New Countryside Construction Investment Co., Ltd., Shangyu District, Shaoxing City	loan	28,000.00	From Mar. 21, 2018 to Mar. 21, 2021
Shaoxing Shangyu District Shunnong Construction Co., Ltd.	Shaoxing Shangyu District Yushun Tourism Industry Co., Ltd.	loan	100,000.00	From Dec. 31, 2019 to Dec. 30, 2022
Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd.	Zhejiang Shangyu Automobile Transportation Co., Ltd.	loan	40,500.00	From Aug. 29, 2019 to Aug. 28, 2021
Shaoxing Shangyu District State-owned Capital Investment Operation Co., Ltd.	Shaoxing Shangyu Hangzhou Bay Binhai New City Investment and Development Co., Ltd.	Bond	2,000,000.00	From Apr. 26, 2019 to Apr. 17, 2024
Total			11,393,600.00	

11.3 Others

There is no such item.

12. EVENTS AFTER THE REPORTING PERIOD

As at 31 December 2019, the Company has no events after the reporting period.

13. OTHER SIGNIFICANT MATTERS

There is no such item.

14. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

14.1 Other Receivables

(a) Other receivables by category

Items	31 Dec 2019	31 Dec 2018
Interest receivable		
Dividend receivable		
Other receivables	10,510,228,170.00	6,451,777,550.00
Total	10,510,228,170.00	6,451,777,550.00

(b) Interest receivable

(b.1) Interest receivable by category

There is no such item.

(c) Dividend receivable

There is no such item.

(d) Other receivables

(d.1) Disclosure of other receivables by category

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	10,510,228,170.00	100.00			10,510,228,170.00
Portfolio 1	10,510,228,170.00	100.00			10,510,228,170.00
Portfolio 2					

Items	31 Dec 2019				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually insignificant balance but provision for bad debt recognized individually					
Total	10,510,228,170.00	100.00			10,510,228,170.00

(Continued)

Items	31 Dec 2018				
	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually					
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	6,451,777,550.00	100.00			6,451,777,550.00
Portfolio 1	6,451,777,550.00	100.00			6,451,777,550.00
Portfolio 1					
Other receivables with individually insignificant balance but provision for bad debt recognized individually	11,875.04		11,875.04	100.00	
Total	6,451,789,425.04	100.00	11,875.04		6,451,777,550.00

(i) In portfolio 1, details of other receivables are as follows:

Entity name	31 Dec 2019			
	Other receivables	Provision for bad debt	Provision ratio (%)	Reason
Shaoxing Shangyu District Construction Development Co., Ltd.	4,662,733,370.49			The possibility of bad debt is low
Shaoxing Shangyu District Shanty Town Reconstructio	1,922,027,757.00			The possibility of bad debt is low
Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	929,500,000.00			The possibility of bad debt is low
Shaoxing Shangyu District Shunmao Investment Co., Ltd.	499,000,000.00			The possibility of bad debt is low

Entity name	31 Dec 2019			
	Other receivables	Provision for bad debt	Provision ratio (%)	Reason
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	460,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu Shunhui Water Conservancy Engineering Co., Ltd.	330,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu Economic Development Zone Investment Development Group Co., Ltd.	325,197,860.52			The possibility of bad debt is low
Shaoxing Shangyu Haifa Agronomic Garden Co., Ltd.	300,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu District Characteristic Town Investment and Construction Co., Ltd.	270,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	211,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	195,248,701.31			The possibility of bad debt is low
Shaoxing Shangyu District Shunnong Construction Co., Ltd.	146,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu Yuantong Municipal Engineering Co., Ltd.	97,500,000.00			The possibility of bad debt is low
Shangyu Binjiang New City Investment Development Co., Ltd.	95,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu District Water Treatment Development Co., Ltd.	37,000,000.00			The possibility of bad debt is low
Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	30,000,000.00			The possibility of bad debt is low
Others	20,480.68			The possibility of bad debt is low
Total	10,510,228,170.00			

(d.2) Provision, recovery or reversal of bad debt

The provision for bad debt during the reporting period amounted to CNY0.00.

(d.3) Other receivables written-off during the reporting period

Entity name	Nature	Carrying amount	Reason
Shangyu District Property Rights Exchange Center	11,875.04	1-2 years	Unable to recover
Total	11,875.04		

(d.4) Top five closing balances by entity

Entity name	Nature	Carrying amount	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Shaoxing Shangyu District Construction Development Co., Ltd.	Current payment	4,662,733,370.49	Within 1 year, 1 to 2 years	44.36	
Shaoxing Shangyu District Shanty Town Reconstructio	Current payment	1,922,027,757.00	Within 1 year, 1 to 2 years	18.29	
Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	Current payment	929,500,000.00	Within 1 year, 1 to 2 years, 2 to 3 years	8.84	
Shaoxing Shangyu District Shunmao Investment Co., Ltd.	Current payment	499,000,000.00	Within 1 year	4.76	
Shaoxing Shangyu Hangzhou Bay Industrial Park Investment Development Co., Ltd.	Current payment	460,000,000.00	1 to 2 years, 2 to 3 years	4.38	
Total		8,473,261,127.49		80.63	

(d.5) Other receivables relating to government grants:

There is no such item.

(d.6) Derecognition of other receivables for transfer of financial assets:

There is no such item.

(d.7) Assets or liabilities formed due to other receivables transferred but still involved:

There is no such item.

14.2 Long-term Equity Investments

Items	31 Dec 2019			31 Dec 2018		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Subsidiaries	16,490,469,169.20		16,490,469,169.20	10,854,312,803.57		10,854,312,803.57
Associates	4,574,781,069.28		4,574,781,069.28	44,118,419.77		44,118,419.77
Total	21,065,250,238.48		21,065,250,238.48	10,898,431,223.34		10,898,431,223.34

(a) Investments in subsidiaries

Investees	31 Dec 2018	Increase	Decrease	31 Dec 2019	Provision for impairment during the reporting period	Provision for impairment at 31 Dec 2019
Shaoxing Shangyu District Agricultural Enterprise Non-Financing Guarantee Co., Ltd.	15,310,691.99			15,310,691.99		
Shangyu Economic Development Zone Investment Development Co., Ltd.	6,040,951,105.66			6,040,951,105.66		
Shaoxing Shangyu District Water Group Co., Ltd.	2,701,317,147.51			2,701,317,147.51		
Shaoxing Shangyu District Haitu Investment Development Co., Ltd.	1,076,572,435.82		1,076,572,435.82			
Shaoxing Shangyu Dazhong Labor Affairs Agency (Office) Co., Ltd.	13,127,529.46		13,127,529.46			
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.	509,098,308.97		509,098,308.97			
Shaoxing Shangyu District Hongda Highway Construction Co., Ltd.	42,406,770.85		42,406,770.85			
Shaoxing Shangyu District Grain Storage Co., Ltd.	56,463,728.41			56,463,728.41		
Shaoxing Shangyu District Shanty Town Reconstruction Investment Development Co., Ltd.	100,000,000.00		100,000,000.00			
Shaoxing Shangyu District Property Rights Trading Co., Ltd.	30,317,322.56			30,317,322.56		

Investees	31 Dec 2018	Increase	Decrease	31 Dec 2019	Provision for impairment during the reporting period	Provision for impairment at 31 Dec 2019
Shaoxing Shangyu District Caiyuan Land Development and Finishing Co., Ltd.	2,000,000.00		2,000,000.00			
Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd. [Note 1]						
Shaoxing Shangyu Yu'an Investment Management Co., Ltd.	93,539,338.90		93,539,338.90			
Shaoxing Shangyu District Nanshanyuan Industrial Co., Ltd.	30,000,000.00		30,000,000.00			
Shaoxing Datong Holding Group Co., Ltd.	143,208,423.44		143,208,423.44			
Shaoxing Shangyu Urban Construction Group Co., Ltd.		7,365,035,533.86		7,365,035,533.86		
Shaoxing Shangyu State Control Industrial Group Co., Ltd.		281,073,639.21		281,073,639.21		
Total	10,854,312,803.57	7,646,109,173.07	2,009,952,807.44	16,490,469,169.20		

Note 1: The Company established Shaoxing Shangyu District Wanxiang Advertising Media Co., Ltd. on December 28, 2017, with a subscribed capital of 20 million yuan, and has not actually contributed capital as of the end of the reporting period;

(b) Investments in joint ventures and associates

Investees	31 Dec 2018	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Associates						
Shaoxing Shangyu District Shunlian Hydropower Development Co., Ltd.	1,428,483.14			-227,612.50		

Investees	31 Dec 2018	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Shaoxing Shangyu Datong Sunyang Investment Co., Ltd.	17,119,051.25					
Shangyu Daily Co., Ltd.	25,570,885.38			1,520,088.77		
Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd.		3,254,315,803.27		14,541,253.96		
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.		1,244,164,599.17		16,348,516.84		
Total	44,118,419.77	4,498,480,402.44		32,182,247.07		

(Continued)

Investees	Changes during the reporting period			31 Dec 2019	Provision for impairment at 31 Dec 2019
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Associates					
Shaoxing Shangyu District Shunlian Hydropower Development Co., Ltd.				1,200,870.64	
Shaoxing Shangyu Datong Sunyang Investment Co., Ltd.				17,119,051.25	
Shangyu Daily Co., Ltd.				27,090,974.15	
Shaoxing Shangyu Water Conservancy Construction Group Co., Ltd.				3,268,857,057.23	
Shaoxing Shangyu Cao'e River Tourism Development Investment Co., Ltd.				1,260,513,116.01	
Total				4,574,781,069.28	

14.3 Investment Income

Items	2019	2018	2017
Investment income from long-term equity investments under equity method	32,182,247.07	5,865,213.80	1,076,921.39
Investment income from available-for-sale financial assets during the holding period	600.00		
Gains on disposal of available-for-sale financial assets	3,904,557.98	1,831,114.20	549,334.26
Investment income from other current assets during the holding period	3,907.80	5,564.83	1,626,255.65
Total	36,091,312.85	7,701,892.83	1,626,255.65

Name of the Company: Shaoxing Shangyu State-Owned Capital Investment and Operation Co., Ltd.

Legal Representative: Chief Financial Officer: Finance Manager:

Date: 2 February 2021

ISSUER

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