Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

*This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States or other jurisdiction. The securities are being offered and sold outside the United States in reliance on Regulation S under the Securities Act and may not be offered or sold within the United States absent registration or an exemption from registration under the Securities Act. No public offering of the securities will be made in the United States or in any other jurisdiction where such an offering is restricted or prohibited.*

***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 (the "Listing Rules") 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 referred to herein) 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 (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws 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 the Laws of Hong Kong).*

Notice to Hong Kong investors: The Issuer confirms that the Bonds (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF OFFERING CIRCULAR ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd
(揚州經濟技術開發區開發(集團)有限公司)
(incorporated in the People's Republic of China with limited liability)
(the "**Issuer**")

U.S.$300,000,000 4.00 per cent. Green Bonds due 2025 (the "Bonds")
(Stock Code: 5124)

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

Please refer to the offering circular dated 7 April 2022 (the "**Offering Circular**") appended hereto in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

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

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

19 April 2022

As at the date of this announcement, the directors of the Issuer are Wu Jia'en, Zhao Haitao, Zhu Bin, Wang Ke and Li Zheng.

TABLE OF CONTENTS

APPENDIX 1 – OFFERING CIRCULAR DATED 7 APRIL 2022

APPENDIX 1 – OFFERING CIRCULAR DATED 7 APRIL 2022

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 UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. 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.

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 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, its territories or possessions, 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.

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 any of the Issuer or the 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 Managers or any affiliate of the Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A (1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The 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 Managers, the Trustee or the Agents (each as defined in the Offering Circular) or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers or any person who controls any of them 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 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 document by e-mail, you should not reply by e-mail to this document, 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

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd
（揚州經濟技術開發區開發（集團）有限公司）

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

U.S.$300,000,000 4.00 per cent. Green Bonds due 2025
Issue Price: 100 per cent.

The U.S.$300,000,000 4.00 per cent. Green Bonds due 2025 (the "**Bonds**") will be issued by Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd（揚州經濟技術開發區開發（集團）有限公司）(formerly known as Yangzhou Economic Development Zone Development Corporation（揚州經濟開發區開發總公司）and Yangzhou Economic and Technological Development Zone Development Corporation（揚州經濟技術開發區開發總公司）) (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**").

The Bonds will bear interest on their outstanding principal amount from and including 14 April 2022 at the rate of 4.00 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear in equal instalments on 14 April and 14 October in each year, commencing on 14 October 2022. Payments on the Bonds will be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax to the extent described under "*Terms and Conditions of the Bonds – Taxation*".

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the terms and conditions of the Bonds (the "**Terms and Conditions**")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The PRC government (as defined in this Offering Circular) (including the Government of Jiangsu Province (as defined in this Offering Circular), the Municipal Government of Yangzhou (as defined below) and the Development Zone Management Committee (as defined in this Offering Circular)) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risk Factors – Risks Relating to the Group's Business – The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) has no obligation to pay any amount under the Bonds*".

The Issuer undertakes that it will (i) within fifteen Registration Business Days (as defined in the Terms and Conditions) after the Issue Date (as defined in the Terms and Conditions), submit or cause to be submitted an application for the registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record or evidence of filing from SAFE on or before the Registration Deadline (being 120 Registration Business Days after the Issue Date) and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

In accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations（國家發展改革委關於推進企業發行外債備案登記制管理改革的通知（發改外資[2015]2044號）) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC or its competent local counterparts ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with NDRC and obtained a certificate from NDRC on 17 February 2022 (the "**NDRC Certificate**") evidencing such registration and has undertaken to provide the requisite information on the issuance of the Bonds to NDRC within the prescribed time after the Issue Date.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 14 April 2025 (the "**Maturity Date**"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined in the Terms and Conditions) (which notice shall be irrevocable) and in writing to the Trustee (as defined in the Terms and Conditions) and the Principal Paying Agent (as defined in the Terms and Conditions), at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 April 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of Bonds will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) such Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 89.

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

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A (1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Investing in the Bonds involves risks. See "***Risk Factors*" beginning on page 11 for a discussion of certain factors to be considered in connection with an investment in the Bonds.**

The Issuer has been assigned ratings of Ba1 by Moody's Investor Service, Inc. ("**Moody's**"), BB+ by S&P Global Ratings Inc. ("**S&P**"), BBB+ by Lianhe Ratings Global Limited ("**Lianhe Global**") and BBB_g+ by China Chengxin (Asia Pacific) Credit Ratings Company Limited ("**CCXAP**"). The Bonds are expected to be rated Ba1 by Moody's, BB+ by S&P, BBB+ by Lianhe Global and BBB_g+ by CCXAP. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

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

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

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

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

The Bonds will be represented initially by a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 14 April 2022 with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Green Structuring Advisors

CEB International | **CMBC Capital** | **China International Capital Corporation**

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CEB International | **CMBC Capital** | **China International Capital Corporation**

Joint Lead Managers and Joint Bookrunners

BOSC International | **Central Wealth Securities Investment Limited** | **China Industrial Securities International** | **CLSA**

Industrial Bank Co., Ltd. Hong Kong Branch | **Shanghai Pudong Development Bank Hong Kong Branch** | **Shenwan Hongyuan (H.K.)**

This Offering Circular dated 7 April 2022

NOTICE TO INVESTORS

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

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

The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risk Factors – Risks Relating to the Group's Business – The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) has no obligation to pay any amount under the Bonds*".

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (together with the Issuer, the "**Group**") and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and the relevant rules and regulations imposed by the Stock Exchange and the information which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Bonds); (ii) the statements contained in this Offering Circular are in every material particular true and accurate and not misleading; (iii) the opinions and intentions with regard to the Issuer and the Group expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward looking statements, each of which are included in this Offering Circular are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of CEB International Capital Corporation Limited, CMBC Securities Company Limited, China International Capital Corporation Hong Kong Securities Limited, BOSC International Company Limited, Central Wealth Securities Investment Limited, China Industrial Securities International Brokerage Limited, CLSA Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Shenwan Hongyuan Securities (H.K.) Limited (the "**Managers**", and each a "**Manager**") or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in

certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*".

By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Managers, the Trustee or the Agents (as defined in the Terms and Conditions) or any of their respective affiliates, directors, officers, employees, agents, 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 Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer 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 Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, 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 Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, 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 Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents,

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 Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, 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 Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

It is expected that the Bonds will, when issued, be assigned ratings of Ba1 by Moody's, BB+ by S&P, BBB+ by Lianhe Global and BBB_g+ by CCXAP. The ratings will relate to the timely payments of interest and principal on the Bonds. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them accepts 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 Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, 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 Bonds. Each of the Managers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, agents, representatives and advisers and each 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 Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them undertakes 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 Bonds of any information coming to the attention of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them.

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 309(A)(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IN CONNECTION WITH THIS OFFERING, ANY MANAGER AS STABILISATION MANAGER (THE "STABILISATION MANAGER") OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE(S) OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE ANY STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS.

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.

Listing of the Bonds on SEHK is not to be taken as an indication of the merits of the Issuer, the Group or the Bonds. The Issuer, the Group, the Managers, the Trustee and the Agents and each of their respective directors, officers, employees, representatives, advisers, agents and affiliates and any person who controls any of them are not making any representation to any purchaser of Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulation. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice.

WARNING

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

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics used throughout this Offering Circular have been obtained from, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed 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 Managers or their respective affiliates, directors, officers and advisers makes any representation as to the correctness, accuracy or completeness of that information. The relevant information contained in this Offering Circular may not be consistent with other available information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021, included elsewhere in this Offering Circular. The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") and have been audited by Suyajincheng CPA LLP. ("**Suyajincheng**"), the independent auditors of the Issuer.

This Offering Circular contains certain information regarding the Group's earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"). EBITDA is not a standard measure under PRC GAAP. 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, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The Issuer has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Issuer's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented in this Offering Circular 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 definition.

The scope of consolidation of the Issuer's consolidated financial statements changes from time to time. See "*Notes to Financial Statements – VI. Change in Consolidated Scope*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 included elsewhere in this Offering Circular and "*Notes to Financial Statements – VI. Change in Consolidated Scope*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 included elsewhere in this Offering Circular. In addition, MOF promulgated certain new accounting standards and new requirements in relation to the format of financial statements (the "**New Accounting Standards and Requirements**") in 2017 and 2019. See "*Notes to Financial Statements – III. Significant Accounting Policies and Accounting Estimates – 29. Changes in significant accounting policies and accounting estimates*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021. As a result, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods. As the scope of consolidation of the Issuer's consolidated financial statements may change from time to time and MOF may promulgate new accounting standards and requirements in relation to financial statements from time to time, there can be no assurance that such changes in scope of consolidation or new accounting standards and requirements would not materially and adversely affect the Issuer's accounting policies or the presentation of the Issuer's consolidated financial statements.

Each of the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 have been prepared in Chinese only and an English translation of such financial statements (collectively, the "**Financial Statements Translation**") has been prepared and included in this Offering Circular for reference only. The Financial Statements Translation does not itself constitute audited financial statements of the Issuer, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021. Although the accuracy of the Financial Statements Translation has been independently verified by Suyajincheng, none of the Managers or their respective affiliates, agents, representatives, employees, directors, officers or advisers has independently verified or checked the accuracy of the Financial Statements Translation and there can be no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete.

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

Rounding

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Where information has been presented in thousands or millions of units, amounts may have been rounded up or down, especially when rounding into another currency. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**", "**China**", "**Mainland**", "**Mainland China**" and "**mainland 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), all references to the "**United States**" and "**U.S.**" are to the United States of America, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC, and all 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 specified rates 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 CNY6.3726 to U.S.$1.00 (the noon buying rate in New York City on 31 December 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rates*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

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

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

- the "**Development Zone Management Committee**" refers to the Management Committee of Yangzhou Economic and Technological Development Zone (揚州經濟技術開發區管理委員會)(formerly known as the Management Committee of Yangzhou Economic Development Zone (揚州經濟開發區管理委員會)), including local government entities, and instrumentalities thereof, or where the context requires, any of them;

- the "**Government of Jiangsu Province**" refers to the People's Government of Jiangsu Province and its political subdivisions, including regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

- the "**Municipal Government of Yangzhou**" refers to the People's Government of Yangzhou Municipality and its political subdivisions, including local government entities, and instrumentalities thereof, or where the context requires, any of them;

- "**MOC**" refers to the Ministry of Commerce of the People's Republic of China;

- "**MOF**" refers to the Ministry of Finance of the People's Republic of China;

- "**MOHURD**" refers to the Ministry of Housing and Urban-Rural Development 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 competent local counterparts;

- "**PBOC**" refers to the People's Bank of China, the central bank of the People's Republic of China;

- the "**PRC government**" refers to the central government of the People's Republic of China 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 counterparts;

- "**SAT**" refers to the State Administration of Taxation of the People's Republic of China;

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

- the "**Yangzhou Development Zone**" refers to the Yangzhou Economic and Technological Development Zone (揚州經濟技術開發區)(formerly known as Yangzhou Economic Development Zone (揚州經濟開發區)) in Jiangsu Province (江蘇省) of the PRC.

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", "would" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, operating income 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 and its ability to carry out those plans;
- the continued access and cost of capital and other forms of financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC government and the rules, regulations and policies of the relevant governmental authorities relating to the Group's business;
- general political, social and economic conditions, including those related to the PRC, the Jiangsu Province, the Yangzhou Municipality, the Yangzhou Development Zone and elsewhere;
- changes or volatility in interest rates, foreign exchange rates, taxes and duties, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- fluctuations in prices of and demand for products and services that the Group provides;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group's control;

- 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.

TABLE OF CONTENTS

	Page
SUMMARY	1
THE OFFERING	4
SUMMARY CONSOLIDATED FINANCIAL INFORMATION	8
RISK FACTORS	11
EXCHANGE RATES	55
USE OF PROCEEDS	57
GREEN FINANCE FRAMEWORK	58
CAPITALISATION AND INDEBTEDNESS	63
DESCRIPTION OF THE GROUP	64
DIRECTORS AND SUPERVISORS OF THE ISSUER	87
TERMS AND CONDITIONS OF THE BONDS	89
SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM	110
PRC REGULATIONS	113
TAXATION	128
SUBSCRIPTION AND SALE	131
SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS	135
GENERAL INFORMATION	137
INDEX TO FINANCIAL STATEMENTS	F-1

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, including the section entitled "Risk Factors", before making an investment decision.

DESCRIPTION OF THE GROUP

OVERVIEW

Established in June 1992, the Issuer is a company directly and wholly-owned by the Municipal Government of Yangzhou.

The Issuer acts as the largest development, construction and operation platform of the Municipal Government of Yangzhou in terms of both assets and operating income and is tasked with the responsibility of land development and real estate development in the Yangzhou Development Zone. The Issuer plays a key role in promoting the social and economic development of the Yangzhou Development Zone and is designated to carry out the Municipal Government of Yangzhou's and the Development Zone Management Committee's directions and policies for municipal development in the Yangzhou Development Zone. The Group is engaged in various business segments, including land development, real estate, sale of building materials and others such as property leasing, property management and greening and landscape engineering.

As at 31 December 2021, the Issuer had a paid-in capital of approximately CNY19.60 billion. For the years ended 31 December 2019, 2020 and 2021, the Group's total operating income amounted to approximately CNY1,912.69 million, CNY2,006.56 million and CNY2,241.54 million, respectively, and the Group's net profit after tax amounted to approximately CNY261.40 million, CNY302.10 million and CNY243.59 million, respectively. As at 31 December 2021, the Group's total assets amounted to approximately CNY66.51 billion.

Land Development Segment

The Group conducts its land development business primarily through the Issuer. The Group's land development business segment can be broadly divided into two sub-segments: (i) primary land development and (ii) municipal infrastructure construction.

The Issuer's land development business constitutes the Group's major source of operating income. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its land development business segment amounted to approximately CNY1,785.66 million, CNY1,771.39 million and CNY1,779.13 million, respectively, representing approximately 93.36 per cent., 88.28 per cent. and 79.37 per cent. of the Group's total operating income, respectively.

Real Estate Segment

The Issuer conducts its real estate business primarily through its subsidiary, namely, Jiulongwan Real Estate. Jiulongwan Real Estate was established in February 2003 and is engaged in the construction, development and sale of real estate, property management, construction and management of ancillary facilities, construction materials and other property related services. Jiulongwan Real Estate constructs residential and non-residential buildings in accordance with the specifications and requirements of the Development Zone Management Committee. The relevant land resources were primarily acquired by the Group through public auctions, tenders or sale-by-listing. As at 30 June 2021, the Group had completed approximately six real estate projects.

For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its real estate business segment amounted to approximately CNY78.23 million, CNY132.89 million and CNY312.48 million, representing approximately 4.09 per cent., 6.62 per cent. and 13.94 per cent. of the Group's total operating income, respectively.

Sale of Building Materials Segment

The Issuer conducts its sale of building materials business primarily through its subsidiary, namely, Yangzhou Caoqiao Trade Industrial Co., Ltd.(揚州曹橋貿易實業有限公司), which was established in September 2017.

For the years ended 31 December 2020 and 2021, the Group's operating income from its sale of building materials business segment amounted to approximately CNY35.75 million and CNY69.24 million, respectively, representing approximately 1.78 per cent. and 3.09 per cent. of the Group's total operating income, respectively. The Group did not generate any operating income from its sale of building materials business for the year ended 31 December 2019.

Other Business Segment

The Group is also engaged in other businesses including property leasing, property management and greening and landscape engineering.

For the years ended 31 December 2019, 2020 and 2021, operating income derived from the Group's other business segment amounted to approximately CNY48.80 million, CNY66.53 million and CNY80.69 million, respectively, representing approximately 2.55 per cent., 3.32 per cent. and 3.60 per cent. of the Group's total operating income, respectively.

COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

- Strong support (but not including credit support) from the Municipal Government of Yangzhou;
- The Yangzhou Development Zone's strategic role in the PRC government's and the Government of Jiangsu Province's policies as a state-level economic and technological development zone;
- Strategic role and leading player in the municipal development of the Yangzhou Development Zone;
- Diversified sources of funding and strong credit position;
- Prudent financial structure; and
- Experienced management team with support from a team of dedicated staff.

BUSINESS STRATEGIES

The Issuer's objective is to continue to promote the social and economic development of the Yangzhou Development Zone, to maintain the Group's leading position in the land development industry in the Yangzhou Development Zone and to strengthen the Group's position in the other industries in which the Group operates. The Issuer intends to implement the following strategies to achieve this objective:

- Continue to focus on land development in the Yangzhou Development Zone;
- Continue to diversify the Group's businesses and to increase investment in businesses that synergise with the Group's core businesses;

- Strengthen management and internal control systems;
- Adhere to prudent financial policy with stringent risk control and enhanced financial management;
- Explore new financing channels; and
- Continue to build a professional management team.

RECENT DEVELOPMENT

The Outbreak of COVID-19.

The ongoing COVID-19 pandemic has caused substantial disruptions in the PRC and international economies and markets which has resulted in additional uncertainties in the Group's operating environment, particularly with the emergence of new variants such as the Delta variant and the Omicron variant. The Group has been closely monitoring the impact of the ongoing COVID-19 pandemic on the Group's businesses and will keep its contingency measures and risk management under review as the situation evolves. Please see "*Risk Factors – Risks Relating to the Group's Business – The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted*" and "*Risk Factors – Risks Relating to the Group's Business – The Group's operations are subject to force majeure events, political unrest or civil disobedience movements, natural disasters and outbreaks or pandemic of contagious diseases and other disasters*" for further information.

THE OFFERING

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

Issuer	Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (揚州經濟技術開發區開發(集團)有限公司).
The Bonds	U.S.$300,000,000 4.00 per cent. Green Bonds due 2025.
Issue Price	The Bonds will be issued at 100 per cent. of their principal amount.
Form and Denomination . .	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Issue Date	14 April 2022.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 14 April 2022, at the rate of 4.00 per cent. per annum, payable semi-annually in arrear in equal instalments on 14 April and 14 October in each year, commencing on 14 October 2022.
Maturity Date	14 April 2025.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge)* of the Terms and Conditions), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.
Use of Proceeds	See "*Use of Proceeds*".
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 (*Events of Default*) of the Terms and Conditions.
Cross-Default	The Bonds will contain a cross-default provision as further described in Condition 9(c) (*Cross-Default*) of the Terms and Conditions.

Taxation.	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, fees, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer for or on account of any tax, duty, fee, assessment or governmental charge of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC at a rate up to and including the aggregate rate applicable on 7 April 2022 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (*Taxation*) of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Relevant Events	Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (*Notices*) of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

	(A) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 April 2022; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.
Further Issues	The Issuer is at liberty from time to time without the consent of the Holders to create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the requirements set out in the Terms and Conditions in relation to the timing for complying with the Registration Conditions and the making of the Foreign Debt Registration and the NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.
Trustee	China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent. . .	China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司).
Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司).
Clearing Systems.	The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement .	The Bonds have been accepted for clearance through Euroclear and Clearstream with Common Code 246288003 and the ISIN for the Bonds is XS2462880035.

Notices and Payment	So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system (an "**Alternative Clearing System**"), any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream or the Alternative Clearing System, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to such clearing system.
Governing Law	English law.
Jurisdiction.	Exclusive jurisdiction of the Hong Kong courts.
Listing.	Application will be made to SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 19 April 2022.
Ratings	The Issuer has been assigned ratings of Ba1 by Moody's, BB+ by S&P, BBB+ by Lianhe Global and BBB_g+ by CCXAP. The Bonds are expected to be rated Ba1 by Moody's, BB+ by S&P, BBB+ by Lianhe Global and BBB_g+ by CCXAP. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".
Green Finance Framework	The Bonds will be issued under the Green Finance Framework (as defined below). See the section entitled "*Green Finance Framework*".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021 set forth below is extracted 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 2020 and 2021. The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 were prepared and presented in accordance with PRC GAAP and have been audited by Suyajincheng.

The scope of consolidation of the Issuer's consolidated financial statements changes from time to time. See "Notes to Financial Statements – VI. Change in Consolidated Scope" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 included elsewhere in this Offering Circular and "Notes to Financial Statements – VI. Change in Consolidated Scope" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 included elsewhere in this Offering Circular. In addition, MOF promulgated the New Accounting Standards and Requirements in 2017 and 2019. See "Notes to Financial Statements – III. Significant Accounting Policies and Accounting Estimates – 29. Changes in significant accounting policies and accounting estimates" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021. As a result, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods. As the scope of consolidation of the Issuer's consolidated financial statements may change from time to time and MOF may promulgate new accounting standards and requirements in relation to financial statements from time to time, there can be no assurance that such changes in scope of consolidation or new accounting standards and requirements would not materially and adversely affect the Issuer's accounting policies or the presentation of the Issuer's consolidated financial statements.

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

Each of the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 have been prepared in Chinese only and Financial Statements Translation has been prepared and included in this Offering Circular for reference only. The Financial Statements Translation does not itself constitute audited financial statements of the Issuer, and is qualified in its entirety by, and is subject to, the financial information set out or referred to in, the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021. Although the accuracy of the Financial Statements Translation has been independently verified by Suyajincheng, none of the Managers or their respective affiliates, agents, representatives, employees, directors, officers or advisers has independently verified or checked the accuracy of the Financial Statements Translation and there can be no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete.

The summary financial information below should be read in conjunction with Issuer's consolidated financial statements and the notes thereto included elsewhere in this Offering Circular.

SUMMARY CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December		
	2019	**2020**	**2021**
	(CNY) (audited)	*(CNY) (audited)*	*(CNY) (audited)*
1. Total operating income	**1,912,690,055.52**	**2,006,558,386.13**	**2,241,536,598.53**
Less: Operating cost	1,809,390,222.96	1,841,606,434.34	2,083,078,922.21
Taxes and surcharges	39,194,241.71	46,359,087.58	50,405,095.18
Selling and distribution expenses	5,241,871.45	1,209,079.12	6,284,742.40
General and administrative expenses	71,725,203.10	90,798,832.62	125,862,626.95
Research and development expenses	–	–	–
Financial expenses	8,250,401.63	10,882,844.34	23,826,655.21
Including: Interest expenses	8,901,530.92	13,565,510.14	24,126,750.99
Interest income	783,286.91	2,798,714.63	434,015.81
Plus: Other income	350,006,708.60	376,052,032.30	353,452,852.28
Investment income ("-" for losses)	23,391,620.86	16,757,378.23	73,076,034.12
Including: Income from investment in associates and joint ventures	19,610,804.30	9,783,086.59	–7,685,228.41
Gains from the changes in fair values ("-" for losses)	–	–	–
Losses from credit impairment ("-" for losses)	–	–	–22,304.14
Losses from asset impairment ("-" for losses)	–49,627.53	370,214.65	–
Gains from disposal of assets ("-" for losses)	–28,362.00	–	–39,441,363.88
2. Operating profits ("-" For Losses)	**352,208,454.60**	**408,881,733.31**	**339,143,774.96**
Plus: Non-operating income	3,393,480.05	296,006.27	370.44
Less: Non-operating expenses	456,616.75	956,203.55	460,159.34
3. Total profits before tax ("-" For Total Losses)	**355,145,317.90**	**408,221,536.03**	**338,683,986.06**
Less: Income tax expenses	93,744,546.45	106,123,486.36	95,090,694.56
4. Net profit ("-" For Net Loss)	**261,400,771.45**	**302,098,049.67**	**243,593,291.50**
Classification by operating continuity			
Net profit from continuing operation ("-" for losses)	261,400,771.45	302,098,049.67	243,593,291.50
Net profit from discontinued operation ("-" for losses)	–	–	–
Classification by owners			
Attributable to owners of the parent company	259,604,403.26	302,098,049.67	246,294,062.54
Attributable to non-controlling interests	1,796,368.19	–	–2,700,771.04
5. Net of tax from other comprehensive income	**–**	**–**	**–**
Net of tax from other comprehensive income to the owner of the parent company	**–**	**–**	**–**
1. Other comprehensive income cannot reclassified into the profit and loss:	–	–	–
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans	–	–	–
Share in other comprehensive income that cannot be classified into profit and loss under equity method	–	–	–
2. Other comprehensive income that will be reclassified into the profit and loss	–	–	–
Including: Share in other comprehensive income that will be classified into profit and loss under equity method	–	–	–
Changes in fair value of available-for-sale financial assets	–	–	–
Held-to-maturity investment reclassified into available-for sale financial assets	–	–	–
Cash flow hedging reserve	–	–	–
Balance arising from the translation of foreign currency financial statements	–	–	–
Net of tax from other comprehensive income to non-controlling interests	**–**	**–**	**–**
6. Total comprehensive income	**261,400,771.45**	**302,098,049.67**	**243,593,291.50**
Total comprehensive income attributable to owners of the parent company	259,604,403.26	302,098,049.67	246,294,062.54
Total comprehensive income attributable to non-controlling interests	1,796,368.19	–	–2,700,771.04
7. Earnings per share	**–**	**–**	**–**
(1) Basic earnings per share	–	–	–
(2) Diluted earnings per share	–	–	–

SUMMARY CONSOLIDATED BALANCE SHEET

	As at 31 December		
	2019	2020	2021
	(CNY) (audited)	*(CNY) (audited)*	*(CNY) (audited)*
Current assets:			
Cash and cash equivalents	5,535,625,887.07	5,458,736,126.32	7,011,719,604.81
Financial assets held for trading	–	–	–
Financial assets measured at fair value through current profit or loss	–	–	–
Notes receivable	–	–	–
Accounts receivable	884,182,657.09	1,322,058,450.71	957,279,484.55
Accounts receivable financing	–	–	–
Prepayment	7,213,389,761.93	7,485,798,940.54	6,494,201,043.38
Other receivables	11,841,192,476.26	11,737,297,032.41	15,618,942,767.14
Inventories	8,956,251,349.83	12,410,487,171.43	16,819,934,104.11
Contract assets	–	–	–
Assets held for sale	–	–	–
Non-current assets due within one year	–	11,204,050,000.00	440,614,305.55
Other current assets	67,918,176.49	777,202,022.71	66,196,049.78
Total current assets	**34,498,560,308.67**	**50,395,629,744.12**	**47,408,887,359.32**
Non-current assets:			
Investment in debt instruments	–	–	3,000,000.00
Available-for-sale financial assets	774,037,033.68	782,037,033.68	–
Investment in other debt instruments	–	–	–
Held-to-maturity investments	–	–	–
Long-term receivables	–	–	–
Long-term equity investments	590,419,240.61	584,825,641.10	119,896,034.37
Investment in other equity instruments	–	–	539,536,963.02
Other non-current financial assets	–	–	–
Investment property	90,074,413.97	813,934,289.20	2,117,285,634.45
Fixed assets	1,848,754,787.86	1,991,707,355.16	2,110,757,349.75
Construction in progress	1,418,685,969.89	966,230,210.35	526,086,849.63
Productive biological assets	–	–	–
Oil and gas assets	–	–	–
Right-of-use assets	–	–	–
Intangible assets	875,612,180.84	902,360,420.93	482,013,514.00
Development expenses	–	–	–
Goodwill	–	–	–
Long-term deferred expenses	–	–	–
Deferred tax assets	2,317,883.91	2,212,480.03	2,198,467.47
Other non-current assets	14,073,814,528.23	3,421,526,245.37	13,201,590,405.96
Total non-current assets	**19,673,716,038.99**	**9,464,833,675.82**	**19,102,365,218.65**
Total assets	**54,172,276,347.66**	**59,860,463,419.94**	**66,511,252,577.97**
Current liabilities:			
Short-term loans	398,000,000.00	1,562,250,000.00	1,676,811,833.32
Financial liabilities held for trading	–	–	–
Financial liabilities measured at fair value through current profit or loss	–	–	–
Notes payable	1,510,000,000.00	2,696,000,000.00	3,210,660,000.00
Accounts payable	528,250,759.06	531,915,351.53	694,245,666.21
Advance from customer	564,476,167.74	1,261,629,257.26	60,267,693.77
Contract liability	–	–	1,362,748,416.71
Employee benefits payable	–	–	–
Taxes payable	1,121,751,654.15	1,311,783,459.96	1,485,181,023.43
Other payables	2,310,879,744.61	2,490,872,419.19	2,664,475,636.15
Non-current liabilities due within one year	4,537,817,329.67	4,540,397,555.55	7,029,408,765.00
Other current liabilities	1,500,000,000.00	1,000,000,000.00	3,364,275,043.52
Total current liabilities	**12,471,175,655.23**	**15,394,848,043.49**	**21,548,074,078.11**
Non-current liabilities:			
Long-term loans	7,379,240,700.00	6,763,190,700.00	9,212,456,870.14
Bonds payable	9,192,860,000.00	12,758,938,900.00	10,756,008,900.00
Lease liabilities	–	–	–
Long-term payables	161,380,314.69	215,476,049.04	186,909,781.47
Provisions	–	–	–
Deferred income	–	–	–
Deferred tax liabilities	–	–	–
Other non-current liabilities	–	–	–
Total non-current liabilities	**16,733,481,014.69**	**19,737,605,649.04**	**20,155,375,551.61**
Total liabilities	**29,204,656,669.92**	**35,132,453,692.53**	**41,703,449,629.72**
Owners' equity (or shareholders' equity)			
Paid-in capital	16,913,000,000.00	19,600,000,000.00	19,600,000,000.00
Other equity instruments	3,968,000,000.00	995,000,000.00	995,000,000.00
Including: Preference shares	–	–	–
Perpetual bonds	3,968,000,000.00	995,000,000.00	995,000,000.00
Capital reserves	2,017,355,502.36	2,059,529,303.42	2,015,729,303.42
Less: Treasury stock	–	–	–
Other comprehensive income	–	–	–
Surplus reserves	292,385,402.72	326,214,757.51	353,190,571.83
Undistributed profits	1,765,388,449.43	1,732,757,144.31	1,832,075,321.87
Total equity attributable to owners of the parent company	**24,956,129,354.51**	**24,713,501,205.24**	**24,795,995,197.12**
Non-controlling interests	11,490,323.23	14,508,522.17	11,807,751.13
Total owners' equity	**24,967,619,677.74**	**24,728,009,727.41**	**24,807,802,948.25**
Liabilities and owners' equity	**54,172,276,347.66**	**59,860,463,419.94**	**66,511,252,577.97**

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Issuer, the Group, the Group's business, the market in which the Group operates and the value of the Bonds. PRC laws and regulations may differ from the laws and regulations in other countries. Some risks may be unknown to the Issuer or the Group 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 or the Group or the value of the Bonds. All of these factors are contingencies which may or may not occur and the Issuer or the Group 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 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 performance of the Group depends, to a large extent, on the performance of its land development business segment.

The Group's land development segment, which is broadly divided into two sub-segments, namely, primary land development and municipal infrastructure construction, has been, and is expected to continue to be, its primary source of operating income. Operating income from the land development business segment comprises more than 70 per cent. of the Group's total operating income in recent years. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its land development business segment amounted to approximately CNY1,785.66 million, CNY1,771.39 million and CNY1,779.13 million, respectively, representing approximately 93.36 per cent., 88.28 per cent., and 79.37 per cent. of the Group's total operating income, respectively. The Group's land development segment is subject to the macro-economic conditions of the Yangzhou Development Zone and the PRC and is also substantially affected by government policies, in particular, the level of public spending on infrastructure and fixed asset investments by the Municipal Government of Yangzhou and the Development Zone Management Committee. Please refer to "– *The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in the Yangzhou City and the Yangzhou Development Zone and the overall growth of the PRC economy*" and "– *The Group's business and future prospects depend to a large extent upon the public spending on infrastructure and fixed asset investments by the Municipal Government of Yangzhou and the Development Zone Management Committee*" for further details. As such, any downturn in the general economic conditions in the Yangzhou Development Zone and the PRC, any reduction in public spending on land development and municipal infrastructure by the Municipal Government of Yangzhou and the Development Zone Management Committee or other negative conditions affecting the Group's land development business segment may have a material adverse effect on the financial condition and results of operations of the Group.

The Group's real estate business is subject to fluctuations in the PRC property market as well as to general risks relating to the ownership and management of property.

In addition to land development business, the Group is also engaged in the real estate development business. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its real estate business segment amounted to approximately CNY78.23 million, CNY132.89 million and CNY312.48 million, respectively, representing approximately 4.09 per cent., 6.62 per cent. and 13.94 per cent. of the Group's total operating income, respectively. Economic developments in the Yangzhou

region, the PRC and internationally, such as the inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow in some emerging markets, escalated trade tensions between the United States and the PRC and the ongoing COVID-19 pandemic could also adversely affect the property market in the PRC.

The Group is also exposed to general risks inherent in real estate development, including that construction may not be completed on schedule or within budget, that development may be affected by governmental regulations, that there may be delays in timing as a result of change in the parameters regarding government land grants, that developed properties may not be leased or sold on profitable terms and that purchasers may default. In the event that there is a downturn in the property market in the PRC, the targeted operating income from real estate business segment could be significantly reduced. The Group's real estate business segment could also be adversely affected by the PRC government's land policy and property market control measures. For example, due to a strong increase in property prices since early 2016, local governments and developers in certain cities in the PRC have implemented various measures, including restrictive policies on sales and loans of commodity housing, with an aim to suppress the level of increase in property prices. Real estate developers and property investors in the PRC have also experienced tighter restrictions in obtaining onshore bank loans for real estate development and mortgage financing, which, coupled with property investors' concerns over the ability of developers to complete real estate construction projects on schedule, have generally resulted in a decrease in property sales in the PRC. Since the third quarter of 2021, there has been a downturn of the PRC real estate market. The negative reaction to the foregoing and other credit events in onshore and offshore financing markets have also limited PRC real estate developers' ability to refinance their indebtedness. The Group's real estate business may also be adversely affected by the foregoing, and there is no assurance that the Group will be able to continue to service its indebtedness and manage its liquidity and cash positions through external financing due to property market risks and uncertainties. There is also no assurance that the PRC government will not impose additional or more stringent industry policies, regulations and measures in the future. If the Group fails to adapt its operations to any such new policies, regulations and measures which may be implemented in the future from time to time, the Group's business, prospects, financial condition and results of operations may be materially and adversely affected.

In addition, the PRC property market will continue to be subject to economic, monetary, fiscal or other policies and measures implemented by the PRC government. If PRC economy deteriorates as a result of a prolonged global economic downturn or otherwise, if the PRC government implements macro-economic control or other measures to curtail, or have the effect of curtailing, property demand or property development in the PRC and/or the Yangzhou City, or if the Group fails to respond to changes in market conditions and government policies (in particular those related to the Group's target markets) in a timely manner, the Group's business, prospects, financial condition and results of operations may be materially and adversely affected. Any decrease in property demand may cause delays in the pre-sale and/or sale of the Group's real estate and a decrease in the selling prices of the Group's real estate, which may in turn increase the costs of sales and distribution and reduce the gross profit and cash flows generated from the Group's real estate business, which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations. The reduction in cash flows generated from the Group's real estate business may also increase its reliance on external financing and limit the Group's ability to finance its business expansion.

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in the Yangzhou City and the Yangzhou Development Zone and the overall growth of the PRC economy.

The Issuer is a company directly and wholly-owned by the Municipal Government of Yangzhou, and the Group's businesses and assets are primarily concentrated in the Yangzhou Development Zone in the Jiangsu Province. The Yangzhou Development Zone is a state-level economic and technological development zone established with the approval of the State Council in July 2009. It is located at the southwest of the Yangzhou City (揚州市). Situated at the geometric centre of Yangtze River Delta (長

江三角洲）and being part of the nodal region of Shanghai Economic Area（上海經濟圈）and Nanjing Metropolitan Area（南京都市圈）, the Yangzhou Development Zone plays a strategic role in the economic development of the Yangzhou region. As substantially all of the Group's operation and investments are located in the Yangzhou Development Zone, therefore, the Group's business, financial condition, results of operations and prospects have been, and will continue to be, heavily dependent on the social conditions, local government policies and level of economic activity in the Yangzhou City and the Yangzhou Development Zone. The Yangzhou City and the Yangzhou Development Zone have experienced rapid economic growth in recent years and the PRC government and the Government of Jiangsu Province have implemented a number of favourable policies to support the further development of the Yangzhou City and the Yangzhou Development Zone. However, in recent years, there was a slowdown in the overall growth of the PRC's economy and it is difficult to predict how the economic development of the Yangzhou City and the Yangzhou Development Zone will be affected. In addition, the outbreak of COVID-19 has adversely affected, and may continue to adversely affect, the level of economic development in Yangzhou City, the Yangzhou Development Zone and the PRC. Moreover, there can be no assurance that the PRC government and the Government of Jiangsu Province will continue to implement favourable policies to support the further development of the Yangzhou City and/or the Yangzhou Development Zone. As such, there can be no assurance that the level of economic development in the Yangzhou City and/or the Yangzhou Development Zone will continue to be maintained at the past rate of growth, if at all. Moreover, the economy of the Yangzhou Development Zone may be subject to a higher level of volatility given that it is a newly-developed economic and technological development zone in the PRC.

Given the Issuer's strategic role in promoting the economic and social development of the Yangzhou Development Zone, the Group may not be able to establish or invest in any new businesses outside the Yangzhou City and/or the Yangzhou Development Zone in the future and it is expected that the Group's future business and operations will continue to be primarily concentrated in the Yangzhou City and the Yangzhou Development Zone. If economic growth slows, adverse changes in social conditions or local government policies arise or any severe natural disasters or catastrophic events occur in the Yangzhou City and/or the Yangzhou Development Zone, the Group's business, financial condition, results of operations and prospects would be materially and adversely affected.

The Group's business and future prospects depend to a large extent upon the public spending on infrastructure and fixed asset investments by the Municipal Government of Yangzhou and the Development Zone Management Committee.

As the largest development, construction and operation platform of the Municipal Government of Yangzhou in terms of both assets and operating income that focuses on land development and real estate in the Yangzhou Development Zone, the Issuer is designated to carry out the Municipal Government of Yangzhou's and the Development Zone Management Committee's directions and policies for municipal development in the Yangzhou Development Zone. Therefore, the Group's businesses, in particular, the Group's land development business, largely depends on continued spending and investment by the Municipal Government of Yangzhou and the Development Zone Management Committee to build government supported infrastructure and projects such as municipal roads and bridges and resettlement housing and the Municipal Government of Yangzhou's and the Development Zone Management Committee's budgets and policies, in particular those in relation to land development, urban construction and other infrastructure projects. The slowdown in the overall growth of the PRC economy may adversely affect the spending and investment of the government. Any significant reduction in the Government of Jiangsu Province's, the Municipal Government of Yangzhou's and the Development Zone Management Committee's public budgets and adverse changes in policies relating to land development, municipal infrastructure construction and real estate in general could materially and adversely affect the Group's business, operations and prospects.

There are a number of factors affecting the nature, scale, location and timing of the Municipal Government of Yangzhou's and the Development Zone Management Committee's investments in urban development. The key factors include government policies and priority relating to the development of

the surrounding areas in the Yangzhou Development Zone and the Municipal Government of Yangzhou's fiscal and monetary policies. The Municipal Government of Yangzhou's and the Development Zone Management Committee's investments in urban development are also affected by the level of government income and the general economic conditions in the PRC, the Yangzhou City and the Yangzhou Development Zone. If the public budget or spending of the Municipal Government of Yangzhou and the Development Zone Management Committee on land development, municipal infrastructure construction and real estate in the Yangzhou Development Zone decreases or the Municipal Government of Yangzhou and the Development Zone Management Committee adopt adverse changes in their policies in relation to municipal development of the Yangzhou Development Zone, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group may not make decisions, take action or invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Municipal Government of Yangzhou and the Development Zone Management Committee can exert significant influence on the Group.

The Issuer is the largest development, construction and operation platform of the Municipal Government of Yangzhou in terms of both assets and operating income that focuses on land development and real estate in the Yangzhou Development Zone in the Jiangsu Province. Given the strategic role which the Group plays in the municipal development of the Yangzhou Development Zone, the Group may not always make decisions, take action or invest or operate in businesses or projects that are in the Group's best interests or that aim to maximise the Group's profits. In addition, the Issuer is a company directly and wholly-owned by the Municipal Government of Yangzhou. Accordingly, the Municipal Government of Yangzhou and the Development Zone Management Committee are in a position to exert significant influence on the Group's major business decisions and strategies, including the scope of its business activities, investment decisions and dividend policy. There can be no assurance that the Municipal Government of Yangzhou and the Development Zone Management Committee would always take action that is in the Group's best interests or that aims to maximise the Group's profits. The Municipal Government of Yangzhou and the Development Zone Management Committee may use their ability to influence the Group's business and strategy in a manner which is beneficial to the Yangzhou Development Zone as a whole but which may not necessarily be in the Group's best interests. The Municipal Government of Yangzhou and the Development Zone Management Committee may also change their policies, intentions, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as their projections of population and employment growth in the Yangzhou Development Zone 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 Municipal Government of Yangzhou and the Development Zone Management Committee could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) has no obligation to pay any amount under the Bonds.

The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (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**") promulgated on 28 March 2018 and took effect on the same day, 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**") promulgated on 11 May 2018 and took effect on the same day and the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for Record-filing and Registration of Issuance of Foreign Debts by Local State-owned Enterprises（國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知（發改辦外資[2019]666號））("**Circular 666**") promulgated on 6 June 2019 and took effect on the same day.

The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) has no obligation to pay any amount under the Bonds. Investments in the Bonds are relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as unsecured creditors against the Issuer and its assets, and not any other person including the PRC government, the Government of Jiangsu Province, the Municipal Government of Yangzhou, the Development Zone Management Committee or any other local or municipal government. As the MOF Circular, the Joint Circular and Circular 666 are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties.

In addition, any ownership or control of the Group by the PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. If the Issuer does not fulfil its obligations under the Bonds, the Bondholders will only have recourse against the Issuer, and not any other person including the PRC government or other government entities.

Therefore, investors should base their investment decisions on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Bonds based on the financial information of the Group as reflected in the Issuer's consolidated financial statements.

Any public assets of the Group should not be taken into account when assessing the Group's business, financial condition, results of operations and prospects.

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

As the Joint Circular is relatively new and given the limited volume of published decisions relating to the Joint Circular, the interpretation and implementation of the Joint Circular involves uncertainties. To the extent that any of the Group's assets are deemed to be Public Assets under the Joint Circular, prospective investors should not take into account such assets when assessing the Group's business, financial condition, results of operations and prospects as such assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds. In addition, there can be no assurance that the PRC government will not impose additional or stricter laws and regulations relating to foreign debt financing, which may increase the Group's financing costs and in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group relies heavily on government support and a reduction or discontinuance of government support could materially and adversely affect the financial condition and results of operations of the Group.

The Group has in the past received significant support (but not including credit support) from the Municipal Government of Yangzhou and the Development Zone Management Committee in the form of fiscal subsidies, capital contributions, asset transfers, interest grants, debt conversion and preferential tax treatment to support its investment and operation of its businesses. For the years ended 31 December 2019, 2020 and 2021, the Group received fiscal subsidies of approximately CNY350.01 million, CNY376.05 million and CNY353.45 million, respectively. In addition to fiscal subsidies, the Group also received grants from the Municipal Government of Yangzhou and the Development Zone Management Committee for the payment of interest. For the years ended 31 December 2019, 2020 and 2021, the Group received interest grants of approximately CNY622 million, CNY620 million and CNY620 million, respectively. Also, in order to reduce the Issuer's debt liability, it was approved by the Municipal Government of Yangzhou that the Issuer's debt liability up to a certain aggregate amount shall be discharged and substituted by government bonds issued by the Municipal Government of Yangzhou. For the years ended 31 December 2019, 2020 and 2021, the Issuer's debt liability in the aggregate amount of approximately CNY1.53 billion, CNY3.76 billion and CNY2.80 billion, respectively, had been discharged and substituted by government bonds issued by the Municipal Government of Yangzhou.

In addition, the Municipal Government of Yangzhou and the Development Zone Management Committee made several capital contributions in cash and property transfers to the Group between 2002 and 2020 to enhance the Issuer's registered capital and to support its investment and the operation of its businesses. For example, in 2014, the Development Zone Management Committee made a capital contribution of CNY3,000 million in cash to the Issuer, while the Municipal Government of Yangzhou made a capital contribution of CNY2,000 million in cash to the Issuer in 2020. As at 31 December 2021, the Issuer had a paid-in capital of approximately CNY19.60 billion.

Additionally, as the largest construction and development entity in terms of both assets and operating income designated by the Development Zone Management Committee to undertake land development and infrastructure construction in the Yangzhou Development Zone, the Group is granted the right to undertake key land development and infrastructure construction projects in the Yangzhou Development Zone which has reinforced its leading position in the land development and infrastructure construction industries in the Yangzhou Development Zone.

There can be no assurance that the Municipal Government of Yangzhou and the Development Zone Management Committee will continue to provide support to the Group or that the fiscal subsidies, capital contributions, asset transfers, interest grants, debt conversion, preferential tax treatment or other types of government support will not be adjusted or terminated due to changes in government policy or otherwise. If the favourable fiscal subsidies, capital contributions, asset transfers, interest grants, debt conversion, preferential tax treatment or other incentives or rights which are currently available to the Group are reduced or eliminated or the government made adverse changes to its policies affecting the Group in the future, the viability of the Group's businesses may be affected and the financial condition and results of operations of the Group will be materially and adversely affected.

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.

The Group's results of operations and financial condition may be affected by changes in the regulations of the PRC government concerning local government's fiscal debts and the financing platforms of local governments from time to time.

For example, in accordance with the Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy（中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見）issued jointly by PBOC

and the China Banking Regulatory Commission (which was merged with the China Insurance Regulatory Commission to form the China Banking and Insurance Regulatory Commission in April 2018) ("**CBRC**") on 18 March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise notes and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Circular of the State Council on Relevant Issues Concerning Strengthening the Management of Financing Platform Companies of Local Governments(國務院關於加強地方政府融資平台公司管理有關問題的通知)("**Circular 19**") and the Circular of the General Office of the NDRC on Relevant Issues Concerning Furthering Regulating the Issuance of Bonds of Local Government Investment and Financing Platform Enterprise(國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知)("**Circular 2881**") were separately promulgated on 10 June 2010 and 20 November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact the financing platform's issuance of enterprise notes. For example, an application for issuance of corporate bonds by a local government's financing platform will not be accepted if (i) the operating income generated from the relevant local government's investment in public welfare or quasi-public welfare projects accounts for more than 30 per cent. of such financing platform's total operating income and (ii) the fiscal debt level of the relevant local government exceeds 100 per cent.

On 21 September 2014, the State Council released Several Opinions of the State Council on Strengthening the Administration of Local Government Debts(國務院關於加強地方政府性債務管理的意見)("**Circular 43**"). In accordance with Circular 43, financing platform companies shall no longer function as a financing vehicle of the local government or incur new government debts. New public interest projects of a local government that are not for profit earning, such as infrastructure construction and primary land development, should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds. Public interest projects that are profit earning, such as the construction of a non-toll free highway, may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Such private investors and special purpose companies shall invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and the special purpose companies shall bear the obligation to repay their debts and the local government shall not be liable for any of the private investors' or the special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments. There are a few stray cases where certain debts of the local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases is comparable or relevant to other local governments' financing platforms or not is unclear, and different local governments' interpretation and application of Circular 43 may vary from one another. It is unclear what impact Circular 43 has on the existing government debts of the local financing platforms in the PRC.

In addition, on 23 October 2014, MOF 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, MOF promulgated the Circular on Local Government General Debt Budget Management(地方政府一般債務預算管理辦法)("**Circular 154**") and the Circular on Local Government Special Debt Budget Management(地方政府專項債務預算管理辦法)("**Circular 155**"), which aim to realise the monitoring of the entire process of borrowing, using and repaying local

governments debts, enhance the transparency of local government debts, and strengthen the supervision of local government debt management by central government. Circular 154 and Circular 155 clarify the upper limit of local government debt, budget preparation and approval process, and provide that debts that are not in the form of government bonds shall be included in budget management.

On 11 May 2015, the Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by MOF, PBOC and 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. 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 addition, MOF, together with NDRC, PBOC, China Securities Regulatory Commission, CBRC and the Ministry of Justice of the PRC, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43 in April 2017.

Also, the PRC government issued the MOF Circular, effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, 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 and to control the increase of the local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to include public interest assets in corporate assets. See "– *The PRC government (including the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee) has no obligation to pay any amount under the Bonds*".

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 and become effective on the same date. Pursuant to the Guiding Opinions, the average debt ratio of state-owned enterprises shall decrease by approximately 2 percentage points starting from the end of 2017 and by the end of 2020, and thereupon the debt ratio 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 indicating standards of constraining the debt ratio of state-owned enterprises.

The PRC government has released several additional regulations and rules relating to the financing vehicles of local governments in the PRC. Please refer to "*PRC Regulations – Regulation on Fiscal Debts of Local Governments*" for further details. The PRC government may also continue to release new policies or amend existing regulations to control the increase in local government debts in the PRC. The implementation and interpretation of the legislations, regulations and rules 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. There can also be no assurance that the Group's financing model and business model will not be materially affected by future changes in the regulatory regime concerning local government fiscal debts and the financing platforms of local governments.

The Group's business and results of operations are heavily influenced by governmental decisions and actions at various levels, over which the Group has no control and which may not be in the Group's best interest.

As a company directly and wholly-owned by the Municipal Government of Yangzhou, the Group collaborates with the PRC government, in particular the Government of Jiangsu Province, the Municipal Government of Yangzhou and the Development Zone Management Committee. As such, many aspects of the Group's business are heavily influenced by, and significantly depend on, government decisions and actions at various levels. There can be no assurance that the governmental authorities may not make decisions or take actions which may have an adverse impact on the Group's business and results of operations.

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

As most of the Group's business activities, in particular, primary land development and construction of infrastructure and resettlement housing are capital intensive, and the Group primarily relies on its own funding and external financing to finance its primary land development and infrastructure construction projects, the Group has incurred a large amount of indebtedness. As at 31 December 2021, the short-term loans of the Group amounted to approximately CNY1,676.81 million, the total current liabilities of the Group amounted to approximately CNY21,548.07 million and the long-term loans of the Group amounted to approximately CNY9,212.46 million. For further details, please refer to the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 included elsewhere in this Offering Circular for further information.

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

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

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

In addition, the Group continually reviews its current and expected future funding requirements and evaluates and engages in discussions with financial institutions and other market participants, from time to time, on proposals regarding different sources of funding. In incurring indebtedness and liabilities from time to time, members of the Group may create security over their assets, receivables or equity interests in companies or entities held by them (which may include the Issuer's subsidiaries) in favour of the relevant creditors. Secured interests granted over such assets may limit the Group's ability to utilise such assets. In addition, should any of such secured indebtedness becomes immediately due and payable as a result of any default in payment or the occurrence of other events of default as defined under the relevant secured indebtedness, the relevant secured creditors would be entitled to take enforcement actions against such secured assets, receivables and equity interests. The secured creditors might take over the relevant subsidiaries' titles to the secured assets, receivables and equity interests or sell them through auction. In such an event, the value of the Group's assets portfolio will diminish and fewer assets and/or equity interests will be available for distribution to unsecured creditors if the relevant subsidiaries are in liquidation. If any member of the Group incurs additional debt, the risks that the Group faces as a result of its already substantial indebtedness and leverage could intensify.

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

The Group faces risks associated with contracting with public bodies.

As the largest development, construction and operation platform of the Municipal Government of Yangzhou in terms of both assets and operating income that focuses on land development and real estate in the Yangzhou Development Zone, the Group collaborates with, and relies on, the Municipal Government of Yangzhou and its controlled agencies or entities in the Yangzhou Development Zone for the operation of its businesses.

Although the Issuer believes that the Group currently maintains a close working relationship with the Municipal Government of Yangzhou, there can be no assurance that this close working relationship will continue to be maintained in the future. The Municipal Government of Yangzhou may (i) have economic or business interests or considerations that are inconsistent with the Group's best interests; (ii) take action or implement policies which are contrary to the Group's requests or objectives; (iii) be unable or unwilling to fulfil its contractual or other obligations; (iv) encounter financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. The Municipal Government of Yangzhou, its controlled agencies or entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in the Yangzhou Development Zone for reasons beyond the control of the Group, such as government budgeting. Please see "– *Failure to collect accounts receivable may affect the Group's liquidity and restrict the Group's business activities*" for further information about the risks relating to the failure of the Yangzhou Economic and Technological Development Zone Finance Bureau (揚州經濟技術開發區財政局)("**Development Zone Finance Bureau**"), an entity controlled by the Municipal Government of Yangzhou, to make timely payments to the Group. Failure by the Municipal Government of Yangzhou or any of its controlled agencies or entities to fulfil its contractual obligations or any

adverse change to the policies or business plans may require the Group to adjust its construction or development plans which may in turn adversely affect its operating results. If there is any material disagreement between the Group and the Municipal Government of Yangzhou or any of its controlled agencies or entities, the Group may not be able to successfully resolve the disagreement in a timely manner. Disputes with public bodies may last for considerably longer period of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these factors may materially and adversely affect the business relationship between the Group and the Municipal Government of Yangzhou, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group's businesses, in particular, its land development business and infrastructure construction business, require a large amount of capital investment and working capital prior to the completion of its projects and repayment of the buyback price by the Municipal Government of Yangzhou and/or the Development Zone Management Committee. As at 31 December 2019, 2020 and 2021, the Group's inventories amounted to approximately CNY8,956.25 million, CNY12,410.49 million and CNY16,819.93 million, respectively, representing approximately 25.96 per cent., 24.63 per cent. and 35.48 per cent. of the Group's total current assets, respectively. The Group's inventories mainly comprised primary land and infrastructure projects and resettlement housing. Nevertheless, in accordance with the Group's accounting policies, the Group had not made provision for inventory price changes in the past three years. In the event that the value of the Group's inventories decreases significantly, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected.

Failure to collect accounts receivable may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2021, the Group had a significant amount of accounts receivable, which mainly comprised the outstanding buyback amounts and agent construction fees owed by the Development Zone Finance Bureau to the Group. There are inherent risks associated with the ability of the Development Zone Finance Bureau to make timely payments which may impair the Group's accounts receivable. See "*The Group faces risks associated with contracting with public bodies*". Any failure of the Municipal Government of Yangzhou, the Development Zone Management Committee, the Development Zone Finance Bureau or the Group's other customers to make timely payments could materially and adversely affect the value of the Group's accounts receivable and its liquidity and in turn affect its business, financial condition or results of operations.

Delays or defaults in repurchase payments by the Municipal Government of Yangzhou and/or the Development Zone Management Committee to the Group may affect its working capital and cash flow.

The payment collection period of the Group's infrastructure construction projects is relatively long, and all or a large portion of the agreed buy-back price is typically paid only after the Municipal Government of Yangzhou and/or the Development Zone Management Committee completes its inspection of the project and provides its approval for the project or a phase of the project. However, the Group incurs a substantial amount of capital expenditure and ongoing costs such as material, equipment and labour costs, both at the beginning of a project and on an ongoing basis, which are primarily funded by the Group's own funding and external financing. Therefore, before achieving any project milestones, the Group already bears the risk of such expenditures relating to the project. The Municipal Government of Yangzhou and/or the Development Zone Management Committee may postpone payment or even fail to pay the buy-back price as scheduled. Therefore, any delay or default in the repurchase or other payments by the Municipal Government of Yangzhou and/or the Development Zone Management Committee may increase the Group's cash flow pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations.

As at 30 June 2021, the Group had not experienced any significant delay in payment by the Municipal Government of Yangzhou and/or the Development Zone Management Committee in accordance with the agreed payment timetable. However, there can be no assurance that the Municipal Government of Yangzhou and/or the Development Zone Management Committee will continue to make all payments in a timely manner, or that no payment default will occur in the future.

The Group's business, financial condition, results of operations and prospects are subject to effects of global economic events.

The Group's business, financial condition, results of operations and prospects are affected by general global economic conditions. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. The United Kingdom's exit from the European Union has resulted in volatility in global financial markets, and it is expected to create mid- to long-term economic uncertainty to not only the economies of the United Kingdom and the European Union but also globally. In addition, the U.S. government's policies may create uncertainty for the global economy and financial markets. The United States and the PRC have been involved in controversy over trade barriers that have triggered the implementation or proposed implementation of tariffs on certain imported products into the two countries. Geopolitical events such as recent military conflicts in Ukraine, continued tensions in the Middle East and the Korean peninsula, as well as the escalation of tensions between the United States and the PRC over trade policies, political and other issues could significantly undermine the stability of the global economy and financial markets.

The ongoing COVID-19 pandemic has adversely affected the global economy and financial markets. The COVID-19 pandemic and policies implemented by governments to deter the spread of the disease have had and may continue to have an adverse effect on consumer confidence and the general economic conditions to which the Group's business is subject. Despite the roll-out of mass vaccination programmes, significant COVID-19 related restrictions, including those in response to the relatively recent outbreaks of the Delta variant and subsequently the Omicron variant, have continued and in some instances, have been significantly tightened, in a number of countries. The COVID-19 pandemic continues to affect many countries globally and there remains significant uncertainty as to when the pandemic will end and whether governments will implement further travel restrictions or other restrictive measures to contain the COVID-19 pandemic. The resultant disruptions to the supply chain and reduced levels of consumption, commercial activities and industrial production in the affected countries may result in an economic slowdown in such economies which, if prolonged, could cause a global recession. Whilst the PRC has seen a rebound and a degree of normalisation of supply and demand, the pandemic situation continues to be affected by localised re-emergence of the virus. As the situation of the COVID-19 pandemic is still evolving, the heightened uncertainties surrounding the pandemic may pose a material adverse impact on the Group's business, financial condition, results of operations and prospects. See also "*– The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted*" for further information.

While central banks of various countries have implemented stimulus packages and national governments have proposed or adopted various forms of economic relief to contain the economic impacts of the COVID-19 pandemic and stabilise the markets, there can be no assurance that such monetary and fiscal policy measures will have the intended effects or that a global economic downturn will not occur or market volatilities will not persist. 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, results of operations and prospects. Please see "*– The Group's operations are subject to force majeure events, political unrest or civil disobedience movements, natural disasters and outbreaks or pandemic of contagious diseases and other disasters*" for further information.

The outlook for the global economy and financial markets remain uncertain. 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, instability in the global economy may materially and adversely affect the markets in which the Group invests or operates, which may lead to a decline in the general demand for the Group's services and products. If economic conditions were to worsen or if the economic recovery fails to continue or if an economic slowdown were to return, the Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding and, in addition, there can be no assurance that the Group will be able to raise finance at a reasonable cost, or at all. The Group may also be subject to solvency risks of banks and of its counterparties in its financial arrangements and contracts. Therefore, changes in the economic, social and political conditions in the PRC or the global economy could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted.

The ongoing COVID-19 pandemic in the PRC and other parts of the world since late 2019 could materially and adversely affect the overall business sentiment and environment in the PRC and in the markets in which the Group operates, particularly with the emergence of new variants of COVID-19 such as Delta and Omicron. Since December 2019, the outbreak of COVID-19 has caused substantial disruption to the PRC economies and markets. In particular, the administrative actions taken by local governmental authorities such as housing authorities to control the spread of the COVID-19 pandemic may have an adverse impact on the Group's businesses. The Group's businesses may also be adversely affected by certain relief measures implemented by the PRC government. Although the Group has adopted various measures to minimise the adverse impact of the ongoing 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 ongoing COVID19 pandemic on the Group will not persist.

Substantially all of the Group's operating income is derived from its operations in the PRC and any labour shortages, fall in occupancy rates or contraction or slowdown in the growth of domestic consumption in the PRC as a result of the adverse impact of the COVID-19 pandemic could materially and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, if any of the Group's management or employees are affected by the COVID-19 pandemic, the Group may be required to close down its offices, warehouses and facilities or suspend its construction projects to prevent the spread of the pandemic. The ongoing COVID-19 pandemic in the PRC may also affect the operations and financial condition of the Group's customers and suppliers, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects. The ongoing COVID-19 pandemic in the PRC, especially in the cities or provinces where the Group has operations, may also delay completion of the Group's projects as scheduled, causing substantial increase in development costs and/or late delivery of projects, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The ongoing 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 there can be no assurance that the ongoing COVID-19 pandemic in the PRC and other parts of the world would not have a material adverse effect on the Group's business, financial condition, results of operations, profitability and prospects.

The Group consists of a number of companies operating in various business segments and is subject to challenges not found in companies with a single business line.

The Group conducts businesses in various industries and is exposed to risks associated with multiple businesses.

The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. The Group needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

The Group may fail to obtain sufficient capital resources for its continued growth and other operation needs.

Most of the Group's business activities, in particular, primary land development and construction of infrastructure and resettlement housing, are capital intensive and require substantial capital expenditure for, among other things, the purchase of materials, construction and maintenance of plant and equipment used in its operations as well as compliance with applicable laws and regulations such as environmental laws.

The Issuer intends to use cash on hand, funds from operations, additional debt and equity financing and the financial support provided by the Municipal Government of Yangzhou and the Development Zone Management Committee such as fiscal subsidies to finance its capital expenditure going forward. The Group's ability to access and raise capital depends upon a number of factors, such as the PRC's economic condition, the Group's relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements, the Group's financial condition, and costs of financing. Some of these factors are beyond the Group's control. There can be no assurance that the Group will be able to access adequate funding sources in a timely manner. Also, there can be no assurance that additional financing will be available to the Group or, if available, that it can be obtained on terms acceptable to the Group and within the covenants and limitations imposed by the Group's existing or any future financings and the applicable regulations to which the Group may be subject.

The Group may not be successful in integrating and managing future investments and/or acquisitions.

The Group may from time to time, although unlikely in the near future, consider investment and acquisition opportunities that may complement its core business portfolio and capabilities, and assist in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in and/or acquisitions of its target businesses is dependent upon, and may be

limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group and to obtain required approvals from relevant regulatory authorities.

Such investments and/or acquisitions may expose the Group to potential difficulties that could prevent it from achieving the strategic objectives for the investments and/or acquisitions or the anticipated levels of profitability from the investments and/or acquisitions. These difficulties include:

- diversion of management's attention from the Group's existing businesses;
- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;
- difficulty of expanding into different markets and challenges of operating in markets and industries in which the Group does not have substantial experience;
- increases in debt, which may increase the Group's financing costs as a result of higher interest payments;
- exposure to unanticipated contingent liabilities to acquired businesses; and
- difficulties in integrating acquired businesses or investments into the Group's existing operations, which may prevent it from achieving, or may reduce, the anticipated synergies.

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

The Group may not be able to successfully identify, acquire, invest in or operate suitable investment projects, acquisition targets or businesses.

There can be no assurance that the Group will be able to identify suitable investments and acquisition targets, complete the investments and acquisitions on satisfactory terms or, if at all, if any such investments and acquisitions are consummated, satisfactorily integrate the acquired businesses and investments into its operations. Any failure of the Group to implement its expansion plans through investments and acquisitions could have a material adverse effect on the Group's business, financial position and results of operations, as well as its future prospects.

In addition, the Group's subsidiaries operating in different segments may determine that it is in their shareholders' interests to pursue new business ventures. There can be no assurance that such business ventures will be successful or generate the synergies expected, if any. The successful completion of this type of transaction will depend on several factors, including satisfactory due diligence findings and the receipt of necessary regulatory approval, among others. If the Group fails to complete such business ventures or such ventures prove to be unsuccessful, the Group's operating segments involved may be adversely affected.

There are risks associated with any material acquisitions by the Group in the future.

The Group may consider, although unlikely in the near future, expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial, legal and other risks and liabilities. When determining the consideration for any acquisition, the Group will consider various factors,

including, but not limited to, the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively.

In addition, any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

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

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Issuer has minority interests. The Group may also fail to manage such assets, projects or subsidiaries successfully. The Group's involvement with such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. The Issuer may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Issuer does not have majority interests.

The Group engages in related party transactions with its associates and joint ventures from time to time which may create potential conflicts of interest.

The Group has engaged in and will continue to engage in a variety of transactions with its associates and joint ventures, which primarily include providing guarantees. There can be no assurance that those transactions would be deemed as arm's-length or the Group's related parties will not take actions that favour their interests over the Group's. If a borrower defaults on any borrowings guaranteed by the relevant Group's member, the relevant lender may exercise its right under the guarantee to demand repayment from the Group, which may result in a funding shortage at the Group level. The internal control regarding the management of various related party transactions can be also challenging and demanding for the Group. Failure to adequately control and manage its related party transaction could have an adverse effect on the Group's business, financial condition or results of operations.

The Group may be exposed to credit risk relating to guarantees.

The Group provides guarantees in respect of indebtedness of other government-owned entities in the Yangzhou City which are not members of the Group from time to time. As at 31 December 2021, the balance of such guarantees amounted to approximately CNY8,355.68 million. For further details of such guarantees, please see "*Notes to Financial Statements – IX. Commitments and Contingencies*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021. If there is a downturn in the general economic conditions in the Jiangsu Province or other adverse circumstances or events affecting the financial conditions of the guaranteed entities and the guaranteed entities are unable to fulfill their obligations under their respective indebtedness, the Group, acting as the guarantor in respect of such indebtedness, will be required to pay the outstanding debt obligations on behalf of the guaranteed entities. Any such repayment of indebtedness by the Group could materially and adversely affect the Group's financial condition, results of operations and prospects.

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

The Group's ability to make payments on and to refinance its indebtedness, including the Bonds, and to fund planned capital expenditures and project development will depend on the Group's ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. There can be no assurance that the Group may generate sufficient cash flow from its operations to enable it to pay its indebtedness, including the Bonds, or to fund the Group's other liquidity needs. The Group may need to refinance all or a portion of its indebtedness, including the Bonds, on or before maturity. However, the Group might not be able to refinance any of its indebtedness, including the Bonds, on commercially reasonable terms or at all. If the Group is unable to service its indebtedness or obtain refinancing on terms acceptable to the Group, it may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Group is subject to extensive regulatory requirements and the non-compliance of which would materially and adversely affect the Group's financial condition and results of operations.

The Group is subject to extensive laws, policies and regulatory requirements issued by the relevant governmental authorities in the PRC and other jurisdictions, including, but not limited to, safety and health regulations. The Group is also subject to the supervision of a number of government ministries and departments, including NDRC, MOHURD, Ministry of Ecology and Environment of the PRC and the Ministry of Emergency Management of the PRC. Any breach of the laws or regulations to which the Group is subject may result in the imposition of fines and penalties, the suspension or closure of its relevant operations or the suspension or revocation of its licences or permits to conduct its relevant businesses.

Given the magnitude and complexity of the laws and regulations to which the Group is subject, compliance with such laws and regulations or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As at 30 June 2021, the Group had not received any notice regarding any material non-compliance with the applicable safety regulations or requirements from any government authority. Although the Group is obliged to comply with all applicable laws and regulations, there can be no assurance that the Group will be in compliance at all times. Any failure to comply with applicable laws and regulations could subject the Group to, among other things, civil liabilities and penalties.

In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group and in turn, materially affect the Group's financial condition.

The Group requires various approvals, permits and licences to operate its businesses.

Pursuant to the applicable laws and regulations in the PRC, the Group is required to obtain or renew approvals, permits and licences with respect to its relevant operations. Some members of the Group may not have the requisite permits and qualifications to conduct some of the businesses described in their business licences. However, the Issuer believes that such non-compliance would not materially and adversely affect the Group's business, financial condition and results of operations as the relevant members have not commenced such businesses. There can be no assurance that the Group will be able to obtain or renew all necessary approvals, permits and licences on a timely basis or at all. Failure to comply with the applicable laws and regulations or the inability to obtain the relevant approvals, permits and licences could expose the Group to the imposition of sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restrictions or prohibitions on certain of the Group's business activities, which may adversely affect the Group's financial condition and results of operations.

Some of the Group's members may not possess valid land use rights or building ownership certificates or other necessary certificates, permits or approvals in relation to certain properties and some of the Group's properties are subject to usage for special purposes and restrictions on transfer.

Some of the Group's members may not possess valid land use rights certificates or building ownership certificates or other necessary certificates, permits or approvals in relation to certain properties. In the event that a member of the Group does not possess the necessary certificates, permits or approvals in relation to certain properties (including the construction in progress), it may apply for such certificates, permits or approvals, but there can be no assurance that such certificates, permits and approvals will be obtained in a timely manner, or at all, and any delay may result in a disruption to their business operations and may adversely affect their financial performance. Under PRC laws and regulations, approvals from, and payment of land premium to, the relevant land authorities are necessary for any transfer, sale and disposal of such allocated land or the buildings attached thereto. There can be no assurance that the relevant PRC government will continue to allow the Group to use the land and properties allocated to it to the same extent as currently used or at all which may have an adverse effect on the Group's business and operations. In addition, restrictions of transfer of such land and properties may also have a material adverse impact on the liquidity of the Group's assets and the Group's financial condition.

Non-compliance with environmental regulations, including those to be implemented in the future, may result in material adverse effects on the Group's results of operations.

A variety of general and industry-specific PRC environmental laws and regulations apply to the Group's operations such as damage caused by air emissions, noise emissions, waste water discharges, waste pollution and solid and hazardous waste handling and disposal. Costs and liabilities relating to compliance with applicable environmental laws and regulations are an inherent part of the Group's business operations. These laws can impose liability for non-compliance or clean up liability on the generation of hazardous waste and other substances from the Group's business operations that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. The Group may also be required to investigate and remedy contamination at its properties or where the Group conducts operations, including contamination that was caused by previous owners of properties.

In addition, environmental laws and regulations are becoming increasingly stringent and may in the future impose onerous obligations on the Group or significant penalties for non-compliance. While the Group intends to comply with applicable environmental legislation and regulatory requirements, it is possible that such compliance may materially restrict the operation of its business and/or result in significant costs for the Group.

In addition to potential clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable environmental laws, regulations or administrative orders. This may result in closure or temporary suspension or the imposition of restrictions on the Group's operations. The Group may become involved in legal proceedings that may require it to pay fines, comply with more rigorous standards or incur capital and operating expenses for environmental compliance. Third parties may sue the Group for damages and costs resulting from environmental contamination from its properties and/or production facilities. There can be no assurance that changes in laws or regulations, in particular environmental laws and regulations, will not result in the Group having to incur substantial capital expenditure to upgrade or supplement its existing facilities or becoming subject to any fines or penalties for any non-compliance. If the Group were to incur significant fines or penalties or become involved in protracted litigation, or if any of its facilities are closed down or required to be temporarily suspended or if any upgrade is required to comply with the applicable laws and regulations, then the Group's financial condition and results of operations may be adversely affected.

Future changes in laws, regulations or enforcement policies in the PRC could adversely affect the Group's business.

Laws, regulations and enforcement policies in the PRC, including those regulating the land development industry and real estate industry are evolving and are subject to future changes. These changes could adversely impact the Group's business operations. In addition, different regulatory authorities may have different interpretation and enforcement of the policies affecting the industries in which the Group operates, which requires companies to meet policies requirements issued by the relevant regulatory authorities from time to time, and obtain applicable approvals and complete filings in accordance with the relevant regulatory authorities' interpretation and enforcement of such policies.

If applicable laws and regulations change adversely or the relevant regulatory authorities change their interpretation or enforcement of relevant policies in the future, the Group may be required to obtain further approvals or meet other additional regulatory requirements. In addition, if there are any future changes in applicable laws, regulations, administrative interpretations or regulatory documents, or stricter enforcement policies by the relevant PRC regulatory authorities, more stringent requirements could be imposed on the industries in which the Group is currently operating. Compliance with such new requirements could impose substantial additional costs or otherwise have a material adverse effect on the Group's business, financial condition and results of operations. In addition, if the Group fails to meet such new rules and requirements relating to approval, construction, environmental or safety compliance of its operations, the Group may be ordered by the relevant PRC regulatory authorities to change, suspend construction of or close the relevant production facilities. Alternatively, these changes may also relax some requirements, which could be beneficial to the Group's competitors or could lower market entry barriers and increase competition. As a result, the Group's business, financial condition and results of operations could be materially and adversely affected.

Any failure of the Group's key contractors may have an adverse effect on the Group's business.

The Group engages contractors for the provision of various services, including, but not limited to, certain construction work for the development of land and the construction of resettlement housing, infrastructure and real estate. There can be no assurance that services rendered by any of the Group's contractors will always be satisfactory and up to the standard specified in the relevant contracts. If the performance of any contractor is unsatisfactory, the Group may need to replace such contractor or take other necessary remedial action, which could increase costs and delay the construction progress of the affected projects. In addition, the Group is also exposed to the risk whereby its contractors may require additional capital in excess of the price originally tendered to complete their engagement and as a result, the Group may have to bear these additional costs. If any of the Group's key contractors fail to perform their contractual obligations, the Group's operations, business and financial condition may be materially and adversely affected.

In addition, the Group may not be able to find suitable alternative contractors at commercially reasonable terms, if at all, should the Group's contracts with its current contractors terminate or in the event its current contractors choose not to renew any expired contracts. This may cause delays in the completion of the Group's projects or incur additional costs, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group is not insulated from the rising operating costs of labour, prices of raw materials and construction materials and construction equipment.

As a result of economic growth in the PRC, wages for construction workers and the prices of raw materials and construction materials as well as building equipment have undergone substantial increases in recent years. In addition, the Labour Contract Law of the PRC (the "**Labour Contract Law**"), which came into effect on 1 January 2008 and amended on 28 December 2012, enhanced the protection for employees and increased the liability of employers in many circumstances, which may further increase the Group's labour costs. The Group bears the risk in respect of fluctuations in wages, the price of raw materials and construction materials and is also exposed to the price volatility of construction equipment

used in construction projects. If the Group is unable to pass on any increase in the cost of labour, raw materials and construction materials and construction equipment to its customers, its results of operations may be negatively affected. There can be no assurance as to the future price movements of any raw materials and construction materials required by the Group and any detrimental movements in the future could have a material adverse effect on the Group's financial condition and results of operations.

The Group is subject to project development risks and cost overruns, and delays may adversely affect its results of operations.

There are a number of construction, financing, operating and other risks associated with project development in the PRC. Construction projects that the Group undertakes typically require substantial capital expenditure during the construction phase. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of raw materials, equipment and labour, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with subcontractors, accidents, changes in governmental priorities and other unforeseen circumstances. Please also see "– *The relocation of indigenous residents and businesses on the sites where the Group's projects are located may result in delays in its development and/or increases in its development costs*" for further information. Any of these instances could give rise to delays in the completion of the Group's construction projects which in turn could lead to cost overruns. Construction delays can result in loss of operating income. In addition, as construction costs for new projects have generally increased due to factors that are generally beyond the Group's control, construction delays may further increase such costs. Although the majority of the Group's construction projects have been completed on schedule, there can be no assurance that this will remain the case or that future construction projects will be completed on time, or at all, and generate satisfactory returns.

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

The Group relies on contractors and extensive labour to carry out land development, infrastructure and resettlement housing construction and real estate construction. As such, labour shortages or labour disputes between the Issuer and contractors could materially and adversely affect the Group's business, prospects and results of operations. Industrial action or other labour unrest could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects.

In addition, as at 30 June 2021, the Group employed approximately 34 employees. Some of the Group's employees are currently represented by labour unions. Also, employees of some of the Group's suppliers, contractors or companies in which the Group has investments are or may become unionised in the future or experience labour-related instability. Although the Group maintains a good working relationship with its employees and had not experienced any labour disputes that could cause material adverse effect to the operation and performance of the Group as at 30 June 2021, the Group is unable to predict the outcome of any future labour negotiations. Any conflicts with the Group's employees or contractors and/or their respective unions could have a material adverse effect on its financial condition and results of operations.

The PRC government may impose fines or penalties on the Group or revoke the land use rights with respect to certain idle land held by the Group.

Under applicable PRC laws and regulations, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if (i) the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract; or (ii) the development is suspended for more than one year without governmental approval and such development is less than one-third of the total area granted or the capital invested in such development is less than one-fourth of the total investment approved for such development. The

PRC government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes.

The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land（國務院關於促進節約集約用地的通知）which states, among other things, that the Ministry of Natural Resources (formerly known as the Ministry of Land and Resources) ("**MNR**") and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. In addition, MNR issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land（關於嚴格建設用地管理促進批而未用土地利用的通知）which reiterates its policy on idle land.

As at 30 June 2021, some of the Group's land had not commenced development within the time stipulated in the relevant land use rights grant contracts. The Issuer believes that such non-development would not materially and adversely affect the Group's business, financial condition and results of operations as the Group has obtained the relevant time extension approval from the relevant authorities for its land development. However, the imposition of fines and penalties, revocation of land use rights certificate and other punitive actions could have a material adverse effect on the Group's business, financial condition and results of operations. There can be no assurance that the Group will be able to commence development of its land within the time stipulated in the relevant land use rights grant contracts.

The relocation of indigenous residents and businesses on the sites where the Group's projects are located may result in delays in its development and/or increases in its development costs.

Some of the past projects developed by the Group, in particular its primary land development projects, involved relocation of indigenous residents and businesses, and the Issuer believes that similar situations may recur when the Group develops its future projects. If any indigenous resident or business is dissatisfied with the relocation compensation and refuses to move, the relevant entity of the Municipal Government of Yangzhou will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant government authority for its mediation or determination on the relevant relocation compensation matters. The relevant government authority will then make a decision as to the proper relocation compensation and timetable. There can be no assurance that the relocation of indigenous residents or businesses will proceed smoothly or that they will agree to the compensation. In addition, the amount of compensation to be paid is subject to PRC governmental regulation and can be changed at any time. Any delays affecting such relocations of these indigenous residents or businesses may result in delays in the Group's development schedules and/or increases in its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects. Therefore the Group needs to maintain an effective quality control system to monitor the quality and safety of its land development and construction activities as well as other operational activities. The effectiveness of the Group's quality control system depends significantly on a number of factors, including the design of the system, the related training programme as well as its ability to ensure that the Group's employees adhere to its quality control policies and guidelines. 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 liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. In addition, if any such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the

Issuer believes that the Group's quality control systems have functioned properly, there can be no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

The Group is exposed to interest rate risk.

Interest rate fluctuations may influence the Group's financial performance. Any changes in the prevailing interest rates may impact the Group's borrowing costs as a portion of the Group's borrowings bear floating interest rates. The Group may be susceptible to interest rate volatility if it is unable to match its floating rate liabilities with floating rate payments or secure appropriate hedges for the same.

While the Group's exposure to interest rate volatility may be hedged through the use of interest rate swaps and interest caps, the magnitude of the final exposure depends on the effectiveness of the hedge. There can be no assurance that fluctuations in interest rates will not have an adverse effect on the Group's earnings or cash flows. If any of the various instruments and strategies which the Group uses to hedge its exposure to interest rate risk are or become ineffective, the Group may incur significant losses, which could have a material adverse effect on the Group's financial position and results of operations.

The Group may be subject to risks related to tax law changes.

On 23 March 2016, MOF and SAT issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform(財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知)("**Circular 36**"), which stipulates that, as at 1 May 2016, all payers of business tax, including taxpayers engaged in the construction and real estate industries, shall be included in the scope of the pilot programme and subject to value-added tax ("**VAT**") instead of business tax. Circular 36 may have an impact on the Group's business model as it may increase the tax burden of the Group. On 4 April 2018, MOF and SAT issued the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates(財政部、稅務總局關於調整增值稅稅率的通知)("**Circular 32**"), which stipulates that the tax rate for provision of construction services and transfer of land use rights shall be reduced from 11 per cent. to 10 per cent. from 1 May 2018 onwards. In addition, on 20 March 2019, MOF, SAT and the General Administration of Customs issued the Announcement on Relevant Policies for Deepening Value-Added Tax Reform(關於深化增值稅改革有關政策的公告)("**Circular 39**"), which stipulates that the tax rate for provision of construction services and transfer of land use rights shall be reduced from 10 per cent. to 9 per cent. from 1 April 2019 onwards.

As Circular 36, Circular 32 and Circular 39 are relatively new and given the limited volume of published decisions relating to their application, there are uncertainties as to the interpretation and enforcement of Circular 36, Circular 32 and Circular 39 and/or any tax-related laws and regulations which may be promulgated in the future from time to time. These tax law changes and the related uncertainties may have a material adverse effect on the Group's operating income and could in turn materially and adversely affect the Group's business, financial condition and results of operations.

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

The Group may be involved, from time to time, in legal proceedings arising in the ordinary course of its operations. Please see "*Description of the Group – Legal and Regulatory Proceedings*" for further information. Litigation arising from any failure, injury or damage from the Group's operations may result in the relevant member of the Group being named as defendant in lawsuits asserting large claims against such member of the Group or subject such member of the Group to significant regulatory penalties. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for a substantial period of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other sanctions adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions, the costs associated with the Group's defence may be significant. When the market experiences a downturn, the number of legal claims and amount of damages sought in litigations and regulatory

proceedings may increase. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, reputation, results of operations and prospects.

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

The Group's operations are subject to force majeure events, political unrest or civil disobedience movements, natural disasters and outbreaks of pandemic of contagious diseases and other disasters.

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

The Group's operations are mainly based in the Yangzhou Development Zone, which is exposed to potential natural disasters including, but not limited to, earthquakes, typhoons, flooding, landslides, mudslides and drought. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its operating income and profits.

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

Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain an adequate level of coverage at least equal to the Group's current coverage and at the same cost. The frequency and magnitude of natural disasters seen over the past few years, for example, the earthquake in Yangzhou City in July 2012, could have a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damages insurance cover for the Group. Please see "– *The insurance coverage of the Group may not adequately protect it against all operational risks or any potential liabilities or losses*" in this section for further information.

The Group's operations and financial condition could also be materially and adversely affected by any outbreak, epidemic and/or pandemic of (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of) infectious or contagious diseases and/or other adverse public health developments in the PRC or elsewhere. In particular, the ongoing COVID-19 pandemic in the PRC and other countries has led to business suspension, travel and other restrictions, labour shortages and supply

or delivery chain constraints in the PRC and globally. It is difficult to predict the level of impact of the ongoing COVID-19 pandemic on the PRC and global economies and there can be no assurance that it would not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The outbreak of severe acute respiratory syndrome ("**SARS**") that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. There have also been sporadic outbreaks of the H5N1 virus or "Avian Influenza A" among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans. In 2009 and 2010, there have also been global outbreaks among humans of the influenza A/H1N1 virus. Other recent epidemics include the Middle East Respiratory Syndrome (MERS), the H5N1 avian flu, the H7N9 avian flu, the Ebola virus disease and the Zika virus disease. The ongoing COVID-19 pandemic and outbreak of SARS and the influenza A/H1N1 virus led to a significant decline in travel volumes and business activities throughout most of the Asian region as well as globally. The occurrence of another outbreak of highly contagious disease or epidemic disease (whether known or unknown to the world) (or the escalation and/or intensification of any outbreak, epidemic and/or pandemic of infectious disease) in the PRC or elsewhere may result in another economic downturn and could adversely affect the overall level of business and travel in the affected areas. There may also be significant disruption to the Group's business operations and consequently have an adverse effect on its financial condition and results of operations. Please see "*– The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted*" for further information.

The insurance coverage of the Group may not adequately protect it against all operational risks or any potential liabilities or losses.

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

- construction interruptions caused by operational errors, electricity outages, raw material and construction material shortages, equipment failure and other operational risks;
- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the real estate property it develops;
- work-related personal injuries;
- on-site construction related accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

These operational risks may be beyond the control of the Group and could cause significant business interruptions, property damages, personal injuries and property or environmental damage. The occurrence of any of these events, and the consequences resulting from them, may not be covered adequately, or at all, by the Group's insurance policies. In addition, certain types of risks are not insured in the PRC because they are either uninsurable or not economically insurable, such as risks from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability.

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

Failure to recruit and retain key managerial personnel, highly skilled employees and the occurrence of labour unrest may materially and adversely affect the Group's operations.

The success of the Group's business depends, to a large extent, on the strategic vision of the board of directors of the Issuer, the continued service of key managerial personnel including directors and key senior executives and the ability to attract and retain highly skilled personnel such as engineers. If the Group is not successful in recruiting or retaining its employees, its operations may be adversely affected. In addition, if any of them fails to observe and perform their obligations under their service agreements, or any labour unrest may cause disruption to the operations of the Group which, coupled with any increase in labour costs resulting from such dispute, may have a material adverse effect on the Group's results of operations and profits. Although the Group has not experienced any major labour disputes, there can be no assurance that the Group will not experience such disputes in the future.

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

Following the 18th Chinese Communist Party Congress in 2012 and the wide-reaching anti-corruption campaign in the PRC, the Central Leading Group for Inspection Work (the "**Inspection Leading Group**"), a coordination body set up under the Central Committee of the Chinese Communist Party for the purpose of managing party disciplinary inspections nationwide, has dispatched inspection teams to provinces and central government organs such as ministries and state-owned enterprises, including the Issuer, in the PRC to conduct inspection work on party disciplinary enforcement.

The Issuer believes that the inspection team's findings will not materially and adversely affect the business, financial condition and results of operations of the Group. However, there can be no assurance that there will not be any further inspections, investigations or actions against the Group or its officers or employees resulting from the findings taken by the Inspection Leading Group or other governmental authorities or that such inspections, investigations or actions would not adversely affect the Group as a result.

In addition, the Group may be exposed to fraud or other misconducts committed by its officers, employees, representatives, agents, customers or other third parties that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, which in turn affects its reputation. These misconducts 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;
- recommending products, services or transactions that are not suitable for the Group's customers or clients;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;

- engaging in unauthorised or excessive transactions to the detriment of the Group's customers or clients;

- engaging in improper activities such as offering bribes to counterparties in return for any type of benefit or gain or accepting bribery activities;

- conducting any inside dealing; or

- otherwise not complying with applicable laws or the Group's internal policies and procedures.

In particular, the Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and other relevant jurisdictions.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. In particular, the Group has adopted policies and procedures that aim to detect and prevent the use of its business platforms to facilitate money laundering activities and terrorist acts. 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. In addition, it is not always possible to detect and prevent fraud and other misconducts, and the precautions undertaken by the Group to prevent and detect such activities may not be effective. Hence, it is possible that fraud or other misconducts may have previously occurred but was undetected, or that fraud or other misconducts may occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result and the relevant government agencies may freeze the Group's assets or impose fines or other penalties on the Group. Any of these instances may materially and adversely affect the Group's reputation, business, financial condition and results of operations.

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

The Group's business depends on the integrity and performance of its business, accounting and other data processing systems. If the Group's systems cannot cope with increased demand or otherwise fail to perform, the Group could experience unanticipated business disruptions, slower response times and limitation on its ability to monitor and manage data and risk exposure, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and potential intervention by regulatory authorities.

Although the Group's systems had not experienced major system failures and delays in the past, there can be no assurance that the Group's systems would not experience future system failures and delays, or the measures taken by the Group to reduce the risk of system disruptions are effective or adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

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

The Group may undergo certain organisational restructuring from time to time which may involve disposal by the Issuer of certain subsidiaries or affect whether certain subsidiaries of the Issuer will be consolidated in the Issuer's consolidated financial statements. In addition, the Issuer may issue shares to entities other than the Municipal Government of Yangzhou which would in turn dilute the Municipal Government of Yangzhou's existing shareholding in the Issuer's registered share capital. There can be

no assurance that any such organisational restructuring or changes in the Issuer's shareholding structure will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Members of the Group may become listed and therefore may be subject to regulatory restrictions and listing requirements and the Issuer's shareholding or voting interests in such subsidiaries may be diluted.

The shares of one or more members of the Group may become listed on one or more stock exchanges. As a result, the entering into certain transactions by any such member may be subject to various regulatory restrictions. Intra-group transactions may also be subject to applicable listing requirements, such as the issuance of press notices and public announcements, the obtaining of independent shareholders' approval at general meetings and/or disclosure in annual reports and accounts. Members with funding needs may therefore not be able to obtain financial support from the Group in a timely manner, or at all.

In addition, in the event that the shares of one or more subsidiaries of the Issuer become listed on a stock exchange, the Issuer's shareholding or voting interests in such subsidiaries may be diluted. There can be no assurance that any such dilution in shareholding or voting interests will not have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PRC

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

The Group's businesses are primarily concentrated in the Yangzhou Development Zone of the Yangzhou City in the Jiangsu Province and substantially all of the Group's assets are located in the PRC and substantially all of the Group's operating income is derived from its operating activities in the PRC. Therefore, the performance of the PRC economy affects, to a significant degree, the Group's business, prospects, financial condition and results of operations.

The economy of the PRC experienced rapid growth in the past 40 years. However, there has been a slowdown in the growth of the PRC's gross domestic product ("**GDP**") since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP slowed down from 7.4 per cent. in 2014 to 2.2 per cent. in 2020. This has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable.

In recent years, as a result of recurring liquidity tightening in the banking system, alternative lending and borrowing outside of traditional banking practices, generally known as "shadow banking", has grown to become an integral and significant aspect of the PRC economy. Such alternative lending is loosely regulated and has led to an increase in the PRC's debt levels leading to concerns over rising bad debts and financial problems. As some of the funds obtained from shadow banking are being used for investments in speculative and risky products, should a widespread default on such investments occur, this could harm the growth prospects of the PRC economy. There were reports of a number of shadow banking defaults in the PRC resulting in increased scrutiny and oversight by regulators who have proposed draft rules to control the industry. Even if the PRC government increases regulation over such alternative lending and borrowing, there can be no assurance that such regulations will be successful, or that they would not have an adverse impact on the overall loan markets and liquidity in the PRC, which will negatively impact the PRC economy. Although the PRC government has taken several measures with the intention of increasing investor confidence in the PRC economy, there can be no assurance that such measures will be effective. There can be no assurance that the PRC government will not implement any reforms which may conflict with such targeted growth. The Group's business, financial condition and results of operations could be adversely affected by the PRC government's inability to effect timely economic reforms.

The future performance of the PRC economy is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States, the United Kingdom and the European Union. Effective on 31 January 2020, the United Kingdom has officially exited from the European Union. There remains significant uncertainty as to its impact on the economic conditions of other parts of the world, such as the PRC, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. Concerns over possible inflation or deflation, uncertainty relating to currency exchange rates and interest rates, the availability and cost of credit, volatility in commodity and oil prices, geopolitical issues, and unstable financial markets and the global housing and mortgage markets, have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world. The outlook for the global economy and financial markets remains uncertain. From time to time, the PRC and other countries may adopt, adjust or withdraw their macroeconomic measures, monetary policies and economic stimulus packages, which further increases the difficulty in predicting the outlook for the global economy and financial markets. Economic conditions in the PRC are sensitive to global economic conditions and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis in a manner and scale similar to that in the United States and the European countries between 2008 and 2011.

In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Furthermore, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have positive effects on the Group's operations and business development. Other political, economic and social factors may also lead to further adjustments of the reform measures. For example, the PRC government has, in the past, implemented a number of measures intended to curtail certain segments of the economy, including the property industry, which the government believed to be overheating. Other factors or events, such as the ongoing COVID-19 pandemic, which has occurred in the PRC and other countries since late 2019, may also have a significant adverse impact on the PRC's political, economic and social conditions, which in turn may materially and adversely affect the Group's business, financial condition, results of operations and prospects. There can be no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

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

The future performance of the PRC economy is not only affected by the economic and monetary policies of the PRC government, but has been, and will in the future continue to be, materially affected by global or regional geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit. Please see "*– Risks Relating to the Group's Business – The business, financial condition, results of operations, profitability and prospects of the Group are subject to effects of global economic events*" for further information.

Economic, political and social conditions in the PRC and government policies could affect the Group's business and prospects.

The PRC economy differs from the economies of developed countries in many respects, including, among other things, level of government involvement, level of economic development, growth rate, foreign exchange controls and resources allocation.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For more than four decades, the PRC government has implemented economic reform measures to utilise market forces in the development of the PRC economy. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, the Group may not continue to benefit from all, or any, of these measures in the future. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in the PRC economic, political or social conditions and in PRC laws, regulations and policies will adversely affect its business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

The Group's business, financial condition and results of operations may be adversely affected by:

- changes in PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Group's business segments;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other import restrictions.

If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business, results of operations and financial condition could be materially and adversely affected.

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

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, changes in PRC and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the Group may be unable to increase the 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. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

The PRC legal system is evolving and may cause uncertainty which could limit the legal protection available to or against the Group.

The Group is generally subject to laws and regulations of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but they have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to market participants in the PRC. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the enforcement of these laws, regulations and rules may be uncertain and their interpretation may not be as consistent or predictable as compared to other more developed jurisdictions. Such uncertainty may impede the Group's ability to enforce contracts that the Group has entered into with its investors, creditors, customers, suppliers and business partners. The Group cannot predict the effect of future developments in the PRC legal system or the integration of such developments under the legal systems of other jurisdictions, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government's decisions by itself, provincial or national governments. This uncertainty may limit legal protections available to or against the Group. In addition, any litigation in the PRC may be protracted and could result in substantial costs and may divert the Group's resources or management's attention, all of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

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

Substantially all 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 process upon, or to enforce against, the Issuer or its directors or members of the Issuer's senior management who reside in the PRC in connection with judgments obtained in non PRC courts.

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

parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer or its directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region(關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排)(the "**2019 Arrangement**"), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for "choice of court" agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Issuer or its directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, United Kingdom, or some other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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

The Issuer operates some of its businesses through its operating subsidiaries in the PRC. PRC laws require that dividends be paid only out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. In addition, PRC law requires enterprises set aside part of their net profit as statutory reserves before distributing the net profit for the current financial year. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Issuer's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any legal restrictions on the availability and usage of dividend payments from the Issuer's subsidiaries may impact the Issuer's ability to fund its operations and to service its indebtedness.

The Group is subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion, and may be affected by the risks relating to fluctuations in exchange rates in the future.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of PRC. Substantially all of the Group's operating income is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, such as payments of principal and interests under the Bonds or other foreign currency denominated debt, if any.

Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are complied with. Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, the Group may not be able to pay interests and/or principal to holders of the Bonds or other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

The proceeds from the offering of the Bonds will be received in U.S. dollars. As a result, any appreciation of Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets and the Group's proceeds from the offering of the Bonds. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Bonds.

The value of Renminbi against the U.S. dollar and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. On 21 July 2005, the PRC government adopted a more flexible managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. From 21 July 2005 to 17 March 2014, the floating band of interbank spot foreign exchange market trading price of Renminbi against the U.S. dollar was gradually widened from 0.3 per cent. to 2 per cent. On 11 August 2015, PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System ("**CFETS**"), a sub-institutional organisation of PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there can be no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC.

In addition, the value of Renminbi has depreciated significantly against the U.S. dollar since the end of 2015 and there can be no assurance that the Renminbi will not experience significant depreciation or appreciation against the U.S. dollar or against any other currency in the future. Furthermore, the Group is required to obtain SAFE's approval before converting significant amounts of foreign currencies into Renminbi. As a result, any significant increase in the value of Renminbi against foreign currencies could reduce the value of the Group's foreign currency-denominated revenue and assets and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect the Group's business and results of operations.

On 29 June 2007, the PRC government enacted the Labour Contract Law, which became effective on 1 January 2008 and amended on 28 December 2012. The Labour Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of

employees, compensation upon termination and overtime work, and collective bargaining. According to the Labour Contract Law, an employer is obligated to sign an unlimited term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed term labour contracts. The employer must also pay compensation to employees if the employer terminates an unlimited term labour contract unless an employee refuses to extend the labour contract with the employee under the same terms or better terms than those in the original contract. Further, under the Regulations on Paid Annual Leave for Employees which became effective on 1 January 2008, employees who have served more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their normal salaries for each waived vacation day. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

RISKS RELATING TO FINANCIAL AND OTHER INFORMATION

The audited consolidated financial statements of the Issuer have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.

The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 included elsewhere in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Please see "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

The presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods.

The scope of consolidation of the Issuer's consolidated financial statements changes from time to time. See "*Notes to Financial Statements – VI. Change in Consolidated Scope*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020 included elsewhere in this Offering Circular and "*Notes to Financial Statements – VI. Change in Consolidated Scope*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 included elsewhere in this Offering Circular. In addition, MOF promulgated the New Accounting Standards and Requirements in 2017 and 2019. See "*Notes to Financial Statements – III. Significant Accounting Policies and Accounting Estimates – 29. Changes in significant accounting policies and accounting estimates*" of the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021. As a result, the presentation of certain accounting items in the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021 may not be comparable to the financial information in the consolidated financial statements of the Issuer for the previous periods. As the scope of consolidation of the Issuer's consolidated financial statements may change from time to time and MOF may promulgate new accounting standards and requirements in relation to financial statements from time to time, there can be no assurance that such changes in scope of consolidation or new accounting standards and requirements would not materially and adversely affect the Issuer's accounting policies or the presentation of the Issuer's consolidated financial statements.

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

The historical financial information of the Group included elsewhere in this Offering Circular is not indicative of its current or future financial results. Such financial information is not intended to represent or provide a forecast of the Group's results of operations of any future periods. The Group's

future results of operations may deviate materially from its historical financial performance if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its businesses. The Group may also acquire businesses or companies or dispose of its subsidiaries or assets from time to time in accordance with the Group's business objectives. Period-to-period comparisons of the Group's historical operating results must be evaluated in light of the impact of any such transactions.

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

Certain facts and statistics in this Offering Circular are derived from publications not independently verified by the Issuer, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers.

This Offering Circular contains facts and statistics relating to the economy of the PRC, the Yangzhou City, the Yangzhou Development Zone and the industries in which the Group operates. While the Issuer has taken reasonable care to select reliable information sources and ensure that the facts and statistics relating to the PRC, the Yangzhou City, the Yangzhou Development Zone and the industries in which the Group operates presented are accurately extracted from such sources, such facts and statistics have not been independently verified by the Issuer, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, agents, employees, representatives or advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

There may be limited publicly available information about the Issuer than is available in certain other jurisdictions.

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

RISKS RELATING TO THE BONDS

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

NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity of not less than one year 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 registered the issuance of the Bonds with NDRC and obtained a certificate from NDRC on 17 February 2022 evidencing such registration. Similarly, the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular is unclear. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify NDRC of the particulars of the issue of the Bonds within 10 Registration 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 5 May 2015, 26 April 2016 and 9 June 2016, the Issuer shall complete the Foreign Debt Registration in respect of the issue of the Bonds with SAFE in accordance with the relevant laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within 15 Business Days after the Issue Date (as defined in the Terms and Conditions) and complete the Foreign Debt Registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as under PRC laws and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the Foreign Debt Registration within 120 Registration Business Days of the Issue Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the Foreign Debt Registration within the abovementioned period. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete the Foreign Debt Registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of the Bonds. However, notwithstanding such right, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

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

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

The Bonds will be unsecured obligations.

As the Bonds will be unsecured obligations of the Issuer, repayment of the Bonds may be adversely affected if:

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

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

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

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. 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 Bonds 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 Bonds may not be a suitable investment for all investors.

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

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 Bonds are legal investments for it; (b) the Bonds can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although an application will be made to SEHK for the listing of, and permission to deal in, the Bonds on SEHK, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held by or allocated to limited investors. Bondholders should note that they may need to hold the Bonds until maturity as there may not be an active secondary market for the Bonds. Further, some investors may be affiliates of the Issuer. The Managers are not obligated to make a market in the Bonds, and if the Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities

Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Issuer has been assigned ratings of Ba1 by Moody's, BB+ by S&P, BBB+ by Lianhe Global and BBB_g+ by CCXAP. The Bonds are expected to be rated Ba1 by Moody's, BB+ by S&P, BBB+ by Lianhe Global and BBB_g+ by CCXAP. The ratings represent only the opinions of the rating agencies and their assessment of the ability of the Issuer to perform its obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. Ratings are not recommendations to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. There can be no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer (if any). A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

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

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

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

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

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

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

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

On the Maturity Date, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest. On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

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

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

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

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

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

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of not only such debt but also other debts, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

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

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

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

The Terms and Conditions also will provide that the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, agree to any modification of the Trust Deed, the Terms and Conditions and/or the Agency Agreement (as defined in the Terms and Conditions) (other than in respect of a reserved matter) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Terms and Conditions, the Trust Deed and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law.

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

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

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of actions and/or steps and/or instituting of proceedings pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions), the Trustee may (in its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-

funding to its satisfaction before it takes any actions and/or steps and/or institutes any proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or to institute such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such actions and/or steps and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions) 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 Bondholders to take such actions and/or steps and/or institute such proceedings directly.

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

Under the Enterprise Income Tax Law of the PRC which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018 (together with its implementation rules, the "**EIT Law**"), any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "**non-resident enterprise**" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Taxation Arrangement**") which was promulgated on 21 August 2006 and was amended on 30 January 2018, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which was issued on 9 October 1980, amended on 31 August 2018 and took effect on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and SAT issued Circular 36 which introduced a new VAT from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of up to 6 per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to the Bondholders that are non-resident enterprises or individuals although the Issuer will be required to pay additional amounts in accordance with the Terms and Conditions so that the amounts received by Bondholders are equal to the amounts which would otherwise have been

receivable by them had no such withholding been required. VAT is unlikely to be applicable to any transfer of the Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of the Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of the Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream or any Alternative Clearing System (the "**Clearing System**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to the Bondholders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Bondholders 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 Bond 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 Bonds 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 Bondholder 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 Bonds be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more specified denominations. If definitive Bonds 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 Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to 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 defined in the Terms and Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the requirements set out in the Terms and Conditions in relation to the timing for complying with the Registration Conditions and the making of the Foreign Debt Registration and the NDRC Post-issue Filing (see "*Terms and Conditions of the Bonds – Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

As the Bonds will carry a fixed interest rate, the trading price of the Bonds will consequently vary with fluctuations in interest rates. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

The Bonds being issued as green bonds may not be a suitable investment for all investors seeking exposure to green assets.

In connection with the issue of the Bonds, the Issuer has requested CECEP Environmental Consulting Group Limited (the "**CECEPEC**") to deliver the second party opinion (the "**Second Party Opinion**") confirming that the green finance framework of the Group (the "**Green Finance Framework**" or the "**Framework**") is aligned with the Group's green and sustainability strategy and performance, and aligned with the four core components of the Green Bonds Principles 2021, and the Green Loan Principles 2021.

The Second Party Opinion is not incorporated into, nor does it form part of, the Offering Circular. The Second Party Opinion (including the section headed the "Green Finance Framework" in this Offering Circular) is not a recommendation to buy, sell or hold securities and is only current as of the date of issue and are subject to certain disclaimers set out therein. Furthermore, the Second Party Opinion is for information purposes only and none the Issuer or CECEPEC accepts any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or the information provided in it.

Whilst the Issuer has agreed to certain obligations relating to reporting and use of proceeds as described under the sections headed "*Green Finance Framework*" and "*Use of Proceeds*", it would not be an Event of Default under the Terms and Conditions if (i) the Issuer was to fail to comply with such obligations or were to fail to use the proceeds of the issue of the Bonds, in the manner specified in this Offering Circular and/or (ii) the Second Party Opinion issued in connection with such Bonds was to be withdrawn. Any failure to use the net proceeds of the issue of the Bonds in connection with green projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental concerns with respect to such Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to

invest in green projects. In the event that the Bonds are included in any dedicated "green", "environmental" or other equivalently-labelled index, no representation or assurance is given by the Issuer or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

None of the Issuer or the Managers makes any representation as to the suitability for any purpose of the Second Party Opinion or whether the Bonds will fulfil the relevant environmental criteria. Each potential purchaser of the Bonds should have regard to the relevant projects and eligibility criteria described under the section headed "*Green Finance Framework*" and determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds, and its purchase of any Bonds should be based upon such investigation as it deems necessary. The Second Party Opinion was published on 14 March 2022.

EXCHANGE RATES

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

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

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

The table below sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and U.S. dollars. For periods after 1 January 2010, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

Period	Exchange Rate			
	Period End	Average[(1)]	High	Low
		(CNY per U.S.$1.00)		
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
2021				
July	6.4609	6.4763	6.5104	6.4562
August	6.4604	6.4768	6.5012	6.4604
September	6.4434	6.4563	6.4702	6.4320
October	6.4050	6.4172	6.4485	6.3820
November	6.3640	6.3889	6.4061	6.3640
December	6.3726	6.3693	6.3772	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March (through 25 March)	6.3658	6.3423	6.3720	6.3116

Note:

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$300,000,000. Such proceeds, after deducting commissions and other estimated expenses payable in connection with the offering of the Bonds, will be used to refinance existing indebtedness in accordance with the Green Finance Framework and the NDRC Certificate.

GREEN FINANCE FRAMEWORK

The Group has developed the Framework to demonstrate the Group's plans to conduct green financing transactions ("**GFTs**") in due course. The Framework will explain how the Group supports its green and sustainable development strategy by implementing projects that have a positive impact on the environment and promote sustainable development through GFTs.

GFTs include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Project Categories as defined in the Framework.

- Bonds issued under the Framework will be aligned with the Green Bond Principles 2021 ("**GBP**") released by International Capital Market Association ("**ICMA**"), or as they may be subsequently amended;

- Loans issued under the Framework will be aligned to the Green Loan Principles 2021 ("**GLP**") published by the Loan Market Association ("**LMA**"), Asia Pacific Loan Market Association ("**APLMA**"), and the Loan Syndications and Trading Association ("**LSTA**"), or as they may be subsequently amended; and

- Other forms of financing may conform to other well-established green finance principles as may have been established at the time of such GFTs being undertaken.

For each GFT issued under the Framework, the Group is committed to align with the following elements:

(1) Use of Proceeds;

(2) Process for Project Evaluation and Selection;

(3) Management of Proceeds; and

(4) Reporting.

USE OF PROCEEDS

An amount equivalent to net proceeds from each GFT will be used exclusively to finance and/or refinance, in whole or in part, new and/or existing assets and projects ("**Eligible Projects**") aligned with one or more of the following categories (the "**Eligible Project Categories**"). Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance. The Group is committed to fully allocate the net proceeds of each GFT on a best-effort basis within 36 months of issuance.

The Eligible Projects means projects that fall within the Eligible Project Categories and meet the eligibility criteria (the "**Eligibility Criteria**") stated below.

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping
Aquatic biodiversity conservation	• Investment in ecological protection along rivers and lakes • Investment in restoring wetlands and other aquatic ecosystems • Artificial wetland water purification projects	
Environmentally sustainable management of living natural resources and land use	• Protection and recovery-oriented ecological restoration projects • Afforestation and planting, terrain transformation and river improvement projects	
Sustainable water and wastewater management	• Investment in rainwater and sewage diversion treatment facilities • Upgrade of rainwater and sewage pipe network • Comprehensive rainwater utilisation projects that adhere to the sponge city model • Installation of wastewater treatment facilities to reduce environmental pollution	
Green buildings	• Development, construction, renovation, maintenance and operation of green buildings that meet national or international third-party environmental certifications, such as Chinese Green Building Evaluation Label: two-star or above; or any other green building certifications of similar standards	 
Renewable energy	• Construction of plants for use in the new energy industry • Installation of solar power systems • Adoption of environmentally friendly and efficient construction technologies and materials to improve energy efficiency	
Energy efficiency	• Reducing building energy consumption through proper planning and design and selection of energy-efficient building materials • Use of latent heat recovery technology from refrigeration systems to provide hot water for living areas and reduce carbon emissions and combustion pollution	

PROCESS FOR PROJECT EVALUATION AND SELECTION

The project evaluation and selection process ensure that an amount equivalent to net proceeds from each GFT will be allocated to projects that meet the Eligibility Criteria set out in the Use of Proceeds under the Framework. The Group has established a Green Financing Team (the "**Team**") consisting of senior management of the Group and members from the Investment and Development Department to govern such process. The Team will hold meetings on an annual basis and is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds section of the Framework;

- Approving the inclusion of pre-selected Eligible Projects in a list of green projects (the "**Green Project List**") (the Team has full discretion to object the inclusion of any project in the Green Project List);

- Monitoring and managing the Green Project List. The Team will maintain a register to keep track of the use of net proceeds of the GFTs through the internal information system on an annual basis;

- Replacing projects that no longer meet the Eligibility Criteria or reallocating divested proceeds to Eligible Projects; and

- Observing the development of green finance market and approving updates to the Framework accordingly to reflect relevant changes in the Group's corporate strategy or market developments.

Environmental impact assessment (the **"EIA"**) is one of the risk management tools to identify and mitigate negative social and/or environmental impacts of relevant projects, if any. The assessment of environmental benefits in the feasibility study of each Eligible Project requires an EIA in accordance with the local requirements of the project. The EIA is carried out by a designated professional body which prepares an EIA report. The results of the EIA include the identification and analysis of the different environmental factors and their impacts on the environment throughout the project life cycle, as well as the description of measures needed to reduce the impact on the environment. The unit that is responsible for the EIA report then submits the EIA report to the local regulatory department, and the project is carried out after approval by the regulatory department.

MANAGEMENT OF PROCEEDS

The Group's management team is responsible for establishing and improving the internal control system for the storage, use and management of the proceeds. Such a robust and comprehensive management system including finance management and investment management can basically cover the whole process of the Group's various business activities and provide clear provisions in the system for the storage, use, change, supervision, and accountability of the proceeds.

In order to facilitate the management and use of the proceeds, and to monitor the use of the proceeds, the Group will implement an earmarked account management policy for the funds raised. The Group will set up a sub-account in a bank for the funds raised for centralised management and earmarked allocation of the proceeds from the GFTs.

The Group has established a comprehensive fund management system, and the Finance Department of the Issuer is responsible for making timely accounting records on the use of the funds raised. The auditors of the Group will conduct on-site inspection and verification of the internal tracking method of the Group and the allocation of proceeds on an annual basis to ensure that the proceeds are used exclusively for the Eligible Projects.

The use of proceeds shall be subject to the approval procedures in accordance with the Group's fund management system. The spending of any raised fund shall be proposed by relevant department within the Group. The payment will be made after it has been reviewed by the staff in charge in the Finance Department of the Issuer as well as the approvals of the responsible persons in the relevant department and Finance Department are issued. In addition, the Group will:

(1) Regularly monitor the cash flow of each investment project, including the management and allocation of proceeds; and

(2) Make sure that, pending full allocation, the unallocated project funds will be used in accordance with the relevant management policies of the Group, such as for low-risk investments, including but not limited to time deposits. The ultimate purpose of such use of proceeds is for the investment and management of the Eligible Projects.

The Group commits not to invest unallocated proceeds in high pollution activities or projects that are not aligned with the Eligible Project Categories, including but not limited to the following sectors and activities:

(1) Activities that violate national laws and regulations, international conventions and agreements, or are subject to international bans and sanctions;

(2) Production or trade of weapons and ammunition;

(3) Production or trade of alcoholic beverages (except for beer and wine);

(4) Production or trade of tobacco;

(5) Enterprises engaged in gambling or casino operations or similar businesses;

(6) Production or trade of radioactive materials (excluding equipment which radioactive source is considered insignificant and/or adequately shielded, for example, quality control equipment); or

(7) Production or activities involving harmful or exploitative forced labour or harmful child labour.

The Group discloses the use of proceeds in a timely manner and fulfills information disclosure obligations in accordance with the relevant laws and regulations. The directors, supervisors, and senior management of the Group shall exercise due diligence, supervise the Issuer to use the funds raised in a standard manner, and consciously maintain the security of the Issuer's funds raised, and shall not participate, assist or connive in the Issuer's unauthorised or disguised change of use of funds raised. The controlling shareholder and the actual controller of the Issuer shall not directly or indirectly occupy or misappropriate the funds raised by the Issuer, and shall not use the funds raised by the Issuer to obtain improper benefits.

REPORTING

Allocation Report

The Group will provide information on the allocation of the proceeds of the GFTs via the designated information disclosure channels, for example, social media channel like the Group's WeChat Official Account "揚開集團" (WeChat Official Account no.: gh_c9ac4466effc). Such information will be updated on an annual basis or in a timely manner when major events occur, until all the proceeds of the GFTs have been fully allocated.

An allocation report should contain the following information:

- A list of Eligible Projects to which proceeds have been allocated with a brief description, such as energy performance data;
- The total amount of proceeds allocated to each Eligible Project Category;
- The remaining balance of funds which have not yet been allocated as of the report date; and
- Share of financing vs. refinancing.

Where possible, the Group will report on the environmental impacts associated with the Eligible Projects.

Impact Report

An impact report may contain, on a best-effort basis and subject to data availability, such as but not limited to the following information.

Eligible Project Categories	Impact Indicators[1]
Aquatic biodiversity conservation	• Length of shoreline maintained/protected p.a. (in kilometres) and growth (in percentage)
Environmentally sustainable management of living natural resources and land use	• Natural landscape area maintained/protected/ increased p.a. (in square kilometres) and growth (in percentage)
Sustainable water and wastewater management	• Annual amount of wastewater treated (in cubic metres)
Green buildings	• Type and level of green building certification obtained
Renewable energy	• Annual renewable energy generation (in MWh or GWh) • Annual greenhouse gas (GHG) emissions reduced/ avoided (in tonnes of CO_2 equivalent)
Energy efficiency	• Annual electricity savings (in MWh or GWh)

Note:

(1) Appropriate environmental and social impact indicators will be determined in reference to frameworks and resources published by ICMA, such as the "Harmonised Framework for Impact Reporting" published in June 2021.

External Review

The Group has engaged CECEP Environmental Consulting Group, an independent third party, to review the Framework and its alignment with GBP and GLP, and to issue an independent opinion (being the Second Party Opinion).

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total borrowings (both current and non-current portions), total equity and total capitalisation of the Issuer as at 31 December 2021 and adjusted to give effect to the issue of the Bonds:

	Actual		As adjusted	
	CNY (audited)	*U.S.$[(1)] (unaudited)*	*CNY (unaudited)*	*U.S.$[(1)] (unaudited)*
Current debt:				
Short-term loans	1,676,811,833.32	263,128,367.28	1,676,811,833.32	263,128,367.28
Notes payable	3,210,660,000.00	503,822,615.57	3,210,660,000.00	503,822,615.57
Non-current liabilities due within one year	7,029,408,765.00	1,103,067,627.81	7,029,408,765.00	1,103,067,627.81
Other current liabilities[(2)]	3,200,000,000.00	502,149,828.96	3,200,000,000.00	502,149,828.96
Total current debt	**15,116,880,598.32**	**2,372,168,439.62**	**15,116,880,598.32**	**2,372,168,439.62**
Non-current debt:				
Long-term loans	9,212,456,870.14	1,445,635,513.00	9,212,456,870.14	1,445,635,513.00
Bonds payable	10,756,008,900.00	1,687,852,509.18	10,756,008,900.00	1,687,852,509.18
Bonds to be issued	–	–	1,911,780,000	300,000,000
Total non-current debt	**19,968,465,770.14**	**3,133,488,022.18**	**21,880,245,770.14**	**3,433,488,022.18**
Total debt	**35,085,346,368.46**	**5,505,656,461.80**	**36,997,126,368.46**	**5,805,656,461.80**
Total equity	**24,807,802,948.25**	**3,892,885,627.26**	**24,807,802,948.25**	**3,892,885,627.26**
Total capitalisation[(3)]	**59,893,149,316.71**	**9,398,542,089.06**	**61,804,929,316.71**	**9,698,542,089.06**

Notes:

(1) For convenience only, all translations from Renminbi into the U.S. dollar are made at the rate of CNY6.3726 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2021.

(2) Other current liabilities include commercial paper, super and short-term commercial paper and direct financing tool.

(3) Total capitalisation represents the sum of total current debt, total non-current debt and total equity.

Since 31 December 2021, the Issuer has issued corporate bonds, short-term commercial paper, super short-term commercial paper and private placement notes in aggregate amounts of approximately CNY400 million, CNY500 million, CNY500 million and CNY500 million, respectively, in the PRC.

Except as disclosed above, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Issuer since 31 December 2021.

DESCRIPTION OF THE GROUP

OVERVIEW

Established in June 1992, the Issuer is a company directly and wholly-owned by the Municipal Government of Yangzhou.

The Issuer acts as the largest development, construction and operation platform of the Municipal Government of Yangzhou in terms of both assets and operating income and is tasked with the responsibility of land development and real estate development in the Yangzhou Development Zone. The Issuer plays a key role in promoting the social and economic development of the Yangzhou Development Zone and is designated to carry out the Municipal Government of Yangzhou's and the Development Zone Management Committee's directions and policies for municipal development in the Yangzhou Development Zone. The Group is engaged in various business segments, including land development, real estate, sale of building materials and others such as property leasing, property management and greening and landscape engineering.

The Yangzhou Development Zone is a state-level economic and technological development zone established with the approval of the State Council in July 2009. It is located at the southwest of the Yangzhou City. The Yangzhou Development Zone also geographically stretches eastward to the industrial area of the Yangzhou Old Town (揚州老城區), westward to the Hanjiang District (邗江區), southward to the Yangtze River (長江) and northward to the 328 National Highway (328國道). The Yangzhou Development Zone primarily includes Shiqiao Town (施橋鎮), Bali Town (八裡鎮), Puxi Town (朴席鎮), Wenhui Street Office (文匯街道辦事處) and Yangzijin Street Office (揚子津街道辦事處), and covers a total administrative region of approximately 133 square kilometres. The Yangzhou Development Zone is strategically located at the geometric centre of Yangtze River Delta and is part of the nodal region of Shanghai Economic Area and Nanjing Metropolitan Area and is accessible by various means of transportation.

As at 31 December 2021, the Issuer had a paid-in capital of approximately CNY19.60 billion. For the years ended 31 December 2019, 2020 and 2021, the Group's total operating income amounted to approximately CNY1,912.69 million, CNY2,006.56 million and CNY2,241.54 million, respectively, and the Group's net profit after tax amounted to approximately CNY261.40 million, CNY302.10 million and CNY243.59 million, respectively. As at 31 December 2021, the Group's total assets amounted to approximately CNY66.51 billion.

Land Development Segment

The Group conducts its land development business primarily through the Issuer. The Group's land development business segment can be broadly divided into two sub-segments: (i) primary land development and (ii) municipal infrastructure construction.

The Group is the largest entity in terms of both assets and operating income commissioned by the Development Zone Management Committee, a government body controlled and managed by the Municipal Government of Yangzhou, to conduct primary land development for industrial use and commercial use in the Yangzhou Development Zone. The Group is also the largest entity in terms of both assets and operating income commissioned by the Development Zone Management Committee to undertake construction of key municipal infrastructure including municipal roads and bridges, water conservancy facilities, schools, public and social welfare facilities and river improvement facilities within the Yangzhou Development Zone.

In addition, the Group is also entrusted by the Development Zone Management Committee to carry out the development and construction of resettlement housing (安置房) in the Yangzhou Development Zone.

The Issuer's land development business constitutes the Group's major source of operating income. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its land development business segment amounted to approximately CNY1,785.66 million, CNY1,771.39 million and CNY1,779.13 million, respectively, representing approximately 93.36 per cent., 88.28 per cent. and 79.37 per cent. of the Group's total operating income, respectively.

Real Estate Segment

The Issuer conducts its real estate business primarily through its subsidiary, namely, Jiulongwan Real Estate. Jiulongwan Real Estate was established in February 2003 and is engaged in the construction, development and sale of real estate, property management, construction and management of ancillary facilities, construction materials and other property related services. Jiulongwan Real Estate constructs residential and non-residential buildings in accordance with the specifications and requirements of the Development Zone Management Committee. The relevant land resources were primarily acquired by the Group through public auctions, tenders or sale-by-listing. As at 30 June 2021, the Group had completed approximately six real estate projects.

For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its real estate business segment amounted to approximately CNY78.23 million, CNY132.89 million and CNY312.48 million, representing approximately 4.09 per cent., 6.62 per cent. and 13.94 per cent. of the Group's total operating income, respectively.

Sale of Building Materials Segment

The Issuer conducts its sale of building materials business primarily through its subsidiary, namely, Yangzhou Caoqiao Trade Industrial Co., Ltd.(揚州曹橋貿易實業有限公司), which was established in September 2017.

For the years ended 31 December 2020 and 2021, the Group's operating income from its sale of building materials business segment amounted to approximately CNY35.75 million and CNY69.24 million, respectively, representing approximately 1.78 per cent. and 3.09 per cent. of the Group's total operating income, respectively. The Group did not generate any operating income from its sale of building materials business for the year ended 31 December 2019.

Other Business Segment

The Group is also engaged in other businesses including property leasing, property management and greening and landscape engineering.

For the years ended 31 December 2019, 2020 and 2021, operating income derived from the Group's other business segment amounted to approximately CNY48.80 million, CNY66.53 million and CNY80.69 million, respectively, representing approximately 2.55 per cent., 3.32 per cent. and 3.60 per cent. of the Group's total operating income, respectively.

HISTORY AND DEVELOPMENT

The Issuer is a company directly and wholly-owned by the Municipal Government of Yangzhou. The Issuer was established on 15 June 1992 with a registered capital of CNY20 million. The Issuer was established by the Development Zone Management Committee under the approval of the Municipal Government of Yangzhou. As at 31 December 2021, the Issuer had a paid-in capital of approximately CNY19.60 billion.

The table below sets forth selected key milestones in the Group's development history:

Time	Milestone
1992	Establishment of the Issuer (formerly known as Yangzhou Economic Development Zone Development Corporation) with a registered capital of CNY20 million. The Issuer was established with the status of an enterprise owned by the whole people(全民所有制企業). The Development Zone Management Committee held all of the equity interests in the Issuer.
2002	In November 2002, the Development Zone Management Committee made a capital contribution of CNY480 million in specie (via a transfer of properties) to the Issuer. The Issuer's registered capital was increased to CNY500 million.
2003	In January 2003, the Development Zone Management Committee made a capital contribution of CNY300 million in cash to the Issuer. The Issuer's registered capital was increased to CNY800 million.
2006	In July 2006, the Development Zone Management Committee made a capital contribution of CNY200 million in cash to the Issuer. In September 2006, the Development Zone Management Committee made a capital contribution of CNY900 million in cash to the Issuer. The Issuer's registered capital was increased to CNY1,900 million.
2007	In April 2007, the Development Zone Management Committee made a capital contribution of CNY100 million in cash to the Issuer. In December 2007, the Development Zone Management Committee made a capital contribution of CNY1,300 million in specie (via a transfer of a landed property) (the "**2007 In Specie Contribution**") to the Issuer. The Issuer's registered capital was increased to CNY3,300 million.
2008	During the period from June to December 2008, the Development Zone Management Committee made capital contributions totalling CNY1,300 million in cash to the Issuer to replace the 2007 In Specie Contribution. In November 2008, the Development Zone Management Committee made a capital contribution of CNY500 million in cash to the Issuer. The Issuer's registered capital was increased to CNY3,800 million.
2009	In July 2009, the Yangzhou Development Zone changed its name to Yangzhou Economic and Technological Development Zone and became a state-level economic and technological development zone with the approval of the State Council.

Time	Milestone
	The Development Zone Management Committee changed its name from the Management Committee of Yangzhou Economic Development Zone to the Management Committee of Yangzhou Economic and Technological Development Zone. The Issuer changed its name from Yangzhou Economic Development Zone Development Corporation to Yangzhou Economic and Technological Development Zone Development Corporation.
2011	In April 2011, the Development Zone Management Committee made a capital contribution of CNY1,000 million in cash to the Issuer. The Issuer's registered capital was increased to CNY4,800 million.
2012	In January 2012, the Development Zone Management Committee made a capital contribution of CNY300 million in cash to the Issuer. In July 2012, the Development Zone Management Committee made a capital contribution of CNY300 million in cash to the Issuer. The Issuer's registered capital was increased to CNY5,400 million.
2013	In March 2013, the Development Zone Management Committee made a capital contribution of CNY1,000 million in cash to the Issuer. In October 2013, the Issuer's registered capital was increased by CNY4,613 million through a conversion of capital reserve into share capital. The Issuer's registered capital was increased to CNY11,013 million.
2014	In October 2014, the Development Zone Management Committee made a capital contribution of CNY3,000 million in cash to the Issuer. The Issuer's registered capital was increased to CNY14,013 million.
2018	In April 2018, the Development Zone Management Committee transferred all of its equity interests in the Issuer to the Municipal Government of Yangzhou. In April 2018, the Municipal Government of Yangzhou made a capital contribution of CNY2,500 million in cash to the Issuer. The Issuer's registered capital was increased to CNY16,513 million.
2019	In June 2019, the Municipal Government of Yangzhou made a capital contribution of CNY1,087 million to the Issuer.
2020	In March 2020, the Municipal Government of Yangzhou made a capital contribution of CNY2,000 million in cash to the Issuer.

Time	Milestone
	In August 2020, the Issuer changed its name from Yangzhou Economic and Technological Development Zone Development Corporation to Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd.
	In August 2020, the Issuer's registered capital was increased to CNY17,600 million.
2021	In March 2021, the Issuer's registered capital was increased to CNY19,600 million.

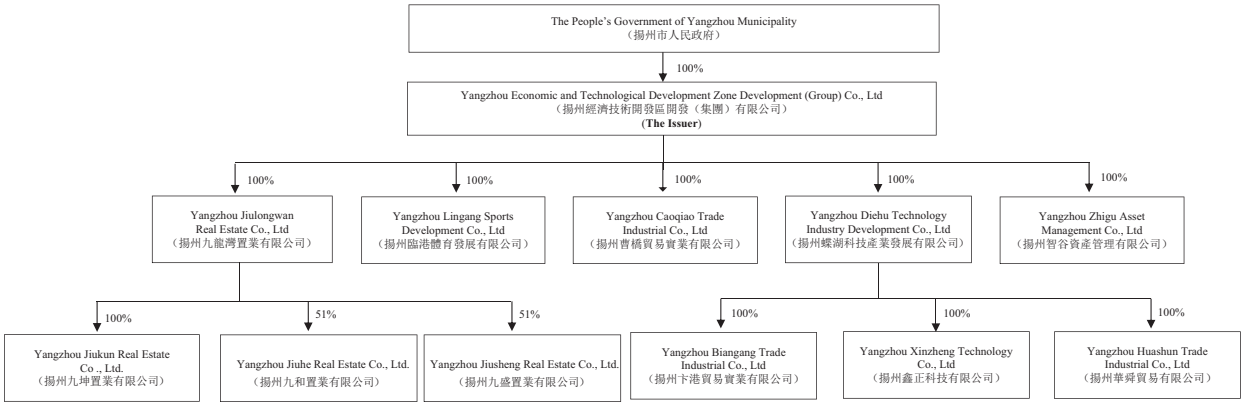
RECENT DEVELOPMENT

The Outbreak of COVID-19.

The ongoing COVID-19 pandemic has caused substantial disruptions in the PRC and international economies and markets which has resulted in additional uncertainties in the Group's operating environment, particularly with the emergence of new variants such as the Delta variant and the Omicron variant. The Group has been closely monitoring the impact of the ongoing COVID-19 pandemic on the Group's businesses and will keep its contingency measures and risk management under review as the situation evolves. Please see "*Risk Factors – Risks Relating to the Group's Business – The extent to which the COVID-19 pandemic will impact the Group's business, financial condition, results of operations and prospects is uncertain and cannot be predicted*" and "*Risk Factors – Risks Relating to the Group's Business – The Group's operations are subject to force majeure events, political unrest or civil disobedience movements, natural disasters and outbreaks or pandemic of contagious diseases and other disasters*" for further information.

CORPORATE STRUCTURE

The following chart sets forth the simplified corporate structure of the Group, which shows the Issuer, its sole shareholder and selected subsidiaries and affiliates as at 31 December 2021:



THE YANGZHOU DEVELOPMENT ZONE

As all of the Group's operations and investments are located in the Yangzhou Development Zone, the Group's business, operations and prospects are to a significant degree affected by the development and economic conditions in the Yangzhou Development Zone.

The Yangzhou Development Zone was established by the Government of Jiangsu Province and became a state-level economic and technological development zone in July 2009 with the approval of the State Council. It is located at the southwest of the Yangzhou City. The Yangzhou Development Zone also geographically stretches eastward to the industrial area of the Yangzhou Old Town, westward to the Hanjiang District, southward to the Yangtze River and northward to the 328 National Highway. The Yangzhou Development Zone primarily includes Shiqiao Town, Bali Town, Puxi Town, Wenhui Street Office and Yangzijin Street Office, and covers a total administrative region of approximately 133 square kilometres.

Located in the east of the PRC, the Yangzhou Development Zone is a gateway and traffic hub that connects east PRC with other regions in the PRC. It is situated at the geometric centre of Yangtze River Delta and is part of the nodal region of Shanghai Economic Area and Nanjing Metropolitan Area and is accessible by various means of transportation. The Yangzhou Development Zone has an accessible railway, expressway and airport transportation network. In relation to railway, the Yangzhou Development Zone is passed through by the Ningqi Railway (寧啟鐵路). As with expressway, the Yangzhou Development Zone is passed through by the Beijing-Shanghai Expressway (京滬高速公路), the Ningtong Expressway (寧通高速) and the Yangli Expressway (揚溧高速). In respect of airport, the Yangzhou Taizhou Airport (揚州泰州機場) is located approximately 30 minutes from the Yangzhou Development Zone. In addition, being in close proximity with the eastern coast of the PRC, the Yangzhou Port (揚州港), a national class A port (國家一類口岸), is also situated within the Yangzhou Development Zone.

The Yangzhou Development Zone plays a strategic role in the economic and technological development of the Yangzhou region. The Yangzhou Development Zone adopts and implements a comprehensive "6+3+2+1" development structure ("6+3+2+1"發展格局), consisting of six key industrial zones (六大產業園區), three functional sectors (三大功能板塊), two new towns (兩個新型城鎮) and one Dajiang Scenery Belt (大江風光帶). Under the "6+3+2+1" development structure, the Yangzhou Development Zone has attracted various technological, automobile and shipping enterprises (such as Jingao Solar Energy Co., Ltd. (晶澳太陽能有限公司), Yangzhou Xiexin Solar Technology Co., Ltd. (揚州協鑫光伏科技有限公司), Younijia Daily Necessities (China) Co., Ltd. (尤妮佳生活用品(中國)有限公司), Yapu Auto Parts Co., Ltd. (亞普汽車部件股份有限公司), Yangzhou No. 2 Power Plant (揚州第二電廠), Jiangsu Wande Environmental Protection Technology Co., Ltd. (江蘇萬德環保科技有限公司), China Shipbuilding Industry Co., Ltd. (中國船舶重工股份有限公司) and Xinyu Software (新宇軟件)) to settle into and commence business in the six key industrial zones in the Yangzhou Development Zone. The six key industrial zones comprise of: (i) the International Business Zone (國際商務園); (ii) the Green Photoelectric Industrial Zone (綠色光電產業園); (iii) the Equipment Manufacturing Industrial Zone (裝備製造產業園); (iv) the Military-Civilian Integration Industrial Zone (軍民融合產業園); (v) the Automobile and Parts Industrial Zone (汽車及零部件產業園); and (vi) the Lingang Industrial Zone (臨港產業園), while the three functional sectors encompass: (a) the Second City Central Business District (二城中央商務區); (b) the Yangzijin Science and Education Innovation Park (揚子津科教創新園); and (c) the Pushuwan Ecological Health City (樸樹灣生態健康城). In addition, the two new towns under the "6+3+2+1" development structure cover the development of Shiqao (施橋) and Bali (八裏) towns, while the Dajiang Scenery Belt comprises the development of three core areas in the Yangzhou Development Zone, namely, the development of the area along the Yangtze River shoreline (沿長江岸線), the Yangzijin Green Belt (揚子津綠化帶) and the Southern Sports Centre (南部體育中心).

The PRC government and the Government of Jiangsu Province have implemented a number of policies to attract enterprises to invest and establish operations in the Yangzhou Development Zone including investment incentives, lower land costs and rental fees. In recent years, the PRC government and the Government of Jiangsu Province also implemented favourable policies to prioritise and enhance economic development in the Yangzhou Development Zone. For example, the Yangzhou Development Zone plays an important role in the 21st Century Maritime Silk Road (21世紀海上絲綢之路) of the "Belt and Road" Initiative ("一帶一路").

In addition, the Yangzhou Development Zone plans to focus on developing certain leading and distinctive technological industries such as light-emitting diode, solar photovoltaic and smart grid industries. In particular, the rapid development of the "Three New, One Net and One Book" ("三新一網一書") industries including solar photovoltaic, semiconductor lighting, smart grid and e-book industries in the Yangzhou Development Zone in recent years has turned the region into a strategically important economic growth engine for the economy of Yangzhou City. As at 30 June 2021, the Yangzhou Development Zone owned 17 national titles, including, but not limited to, the National Semiconductor Lighting Industrialization Base (國家半導體照明產業化基地), the National Green New Energy Characteristic Industrial Base (國家綠色新能源特色產業基地), the National Smart Grid Characteristic Industrial Base (國家智能電網特色產業基地), the National Digital Publishing Base (國家級數字出版基地) and the National Ecological Industry Demonstration Park (國家生態工業示範園區).

The Yangzhou Development Zone also aims to develop other technologically advanced and emerging scientific industries including energy saving and environmental protection, biomedical, new-generation information technology, high-end light industry, automotive, primary energy, machinery manufacturing, military-civilian integration and other technological innovation industries. Via the development of these high-tech industries in the Yangzhou Development Zone, the Yangzhou Development Zone aims to continue to serve as a platform for technological innovation and business agglomeration, which in turn will attract both upstream and downstream enterprises of the relevant industries to settle into and expand their businesses in the Yangzhou Development Zone and thereby providing the Group with further growth opportunities in land development, municipal infrastructure construction and real estate.

Additionally, the Yangzhou Development Zone also aims to promote education and exchange of international talent and expertise. There are various universities and institutions (including Nanjing University (南京大學), Yangzhou University (揚州大學) and the Institute of Semiconductors of the Chinese Academy of Sciences (中國科學院半導體研究所) located within or in close proximity to the Yangzhou Development Zone. The Yangzhou International Talent Exchange Association (揚州國際人才交流協會) and the China International Talent Market Yangzhou Market (中國國際人才市場揚州市場) were also established to serve as a direct communication platform to promote interaction and talent exchange between the Yangzhou region, particularly the Yangzhou Development Zone, and overseas experts and scientific research institutions.

Leveraging on the favourable policies support from the PRC government and the Government of Jiangsu Province and the strategic geographical location of the Yangzhou Development Zone, the Yangzhou Development Zone aims to continue to grow and develop different key industries including semiconductor lighting, electronic information, solar photovoltaic, automotive equipment and port logistics. The Issuer believes that the Group will continue to benefit from the development and growth of the Yangzhou Development Zone.

COMPETITIVE STRENGTHS

The Issuer believes that the Group has the following competitive strengths:

Strong support (but not including credit support) from the Municipal Government of Yangzhou.

The Issuer is a company directly and wholly-owned by the Municipal Government of Yangzhou. In light of the Group's background and the strategic importance of the Group's businesses to the Yangzhou Development Zone, the Group has received, and expects to continue to receive, various kinds of support (but not including credit support) from the Municipal Government of Yangzhou for the development and operations of its business.

The Group has received financial support in the form of capital injections, fiscal subsidies and interest grants from the Municipal Government of Yangzhou and the Development Zone Management Committee to support the Group's operations. As the second largest state-owned entity in Yangzhou City, the Issuer has received capital injections (including property and asset transfers) from the Municipal Government of Yangzhou and the Development Zone Management Committee in an aggregate amount of approximately CNY19,600 million since its establishment up to 30 June 2021. For the years ended 31 December 2019, 2020 and 2021, the Group received governmental fiscal subsidies of approximately CNY350.01 million, CNY376.05 million and CNY353.45 million, respectively, to support its operations and businesses. In addition to fiscal subsidies, the Group also received grants from the Municipal Government of Yangzhou and the Development Zone Management Committee for the payment of interest. For the years ended 31 December 2019, 2020 and 2021, the Group received interest grants of approximately CNY622 million, CNY620 million and CNY620 million, respectively.

In addition, the Issuer's close relationship with and strong support (but not including credit support) from the Municipal Government of Yangzhou is reinforced by the 100 per cent. ownership of the Issuer by the Municipal Government of Yangzhou. In 2018, the Development Zone Management Committee transferred all of its equity interests in the Issuer to the Municipal Government of Yangzhou. Following completion of the transfer in April 2018 and as at the date of this Offering Circular, the Municipal Government of Yangzhou became the direct sole shareholder of the Issuer.

Moreover, the Group has also benefited from other forms of government support (but not including credit support) from the Municipal Government of Yangzhou, as illustrated by the following examples:

- The Development Zone Management Committee closely monitors the Group's operations and continues to provide talent support to the Group through the appointment of the directors and senior management of the Issuer; and

- In order to reduce the Issuer's debt liability, it was approved by the Municipal Government of Yangzhou that the Issuer's debt liability up to a certain aggregate amount shall be discharged and substituted by government bonds issued by the Municipal Government of Yangzhou. For the years ended 31 December 2019, 2020 and 2021, the Issuer's debt liability in the aggregate amount of approximately CNY1.53 billion, CNY3.76 billion and CNY2.80 billion, respectively, had been discharged and substituted by government bonds issued by the Municipal Government of Yangzhou.

With continued strong support (but not including credit support) from the Municipal Government of Yangzhou and the Development Zone Management Committee, the Issuer believes that the Group will be able to continue to operate and invest in capital-intensive and large-scale construction projects and further expand its business operations to consolidate its existing market position in the Yangzhou Development Zone.

The Yangzhou Development Zone's strategic role in the PRC government's and the Government of Jiangsu Province's policies as a state-level economic and technological development zone.

As a state-level economic and technological development zone, the Yangzhou Development Zone plays a strategic role in the social and economic development of the Yangzhou region. In addition, the Yangzhou Development Zone is strategically located at the geometric centre of Yangtze River Delta and is part of the nodal region of Shanghai Economic Area and Nanjing Metropolitan Area and is accessible by various means of transportation. In recent years, the PRC government and the Government of Jiangsu Province have implemented a number of policies to support the further development of the Yangzhou Development Zone. Leveraging on the favourable policies support from the PRC government and the Government of Jiangsu Province, the Yangzhou Development Zone has developed various distinctive technological industries including semiconductor lighting, electronic information, solar photovoltaic, smart grid, automotive equipment and port logistics industries.

The Yangzhou Development Zone also aims to develop other technologically advanced and emerging scientific industries including energy saving and environmental protection, biomedical, new-generation information technology, high-end light industry, automotive, primary energy, machinery manufacturing, military-civilian integration and other technological innovation industries. Acting as the largest development, construction and operation platform of the Municipal Government of Yangzhou in terms of both assets and operating income in the Yangzhou Development Zone, the Issuer believes that the Group is well-positioned to capture business opportunities arising from the economic and technological development of the Yangzhou Development Zone to further develop the various businesses it conducts in the Yangzhou Development Zone, including land development, municipal infrastructure, real estate and sale of building materials. Please refer to "– *The Yangzhou Development Zone*" for further information about the Yangzhou Development Zone.

As substantially all of the Group's business operations and investments are located in and around the Yangzhou Development Zone, the Issuer believes that the Group's business has benefited, and will continue to benefit, from the development and growth of the Yangzhou Development Zone.

Strategic role and leading player in the municipal development of the Yangzhou Development Zone.

The Group plays a strategic role and is a leading player in the municipal development of the Yangzhou Development Zone, particularly in areas of land development, infrastructure construction and economic and social development.

As the largest construction and development entity in terms of both assets and operating income designated to undertake land development and infrastructure construction in the Yangzhou Development Zone and backed with strong support (but not including credit support) from the Municipal Government of Yangzhou, the Group plays a strategic and crucial role in the investment, financing and construction of major primary land development and municipal infrastructure projects in the Yangzhou Development Zone. The Group is the sole primary land development and infrastructure construction entity in the Yangzhou Development Zone commissioned by the Development Zone Management Committee to conduct primary land development for industrial use and commercial use in the Yangzhou Development Zone and maintains a leading position with dominant market share in the primary land development industry. In addition, the Issuer has undertaken numerous key municipal infrastructure projects in the Yangzhou Development Zone since its establishment and is a leading player in the infrastructure construction industry in the Yangzhou Development Zone. For example, in 2017, the Group completed the 328 National Highway Connection Project（328國道連接線）and the Japan Industrial Park Public Rental Housing Project（日本產業園公租房）. In addition, as at 30 June 2021, the Group's key primary land development and municipal infrastructure construction projects under construction included, but not limited to, Xincun Group and Hezhuang Group Renovation Project（新村組何莊組地塊改造）, Peizhuang Village Urban Village Renovation Project（裴莊村城中村改造）, Puxi Town Xingxi Road West Renovation Project（朴席鎮興席路以西地塊改造）, Bayi Group and Banan Group Project（八一組

八南組地塊), Sujia Group and Fengtao Group Renovation(蘇家組馮套組地塊改造), Hushan Expressway North Ecological Green Corridor Project(滬陝高速北側生態綠廊), Ancient Canal Scenery Belt Project(古運河風光帶), Zhenxing Garden Phase II South Group Project(振興花園二期南組團), Yangzi Xinyuan District D North Group Project(揚子新苑D區北組團), Linjiang Area Environmental Enhancement and Renovation Project(臨江片區環境提升改造), Yangzhou Economic and Technological Development Zone Comprehensive Urban Environment Renovation Phase I Project(揚州經濟技術開發區城市環境綜合整治一期項目) and Golden Harbor Garden Project(金港花園).

Leveraging on the Group's background and its close relationship with the Municipal Government of Yangzhou, the Issuer believes that it will be able to continue to play a strategic role in the municipal development of the Yangzhou Development Zone and maintain its leading position in the land development and infrastructure construction industry to further expand its business operations in the Group's various business segments in the Yangzhou Development Zone.

Diversified sources of funding and strong credit position.

The Group has access to various sources of funding including bank loans and corporate bonds. For example, the Issuer issued CNY500 million onshore super and short-term commercial paper in 2018. In 2019, the Issuer issued U.S.$300,000,000 5.50 per cent. Bonds due 2022. As at 30 June 2021, the Group had an outstanding balance of bonds of approximately CNY13.71 billion. Also, in addition to cash generated from its operations, the Group also maintains long term relationships with a large number of banks and other financial institutions, including Hengfeng Bank(恆豐銀行), China Everbright Bank(中國光大銀行), Agricultural Bank of China(中國農業銀行), Bank of Communications(交通銀行), China Construction Bank(中國建設銀行), China Development Bank(國家開發銀行), Agricultural Development Bank of China(中國農業發展銀行), China Guangfa Bank(廣發銀行), Bank of Guangzhou(廣州銀行), China Zheshang Bank(浙商銀行), Bank of Hangzhou(杭州銀行), Huaxia Bank(華夏銀行), China Minsheng Bank(中國民生銀行), Xiamen International Bank(廈門國際銀行), Bank of China(中國銀行), Kunshan Rural Commercial Bank(崑山農村商業銀行), China Merchants Bank(招商銀行), Bank of Jiangsu(江蘇銀行), Bank of Hangzhou(杭州銀行), Industrial and Commercial Bank of China(中國工商銀行), CCB International(建銀國際), CEB International(光銀國際), Postal Savings Bank of China(中國郵政儲蓄銀行), Hana Bank(韓亞銀行), Industrial Bank Co., Ltd.(興業銀行), China Bohai Bank(渤海銀行), Bank of Nanjing(南京銀行), Luso International Banking Ltd.(澳門國際銀行), Bank of Hangzhou(杭州銀行), Bank of Suzhou(蘇州銀行), Fubon Bank (China) Co., Ltd.(富邦華一銀行), Yangzhou Rural Commercial Bank(揚州農商銀行), Zijin Rural Commercial Bank(紫金農商銀行), Laishang Bank Co., Ltd.(萊商銀行), New China Trust(新華信託), TTCO Trust Corporation Co., Ltd.(西藏信托有限公司) and Changan International Trust(長安信託). As at 30 September 2021, the Group had aggregated banking facilities of approximately CNY19.41 billion, of which approximately CNY6.33 billion were unused. As such, the Issuer believes that the Group has a robust liquidity position with access to diversified funding sources.

In addition, 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. The Group's ability to access diversified source of funding and its strong financing capability has enabled it to fulfil the capital need of its businesses and capitalise on various business opportunities.

Prudent financial structure.

The Group puts great emphasis on maintaining a prudent financial structure, which the Issuer believes is the key to sustainable business development and maximises returns on the Group's investments. The Group has adopted prudent financial management policies to achieve greater financial efficiency. For example, the Group has maintained an adequate level of cash balance and current assets to fulfil its liquidity needs and has made investments which are in line with the Group's business strategies. As at 31 December 2019, 2020 and 2021, the Group's total current assets were approximately CNY34,498.56 million, CNY50,395.63 million and CNY47,408.89 million, respectively, while the Group's total

liabilities were approximately CNY29,204.66 million, CNY35,132.45 million and CNY41,703.45 million, respectively. The Group will continue to closely manage the level of its debt to avoid any potential liquidity risk. With respect to its investment management, the Group has implemented effective control measures from the commencement to the completion of its projects, which enable it to control operational costs and to improve its results of operations.

Experienced management team with support from a team of dedicated staff.

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

In addition, the Group's experienced management team maintains close and cooperative relationship with the Municipal Government of Yangzhou and the Development Zone Management Committee. The Development Zone Management Committee closely monitors the Group's operations and continues to provide talent support through the appointment of the directors and senior management of the Issuer. Also, various members of the senior management of the Issuer have previously served in various government entities.

The Group's experienced management team is also supported by a dedicated team of staff with extensive technical and industry knowledge. As at 30 June 2021, the Group had a total of approximately 34 employees, all of whom hold an undergraduate degree or above.

The Issuer believes in the benefits of improving the skills and knowledge of the Group's management team and employees, and regularly conducts both in-house and external management and professional training programmes.

BUSINESS STRATEGIES

The Issuer's objective is to continue to promote the social and economic development of the Yangzhou Development Zone, to maintain the Group's leading position in the land development industry in the Yangzhou Development Zone and to strengthen the Group's position in the other industries in which the Group operates. The Issuer intends to implement the following strategies to achieve this objective:

Continue to focus on land development in the Yangzhou Development Zone.

The Group plans to continue to actively leverage the strategic importance of the Yangzhou Development Zone in the PRC government's and the Government of Jiangsu Province's policies as well as the continued economic growth of the Yangzhou Development Zone and further enhance its business in land development and infrastructure construction in the Yangzhou Development Zone. In particular, starting from 2019 onwards, the Group plans to expand its resettlement housing development and construction business in the Yangzhou Development Zone. On 12 December 2018, Jiulongwan Real Estate, a subsidiary of the Issuer, was assigned by the Development Zone Management Committee to develop four resettlement housing, namely, Jingang Huayuan Phase III Group A(金港花園三期A組團), Binjiang Xiyuan Group A and Group D(濱江西苑A、D組團), Yangzi Xinyuan District D Phase II(揚子新苑D區二期) and Longjue Huayuan Phase I North Group(隆覺花園一期北組團). In recent years, the Government of Jiangsu Province has issued a number of policies to support the further development of land development in the Yangzhou Development Zone. Over the past few years, through the Group's track record of key land development projects, the Group has built a presence and achieved a dominant market share in the land development industry in the Yangzhou Development Zone. Leveraging its extensive industry experience and leading position in the industry, the Issuer believes that the Group will continue to play an important role in the land development of the Yangzhou Development Zone. The Issuer intends to continue to work closely with the Municipal Government of Yangzhou and the

Development Zone Management Committee to explore further opportunities to undertake land development projects and to further strengthen the Group's market position in the land development industry in the Yangzhou Development Zone.

Continue to diversify the Group's businesses and to increase investment in businesses that synergise with the Group's core businesses.

While the Group primarily focuses on land development, real estate and sale of building materials, the Group also conducts other businesses such as property leasing, property management and greening and landscape engineering. The Issuer believes that the Group's diversified business portfolio will bring attractive returns to the Group. In addition, the Group plans to increase investment in these businesses and utilise its abundant resources in the Yangzhou Development Zone to strengthen its business operations in the various industries in which it operates to increase its operating income. In addition, the Group also plans to further diversify its business portfolio and develop other businesses that would create synergy with the Group's existing businesses. It will continue to invest in areas that are in line with the Group's business strategies to strengthen its profitability. The Issuer believes that the Group's diversified sources of income will contribute to a steady growth of the Group's operating income.

Strengthen management and internal control systems.

The Group will continue to improve and streamline its management structure and internal control systems so as to further increase its capability with respect to safety and quality control. In addition, the Issuer considers effective project management to be critical to enhancing the Group's overall operational efficiency. The Group will allocate more resources to the research and development of construction methods, new technologies as well as project and operation management methods, while gradually implementing a centralised management system over its fixed assets, such as key technical equipment.

Adhere to prudent financial policy with stringent risk control and enhanced financial management.

The Group has been adhering to prudent financial policy with stringent risk control and enhanced financial management. The Group has established standardised capital management mechanism to monitor capital, capital efficiency and capital risk prevention, thereby effectively enhancing the results and efficiency of the overall management. For financial management, the Group focuses on financial risk control, value creation, implementation of budget management and establishment of information platform in order to encourage communications and interactions between business operation and financial management, contribute to the sustainable, healthy and rapid development of the Group and provide financial stability. For interest rate risks, the Group will adjust its composition of onshore and offshore debts as well as its direct and indirect financing structure in accordance with its credit policies and market changes. It will also continue to strengthen co-operation with banks, seek alternative sources of financing and maintain a balanced indebtedness structure consisting of short-term, medium-term and long-term credit facilities. The Group has developed a set of prudent liquidity management indicators to control its liquidity risks and will maintain its liquidity ratio, accounts receivable turnover ratio, inventory turnover ratio and other relevant liquidity ratios at a reasonable level. It will also maintain a sufficient amount of banking facilities to support the Group's business operations. In addition, the Group does not intend to distribute its profits to its shareholders but plans to reinvest its profits to support the development of its businesses. The Group strives to prudently manage its financials while fulfilling investment and development needs to drive its profitability.

Explore new financing channels.

The Group has traditionally funded its business operation and working capital through bank loans and issuance of short- to medium-term notes in the domestic market. The Issuer intends to explore and employ new financing channels, such as issuing offshore debt securities and establishing specialist funds and closer co-operation with financial institutions, to secure funding on more favourable terms to better support the financing needs of the Group's development and construction projects.

Continue to build a professional management team.

The Issuer believes that the Group's experienced management team has been a key factor in contributing to its growth and development, in particular, in achieving its market position in the land development and real estate business segments in the Yangzhou Development Zone. The Group will continue to build a professional management team with well-qualified and experienced personnel and carry out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals through the expertise, and continuity, of the Group's management team.

BUSINESS SEGMENTS

As a company directly and wholly-owned by the Municipal Government of Yangzhou, the Issuer is designated to carry out the Municipal Government of Yangzhou's and the Development Zone Management Committee's directions and policies for municipal development in the Yangzhou Development Zone. The Group is engaged in various business segments, including land development, real estate, sale of building materials and others such as property leasing, property management and greening and landscape engineering.

The following table sets forth a breakdown of the Group's total operating income by business segment for the periods indicated:

	For the year ended 31 December					
	2019		2020		2021	
Business Segment	(CNY million)	(%)	(CNY million)	(%)	(CNY million)	(%)
Land development	1,785.66	93.36	1,771.39	88.28	1,779.13	79.37
Real estate [(1)]	78.23	4.09	132.89	6.62	312.48	13.94
Sale of building materials	–	–	35.75	1.78	69.24	3.09
Other business (e.g. property leasing, property management and greening and landscape engineering)	48.80	2.55	66.53	3.32	80.69	3.60
Total	**1,912.69**	**100**	**2,006.56**	**100**	**2,241.54**	**100**

Note:

(1) The operating income derived from the Group's real estate business comprised of property sales income.

Land Development Business Segment

The Group conducts its land development business primarily through the Issuer. The Group's land development business segment can be broadly divided into two sub-segments: (i) primary land development and (ii) municipal infrastructure construction.

The Issuer's land development business constitutes the Group's major source of operating income. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its land development business segment amounted to approximately CNY1,785.66 million, CNY1,771.39 million and CNY1,779.13 million, respectively, representing approximately 93.36 per cent., 88.28 per cent. and 79.37 per cent. of the Group's total operating income, respectively.

Primary Land Development Business

The Group is the largest entity in terms of both assets and operating income commissioned by the Development Zone Management Committee to conduct primary land development for industrial use and commercial use in the Yangzhou Development Zone and maintains a leading position with dominant market share in the primary land development industry. Primary land development generally involves the process of preparing land to conditions ready for public tender, auction and listing-for-sale, and typically involves relocating existing business establishments and residents, demolishing existing buildings and other structures, clearing the site and construction of the basic infrastructure for future property development. The Issuer and the Development Zone Management Committee typically enter

into a Commission Construction Agreement（委託建設協議）yearly pursuant to which the Group is tasked with the responsibility to develop certain primary land in the Yangzhou Development Zone. As at 30 June 2021, the Group had completed approximately 17 primary land development projects and developed a total of approximately 540,742.53 square metres of land.

Business Model

The Group's primary land development business generally operates on an agent construction basis. Under the agent construction model, for each primary land development project, the Group typically enters into contracts with the Development Zone Management Committee which set out the agreed scope of work to be undertaken by the Group including land inspection, planning, land requisition, compensation and resettlement of residents, demolition and land development.

The Group generally receives regular progress payments from the Development Zone Management Committee. Upon the completion of land development project, the Development Zone Management Committee typically carries out a site inspection to ensure that the land is developed in accordance with the agreed development plans and specifications. After the Development Zone Management Committee approves and accepts the developed land, the Development Zone Management Committee typically reviews and approves the buy-back price which includes the total land development costs and cost of demolition and construction of infrastructure together with an additional mark-up on the total land development costs for each primary land development project and any relevant tax payable in respect of the primary land development project. As at 30 June 2021, the relevant mark-up was approximately 12 per cent. Following completion of primary land development, the developed land is then sold through the Yangzhou Land Reserve Centre（揚州市土地儲備中心）via listed auction to third party entities. The Group primarily relies on its own funds and external financing to finance its primary land development projects.

Completed Primary Land Development Projects

The following table sets forth certain information about the Group's key completed primary land development projects for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021:

Project name	**Total investment amount**	**Total amount recovered**
	(CNY million)	*(CNY million)*
Sewage Treatment Plant Surroundings Project（污水處理廠周邊）	144.11	155.64
Henggou River Realignment Project（橫溝河整治）	96.41	107.26
Sujiafeng Group Lot Renovation Project（蘇家馮套組地塊改造）	171.76	185.51
Qigan Group Lot Renovation Project（旗杆組地塊改造）	46.93	50.68
Hekou Park Project（河口公園）	32.80	35.43
Hongzhuang Hongdong Group Project（洪莊洪東組地塊）	117.41	126.81
Yangzijin Road Project（揚子津路）	232.85	251.48
Andun Lot Renovation Project（安墩地塊改造）	250.51	270.55
Pei One, Pei Two and Pei Three Lot Renovation Project（裴一裴二裴三地塊改造）	400.36	432.38
Tongyu Dormitory Project（通裕宿舍）	188.70	203.80
Xinzhuang Lot Renovation Project（新莊地塊改造）	129.40	139.76
Houbao Huangzhuang Tuanjie Lot Formation Project（後包黃莊團結組地塊）	109.66	118.43
Dongbao Guangming Guxu Lot Formation Project（東寶光明顧圩組地塊）	254.04	274.36
Yuejin Lvzhuang Group Project（躍進組呂莊組）	225.00	148.44

Project name	Total investment amount	Total amount recovered
	(CNY million)	*(CNY million)*
Beijing-Hangzhou Canal Realignment Phase I Project (京杭運河整治一期)	210.00	136.42
Peizhuang Community Second Yun and Second Fang Lot Formation Project (裴莊社區二運二紡地塊)	188.75	211.40

Primary Land Development Projects under Construction

As at 30 June 2021, the Group's key primary land development projects under construction included Xincun Group and Hezhuang Group Renovation Project (新村組何莊組地塊改造), Peizhuang Village Urban Village Renovation Project (裴莊村城中村改造), Puxi Town Xingxi Road West Renovation Project (朴席鎮興席路以西地塊改造), Bayi Group and Banan Group Project (八一組八南組地塊) and Sujia Group and Fengtao Group Renovation (蘇家組馮套組地塊改造).

Municipal Infrastructure Construction Business

The Group also acts as the largest platform of the Development Zone Management Committee in terms of both assets and operating income designated to carry out municipal development in the Yangzhou Development Zone and is tasked with the construction of various types of key municipal infrastructure in the Yangzhou Development Zone, including municipal roads and bridges, water conservancy facilities, schools, public and social welfare facilities and river improvement facilities. The Issuer has undertaken numerous key municipal infrastructure projects in the Yangzhou Development Zone since its establishment and is a leading player in the municipal infrastructure construction industry in the Yangzhou Development Zone. The Issuer typically enters into a Commission Agent Construction Agreement (委託代建協議) with the Development Zone Management Committee yearly pursuant to which the Group is commissioned by the Development Zone Management Committee to construct specified types of municipal infrastructure in the Yangzhou Development Zone to support the Municipal Government of Yangzhou's infrastructure construction policy.

In addition, the Group is also entrusted by the Development Zone Management Committee to carry out the development and construction of resettlement housing in the Yangzhou Development Zone. On 12 December 2018, Jiulongwan Real Estate, a subsidiary of the Issuer, was designated by the Development Zone Management Committee to develop four resettlement housing, namely, Jingang Huayuan Phase III Group A (金港花園三期A組團), Binjiang Xiyuan Group A and Group D (濱江西苑A、D組團), Yangzi Xinyuan District D Phase II (揚子新苑D區二期) and Longjue Huayuan Phase I North Group (隆覺花園一期北組團).

Business Model

The Group's municipal infrastructure construction business generally operates on an agent construction basis. Under the agent construction model, for each municipal infrastructure construction project, the Group typically enters into contracts with the Development Zone Management Committee which sets out the agreed scope of work to be undertaken by the Group including, the type of municipal infrastructure to be constructed, the construction and management arrangement, the specifications, the payment schedule, the rights and obligations of the parties and buy-back arrangement by the Development Zone Management Committee.

The Group primarily relies on its own funds and external financing to finance its municipal infrastructure construction projects. Upon the completion of a municipal infrastructure construction project, the Development Zone Management Committee typically inspects the completed municipal infrastructure to ensure that the municipal infrastructure is constructed in accordance with the specifications stated in the contracts. Upon the acceptance and approval of the completed municipal infrastructure by the Development Zone Management Committee, the Development Zone Management Committee typically reviews and approves the buy-back price of the municipal infrastructure

construction project. The buy-back price of the municipal infrastructure construction project generally includes the total construction costs incurred plus an additional mark-up on the total construction costs for each project. As at 30 June 2021, the relevant mark-up was approximately 12 per cent.

Pursuant to the Commission Agent Construction Agreement, the total construction fees will typically be paid to the relevant construction entities through the Group by the Development Zone Management Committee in accordance with the "0-5-3-2" payment arrangement ("0-5-3-2"付款原則) via three yearly instalments to ensure timely completion of each project. Under the "0-5-3-2" payment arrangement, approximately 10 per cent. of the construction project fees will be paid in advance to the Group by the Development Zone Management Committee in the early stage of a municipal infrastructure construction project to cover upfront expenses, such as exploration costs and design fees. The remaining 90 per cent. of the total construction fees will be paid to the Group upon completion of the municipal infrastructure construction project via three yearly instalments. Upon completion of a municipal infrastructure construction project, approximately 50 per cent. of the remaining 90 per cent. of the total construction fees will be paid to the Group by the Development Zone Management Committee as the first instalment. In the subsequent two years, approximately 30 per cent. and 20 per cent., respectively of the remaining 90 per cent. of the total construction fees will be paid to the Group by the Development Zone Management Committee as the second instalment and third instalment, respectively.

In respect of resettlement housing construction, the Issuer adopted various construction models for its resettlement housing construction projects. However, the Issuer's resettlement housing construction projects are typically constructed based on a "Chai Yi Huan Yi" model (拆一還一模式) pursuant to which the total resettlement area of the resettlement housing units is equal to the total demolition area of the demolished housing units. Upon completion of a resettlement housing construction project, the completed resettlement housing units will not be for sale, but will instead be repurchased by the Development Zone Management Committee. The buy-back price of the resettlement housing construction project generally includes the total construction costs incurred plus an additional mark-up on the total construction costs for each project. As at 30 June 2021, the relevant mark-up was approximately 12 per cent. The total construction fees of a resettlement housing construction project will be paid to the relevant construction entities through the Group by the Development Zone Management Committee in accordance with the aforementioned "0-5-3-2" payment arrangement.

Completed Municipal Infrastructure Construction Projects

The following table sets forth certain information about the Group's key completed municipal infrastructure construction projects for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021:

Project name	Total investment amount	Total amount recovered
	(CNY million)	*(CNY million)*
Yangzi Xinyuan Demolition and Resettlement Area Project (揚子新苑拆遷安置區)	1,119.00	1,208.52
Zhigu Complex Phase I Project (智谷綜合體一期)	1,000.00	1,080.00
Dongchang River and Luqiao River Realignment Project (東長河、呂橋河整治)	100.00	105.00
Zhenbei Garden Demolition and Resettlement Community Project (鎮北花園拆遷安置小區)	702.00	737.10
Zhenxing Garden Phase II North Group Project (振興花園二期北組團)	1,100.00	1,155.00
Xincheng River Realignment Project (新城河整治)	280.00	302.40
Zhenxing Garden School Project (振興花園學校)	273.00	294.84
Urban Fast Track Development Zone Section Demolition Project (城市快速通道開發區段拆遷)	273.00	294.84
Shigang River, Yangzi River and Yudai River Realignment Project (施港河、揚子河、玉帶河整治)	50.00	54.00

Municipal Infrastructure Construction Projects under Construction

The following table sets forth certain information about the Group's key municipal infrastructure construction projects under construction as at 30 June 2021:

Project name	Total planed investment amount	Actual investment amount
	(CNY million)	*(CNY million)*
Hushan Expressway North Ecological Green Corridor Project (滬陝高速北側生態綠廊)	800.00	800.00
Ancient Canal Scenery Belt Project (古運河風光帶)	2,000.00	2,000.00
Zhenxing Garden Phase II South Group Project (振興花園二期南組團)	686.00	686.00
Yangzi Xinyuan District D North Group Project (揚子新苑D區北組團)	1,047.00	451.00
Linjiang Area Environmental Enhancement and Renovation Project (臨江片區環境提升改造)	1,620.00	291.00
Yangzhou Economic and Technological Development Zone Comprehensive Urban Environment Renovation Phase I Project (揚州經濟技術開發區城市環境綜合整治一期項目)	1,023.00	396.00
Golden Harbor Garden Project (金港花園)	690.00	386.00

Hushan Expressway North Ecological Green Corridor Project

The Hushan Expressway North Ecological Green Corridor Project commenced construction in 2017. The project aims to create city living rooms (城市客廳), entrepreneurial bases (創業基地) and leisure green corridor (休閒綠廊) with a total planned area of approximately 1,000,000 square meters. The project encompasses four themes, namely, sports, leisure, entertainment and ecology.

Ancient Canal Scenery Belt Project

The Ancient Canal Scenery Belt Project commenced construction in 2018. The ancient canal in the Yangzhou Development Zone is approximately 19.80 kilometres. A waterfront ecological green corridor (濱水生態綠色廊道)(including large node parks, riverside walkways, squares, sports facilities and landscape green spaces) with a width of approximately 50 meters will be developed along the ancient canal shore.

Zhenxing Garden Phase II South Group Project

The Zhenxing Garden Phase II South Group Project commenced construction in 2017. The project is located on the north side of 328 National Highway and the east side of Runyang Road (潤揚路).

Yangzi Xinyuan District D North Group Project

The Yangzi Xinyuan District D North Group Project commenced construction in 2018. The project is located on the east side of Linjiang Road (臨江路) and the north side of Shisha Road (施沙路) in the Hanjiang District of the Yangzhou City.

Operation Process

The Group's operation process for its land development business segment primarily involves identification of projects, financing, design, on-site management, monitoring of project progress and completion of the project.

Identification of Projects

The Group generally relies on the Municipal Government of Yangzhou and the Development Zone Management Committee to select and propose new projects to be undertaken by the Group. After the Municipal Government of Yangzhou's and the Development Zone Management Committee's selection of a potential project, the Group will receive a proposal from the Municipal Government of Yangzhou and the Development Zone Management Committee with the details of the potential project. The Group will then evaluate the feasibility of undertaking the project, taking into account the scope of work, the required specification and costs of such project. Once the Group decides to undertake a project, the Group would typically enter into an agreement with the Municipal Government of Yangzhou and/or the Development Zone Management Committee to set out the detailed arrangements, specifications, time schedule and costs for the project.

Financing

The financing arrangement for each project is undertaken by the Group's financing department. The Group primarily relies on its own funds and external financing such as debt issuances and bank loans to finance its projects. For each project, the Group typically enters into discussions with the relevant financial institutions and undergoes a review of the PRC's latest bank borrowing policies to determine the appropriate financing arrangement for each project. Proposals for any financing arrangements will need to be reviewed and approved by the Group's senior management.

Design

The Group is generally responsible for the designs of projects. For each project, the Group typically engages a professional design company to conduct feasibility study, develop designs adapted to specific project requirements and constraints and supervise execution of the designs. The Group's selection of the professional design company is based on a tendering and bidding process whereby the Group takes into consideration the reputation, expertise and track record of the design company, the timeframe, specifications and quality requirements of the project, and the price and design plan proposed by the design company. The Group together with the Municipal Government of Yangzhou and the Development Zone Management Committee periodically monitor and inspect the design works during the course of a project.

On-site Management

The Group typically appoints a project manager to facilitate communication and coordination between designers, contractors, supervisors and government supervisory departments. The project manager typically prepares and submits monthly progress reports to the manager in charge of the project.

Monitoring of Project Construction

The Group typically engages a supervising company to monitor the progress of each project. The Group coordinates with each of the parties involved and supervises the construction work performed by the contractors.

Monthly construction progress reports would typically be prepared to monitor the actual progress of each project. The Group monitors the progress of its contractors to ensure that they comply with the project schedule, the required specifications and its quality control standards. Contractors who fail to meet their obligations under the relevant contracts may be liable to pay damages to the Group.

Quality Management

The Municipal Government of Yangzhou and the Development Zone Management Committee typically require the Group to provide a project quality assurance certificate when the Group enters into a project agreement. The quality of construction work is generally monitored by an independent third party who would provide quality control reports to the Group.

Completion

The Municipal Government of Yangzhou and the Development Zone Management Committee would typically perform the final assessment and inspection to determine whether a project has been completed in accordance with the requirements and specifications specified in the relevant agreement. The Municipal Government of Yangzhou and the Development Zone Management Committee would typically retain a certain percentage of their payments to cover the costs of any maintenance works to be undertaken during the maintenance period.

Real Estate Business Segment

The Issuer conducts its real estate business primarily through its subsidiary, namely, Jiulongwan Real Estate. Jiulongwan Real Estate was established in February 2003 and is engaged in the construction, development and sale of real estate, property management, construction and management of ancillary facilities, construction materials and other property related services. Jiulongwan Real Estate constructs residential and non-residential buildings in accordance with the specifications and requirements of the Development Zone Management Committee. The relevant land resources were primarily acquired by the Group through public auctions, tenders or sale-by-listing. As at 30 June 2021, the Group had completed approximately six real estate projects.

The operating income derived from the Group's real estate business comprised of property sales income. For the years ended 31 December 2019, 2020 and 2021, the Group's operating income from its real estate business segment amounted to approximately CNY78.23 million, CNY132.89 million, and CNY312.48 million, respectively, representing approximately 4.09 per cent., 6.62 per cent. and 13.94 per cent. of the Group's total operating income, respectively.

Completed Real Estate Projects

The following table sets forth certain information about the Group's key completed real estate projects as at 30 June 2021:

Project name	Total investment amount	Total sales amount	Total construction area	Year of completion
	(CNY million)	*(CNY million)*	*(Square meter)*	
Runyuan Phase I Project (潤園一期)	230.00	226.00	54,000.00	2011
Runyuan Phase II Project (潤園二期)	170.00	235.00	33,000.00	2012
Runyuan Phase III Project (潤園三期)	200.00	189.00	42,000.00	2013
Shurenyuan Phase I Project (樹人園一期)	803.00	33.4	122,000	2021
Shurenyuan Phase II Project (樹人園二期)	536.00	55.2	83,000	2021
Jiangshan Health Medical Centre Phase I Project (GZ193地塊江山健康醫學中心一期)	600.00	–	71,493	2021

Runyuan Project

The Runyuan Project is a residential complex located south of Lingang New City, with a total construction area of 130,000 square meters and a total investment amount of CNY600 million.

Shurenyuan Project

The Shurenyuan Project is located at the intersection of Yangzijiang Road (揚子江路) and Yuxiu Road (毓秀路), with a total land area of approximately 190 mu (畝) and a total construction area of 205,000 square meters. It is within the core area of the Lingang New City and is in close proximity with the north-south central axis of Lingang New City. The western side of the project is adjacent to the Yangzhou Development Zone Experimental Middle School (揚州開發區實驗中學) and the Shuren School (樹人學校).

In addition, the project commenced construction in July 2013 and was developed in two phases. It is composed of both mid-rise and high-rise buildings in staggered design. Phase I of the project involved construction of approximately 8,000 square metres of commercial building, approximately 72,000 square metres of residential building and approximately 20,000 square metres of underground garage, while Phase II of the project involved construction of approximately 80,000 square metres of residential building and approximately 20,000 square metres of underground garage.

Jiangshan Health Medical Centre Phase I Project

The Jiangshan Health Medical Centre Phase I Project is a medical complex comprising facilities such as rehabilitation centre, rehabilitation hospital, clinical medicine research centre and international health management centre, with a total construction area of 71,493 square meters.

Real Estate Projects under Construction

The following table sets forth certain information about the Group's key real estate projects under construction as at 30 June 2021:

Project name	Total planed investment amount	Actual investment amount	Total construction area
	(CNY million)	*(CNY million)*	*(Square meter)*
Kaichen Garden Project (GZ158地塊開宸園)	880.00	465.64	122,122
Golden Harbour Life Plaza Project (GZ156地塊金港薈生活廣場)[1]	415.00	117.56	48,720

Note:

(1) The Golden Harbour Life Plaza Project was completed in December 2021.

Sale of Building Materials Business Segment

The Issuer conducts its sale of building materials business primarily through its subsidiary, namely, Yangzhou Caoqiao Trade Industrial Co., Ltd., which was established in September 2017.

In line with the Group's strategic planning to diversify its businesses and to increase investment in businesses that synergise with its core businesses, the Group is engaged in the procurement and sale of building materials, primarily targeting the construction companies within the Jiangsu Province as customers.

For the years ended 31 December 2020 and 2021, the Group's operating income from its sale of building materials business segment amounted to approximately CNY35.75 million and CNY69.24 million, respectively, representing approximately 1.78 per cent. and 3.09 per cent. of the Group's total operating income, respectively. The Group did not generate any operating income from its sale of building materials business for the year ended 31 December 2019.

Other Business Segment

The Group is also engaged in other businesses including property leasing, property management and greening and landscape engineering.

For the years ended 31 December 2019, 2020 and 2021, operating income derived from the Group's other business segment amounted to approximately CNY48.80 million, CNY66.53 million and CNY80.69 million, respectively, representing approximately 2.55 per cent., 3.32 per cent. and 3.60 per cent. of the Group's total operating income, respectively.

Property Leasing

The Issuer conducts its property leasing business primarily through its subsidiary, namely, Jiulongwan Real Estate, which was established in February 2003.

As at 30 June 2021, the Group had leasable properties with a total area of approximately 225,000 square metres and the Group's key leasable properties included Yangzhou Zhigu Science and Technology Complex (揚州智穀科技綜合體), Yangzhou Development Building (揚州開發大廈) and Yangzhou Comprehensive Bonded Zone Standard Factory (揚州綜合保稅區標準廠房).

Property Management

The Issuer conducts its property management business primarily through its subsidiary, namely, Jiulongwan Real Estate, which was established in February 2003.

Greening and Landscape Engineering

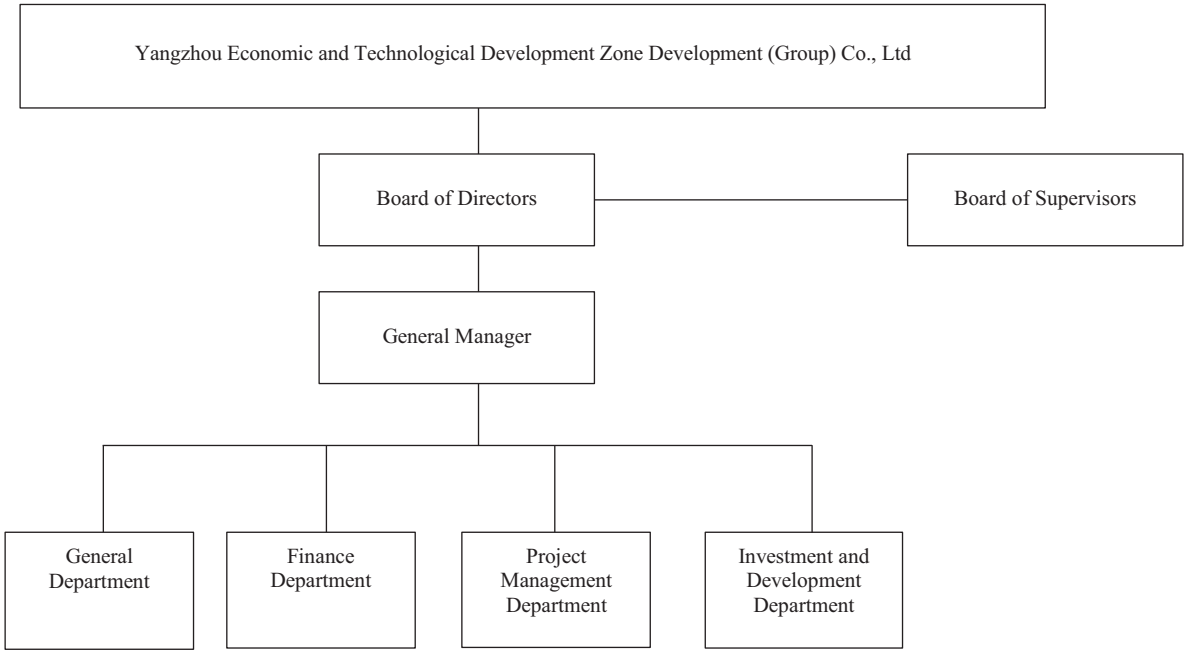
The Group conducts its greening and landscape engineering business primarily through Yangzhou Jiulongwan Landscape Engineering Co., Ltd. (揚州九龍灣園林工程有限公司), which was established on 22 December 2011.

The Group's greening and landscape engineering business focuses on various greening, river training, city transformation and landscape construction and design projects including ecological management, river improvement and optimisation of urban water environment.

CORPORATE GOVERNANCE STRUCTURE

The Issuer has established a sound corporate governance structure comprising the board of directors, board of supervisors and operating management entities.

The following diagram sets forth a simplified corporate governance structure of the Issuer as at 30 June 2021:



RISK MANAGEMENT

The Group has established a risk management committee to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including strategic management, financial and capital management, asset management, investment management, connected transaction and information disclosure. Each level and department of the Group is well informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner.

OCCUPATIONAL SAFETY AND ENVIRONMENTAL PROTECTION

The Group adopts a comprehensive work safety system to ensure employee safety. The Group has established safety protocols and also implemented guidelines setting out the responsibilities of its safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety objectives are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents applicable to its operations and projects. As at 30 June 2021, the Group had not been subject to any fines or administrative action that had been filed with any PRC government authorities involving material non-compliance with any relevant regulations, nor was it required to take any specific compliance measures.

The Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Issuer believes that the Group is in compliance with all material respects of applicable environmental laws and regulations. As at 30 June 2021, the Group was not aware of any material environmental proceedings or investigations to which it is or might become a party.

COMPETITION

The Issuer plays a key role in promoting the social and economic development of the Yangzhou Development Zone and is designated to carry out the Municipal Government of Yangzhou's and the Development Zone Management Committee's directions and policies for municipal development in the Yangzhou Development Zone. The Group is the largest construction and development entity in terms of both assets and operating income designated to undertake land development and infrastructure construction in the Yangzhou Development Zone. The Group is also the largest entity in terms of both assets and operating income commissioned by the Development Zone Management Committee to conduct primary land development for industrial use and commercial use in the Yangzhou Development Zone and maintains a leading position with dominant market share in the primary land development industry. As at the date of this Offering Circular, the Group did not face any intense competition in its major business segments in the Yangzhou Development Zone.

EMPLOYEES

As at 30 June 2021, the Group had a total of approximately 34 employees, all of whom hold an undergraduate degree or above. The Group maintains a good working relationship with its employees and had not experienced any labour disputes that could cause material adverse effect to the operation and performance of the Group as at 30 June 2021.

In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group generally makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group generally enters into employment contract with its employees in accordance with applicable PRC laws. Such contracts typically include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

INSURANCE

The Group maintains insurance policies as required by applicable PRC laws and regulations. Consistent with what the Issuer believes to be customary practice in the PRC, the Group 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. Please see *"Risk Factors – Risks Relating to the Group's Business – The insurance coverage of the Group may not adequately protect it against all operational risks or any potential liabilities or losses"* for further information.

LEGAL AND REGULATORY PROCEEDINGS

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. See "*Risk Factors – Risks Relating to the Group's Business – The Group may be subject to legal, litigation and regulatory proceedings*".

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

DIRECTORS AND SUPERVISORS OF THE ISSUER

BOARD OF DIRECTORS

The following table sets forth the members of the board of directors of the Issuer as at 31 December 2021:

Name	Position
Wu Jia'en (吳加恩)	Chairman of the board of directors and legal representative
Zhao Haitao (趙海濤)	Director and deputy general manager
Zhu Bin (朱斌)	Director and deputy general manager
Wang Ke (汪可)	Employee director
Li Zheng (李政)	Employee director and general manager

Wu Jia'en

Mr. Wu is the chairman of the board of directors and the legal representative of the Issuer. He previously worked as the deputy chief officer of the Integrated Coordination Centre (綜合協調中心), and the assistant to the director, deputy director and secretary of the organisational branch (機關支部書記) of Yangzhou Economic and Technological Development Zone Construction Bureau (揚州經濟技術開發區建設局). He also served as the deputy chairman of the board of directors of the Issuer. Mr. Wu holds a postgraduate degree.

Zhao Haitao

Mr. Zhao is a director and a deputy general manager of the Issuer. He previously worked as the financial controller of Yangzhou Lingang Construction Development Co., Ltd. (揚州市臨港建設發展有限公司). He was also a lecturer of the Anhui University of Finance and Economics (安徽財經大學). Mr. Zhao holds a postgraduate degree.

Zhu Bin

Mr. Zhu is a deputy general manager of the Issuer. He previously worked as an assistant to the general manager of Yangzhou Zhigu Asset Management Co., Ltd (揚州智谷資產管理有限公司). Mr. Zhu holds a postgraduate degree.

Wang Ke

Mr. Wang is an employee director of the Issuer. He is also the head of the Integrated Office of the Issuer. Mr. Wang holds a master's degree.

Li Zheng

Mr. Li is an employee director and the general manager of the Issuer. He previously worked as the head of the Equipment Department and assistant to the chief officer of Yangzhou Economic Development Zone Logistics Service Centre (揚州經濟開發區後勤服務中心), the chief officer of the Corporate Service Centre (企業服務中心) of Yangzhou Economic Development Zone Economic Development Bureau (揚州經濟開發區經濟發展局), the deputy director of Yangzhou Economic and Technological Development Zone Management Committee Economic Development Bureau (揚州經濟技術開發區管委會經發局) and the director of Yangzhou Economic and Technological Development Zone Environmental Protection Bureau (揚州經濟技術開發區環保局). He also served a presiding role at the Bureau of Commerce of Yangzhou Economic and Technological Development Zone (揚州經濟技術開發區商務局). Mr. Li holds a master's degree.

BOARD OF SUPERVISORS

The following table sets forth the members of the board of supervisors of the Issuer as at 31 December 2021:

Name	Position
Zhang Lan (張嵐)	Chairman of the board of supervisors
Chen Jun (陳俊)	Supervisor
Lu Lan (魯嵐)	Supervisor
Feng Wenbo (馮文博)	Employee supervisor
Ju Jingjing (居晶晶)	Employee supervisor

Zhang Lan

Ms. Zhang is the chairman of the board of supervisors of the Issuer. She previously worked as the assistant to the general manager of the Issuer and the chief officer of the Financial Office (金融辦) of Yangzhou Economic and Technological Development Zone. Ms. Zhang holds an undergraduate degree.

Chen Jun

Ms. Chen is a supervisor of the Issuer. She holds an undergraduate degree.

Lu Lan

Ms. Lu is a supervisor of the Issuer. She holds a college degree.

Feng Wenbo

Mr. Feng is an employee supervisor of the Issuer. He holds an undergraduate degree.

Ju Jingjing

Ms. Ju is an employee supervisor of the Issuer. She holds an undergraduate degree.

TERMS AND CONDITIONS OF THE BONDS

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

The issue of U.S.$300,000,000 4.00 per cent. green bonds due 2025 (the "**Bonds**", which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd(揚州經濟技術開發區開發(集團)有限公司)(the "**Issuer**") was authorised by an approval of Management Committee of Yangzhou Economic and Technological Development Zone dated on 19 November 2021 and a resolution of the board of directors of the Issuer passed on 6 January 2022. The Bonds are constituted by a trust deed dated on or about 14 April 2022 (the "**Issue Date**") (as amended and/or supplemented from time to time, the "**Trust Deed**") 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) and all other persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the Holders (as defined below). The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed, which includes the form of the Bonds.

The Bonds are the subject of an agency agreement dated on or about the Issue Date (as amended and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Trustee, China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司) as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any successor or additional transfer agent appointed from time to time in connection with the Bonds) and any other agents appointed thereunder. Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday other than public holidays) by the Bondholders (as defined below) at the principal office for the time being of the Trustee, being at the Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong following prior written request and proof of holding and identity to the satisfaction of the Trustee. References herein to "**Paying Agents**" include the Principal Paying Agent, and "**Agents**" mean the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time under the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

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

Title to the Bonds shall pass by transfer and registration in the Register as described in Condition 3. The Holder of any Bond shall (except as ordered by a court of competent jurisdiction or as otherwise required by law) be 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 in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

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

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

2 STATUS

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

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

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

(b) Transfer

A holding of Bonds may, subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) evidencing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require; provided, however, that a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Holder are being transferred) the principal amount of the balance of Bonds not transferred are equal to or more than the minimum Authorised Denomination. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in an Authorised Denomination). In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the Regulations (as defined in Condition 3(f)). No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(c) Delivery of New Certificates

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

Except in the limited circumstances described in the Global Certificate (see "Summary of Provisions relating to the Bonds in Global Form"), owners of interests in the Bonds represented by the Global Certificate will not be entitled to receive physical delivery of Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(d) Formalities Free of Charge

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

(e) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (but excluding) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after notice of redemption has been given pursuant to Condition 6(b); or (iv) after any such Bond has been put for redemption pursuant to Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement (the "**Regulations**"). The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available for inspection at the specified office of the Registrar by any Bondholder at all reasonable times during usual 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)) following prior written request and proof of holding and identity satisfactory to the Registrar.

4 COVENANTS

(a) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) Undertakings relating to Foreign Debt Registration

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted an application for the registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record or evidence of filing from SAFE on or before the Registration Deadline, and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

(c) Notification to NDRC

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

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

The Issuer shall within 15 Registration Business Days after the later of submission of the NDRC Post-issue Filing and receipt by the Issuer of the registration record or evidence of filing from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) confirming (A) the completion of the NDRC Post-issue Filing and the Foreign Debt Registration and (B) no Change of Control Event, Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default has occurred; and (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any) and the Foreign Debt Registration, each 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**"). In addition, the Issuer shall within five

Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor or ensure (or otherwise assist with) the Foreign Debt Registration with SAFE is completed as required by Condition 4(b) or the NDRC Post-issue Filing is made as required by Condition 4(c) or to assist in any manner with either the NDRC Post-issue Filing or the Foreign Debt Registration or to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing and/or the Foreign Debt Registration and/or the Registration Documents or to translate or procure that any Registration Document is translated into English, or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

(e) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will furnish the Trustee with (i) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date)) of the Issuer and its subsidiaries (if any) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date) or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date), together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate; and (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date) or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer as at the Issue Date), together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate (and the Trustee may rely conclusively without liability to the Issuer, any Bondholder or any other person on any such translation as being a complete and accurate translation of the original).

So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will send to the Trustee (I) at the same time as the Audited Financial Reports provided in this Condition 4(e), and (II) within 14 days of any written request by the Trustee, a compliance certificate in English substantially in the form set out in the Trust Deed, signed by an Authorised Signatory, that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 9) 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 covenants and obligations under the Trust Deed and the Bonds or, if non-compliance had occurred, giving details of it.

The Trustee shall be entitled to rely conclusively upon each such compliance certificate of the Issuer given as contemplated in these Conditions and the Trust Deed and shall not be liable to the Issuer, any Bondholder or any other person for so relying.

(f) Ratings

For so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will maintain a rating on the Bonds by at least one Rating Agency.

(g) In these Conditions:

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

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

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

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

"**Rating Agency**" means (i) either S&P Global Ratings and its successors ("**S&P**"), Fitch Ratings Inc. and its successors ("**Fitch**"), Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors ("**Moody's**"), Lianhe Ratings Global Limited ("**Lianhe Global**") or China Chengxin (Asia Pacific) Credit Ratings Company Limited ("**CCXAP**") or (ii) if none of S&P, Fitch, Moody's, Lianhe Global or CCXAP shall make a rating of the Bonds publicly available, the Issuer shall select and substitute them with any other reputable credit rating agency of international standing;

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

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

"**Relevant Indebtedness**" means any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other 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 (which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans);

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

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

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

"**Unaudited Financial Reports**" means, for a Relevant Period, the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement and statement of cash flows of the Issuer together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them; and

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

5 INTEREST RATE AND INTEREST PAYMENT DATES

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.00 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$20.00 per Calculation Amount (as defined below) on 14 April and 14 October in each year (each an "**Interest Payment Date**") commencing on 14 October 2022.

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

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of

the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of Euroclear or Clearstream or any Alternative Clearing System (as defined in the Global Certificate), the interest of Bonds shall be calculated based on the aggregate principal amount of the Bonds represented by the Global Certificate.

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 14 April 2025 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 April 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments and opinion. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or enquiry and without liability to the Bondholders or any other person) as satisfactory and as sufficient evidence of the satisfaction and fulfilment of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders and the Trustee shall be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate or opinion. All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 6(b).

(c) Redemption for Relevant Events

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

The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control Event) or the 10th day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above.

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

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

(i) the Put Settlement Date;

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

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

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

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

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

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

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it have received written notice to the contrary from the Issuer 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 in connection with any Put Exercise Notice, and none of them shall be responsible or liable to Holders, the Issuer or any other person for any loss arising from their not doing so.

For the purpose of these Conditions:

(A) a "**Change of Control Event**" occurs when:

(i) the Municipal Government of Yangzhou and any other Person or Persons directly or indirectly controlled by the Municipal Government of Yangzhou or the Government of Jiangsu Province, together cease to, directly or indirectly, hold or own 100 per cent. of the issued share capital of the Issuer; or

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

(B) "**Government of Jiangsu Province**" means the People's Government of Jiangsu Province(江蘇省人民政府) or its successor;

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

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

(E) "**Registration Conditions**" means the receipt by the Trustee of the Registration Documents as set forth in Condition 4(d);

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

(i) there is a No Registration Event; or

(ii) there is a Change of Control Event; and

(G) "**Municipal Government of Yangzhou**" means the People's Government of Yangzhou Municipality(揚州市人民政府) or its successor.

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

(d) Purchase

The Issuer or any of its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Holders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(e) Notice of Redemption

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption, and none of them shall be liable to the Holders, the Issuer or any other person for not doing so.

(f) Cancellation

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

7 PAYMENTS

(a) Method of Payment:

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a) below.

(ii) Interest on each Bond shall be paid on the due date for payment to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), a Bondholder's "**registered account**" means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

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

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

(b) **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

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

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

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

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

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer for or on account of any tax, duty, fee, assessment or governmental charge of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC at a rate up to and including the aggregate rate applicable on 7 April 2022 (the "**Applicable Rate**"), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

(a) **Other connection:** to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or

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

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

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, fee, assessment, charges, withholding or other payment referred to in this Condition 8 or in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any other person to pay such tax, duty, charge, fee, assessment or withholding 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 Bonds without deduction or withholding for or on account of any such tax, duty, fee, assessment, charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

If an Event of Default (as defined below) occurs, the Trustee at its discretion may, and if so requested in writing by Holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its

satisfaction), give written notice to the Issuer that the Bonds 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) **Non-Payment:** there has been a failure to pay (i) the principal of any of the Bonds when due or (ii) any interest on any of the Bonds when due and such failure continues for a period of seven days; or

(b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed (other than where such default gives rise to a right of redemption pursuant to Condition 6(c)) and (i) such default is in the opinion of the Trustee incapable of remedy or, (ii) if such default is in the opinion of the Trustee capable of remedy, it is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds in the aggregate U.S.$20.0 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 45 days; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 45 days; or

(f) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any material part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its Principal Subsidiaries; or

(g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except for any voluntary solvent winding-up of any of the Principal Subsidiaries), or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to

carry on all or substantially all of its business or operations, except for the purpose of and followed by (i) a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or (ii) a disposal of a Principal Subsidiary or such Principal Subsidiary's business or assets on an arm's length basis where the proceeds or other consideration resulting from such disposal are fully vested in the Issuer or another Subsidiary of the Issuer; or

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

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

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

(k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(j) (both inclusive).

In this Condition 9:

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

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

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

(c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet, are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the

avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests;

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

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

(ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total operating income, operating profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Issuer;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total operating income, operating profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Issuer;

(iv) if the accounts 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 accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer prepared for this purpose by the Issuer; and

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

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to the Bondholders in accordance with Condition 16, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

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

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed and/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 Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed.

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

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream or the Alternative Clearing System, a resolution passed by Electronic Consent (as defined in the Trust Deed) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement which in its opinion is not materially prejudicial to the interest of the Bondholders, and the Trustee may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16. The Trustee may request and conclusively rely upon any certificate signed by an Authorised Signatory and/or an opinion of counsel concerning compliance with the above conditions in respect of any modification and/or waiver and/or authorisation.

(c) Entitlement of the Trustee

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

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including among other things provisions relieving the Trustee from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds and payment or taking other steps and/or actions and/or instituting any other proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for any fees, costs, expenses, indemnity payments and for liabilities incurred by it, in priority to the claims of the Bondholders. The Trustee, the Agents and their respective affiliates are entitled to (i) enter into

business transactions with the Issuer and/or any entity related (directly or indirectly) to the Issuer without accounting for any profit made or any other amount or benefit received thereby or in connection therewith and to act as trustee for the Bondholders of any other securities issued by, or relating to, the Issuer and/or any entity related (directly or indirectly) to the Issuer, and (ii) exercise and enforce its rights, powers and discretions, 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 as aforesaid without regard to the interests of, or consequences for, the Bondholders.

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

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction or certification, to seek directions or clarifications of any directions from the Bondholders by way of Extraordinary Resolution, and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refrain from taking such action, making such decision or giving such direction or certification as a result of seeking such direction or clarification from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

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

The Trustee shall have no obligation to monitor or take any steps to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions, and shall not be liable to the Issuer, the Bondholders or any other person for not doing so.

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

15 FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Holders to create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the requirements set out in these Conditions in relation to the timing for complying with the Registration Conditions and the making of the Foreign Debt Registration and the NDRC Post-issue Filing) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further bonds forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

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

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

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 (the "**Act**"), except and to the extent (if any) that the Bonds expressly provide for the Act to apply to any of their terms.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed and the Agency Agreement ("**Proceedings**") may be brought in such courts.

The Issuer has in the Trust Deed, irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent ceases to be such agent for service of process in Hong Kong, the Issuer will promptly appoint a new agent for service of process with a business address in Hong Kong and notify the Trustee of such appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

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

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

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

The individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

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

PAYMENT

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

CALCULATION OF INTEREST

The Issuer will promise to pay to the holder of the Bonds represented by the Global Certificate in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

NOTICES

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

MEETINGS

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

BONDHOLDER'S REDEMPTION

The Bondholder's redemption option in Condition 6(c) (*Redemption of Relevant Events*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent within the time limits specified in the Terms and Conditions, in accordance with the rules and procedures of Euroclear and Clearstream or any Alternative Clearing System, and stating the principal amount of Bonds in respect of which the option is exercised.

ISSUER'S REDEMPTION

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

TRANSFERS

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

CANCELLATION

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer or any of its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been

made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

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

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

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 Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of PRC laws and regulations.

REGULATION ON ISSUANCE OF FOREIGN BONDS

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

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

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

Pursuant to the NDRC Circular, an enterprise must: (i) apply to NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) report the information on the issuance of the bonds to NDRC within ten working days after the completion of each issuance. The materials to be submitted by an enterprise must include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details. 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.

To issue foreign debts, an enterprise must meet these basic conditions:

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

Pursuant to the NDRC Circular, NDRC must control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, NDRC must reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the PRC government, and

effectively support the development of the real economy. According to the NDRC Circular, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority must be given to supporting the investment in major construction projects and key sectors, such as ''One Belt One Road'', the Integration of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the NDRC Circular is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

Pursuant to the Foreign Debt Registration Measures and its operating guidelines, effective as at 13 May 2013 and amended on 4 May 2015, 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.

REGULATION ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of the Credit Structure to Promote the Fast and Smooth Development of the National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform's issuance of enterprise bonds.

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents three channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions or incur new government debts. Public interest projects may be funded by the PRC government through issuing government bonds since the New Budget Law (中華人民共和國預算法), which empowers local governments to issue government bonds and carry out public interest projects with the capital generated, such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the PRC government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified and reported to the State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Circular 40 was promulgated by the General Office of the State Council. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with the relevant regulations by competent government authorities before the date on which Circular 43 was promulgated.

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

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans granted to the projects under construction of financing platform companies, if the legally binding loan contracts were signed before 31 December 2014 and the loans had been granted, so long as the loan contracts have not expired, banking financial institutions shall, under the premises of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall neither call in loans in advance nor 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 expected incremental financing needs of the projects under construction of the financing platform companies, and shall, under the premises of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capital, such as fiscal capital and social capital, and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the signed contracts fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise the adoption of such a mode to make up to the construction needs. If they are in compliance with the relevant state provisions without any other funding sources for construction, but the PRC government and social capital cooperation mode is not suitable temporarily, the increment financing needs shall be incorporated into government budget management and resolved through issuing government bonds by local governments as required by law and the relevant regulations.

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

- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for 1.5 months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, use the fiscal funds in the previous years and surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

REGULATIONS ON LAND DEVELOPMENT

Primary Land Development

Pre-stage Development of the Reserve Land

Pursuant to Measures for the Land Reserve（土地儲備管理辦法）issued by Ministry of Land and Resources, MOF, PBOC, CBRC on 3 January 2018 and effective on the same day, "land reserve" refers to the act of the competent departments of land and resources at or above the county level to obtain land in accordance with laws and organize the early development and storage of land for later supply, in order to regulate the land market and promote the rational use of land resources. The land reserve work shall be under the unified administration of the competent departments of land and resources, and the land reserve institution shall undertake the specific implementation of the land reserve work. The fiscal department is responsible for the supervision of land reserve funds and the assets generated.

The land reserve institution shall organize the necessary pre-stage development of the reserve land and provide the necessary guarantee for government's supply of land. The early-stage development of the reserve land shall be completed in accordance with the land plan, and complete the construction of the infrastructure such as roads, water supply, power supply, gas supply, drainage, communication and enclosure as well as land leveling, so as to meet the necessary "accessible and leveling" requirements. Specific projects shall, in accordance with the relevant provisions, select entities such as engineering investigation, design, construction and supervision for carrying out construction. During the construction of pre-stage development, the land reserve institution shall supervise and administer the project. After the completion of the project, the land reserve institution shall organize the inspection and acceptance or entrust the professional institutions to carry out the inspection and acceptance in accordance with rules, and report to the competent departments of land and resources for filing in accordance with the relevant provisions. The reserve land shall be included in the land supply plan of the local city or county after the earlier stage of development is completed and the conditions for supply have been met, and the competent departments of land and resources of the city or county shall organize the land supply uniformly. Before a licensed reserve land is supplied, its real property title certificate and the real estate registration certificate shall be withdrawn and deregistered. The deregistration will also be recorded in the real estate register.

According to the Circular on Issues Concerning the Standardization of Land Reserve and Fund Management (關於規範土地儲備和資金管理等相關問題的通知) issued and took effective as at 2 February 2016 by MOF, Ministry of Land and Resources, CBRC and PBOC, all regions shall separate the government financing, civil and infrastructure construction, and secondary land development functions from the existing Land Institutions, or transform them into companies, and the corresponding staff, assets and debts shall also be separated or transferred. Local land and resource administrative departments shall actively explore relocation and resettlement compensation services related to land requisition and acquisition, and reclaim of land use rights, as well as preliminary development of land reserves acquired by governments, including the construction of infrastructure facilities on land such as roads, water supply and drainage, electricity and gas supply, telecommunications, lighting, greening, and land grading. Local financial departments and land and resource administrative departments shall, in cooperation with local Land Institutions, formulate measures for the management of projects, and publish relevant project information such as project plans, contractors or suppliers, performance evaluation standards, final results and achievements. Subcontracting is not allowed. Project contractors or suppliers shall strictly fulfill their contract obligations and receive remuneration as stipulated in the contracts. Their remuneration shall not be connected with land transfer prices, nor shall they raise funds, expressly or implicitly, in the name of the project land.

Land Saving and Intensive Use

Pursuant to the Notice of the State Council on Promoting the Land Saving and Intensive Use (國務院關於促進節約集約用地的通知) issued and effective on 3 January 2008, the land saving policy includes (1) examining and adjusting various types of relevant planning and land use standards on the principle of land saving and intensive use; (2) making full use of existing construction land, and vigorously enhancing the construction land use efficiency; (3) optimizing the market function for land source in order to strengthen the long term system of land saving and intensive use; (4) enhancing the rural land management to gradually promote the land saving and intensive use of the rural collective construction land; and (5) emphasizing the supervisory and liability of land saving and intensive use. Before the transfer of reserved land, necessary early stage development should be accomplished and development cycle be shortened in order to prevent the creation of new idle land. Market mechanism should be introduced into the early stage development of land and construction entity should be chosen by way of a public tender in accordance with relevant provisions. Land that goes through the early stage development process should be uniformly arranged for transfer by the land and resources authorities of people's governments at the city and county level.

Pursuant to the Provisions on the Economical and Intensive Use of Land(節約集約利用土地規定) issued on 22 May 2014 and effective on 1 September 2014 and amended on 24 July 2019 and became effective on the same date, the management and use of land shall follow the rules of realizing economical land use, freeing up areas, increasing the intensity of land use, promoting the reuse of inefficient and abandoned land, optimizing the structure and layout of land use, and improving the efficiency of land use. Ministry of Land and Resources of the People's Republic of China and other competent departments of land and resources shall establish a standard for economical and intensive use of land, conduct activities for economical and intensive use of land, organize to develop a standard system for economical and intensive use of land and related standards, explore new mechanisms for economical and intensive use of land, and encourage the adoption of new technologies and new modes for economical and intensive use of land, so as to increase the efficiency of land use. It is prohibited to reduce the price of land by means of changing land categories, returning land after expropriation, subsidies and relevant encouragements.

Idle Land

According to the Measures on Disposing Idle Land(閒置土地處置辦法) enacted and enforced by MNR on 26 April 1999 and amended on 1 June 2012, the land can be defined as idle land under any of the following circumstances:

- development and construction of the land is not commenced after one year of the prescribed time limit in the contract of granting the land use rights; or

- the development and construction of the land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25 per cent. of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

If the delay of commencement is caused by the activities of the government, the municipality or county level land administrative department shall negotiate with the concerned land user and conclude a proposal on methods of disposal of the idle land for the local government's approval, including, but not limited to, extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, replacing with another land and withdrawing the land with a compensation. If the delay of commencement is caused by other reasons, if the work has not been commenced after one year from the prescribed date of commencement, a surcharge on idle land equivalent to no more than 20 per cent. of the land grant premium may be levied; if the work has not been commenced after two years from the prescribed date of commencement, the land can be confiscated without any compensation. On September 8, 2007, MNR promulgated the Notice on Strengthening the Disposing of Idle Land(關於加大閒置土地處置力度的通知) providing that the surcharge on idle land shall be 20 per cent. of the land grant premium in principle and, where the confiscation measure is required in accordance with the law, such measure shall be strictly implemented.

The Notice on Promoting the Saving and Intensive Use of Land(國務院關於促進節約集約用地的通知) strictly enforces the policies for dealing with idle land. If a piece of land has been idle for two years or more, it must be taken back free of charge resolutely and rearranged for other uses; if the land does not meet the statutory conditions for recovery, it must be timely dealt with and fully used through changing its uses, replacement by parity value, temporary use or incorporation into government reserves. If a piece of land has been idle for more than one year but less than two years, the idle land surcharge must be collected at 20 per cent. of the land grant premium. If the land premium has not been completely paid off according to the contract, no land certificate may be granted, and it is also prohibited to grant the land certificate by dividing the land based on the proportion of the paid land grant fee.

Municipal Infrastructure Construction

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided for 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 Standing Committee of the National People's Congress (全國人民代表大會常務委員會) (the "**SCNPC**") on 30 August 1999 which became effective on 1 January 2000, and was amended on 27 December 2017 and became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by the State Council on 20 December 2011 which became effective on 1 February 2012, and was amended on 1 March 2017, 19 March 2018 and 2 March 2019, 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 of the People's Republic of China, Ministry of Transport of the People's Republic of China ("**MOT**"), Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China on 8 March 2003 which became effective on 1 May 2003, and was amended on 11 March 2013 and became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOHURD on 24 January 2017 and became effective on 1 May 2017. Provisions on Engineering Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) issued by NDRC on 27 March 2018 and became effective on 1 June 2018, Provisions on Infrastructure and Utilities Where Bidding is Required (必須招標的基礎設施和公用事業項目範圍規定) issued by NDRC on 6 June 2018 and became effective on the same day and Administrative Measures for the Bidding and Tendering of Housing Construction and City Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date, and was amended on 28 September 2018 and 13 March 2019 and became effective on the same day.

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 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 PRC government in whole or in part and projects using loans or funding aid from 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 principles 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 should undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are disintegrated or the bidding process is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1.0 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (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 which 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.

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 (II)(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(II)) issued by the Supreme People's Court on 29 December 2018 and which became effective on 1 February 2019, the people's court shall uphold either party's request to settle the construction project price according to the contract awarded for the reason that the construction project contract otherwise signed by the employer and the contractor after the employer calls for bids for the construction project, for which it is legally unnecessary to invite bids, deviates from the substantial content in the contract awarded, unless the employer and the contractor otherwise execute the construction project contract because of any unforeseeable change to the objective conditions at the time of bid invitation and bidding. The people's court shall uphold either party's request to settle the project price according to the bid invitation document, the bidding document or the letter of acceptance for the reason that there is any discrepancy between the construction project contract signed by the parties and the bid invitation document, the bidding document or the letter of acceptance in regard to the scope of work, construction period, project quality or project price.

Qualification of Construction Enterprises

In accordance with the Construction Law of the PRC (中華人民共和國建築法) amended by the SCNPC on 22 April 2011 and became effective on 1 July 2011 and amended on 23 April 2019 and became effective on the same date; Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定), which was promulgated by MOHURD on 6 October 1995 and became effective on 15 October 1995, and was amended on 18 April 2001, 26 June 2007, 22 January 2015 and became effective on 1 March 2015; Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見), which was issued by MOHURD on 31 January 2015 and became effective on 1 March 2015, and was amended on 16 January 2020; Criterion for Qualification of Construction Enterprises (建築業企業資質標準) which was promulgated by MOHURD on 6 November 2014 and became effective on 1 January 2015; Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準), which was issued by MOC on 13 March 2007 and became effective on the same date; Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) which was promulgated by MOC on 26 June 2007 and became effective on 1 September 2007, and was amended on 4 May 2015 and 13 September 2016 which amendments were implemented on 4 May 2015 and 20 October 2016 respectively; Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定實施意見), which was issued by MOC on 21 August 2007 and became effective on the same date, and was amended on 16 June 2016; Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定), which was promulgated by MOC on 26 June 2007 and became effective on 1 August 2007, and was amended on 4 May 2015, 13 September 2016 and 22 December 2018, which amendments were implemented on 4 May 2015, 20 October 2016 and 22 December 2018, respectively; Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見), which was issued by MOC on 31 July 2007 and became effective on the same date, and was amended on 16 June 2016; and other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

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

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

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

Quality Management

Laws and regulations on project quality mainly include Construction Law of the PRC; Regulation on Quality Management of Construction Projects (建設工程質量管理條例), which was issued by the State Council on 30 January 2000 and became effective on the same date, and was amended on 7 October 2017 and became effective on the same day and was amended on 23 April 2019 with the amended version becoming effective 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), which was amended by MOC on 22 November 2007 and became effective on the same date; 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), which was 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), which was issued by MOC on 30 June 2000 and became effective on the same date; and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法), which was promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, as well as its Implementing Regulations promulgated on 1 May 2010, Rules for the Supervision and Management on the Quality of Housing Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程質量監督管理規定) promulgated by 1 August 2010 and became effective on the 1 September 2010, Rules for the Confirmation of the Completion of Housing Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD on 2 December 2013 and became effective on the same day.

According to the Regulation on Quality Management of Construction Projects, a completion examination and acceptance for a construction project shall satisfy the following requirements: (1) all contents set forth in the design and the contract for the construction project have been completed; (2) the technical archives and construction management materials are intact and available; (3) reports on entry tests of major building materials, components and equipment used for the construction project are available; (4) quality conformity documents as signed respectively by the survey, design, construction, project supervision and other contractors concerned are available; and (5) warranties for the construction project as signed by the construction contractor are available. All the building, surveying, designing, construction and supervision units shall be responsible for the quality of the construction projects. The construction project shall not be delivered for use unless it has passed the completion examination and acceptance. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the PRC (中華人民共和國安全生產法), which was promulgated by SCNPC on 29 June 2002 and became effective on 1 November 2002, and was amended on 27 August 2009 and 31 August 2014 which amendment became effective on 27 August 2009 and 1 December 2014 respectively and was amended on 10 June 2021 which amendment became effective on 1 September 2021; Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例), which was promulgated by the State Council on 24 November 2003 and became effective on 1 February 2004;

Regulation on Work Safety Licenses(安全生產許可證條例), which was promulgated by the State Council on 13 January 2004 and became effective on the same date, and was amended on 18 July 2013 and 29 July 2014 which amendment became effective on the same date; Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation(《生產安全事故報告和調查處理條例》罰款處罰暫行規定), which was promulgated by State Council on 12 July 2007 and became effective on the same date, and was amended on 1 September 2011 and 2 April 2015 which amendment became effective on 1 November 2011 and 1 May 2015 respectively; and Administrative Provisions on Work Safety Licenses of Construction Enterprises(建築施工企業安全生產許可證管理規定), which was issued by MOC on 5 July 2004 and became effective on the same date, and was amended on 22 January 2015.

In accordance with the Work Safety Law of the PRC, Regulation on Work Safety Licenses and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

REGULATIONS ON REAL ESTATE

Qualification of a Real Estate Developer

Pursuant to the Law of the PRC on Administration of Urban Real Estate(中華人民共和國城市房地產管理法)(the "**Urban Real Estate Law**") promulgated by the SCNPC on 5 July 1994, and became effective on 1 January 1995, and amended on 30 August 2007 and 27 August 2009 which amendments became effective on 30 August 2007 and 27 August 2009 respectively, a "real estate developer" refers to an enterprise which engages in the development and sale of real estate for profit-making purposes. Under the Regulations on Administration of Development of Urban Real Estate(城市房地產開發經營管理條例)(the "**Development Regulations**") promulgated by the State Council on 20 July 1998 and became effective on the same day, and amended on 8 January 2011 and 19 March 2018, which amendments became effective on 8 January 2011, 19 March 2018 and 24 March 2019, 27 March 2020, 29 November 2020, respectively, an enterprise engaging in real estate development must satisfy the following requirements in addition to other enterprise establishment conditions provided in relevant laws and administrative regulations:

(i) its registered capital must be CNY1 million or more; and

(ii) it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The Development Regulations stipulates that people's governments of the provinces, autonomous regions and/or municipalities directly under the central government may impose more stringent requirements regarding the registered capital and qualifications of professional personnel of a real estate development enterprise according to the local circumstances. Pursuant to the Development Regulations, to establish a real estate development enterprise, the developer must apply for registration with the department of industry and commerce administration of the people's government at or above the county level, which should, in examining the application for the registration, seek the views of the governmental department governing real estate development at the relevant level. The developer must also report its establishment to the department of real estate development in the location of its registration, within 30 days of the receipt of its business license.

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) promulgated by MOC on 29 March 2000 and amended on 4 May 2015 which amendment became effective on the same date, a real estate developer must apply for a qualification classification certificate. An enterprise may not engage in the development and operation of properties without a qualification classification certificate for real estate development. MOC is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers. The real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by mainly considering their registered capital and financial condition, lengths of time they have conducted real estate development business, professional personnel they employ, performance and operating results from past real estate operations and their quality control systems. A real estate developer that passes the qualification examination will be issued with a qualification certificate of the relevant class by the qualification examination authority. A real estate developer shall only conduct the real estate development in compliance with the approved class of qualification.

Engagement in real estate development and operation by a developer without obtaining the required provisional or formal qualification certificate, or by overstepping its qualification class, may result in a fine ranging from CNY50,000 to CNY100,000. If the developer fails to rectify within the specified time limit, the authorities shall revoke the qualification certificate, and submit the matters to administrative authorities for industry and commerce for the revocation of the business license. Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer should be annually inspected.

Grant of Land Use Rights

Under the Interim Regulations of the People's Republic of China on Assignment and Transfer of the State-owned Land Use Rights in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例)(the "**Interim Regulations on Assignment and Transfer**") promulgated and enforced by the State Council on 19 May 1990 and amended on 29 November 2020, a system of assignment and transfer of the right to use State-owned land has been adopted. A land user shall pay a premium to the State as consideration for the assignment of the land use rights within certain terms, and a land user may transfer, lease, mortgage or otherwise commercially exploit the land use rights within his terms of use. Under the Interim Regulations on Assignment and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user for an assignment of land use rights. The land user shall pay the assignment price as stipulated in the assignment contract. After paying the assignment price in full, the land user shall register with the land administration authority and obtain a land use rights certificate. The certificate is an evidence of the acquisition of land use rights. The Development Regulations provide that the land use rights for a site intended for real estate development shall be obtained by way of an assignment except for those land use rights which may be obtained by way of allocation pursuant to PRC laws or the stipulations of the State Council.

The grant of land use rights by way of competitive processes is subject to the Regulations on the Grant of State-owned Land Use Rights by Invitation of Tender, Auction or Listings-for-sale (招標拍賣掛牌出讓國有土地使用權規定), issued by MNR on 9 May 2002 and revised as at 28 September 2007 by Regulations on Granting State-owned Construction Land Use Right through Tenders, Auction and Listing for Sale (招標拍賣掛牌出讓國有建設用地使用權規定), (the "**2007 Regulations**"), and Rules on the Assignment of State-owned Land Use Right through Tenders, Auction and Listing for Sale (招標拍賣掛牌出讓國有土地使用權規範) promulgated by MNR on 31 May 2006. In addition, the MNR required that with effect from 31 August 2004, the grant of land use rights must be made pursuant to auctions or listings at a land exchange and that no land use rights for commercial uses may be granted by way of agreement. The 2007 Regulations specifically provide that land to be used for commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, must be granted by way of competitive processes. A number of measures

are provided by the 2007 Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval of the city or provincial government. The grantee shall apply for land registration and obtain the State-owned land use rights certificate upon full payment of the land premium of the granted land according to the State-owned land use right granting contract. In the event that the land premium of the granted land is not paid in full, the grantee will not receive the land use rights certificate.

Land use rights granted by way of bilateral agreement is subject to the Regulation Concerning the Grant of Land Use Right Through Bilateral Agreement（協議出讓國有土地使用權規定）promulgated by MNR, effective on 1 August 2003, only when the methods of tender or auction are not required by the laws, regulations and rules may land use rights be granted by bilateral agreement between the relevant land authority and the grantee party. The land grant fees carried out in agreement should not be lower than the minimum price set by the state. For land in areas with standard land prices, the purchase price of land pursuant to any bilateral agreement should not be less than 70 per cent. of the standard land price of the relevant land category. If the price guidelines are not followed, the validity of the provision of land grant fees in the land grant contract may be deemed invalid. Only when there is only one prospective land user on the land to be granted may the land authority grant the land use rights through bilateral agreement, with the exception of land used for business, tourism, entertainment, commodity properties and others. After payment in full of the land grant fee, the land user may register with the land administration authority and obtain a land use rights certificate as evidence of the acquisition of the land use rights.

REGULATIONS ON OTHER BUSINESS

Property Leasing

Pursuant to Administrative Measures for Commodity Housing Tenancy（商品房屋租賃管理辦法）issued by MOHURD on 1 December 2010 and took effective on 1 February 2011, the parties concerned to a housing tenancy shall sign a tenancy contract in accordance with applicable laws and administrative regulations. Housing may not be leased in any of the following circumstances: (1) the housing is an illegal structure; (2) the housing fails to meet mandatory engineering construction standards with respect to safety and disaster prevention; (3) Housing usage is changed in violation of applicable regulations; and (4) other circumstances which are prohibited by laws and regulations. The landlord shall perform the housing maintenance duty and ensure the safety of the housing and indoor facilities in accordance with provisions of the contract. If the landlord fails to maintain the damaged housing in a timely manner and affect the normal use of the housing by the tenant shall bear the responsibility of compensation or reduce the housing rent in accordance with the contract. The landlord may not unilaterally and randomly raise the housing rent within the validity period of the housing tenancy contract.

According to Regulations on the Implementation of the Land Administration Law（土地管理法實施條例）issued by the State Council on 27 December 1998 and become effective on 1 January 1999 and amended on 8 January 2011, 29 July 2014 and 2 July 2021, and the Opinions on Leasing of State-owned Land（規範國有土地租賃若干意見）, which was issued by the Ministry of Natural Resources (formerly known as the Ministry of Land Sources) on 29 July 1999 and became effective on the same day, leasing of state-owned land is one of the paid-for use of state-owned land, which is a supplement of state-owned land transfer. As to original construction lands, they shall maintain allotted other than paid-for used or leased if land-use rights can be obtained through allocation. It is leasable to the lands where a paid-use system are supposed to be applied on the condition of land transfer, land rental, ownership change of state-owned enterprises or the change of land use. When it comes to new construction lands, it is a highlight to promote and perfecting the stated-owned land transfer instead of renting as a supplement. Commercial real estate development lands shall be transferred but not leased for gaining use rights whether an original or a new one. The term of tenancy depends but if it last over six months, a contract shall be concluded between the user and the country or municipality land administration

department. In a accordance with the lease contract or the approval of local land administration department, tenants are capable to sublease, transfer or mortgage the land use rights after the payment of rental fee and the completion of construction as formulated in relative laws and regulations.

Property Management

According to Regulations on Property Management (物業管理條例) issued on 8 June 2003 and amended on 26 August 2007, 6 February 2016 and 19 March 2018, "property management" refers to activities such as the repair, maintenance, and management of buildings, connected facilities, and grounds and the preservation of public sanitation and order within the relevant property management area by property owners and property service enterprises according to the stipulations of a property services contract where the owner has hired the property service enterprise for this purpose.

Enterprises engaging in property management activities shall have independent legal person status. A licensing system was implemented for enterprises which engaged in property management activities until the abolishment of Measures for Administration over Qualifications of Property Service Enterprises on 8 March 2018. The property service enterprise shall provide services that correspond to the stipulations of the property service contract. The property service enterprise shall be held legally liable for harm to the security of property owners or their property that results from a failure on the part of the property service enterprise to perform their duties pursuant to the property service contract. Property service fees shall be stipulated in the property services contract pursuant to the procedures for property services fees formulated by the competent price administration department of the State Council conjointly with the competent construction administration department of the State Council; the fixing of fees shall be reasonable, open, with a correspondence between the level of fees and the level of service and distinctions made between different type of properties and their respective features.

Greening and Landscape Engineering

Pursuant to Administrative Provisions on Management of Greening and Landscape Engineering (園林綠化工程建設管理規定) issued by MOHURD on 20 December 2017 and took effective on the same day, greening and landscape engineering refers to construction, reconstruction or extension of parks and greens, green buffers, plaza site, affiliated green land, regional green land and supporting green of major projects which could impact on the city zoology and landscape, mainly including planting, field leveling, gardening equipment setting and constructing of single-story building under 300 square meters, garden, hydrographic net, fountain, rockwork, sculpture, greens and parks, and landscape bridges. The greening and landscape construction companies are supposed to have their own professional technological managers, skilled workers, funding, equipment, etc. All level housing and urban-rural development departments as well as tenders shall not consider the qualification of engaging in greening and landscape engineering or being general contractor on municipal public works as an eligibility of being bidders. The housing and urban-rural development department where the construction located on shall be notified to check and accept of the completed greening and landscape project by itself or by authorizing a safety inspection and acceptance institution. Not only the results of acceptance but also the comprehensive assessment on quality after the end of warranty period would be recorded on credits reports of greening and landscape construction companies respectively.

REGULATIONS ON ENVIRONMENTAL PROTECTION MANAGEMENT

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the PRC (中華人民共和國環境保護法), which was promulgated on 26 December 1989 by SCNPC, and was amended on 24 April 2014 which amendment became effective on 1 January 2015; Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法), which was promulgated by SCNPC on 28 October 2002 and became effective on 1 September 2003, and was amended on 2 July 2016, and further amended on 29 December 2018 which amendment became effective on the same date; Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was issued by the State Council on 29 November 1998 and became effective on the same date, and was amended on 16 July 2017 which

amendment became effective on 1 October 2017; and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion(建設項目竣工環境保護驗收管理辦法), which was promulgated by The State Environmental Protection Administration of China(國家環境保護總局)(now renamed and known as the Ministry of Ecology and Environment(中華人民共和國生態環境部)) on 27 December 2001 and became effective on 1 February 2002, and was amended on 22 December 2010 which amendment became effective on the same date.

The Environmental Protection Law of the PRC 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.

According to the Environmental Protection Law of the PRC, if an enterprise, public institution or other producer or business operator discharges pollutants in excess of emission standards, or in excess of the total emission quota of major pollutants, the competent environmental protection authority at or above the county level may order it to restrict production or emission or to suspend production for rectification; in serious circumstances, the situation shall be reported to the competent people's government, which may proceed to suspend relevant business operations. Entities which caused environmental pollution and other public hazards shall adopt effective measures to prevent and control the pollution and harm done to the environment. The design, construction and commission of facilities for prevention and control of pollution shall be conducted at the same time with that of the main body of the construction project. No permission shall be given for a construction project to be commissioned or used, until its facilities for the prevention and control of pollution are examined and accepted by the competent administrative department of environmental protection.

In addition to the provisions contained in the former Environmental Protection Law of the PRC, the amended Environmental Protection Law of the PRC added the following key provisions: The State adopts policies and measures relating to finance, taxation, pricing and government procurement to encourage and support the development of environmental protection industries related to environmental protection technologies and equipment, and the integrated use of resources and environmental services. When enterprises, public institutions and other producers and business operators reduce pollution levels beyond the statutory discharge standards, the relevant government entities extend encouragement and support through fiscal assistance, favourable taxation, pricing and government procurement policies.

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.

Moreover, The Environmental Protection Tax Law of the PRC(中華人民共和國環境保護稅法), promulgated by the SCNPC on 25 December 2016 and effective as at 1 January 2018 and amended on 26 October 2018 and became effective on the same date, provides that enterprises, public institutions and other persons engaged in production or any other business operation that release polluting items directly into the environment in the PRC as well as the sea waters under its jurisdiction shall pay environmental pollution tax in accordance with the provisions of this law.

Air Pollution

The Air Pollution Prevention Law(大氣污染防治法), which was promulgated on 5 September 1987 by the SCNPC and became effective on 1 June 1988, and as amended on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018, which amendments became effective on 29 August 1995, 1

September 2000, 1 January 2016 and 26 October 2018, respectively, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (水污染防治法), which was promulgated on 11 May 1984 by the SCNPC and became effective on 1 November 1984, and as amended on 15 May 1996, 28 February 2008 and 27 June 2017, 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), which was promulgated by the SCNPC on 29 October 1996 and became effective on 1 March 1997 and amended on 29 December 2018, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

Pursuant to the Law on Environmental Impact Assessment of the PRC (環境影響評價法), which was promulgated by the SCNPC on 28 October 2002 and became effective on 1 September 2003, and as amended on 2 July 2016 and on 29 December 2018 and became effective on the same day; the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), which was promulgated by the State Council on 29 November 1998 and became effective on 29 November 1998, and as amended on 16 July 2017 and became effective on 1 October 2017; and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法), which was promulgated by the Ministry of Environmental Protection on 27 December 2001 and became effective on 1 February 2002, and was amended on 22 December 2010 which amendment became effective on the same day, the state practices classified control over the environmental protection of construction projects based on the extent of environmental impact of construction 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.

REGULATIONS ON LABOUR

Employment Contracts

The Labour Contract Law (勞動合同法), which was promulgated by the SCNPC on 29 June 2007 and became effective on 1 January 2008, and as amended on 28 December 2012 which 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), which was promulgated by the SCNPC on 28 October 2010 and became effective on 1 July 2011; the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), which was promulgated by the State Council on 22 January 1999 and became effective on 22 January 1999 and amended on 24 March 2019 and became effective on the same day; and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), which was promulgated by the State Council on 3 April 1999 and became effective on 3 April 1999 and as amended on 24 March 2002 and on 24 March 2019, the Interim Measures Concerning the Maternity Insurance of Enterprises Employees (企業職工生育保險試行辦法) which was promulgated by Ministry of Labour on 14 December 1994 and became effective on 1 January 1995, the Regulation on Work-Related Injury Insurance (工傷保險條例), which was promulgated on 27 April 2003 and became effective on 1 January 2004 and was amended on 20 December 2010 and became effective on 1 January 2011, 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.

TAXATION

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

PRC

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

Withholding Interest

Pursuant to the EIT Law, the IIT Law and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

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 or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders.

VAT

Under Circular 36 which introduced a new VAT from 1 May 2016 to replace business tax, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6 per cent. The Issuer will be obligated to withhold VAT of 6 per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to

Bondholders that are non-resident enterprises or individuals. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions of the Bonds*".

In addition, on 20 March 2019, MOF, SAT and General Administration of Customs issued Circular 39, which stipulates that the tax rate for provision of construction services and transfer of land use rights shall be reduced from 10 per cent. to 9 per cent. from 1 April 2019 onwards.

Capital Gains

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

Stamp Duty

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

HONG KONG

Withholding Tax

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

Profits Tax

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

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

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

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

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

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

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

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

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

Stamp Duty

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

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 7 April 2022 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds.

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

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

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

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

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

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

independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer.

GENERAL

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

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

UNITED STATES

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

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

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

UNITED KINGDOM

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

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

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

HONG KONG

Each of the Managers has represented and agreed that:

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

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

THE PEOPLE'S REPUBLIC OF CHINA

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

SINGAPORE

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

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

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

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

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

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

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

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

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

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

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

JAPAN

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

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

In making an investment decision, investors must rely upon their own examination of the Issuer, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisors for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

GOVERNMENT GRANT

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

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

REVERSAL OF AN IMPAIRMENT LOSS

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

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

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

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

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 Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 246288003 and the ISIN for the Bonds is XS2462880035.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 6 January 2022 and an approval of the Development Zone Management Committee dated 19 November 2021.

3. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has not occurred any change, or any development or event involving a prospective change in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group, which is material adverse in the context of the issue and offering of the Bonds since 31 December 2021.

4. **Litigation:** Except as disclosed in this Offering Circular, none of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material adverse effect on the Group's business, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened. The Issuer may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.

5. **Available Documents:** Copies of the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection by any Bondholder from the Issue Date at the specified office of the Principal Paying Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent, 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)), so long as any Bond is outstanding.

6. **Financial Statements:** The audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2021, which are included elsewhere in this Offering Circular, have been audited by Suyajincheng as stated in its reports dated 19 April 2021 and 28 March 2022.

7. **Listing of Bonds:** Application will be made to SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 19 April 2022.

8. **Legal Entity Identifier**: The Issuer's Legal Entity Identifier number is 3003005BPKQW8OVH9H68.

INDEX TO FINANCIAL STATEMENTS

The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021

Auditor's Report F-2
Consolidated Balance Sheet F-4
Consolidated Income Statement F-6
Consolidated Statement of Cash Flows F-7
Consolidated Statement of Changes in Shareholders' Equity F-8
Balance Sheet F-10
Income Statement F-12
Statement of Cash Flows F-13
Statement of Changes in Shareholders' Equity F-14
Notes to Financial Statements F-16

The audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2020

Auditor's Report F-95
Consolidated Balance Sheet F-97
Consolidated Income Statement F-99
Consolidated Statement of Cash Flows F-100
Consolidated Statement of Changes in Shareholders' Equity F-101
Balance Sheet F-103
Income Statement F-105
Statement of Cash Flows F-106
Statement of Changes in Shareholders' Equity F-107
Notes to Financial Statements F-109

Suya Jincheng Certified Public Accountants LLP
14-16/F, Block A, Zhengtai Center,
No.159 Taishan Road, Nanjing 210009 China
Tel: 86 25 83235002 Fax: 86 25 83235046
Email: info@syjc.com www.syjc.com

AUDITOR'S REPORT

To Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd:

Opinion

We have audited the financial statements of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (hereinafter referred to as the "Development Corporation "), which comprise the consolidated balance sheet and balance sheet as at 31 December 2021, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the company as at 31 December 2021 and its operating results and cash flow for the year then ended.

Basis for Opinion

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and those Charged with Governance for the Financial Statements

The directors of the Development Corporation are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Development Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Development Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Development Corporation'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:

- 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.
- 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 Development Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 the Development Corporation'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 the Development Corporation to cease to continue as a going concern.
- 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities with in the Development Corporation 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.

Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Certified Public Accountant of China

Certified Public Accountant of China

28 March 2022

防伪区

Consolidated Balance Sheet

As at 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Assets	Note	Balance as at 31 December, 2021	Balance as at 31 December, 2020
Current assets:			
Cash and cash equivalents	V.1	7,011,719,604.81	5,458,736,126.32
Financial assets held for trading			
Financial assets measured at fair value through current profit or loss			
Notes receivable			
Accounts receivable	V.2	957,279,484.55	1,322,058,450.71
Accounts receivable financing			
Prepayment	V.3	6,494,201,043.38	7,485,798,940.54
Other receivables	V.4	15,618,942,767.14	11,737,297,032.41
Inventories	V.5	16,819,934,104.11	12,410,487,171.43
Contract assets			
Assets held for sale			
Non-current assets due within one year	V.6	440,614,305.55	11,204,050,000.00
Other current assets	V.7	66,196,049.78	777,202,022.71
Total current assets		47,408,887,359.32	50,395,629,744.12
Non-current assets:			
Investment in debt instruments	V.8	3,000,000.00	
Available-for-sale financial assets			782,037,033.68
Investment in other debt instruments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	V.9	119,896,034.37	584,825,641.10
Investment in other equity instruments	V.10	539,536,963.02	
Other non-current financial assets	V.11		
Investment property	V.12	2,117,285,634.45	813,934,289.20
Fixed assets	V.13	2,110,757,349.75	1,991,707,355.16
Construction in progress	V.14	526,086,849.63	966,230,210.35
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	V.15	482,013,514.00	902,360,420.93
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	V.16	2,198,467.47	2,212,480.03
Other non-current assets	V.17	13,201,590,405.96	3,421,526,245.37
Total non-current assets		19,102,365,218.65	9,464,833,675.82
Total assets		66,511,252,577.97	59,860,463,419.94

Legal representative: Person in charge of accounting affairs: 杨夕 Person in charge of accounting department: 赵海涛

Consolidated Balance Sheet

As at 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Liabilities and owners' equity	Note	Balance as at 31 December, 2021	Balance as at 31 December, 2020
Current liabilities:			
Short-term loans	V.19	1,676,811,833.32	1,562,250,000.00
Financial liabilities held for trading			
Financial liabilities measured at fair value through current profit or loss			
Notes payable	V.20	3,210,660,000.00	2,696,000,000.00
Accounts payable	V.21	694,245,666.21	531,915,351.53
Advance from customer	V.22	60,267,693.77	1,261,629,257.26
Contract liability	V.23	1,362,748,416.71	
Employee benefits payable	V.24		
Taxes payable	V.25	1,485,181,023.43	1,311,783,459.96
Other payables	V.26	2,664,475,636.15	2,490,872,419.19
Non-current liabilities due within one year	V.27	7,029,408,765.00	4,540,397,555.55
Other current liabilities	V.28	3,364,275,043.52	1,000,000,000.00
Total current liabilities		21,548,074,078.11	15,394,848,043.49
Non-current liabilities:			
Long-term loans	V.29	9,212,456,870.14	6,763,190,700.00
Bonds payable	V.30	10,756,008,900.00	12,758,938,900.00
Lease liabilities			
Long-term payables	V.31	186,909,781.47	215,476,049.04
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		20,155,375,551.61	19,737,605,649.04
Total liabilities		41,703,449,629.72	35,132,453,692.53
Owners' equity (or shareholders' equity)			
Paid-in capital	V.32	19,600,000,000.00	19,600,000,000.00
Other equity instruments	V.33	995,000,000.00	995,000,000.00
Including: preference shares			
Perpetual bonds		995,000,000.00	995,000,000.00
Capital reserves	V.34	2,015,729,303.42	2,059,529,303.42
Less: treasury stock			
Other comprehensive income			
Surplus reserves	V.35	353,190,571.83	326,214,757.51
Undistributed profits	V.36	1,832,075,321.87	1,732,757,144.31
Total equity attributable to owners of the parent company		24,795,995,197.12	24,713,501,205.24
Non-controlling interests		11,807,751.13	14,508,522.17
Total owners' equity		24,807,802,948.25	24,728,009,727.41
Liabilities and owners' equity		66,511,252,577.97	59,860,463,419.94

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Income Statement

For the year ended 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2021	Year 2020
1. Total operating income	V.37	2,241,536,598.53	2,006,558,386.13
Less: operating cost	V.37	2,083,078,922.21	1,841,606,434.34
Taxes and surcharges	V.38	50,405,095.18	46,359,087.58
Selling and distribution expenses		6,284,742.40	1,209,079.12
General and administrative expenses	V.39	125,862,626.95	90,798,832.62
Research and Development expenses			
Financial expenses	V.40	23,826,655.21	10,882,844.34
Including:Interest expenses		24,126,750.99	13,565,510.14
Interest income		434,015.81	2,798,714.63
Plus: Other income	V.41	353,452,852.28	376,052,032.30
Investment income ("-" for losses)	V.42	73,076,034.12	16,757,378.23
Including: income from investment in associates and joint ventures		-7,685,228.41	9,783,086.59
Gains from the changes in fair values("-" for losses)			
Losses from credit impairment ("-" for losses)	V.43	-22,304.14	
Losses from asset impairment ("-" for losses)	V.44		370,214.65
Gains from disposal of assets ("-" for losses)	V.45	-39,441,363.88	
2. Operating profits ("-" For Losses)		339,143,774.96	408,881,733.31
Plus: non-operating income	V.46	370.44	296,006.27
Less: non-operating expenses	V.47	460,159.34	956,203.55
3. Total profits before tax ("-" For Total Losses)		338,683,986.06	408,221,536.03
Less: income tax expenses	V.48	95,090,694.56	106,123,486.36
4. Net profit ("-" For Net Loss)		243,593,291.50	302,098,049.67
Classification by operating continuity			
Net profit from continuing operation ("-" for losses)		243,593,291.50	302,098,049.67
Net profit from discontinued operation ("-" for losses)			
Classification by owners			
Attributable to owners of the parent company		246,294,062.54	302,098,049.67
Attributable to non-controlling interests		-2,700,771.04	
5.Net of tax from other comprehensive income			
Net of tax from other comprehensive income to the owner of the parent company			
1.Other comprehensive income cannot reclassified into the profit and loss:			
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans			
Share in other comprehensive income that cannot be classified into profit and loss under equity method			
Net gain on equity instrument at fair value through other comprehensive income			
Fair value changes in enterprise's own credit risk			
2. Other comprehensive income that will be reclassified into the profit and loss			
Including: Share in other comprehensive income that will be classified into profit and loss under equity method			
Net gain on debt instruments at fair value through other comprehensive income			
Changes in fair value of available-for-sale financial assets			
The amount of financial assets reclassified into other comprehensive income			
Held-to-maturity investment reclassified into available-for sale financial assets			
Other debt investment credit impairment provision			
Cash flow hedging reserve			
Balance arising from the translation of foreign currency financial statements			
Net of tax from other comprehensive income to non-controlling interests			
6. Total comprehensive income		243,593,291.50	302,098,049.67
Total comprehensive income attributable to owners of the parent company		246,294,062.54	302,098,049.67
Total comprehensive income attributable to non-controlling interests		-2,700,771.04	
7. Earnings per share			
(1)Basic earnings per share			
(2)Diluted earnings per share			

Legal representative: Person in charge of accounting affairs: 杨梦 Person in charge of accounting department: 赵海涛

Consolidated Statement of Cash Flows

For the year ended 31 December, 2021

Prepared by: Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2021	Year 2020
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		3,008,304,636.42	2,247,192,009.78
Refunds of taxes and surcharges			
Cash received from other operating activities	V.49	3,570,380,879.69	2,269,206,439.56
Sub-total of cash inflows from operating activities		6,578,685,516.11	4,516,398,449.34
Cash paid for goods purchased and services received		3,781,563,047.49	4,936,654,920.54
Cash paid to and on behalf of employees		24,739,920.97	15,520,317.33
Cash paid for taxes and surcharges		66,529,650.23	38,928,981.33
Cash paid for other operating activities	V.49	2,662,116,724.38	1,035,552,375.07
Sub-total of cash outflows from operating activities		6,534,949,343.07	6,026,656,594.27
Net cash flows from operating activities		43,736,173.04	-1,510,258,144.93
2. Cash flows from investing activities			
Cash received from disposal of investments		1,240,188,000.00	950,560,000.00
Cash received from returns on investments		25,327,762.46	16,036,066.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		360.00	
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities	V.49	7,495,136,721.41	
Sub-total of cash inflows from investing activities		8,760,652,843.87	966,596,066.42
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		740,402,440.17	265,702,772.67
Cash paid for investments		80,700,000.00	2,052,670,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	V.49	10,800,000,000.00	8,527.27
Sub-total of cash outflows from investing activities		11,621,102,440.17	2,318,381,299.94
Net cash flows from investing activities		-2,860,449,596.30	-1,351,785,233.52
3. Cash flows from financing activities			
Cash received from investors			2,687,000,000.00
Including: cash received by subsidiaries from non-controlling interests			
Cash received from borrowings		15,429,367,910.96	13,493,658,900.00
Cash received from other financing activities	V.49	620,000,000.00	651,064,000.00
Sub-total of cash inflows from financing activities		16,049,367,910.96	16,831,722,900.00
Cash paid for debt repayments		10,468,531,777.36	9,888,527,329.67
Cash paid for distribution of dividends and profits or payment of interest		1,181,782,985.80	1,169,844,431.76
Including: dividends and profits paid to non-controlling interests			
Cash paid for other financing activities	V.49	943,960,000.00	2,973,340,000.00
Sub-total of cash outflows from financing activities		12,594,274,763.16	14,031,711,761.43
Net cash flows from financing activities		3,455,093,147.80	2,800,011,138.57
4. Effect of fluctuation in exchange rate on cash and cash equivalents		-2,941,657.00	-15,197,520.87
5. Net increase in cash and cash equivalents		635,438,067.54	-77,229,760.75
Plus: balance of cash and cash equivalents at the beginning of the period		4,110,736,126.32	4,187,965,887.07
6. Balance of cash and cash equivalents at the end of the period		4,746,174,193.86	4,110,736,126.32

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2021								
	Equity attributable to owners of the parent company							Non-controlling interests	Total shareholders' equity
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits		
1. Balance as at 31 December of last year	19,600,000,000.00	995,000,000.00	2,059,529,303.42			326,214,757.51	1,732,757,144.31	14,508,522.17	24,728,009,727.41
Plus: adjustments for changes in accounting policies									
Adjustments for correction of accounting errors in prior year									
Business Combinations Under Common Control									
Others									
2. Balance as at January 1 of the current year	19,600,000,000.00	995,000,000.00	2,059,529,303.42			326,214,757.51	1,732,757,144.31	14,508,522.17	24,728,009,727.41
3. Increases/decreases in the current year ("-" for decreases)			-43,800,000.00			26,975,814.32	99,318,177.56	-2,700,771.04	79,793,220.84
(1) Total comprehensive income							246,294,062.54	-2,700,771.04	243,593,291.50
(2) Capital contributed or reduced by owners			-43,800,000.00						-43,800,000.00
Capital contributions by owners									
Capital contributions by other equity instruments holders									
Amounts of share-based payments recognized in owners' equity									
Others			-43,800,000.00						-43,800,000.00
(3) Profit distribution						26,975,814.32	-146,975,884.98		-120,000,070.66
Withdrawal of surplus reserves						26,975,821.39	-26,975,821.39		
Profit distributed to owners (or shareholders)							-50,000,000.00		-50,000,000.00
Others						-7.07	-70,000,063.59		-70,000,070.66
(4) Internal carry-forward of owners' equity									
Conversion of capital reserves into paid-in capital									
Conversion of surplus reserves into paid-in capital									
Surplus reserves offsetting losses									
Amount of Changes in setting benefit plan transfer to retained earnings									
Others									
4. Balance as at 31 December of the current year	19,600,000,000.00	995,000,000.00	2,015,729,303.42			353,190,571.83	1,832,075,321.87	11,807,751.13	24,807,802,948.25

Legal representative:

Person in charge of accounting affairs: 杨夕

Person in charge of accounting department: 赵海涛

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2020								
	Equity attributable to owners of the parent company							Non-controlling interests	Total shareholders' equity
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits		
1. Balance as at 31 December of last year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,765,388,449.43	11,490,323.23	24,967,619,677.74
Plus: adjustments for changes in accounting policies									
Adjustments for correction of accounting errors in prior year									
Business Combinations Under Common Control									
Others									
2. Balance as at January 1 of the current year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,765,388,449.43	11,490,323.23	24,967,619,677.74
3. Increases/decreases in the current year ("-" for decreases)	2,687,000,000.00	-2,973,000,000.00	42,173,801.06			33,829,354.79	-32,631,305.12	3,018,198.94	-239,609,950.33
(1) Total comprehensive income							302,098,049.67		302,098,049.67
(2) Capital contributed or reduced by owners	2,687,000,000.00	-2,973,000,000.00	42,173,801.06					3,018,198.94	-240,808,000.00
Capital contributions by owners	2,687,000,000.00		11,480,323.23					3,018,198.94	2,701,498,522.17
Capital contributions by other equity instruments holders		-2,973,000,000.00							-2,973,000,000.00
Amounts of share-based payments recognized in owners' equity									
Others			30,693,477.83						30,693,477.83
(3) Profit distribution						33,829,354.79	-334,729,354.79		-300,900,000.00
Withdrawal of surplus reserves						33,829,354.79	-33,829,354.79		
Profit distributed to owners (or shareholders)							-20,000,000.00		-20,000,000.00
Others							-280,900,000.00		-280,900,000.00
(4) Internal carry-forward of owners' equity									
Conversion of capital reserves into paid-in capital									
Conversion of surplus reserves into paid-in capital									
Surplus reserves offsetting losses									
Amount of Changes in setting benefit plan transfer to retained earnings									
Others									
4. Balance as at 31 December of the current year	19,600,000,000.00	995,000,000.00	2,059,529,303.42			326,214,757.51	1,732,757,144.31	14,508,522.17	24,728,009,727.41

Legal representative:

Person in charge of accounting affairs: 杨夕

Person in charge of accounting department: 赵海涛

Balance Sheet

As at 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Assets	Note	Balance as at 31 December, 2021	Balance as at 31 December, 2020
Current assets:			
Cash and cash equivalents		6,237,409,531.18	5,049,926,483.50
Financial assets held for trading			
Financial assets measured at fair value through current profit or loss			
Notes receivable			
Accounts receivable	XII.1	882,340,880.34	1,276,765,240.24
Accounts receivable financing			
Prepayment		4,853,093,619.18	7,359,570,846.48
Other receivables	XII.2	16,889,212,401.52	11,913,213,108.82
Inventories		12,308,018,106.01	9,322,252,875.63
Contract assets			
Assets held for sale			
Non-current assets due within one year		440,614,305.55	11,204,050,000.00
Other current assets		6,636,833.05	711,532,869.29
Total current assets		41,617,325,676.83	46,837,311,423.96
Non-current assets:			
Investment in debt instruments		3,000,000.00	
Available-for-sale financial assets			636,696,857.56
Investment in other debt instruments			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XII.3	2,703,528,798.54	2,600,288,898.33
Investment in other equity instruments		394,196,786.90	
Other non-current financial assets			
Investment property		2,117,285,634.45	813,934,289.20
Fixed assets		1,124,629,453.37	1,180,574,121.05
Construction in progress		115,895,223.13	966,230,210.35
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		244,784,651.77	355,935,514.62
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		2,198,467.47	2,212,480.03
Other non-current assets		12,961,590,405.96	3,421,526,245.37
Total non-current assets		19,667,109,421.59	9,977,398,616.51
Total assets		61,284,435,098.42	56,814,710,040.47

Legal representative: Person in charge of accounting affairs: 杨夕 Person in charge of accounting department: 赵海涛

Balance Sheet

As at 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Liabilities and owners' equity	Note	Balance as at 31 December, 2021	Balance as at 31 December, 2020
Current liabilities:			
Short-term loans		1,556,811,833.32	1,452,250,000.00
Financial liabilities held for trading			
Financial liabilities measured at fair value through current profit or loss			
Notes payable		3,210,660,000.00	2,696,000,000.00
Accounts payable		448,518,754.53	402,207,476.64
Advance from customer		-	25,353,096.00
Contract liability			
Employee benefits payable			
Taxes payable		1,482,245,600.28	1,309,453,089.95
Other payables		831,743,969.86	1,308,251,653.68
Non-current liabilities due within one year		6,891,657,348.47	4,344,384,244.50
Other current liabilities		3,241,876,712.34	1,000,000,000.00
Total current liabilities		17,663,514,218.80	12,537,899,560.77
Non-current liabilities:			
Long-term loans		7,797,456,870.14	6,561,940,700.00
Bonds payable		10,756,008,900.00	12,758,938,900.00
Lease liabilities			
Long-term payables		104,268,049.02	99,756,070.19
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		18,657,733,819.16	19,420,635,670.19
Total liabilities		36,321,248,037.96	31,958,535,230.96
Owners' equity (or shareholders' equity)			
Paid-in capital		19,600,000,000.00	19,600,000,000.00
Other equity instruments		995,000,000.00	995,000,000.00
Including: preference shares			
Perpetual bonds		995,000,000.00	995,000,000.00
Capital reserves		1,986,089,933.28	2,028,835,825.59
Less: treasury stock			
Other comprehensive income			
Surplus reserves		353,190,571.83	326,214,757.51
Undistributed profits		2,028,906,555.35	1,906,124,226.41
Total owners' equity		24,963,187,060.46	24,856,174,809.51
Liabilities and owners' equity		61,284,435,098.42	56,814,710,040.47

Legal representative: Person in charge of accounting affairs: 杨夕 Person in charge of accounting department: 赵海涛

Income Statement

For the year ended 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2021	Year 2020
1. Total operating income	XII. 4	1,830,587,781.47	1,819,468,294.12
Less: operating cost	XII. 4	1,698,503,059.27	1,666,683,152.05
Taxes and surcharges		41,226,607.06	34,409,401.91
Selling and distribution expenses			
General and administrative expenses		47,895,920.96	41,796,896.44
Research and Development expenses			
Financial expenses		81,021.27	92,452.52
Including:Interest expenses			
Interest income			
Plus: Other income		350,100,000.00	350,000,000.00
Investment income ("-" for losses)	XII. 5	-33,183,705.22	17,855,128.61
Including: income from investment in associates and joint ventures		-8,478,756.87	10,138,846.75
Gains from the changes in fair values("- " for losses)			
Losses from credit impairment ("-" for losses)		56,050.25	
Losses from asset impairment ("-" for losses)			421,615.50
Gains from disposal of assets("-" for losses)			
2. Operating profits ("-" For Losses)		359,853,517.94	444,763,135.31
Plus: non-operating income			296,000.00
Less: non-operating expenses		199.34	666,200.19
3. Total profits before tax ("-" For Total Losses)		359,853,318.60	444,392,935.12
Less: income tax expenses		90,095,104.68	106,099,387.20
4. Net profit ("-" For Net Loss)		269,758,213.92	338,293,547.92
Net profit from continuing operation ("-" for losses)		269,758,213.92	338,293,547.92
Net profit from discontinued operation ("-" for losses)			
5.Net of tax from other comprehensive income			
1.Other comprehensive income cannot reclassified into the profit and loss:			
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans			
Share in other comprehensive income that cannot be classified into profit and loss under equity method			
Net gain on equity instrument at fair value through other comprehensive income			
Fair value changes in enterprise's own credit risk			
2. Other comprehensive income that will be reclassified into the profit and loss			
Including: Share in other comprehensive income that will be classified into profit and loss under equity method			
Net gain on debt instruments at fair value through other comprehensive income			
Changes in fair value of available-for-sale financial assets			
The amount of financial assets reclassified into other comprehensive income			
Held-to-maturity investment reclassified into available-for sale financial assets			
Other debt investment credit impairment provision			
Cash flow hedging reserve			
Balance arising from the translation of foreign currency financial statements			
6. Total comprehensive income		269,758,213.92	338,293,547.92
(1)Basic earnings per share			
(2)Diluted earnings per share			

Legal representative: Person in charge of accounting affairs: 杨夕 Person in charge of accounting department: 赵海涛

Statement of Cash Flows

For the year ended 31 December, 2021

Prepared by: Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2021	Year 2020
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		2,279,194,279.85	1,481,082,000.00
Refunds of taxes and surcharges			
Cash received from other operating activities		2,899,783,655.95	2,214,283,700.00
Sub-total of cash inflows from operating activities		5,178,977,935.80	3,695,365,700.00
Cash paid for goods purchased and services received		475,153,950.36	2,429,781,671.04
Cash paid to and on behalf of employees		9,811,972.54	2,851,604.16
Cash paid for taxes and surcharges		33,525,465.96	22,951,148.19
Cash paid for other operating activities		3,708,067,427.12	2,126,553,580.40
Sub-total of cash outflows from operating activities		4,226,558,815.98	4,582,138,003.79
Net cash flows from operating activities		952,419,119.82	-886,772,303.79
2. Cash flows from investing activities			
Cash received from disposal of investments		1,226,050,000.00	672,816,286.86
Cash received from returns on investments		24,494,162.46	16,036,066.42
Net cash received from disposal of fixed assets, intangible assetsand other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		7,495,000,000.00	
Sub-total of cash inflows from investing activities		8,745,544,162.46	688,852,353.28
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		256,424,185.92	226,010,387.90
Cash paid for investments		976,800,000.00	2,402,670,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		10,560,000,000.00	
Sub-total of cash outflows from investing activities		11,793,224,185.92	2,628,680,387.90
Net cash flows from investing activities		-3,047,680,023.46	-1,939,828,034.62
3. Cash flows from financing activities			
Cash received from investors			2,687,000,000.00
Cash received from borrowings		13,674,417,910.96	13,383,658,900.00
Cash received from other financing activities		620,000,000.00	620,000,000.00
Sub-total of cash inflows from financing activities		14,294,417,910.96	16,690,658,900.00
Cash paid for debt repayments		9,875,481,777.36	9,753,527,329.67
Cash paid for distribution of dividends and profits or payment of interest		1,146,635,936.23	1,149,954,001.20
Cash paid for other financing activities		904,160,000.00	2,973,340,000.00
Sub-total of cash outflows from financing activities		11,926,277,713.59	13,876,821,330.87
Net cash flows from financing activities		2,368,140,197.37	2,813,837,569.13
4. Effect of fluctuation in exchange rate on cash and cash equivalents		-2,941,657.00	-15,197,520.87
5. Net increase in cash and cash equivalents		269,937,636.73	-27,960,290.15
Plus: balance of cash and cash equivalents at the beginning of the period		3,701,926,483.50	3,729,886,773.65
6. Balance of cash and cash equivalents at the end of the period		3,971,864,120.23	3,701,926,483.50

Legal representative: Person in charge of accounting affairs: 杨夕 Person in charge of accounting department: 赵海涛

Statement of Changes in Shareholders' Equity

For the year ended 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2021							
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. Balance as at 31 December of last year	19,600,000,000.00	995,000,000.00	2,028,835,825.59			326,214,757.51	1,906,124,226.41	24,856,174,809.51
Plus: adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior year								
Others								
2. Balance as at January 1 of the current year	19,600,000,000.00	995,000,000.00	2,028,835,825.59			326,214,757.51	1,906,124,226.41	24,856,174,809.51
3. Increases/decreases in the current year ("-" for decreases)			-42,745,892.31			26,975,814.32	122,782,328.94	107,012,250.95
(1) Total comprehensive income							269,758,213.92	269,758,213.92
(2) Capital contributed or reduced by owners			-42,745,892.31					-42,745,892.31
Capital contributions by owners								
Capital contributions by other equity instruments holders								
Amounts of share-based payments recognized in owners' equity								
Others			-42,745,892.31					-42,745,892.31
(3) Profit distribution						26,975,814.32	-146,975,884.98	-120,000,070.66
Withdrawal of surplus reserves						26,975,821.39	-26,975,821.39	
Profit distributed to owners (or shareholders)							-50,000,000.00	-50,000,000.00
Others						-7.07	-70,000,063.59	-70,000,070.66
(4) Internal carry-forward of owners' equity								
Conversion of capital reserves into paid-in capital								
Conversion of surplus reserves into paid-in capital								
Surplus reserves offsetting losses								
Amount of Changes in setting benefit plan transfer to retained earnings								
Others								
4. Balance as at 31 December of the current year	19,600,000,000.00	995,000,000.00	1,986,089,933.28			353,190,571.83	2,028,906,555.35	24,963,187,060.46

Legal representative:

Person in charge of accounting affairs: 杨夕

Person in charge of accounting department: 赵海涛

Statement of Changes in Shareholders' Equity

For the year ended 31 December, 2021

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2020							
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. Balance as at 31 December of last year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,902,560,033.28	25,093,300,938.36
Plus: adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior year								
Others								
2. Balance as at January 1 of the current year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,902,560,033.28	25,093,300,938.36
3. Increases/decreases in the current year ("-" for decreases)	2,687,000,000.00	-2,973,000,000.00	11,480,323.23			33,829,354.79	3,564,193.13	-237,126,128.85
(1) Total comprehensive income							338,293,547.92	338,293,547.92
(2) Capital contributed or reduced by owners	2,687,000,000.00	-2,973,000,000.00	11,480,323.23					-274,519,676.77
Capital contributions by owners	2,687,000,000.00		11,480,323.23					2,698,480,323.23
Capital contributions by other equity instruments holders		-2,973,000,000.00						-2,973,000,000.00
Amounts of share-based payments recognized in owners' equity								
Others								
(3) Profit distribution						33,829,354.79	-334,729,354.79	-300,900,000.00
Withdrawal of surplus reserves						33,829,354.79	-33,829,354.79	
Profit distributed to owners (or shareholders)							-20,000,000.00	-20,000,000.00
Others							-280,900,000.00	-280,900,000.00
(4) Internal carry-forward of owners' equity								
Conversion of capital reserves into paid-in capital								
Conversion of surplus reserves into paid-in capital								
Surplus reserves offsetting losses								
Amount of Changes in setting benefit plan transfer to retained earnings								
Others								
4. Balance as at 31 December of the current year	19,600,000,000.00	995,000,000.00	2,028,835,825.59			326,214,757.51	1,906,124,226.41	24,856,174,809.51

Legal representative:

Person in charge of accounting affairs:

Person in charge of accounting department:

YANGZHOU ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE DEVELOPMENT (GROUP) CO., LTD

NOTES TO FINANCIAL STATEMENTS

From January to December 2021

I. Company Profile

1. Company overview

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (hereinafter referred to as "Company"or "the Company"), approved by New Town Branch of Jiangsu Province Administration for Industry and Commerce, is a nation-owned company of limited liability established in June 1992. The original registered capital was CNY 20 million, funded by Yangzhou Economic Development Zone Management Committee (renamed as Yangzhou Economic and Technological Development Zone). On 12 April 2018, according to NO.8 Approval Document [2018] of Yangzhou Municipal People's Government, the founder of the Company was changed to Yangzhou Municipal People's Government (Yangzhou Economic Development Zone Management Committee was authorized to fulfill the responsibilities of the funder).

The Company was originally named Yangzhou Economic and Technological Development Zone Development Corporation. In April 2020, according to NO.14 Approval Document [2020] of Yangzhou Municipal People's Government regarding the reformation of the Company, the Company was renamed as Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd. The Company registered the change with the Administration for Industry and Commerce on 18 August 2020.

Thereafter, the Committee increased investment several times. The registered capital (paid-in capital) reached CNY 19.6 billion on 31 December 2021.

Uniform Social Credit Code of the Company is 91321091140721264G. The registered Company address is No. 108 Weiyang Road, and the legal representative is Jiaen Wu.

Main operating activities of the Company include infrastructure construction, real estate development and operation, fund raising for development and construction activities, investment in Sino-foreign joint ventures, cooperative enterprises and inland enterprises, goods import and export, cooperation with other economic and technical business, merchandise sales, packaging, warehousing, international and domestic multimodal transport, providing consultation on economic and trading activities (Operating activities must be approved by relevant departments).

2. Consolidated financial statement scope

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries controlled are included in the consolidation scope of the consolidated financial statements.

Details of the sub companies incorporated into the consolidated financial statements show on "VII.1 Interests in subsidiaries".

Changes in the scope of consolidation show on "VI, change in consolidated scope".

II. Basis of Preparation of Financial Statements

1. Basis of preparation of financial statements

The company has prepared its financial statements on a going concern basis and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, and other relevant provisions based on actual transactions and events.

2. Going Concern

Management believes that the company can continue as a going concern for at least 12 months after the financial statements date.

III. Significant Accounting Policies and Accounting Estimates

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's financial position, results of operations, changes in owner's equity and cash flow for the year.

2. Accounting period

The Company has adopted the calendar year as its accounting year, i.e., from 1 January to 31 December.

3. Functional currency

The Company has adopted China Yuan (CNY) as functional currency.

4. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

(a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured at fair value. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are generally measured at fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.

(b) The cost of acquisition shall be respectively determined for the following conditions;

i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair value of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. A package deal is excluded.

(c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

(d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs; After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

(3) Treatment of relevant expenses arising from the Company's business combination

(a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.

(b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount; and

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

(c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium); and

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

5. Preparation of consolidated financial statements

(1) Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

(2) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling shareholders excess those non-controlling shareholders' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(4) Changes in number of subsidiaries during the reporting period

a. Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the Opening balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period.

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the Opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall

be included in the consolidated statement of cash flows.

b. Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes of subsidiaries, the Opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

6. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Foreign currency transactions and translation of foreign currency statements

(1) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

(2) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing at the transaction date and keep their amounts in functional currency unchanged without exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. The difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

8. Financial Instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company becomes one of the parties under a contract.

(1) Classification of financial instruments

a. Classification of financial assets

According to the Company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income)("FVOCI"); and financial assets measured at fair value through the current profit or loss("FVTPL").

b. Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at FVTPL (including financial liabilities held for trading and financial liabilities directly designated to be at FVTPL); and financial liabilities measured at amortized cost.

(2) Recognition basis and measurement method of financial instruments

a. Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

b. Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at FVTPL, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable or notes receivable arising

from sales of goods or rendering services and without significant financing component or the Company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive.

① Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

② Financial assets at FVOCI

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the Company designated some non-tradable equity instruments as financial assets at FVOCI; the Company shall recognise the relevant dividend income of such financial assets into the current profit and loss and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit and loss.

③ Financial assets at FVTPL

The Company classifies the financial assets into financial assets at FVTPL except for financial assets measured at amortized cost or financial assets at FVOCI as mentioned above. In addition, the Company may designate some financial assets as financial assets at FVTPL upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the Company adopts fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at FVTPL upon initial recognition and other financial liabilities. For financial liabilities measured at FVTPL, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

① Financial liabilities measured at FVTPL

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period.

For financial liabilities designated to be at FVTPL, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining change of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the Company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit and loss.

② Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

(3) Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and the sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

(4) Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the Company shall remove financial liability (or part thereof), and the Company shall recognize the difference between its book value and the consideration paid (including any non-cash

assets transferred or liabilities assumed) in the current profit and loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offsets each other after amount listed in the balance sheet:

The Company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The Company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

(6) Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the Company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the Company shall be treated as changes in the equity. The Company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the Company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

The issued entity controlled by the Company meets the definition of financial liabilities, and specific financial instruments classified as equity instruments meeting the conditions specified in the standards, while the corresponding minority shareholders' equity in the Company's consolidated financial statements is classified as financial liabilities.

(7) Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the Company shall determine its fair value by quoting in the active market. Where there is no active market for financial instruments, the Company shall determine its fair value by means of valuation technology. In valuation, the Company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

(8) Impairment of financial assets

Based on the expected credit losses ("ECL"), the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at FVOCI.

(a) The approach of recognition loss allowance for ECL

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received and recognise the ECL.

i.General approach

The Company assesses whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month ECL; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime ECL; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime ECL. For financial instruments with low credit risk on the balance sheet date (e.g.fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss allowance according to the ECL in the next 12 months.

ii.Simplified approach

For accounts receivable, contract assets and notes receivable related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it will measure the loss allowance according to the ECL of the whole duration.

(b) Criteria for determining whether credit risk has increased significantly after the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payments are more than 30 days past due, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not

increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

(c) Approach of assessing expected credit risk on a portfolio basis and determining basis

The Company evaluates credit risk individually for the credit risk of significantly different notes receivable, accounts receivable and other receivables with the following characteristics. Such as: accounts receivable in dispute with the other party or involving litigation or arbitration; notes receivable, accounts receivable that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the ECL information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics and calculates the ECL on a collective basis. The basis for determining the portfolio is as follows:

Name	Approach of assessing expected credit risk
Bank acceptance bill portfolio; Commercial acceptance bill portfolio	For notes receivable divided into portfolio, the bank acceptance bill and commercial acceptance bill, the Company refers to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, and then estimates ECL with the exposure at default and the life time expected credit loss rate.
Risk portfolio	For accounts receivable divided into risk portfolio, the Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, it forms a comparison table between overdue ages of accounts receivable and the life time expected credit loss rate to estimate ECL.
Other portfolio	The Company classifies accounts receivable from the consolidation scope subsidiaries, notes receivable, tax refunds receivable, collection and advance without significant recovery risk as other portfolio, and does not provision for bad debts. Company referees to the historical credit loss experience, and combines the current situation and the forecast of future economic situation, it forms a comparison table between overdue ages of accounts receivable and the life time expected credit loss rate to estimate ECL.

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

9. Inventory

(1) Classification of Inventory

Inventories are classified as merchandise in stock held for sale or consumption, land for development, products under development, cost of development.

Or raw materials, low-cost consumables, construction cost.

(2) Measurement method of dispatched inventories

a. Purchase materials are recorded at actual cost when warehouse inspection is finished. The dispatched inventory is measured with weighted average method. Low-cost consumables are amortised in full at once.

b. Land for development shall be accounted for at actual cost when obtained, and then allocated to the development projects according to the proportion of floor space (or other reasonable methods) once the development is started.

c. The development cost shall be accounted for at actual cost and transferred to development product at actual cost after the project has finished and passed the acceptance inspection.

d. Development products shall be accounted for at actual cost. The transferred development product shall be recorded according to the average floor space.

e. The installation project is recorded according to actual cost and transferred to main operating cost at actual cost after the project has finished and passed the acceptance inspection.

(3) Basis to determine net realizable values of inventories and method of provision for diminution value of inventories

a. Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated based on contract price. If the quantities of inventories specified in the 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.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b. Provision for diminution in value of inventory

i. Provisions for diminution in value of inventory are made at the lower of costs or net

realizable values on a single basis.

ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.

iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

(4) Inventory system

The Company adopts a perpetual inventory system and takes physical inventory counts on a regular basis.

(5) Amortization method of revolving materials

a. Amortization method of low-cost consumables:

Low-cost consumables are amortized one-off.

b. Amortization method of Packing materials:

Packing materials are amortized one-off once when fetched.

10. Contract assets

Contract assets are the right of the Company to receive consideration for the transfer of goods to the customer, and this right depends on factors other than the passage of time. The Company's contract assets consist mainly of completed unsettled assets and warranty payments. Contract assets and contract liabilities under the same contract are presented on a net basis and are not set off against contract assets and contract liabilities under different contracts.

For the determination and accounting treatment of expected credit losses of contract assets, please refer to Note VIII-8 ,"Impairment of Financial Assets".

11. Held for sale and discontinued operations

(1) Held for sale

Scope of non-current assets or disposal groups as held for sale

A non-current asset (or disposal group) should be classified as held for sale if it's carrying amount will be recovered principally through a sale transaction (including non-monetary asset exchange with commercial substance) rather than through continuing use.

Disposal group is a group of assets that are disposed through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

Recognition criteria of held for sale

The Company recognizes its non-current asset or disposal group that satisfies the following

conditions as held for sale:

a. The assets (or disposal group) must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and

b. Its sales must be highly probable. The Company has already decided to dispose of the component and has a commitment from the purchaser; the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

Accounting treatment and presentation of assets held-for-sale

a. The non-current asset (or disposal group) is first classified as held for sale; the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

b. When the Company measure a non-current asset (or disposal group) held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value lee costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

c. No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

d. The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non–controlling interests in its former subsidiary after the sale. In the balance sheets of parent company, the investment should be classified as held for sale in full.

(2) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the following conditions:

a. It represents either a separate major line of business or a geographical area of operations

b. It is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

c. It is a subsidiary acquired exclusively with the aim of resale.

12. Long-term equity investment

(1) Recognition of the initial investment costs of long-term equity investments

For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in III-4, Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

Except for the long-term equity investment formed by the merger of enterprises, the initial investment cost of the long-term equity investment obtained by other means shall be determined as follows:

For the long-term equity investments obtained by cash paid, the Company recognizes their fair value as the initial investment costs. Initial investment costs include expenses for obtaining long-term equity investment, taxes and other necessary expenses.

For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities (equity instruments) issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities (equity instruments) issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities (equity instruments), including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn.

For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of forgoing bonds and other costs such as taxes related to the asset as the initial investment costs.

For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

a. Long-term equity investments measured under the cost method

i. Long-term equity investments that can control the investee are measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends

or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b. Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the impairment losses of assets acquired from internal transactions between the Company and the investee, which is in the scope of consolidation, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity

investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e., write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

(3) Basis for judgment of common control or significant influence over the investee

a. Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities relating to the arrangement, which is a joint operation, but not a joint venture.

b. Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

13. Investment property

(1) Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rented, land use right already rent, and land use right held for appreciation and then sold.

(2) Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

a. It is probable that the economic benefits relevant to the investment property will flow into the Company.

b. The cost of the investment property can be measured reliably

(3) Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

Depreciation and amortization method of investment property.

i.For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates monthly.

ii.For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes monthly.

14. Fixed assets

(1) Recognition of fixed assets:

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

a. It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

b. The cost of the fixed assets can be measured reliably.

(2) Depreciation of fixed assets

a. Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

b. Depreciation of fixed assets of the Company is provided on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.

c. Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of fixed asset	Estimated useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	20~40	4～5	2.375～4.8
Transportation equipment	4～5	0～10	18～25
Machinery equipment	5	10	18
Electronic equipment	5	5～10	18～19

Category of fixed asset	Estimated useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Pipeline facilities	20	10	4.5
Other equipment	3～5	0～10	18～33.33

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

d.For decoration costs of fixed assets that are satisfied with capitalization conditions, depreciation is provided for on a straight-line basis separately, during the shorter period of the two decoration periods and useful lives of the fixed assets.

15. Construction in progress

(1) Categories of constructions in progress

Constructions in progress are accounted for on an individual project basis.

(2) Criteria of conversion of constructions in progress into fixed assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

16. Borrowing costs

(1) Scope of borrowing costs

The Company's borrowing costs include interest thereon, amortization of discounts or

premiums, ancillary expenses and exchange differences incurred from foreign currency loans, etc.

(2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite a long time.

(3) Recognition of capitalization period of borrowing costs

a. Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

b. Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c. Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If parts of the acquired and constructed or produced assets are completed separately , each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if parts of the acquired and constructed or produced assets are completed separately but

the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

(4) Recognition of capitalized amounts of borrowing costs

a. Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements more than special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

b. Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.

c. Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

17. Right-of-use assets

Right-of-use assets refers to the right of the company, as the lessee, to use the leased

assets during the lease period.

At the beginning of the lease period, the Company recognizes right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and recognizes depreciation expense and interest expense respectively during the lease term. The Company includes lease payments for short-term leases and leases of low-value assets in the cost of the underlying assets or in the profit or loss of the current period using the straight-line method for each period of the lease period.

a. Initial measurement

At the commencement date of the lease term, the Company conducts an initial measurement of the right-of-use assets at cost. This cost consists of the following four items: (1) the initial measured amount of the lease liability; (2) the amount of lease payment paid on or before the start date of the lease period, less the amount associated with the lease incentive already enjoyed; (3) the initial direct expense incurred, i.e. the incremental cost incurred to achieve the lease; and (4) the cost expected to be incurred for the dismantling and removal of the leased asset, the restoration of the site on which the leased asset is located, or the restoration of the leased asset to the state agreed upon in the lease terms, except for production inventory.

b. Subsequent measurement

i. Metrology basics

After the commencement of the lease period, the Company adopts the cost model to make subsequent measurements of the right-of-use assets, that is, the use-right assets are measured by cost minus accumulated depreciation and accumulated impairment losses.

Where a company remeasures the lease liabilities in accordance with the relevant provisions of the lease standards, the carrying amount of the assets of the right of use shall be adjusted accordingly.

ii. Depreciation of the right-of-use asset

From the commencement of the lease period, the Company depreciates the assets of the right of use. Depreciation is accrued for the month following the commencement of the lease term of the right-of-use assets. The depreciation amount accrued is included in the cost of the underlying asset or in the profit or loss of the current period according to the purpose of the right of use asset. When determining the depreciation method of the right-of-use assets, the company uses the straight-line method to depreciate the assets of the right-of-use according to the expected consumption of the economic benefits associated with the right-of-use assets. If the right-of-use asset is impaired, the company will subsequently depreciate it at the carrying amount of the right-of-use asset after deducting the impairment loss.

When determining the depreciation period of the right-of-use assets, the company follows the following principles: if it can reasonably determine the ownership of the leased assets at the expiration of the lease period, depreciation is accrued during the remaining useful life of the leased assets; if it is impossible to reasonably determine that the ownership of the leased assets can be obtained at the expiration of the lease period,

depreciation is accrued during the shorter period between the lease period and the remaining useful life of the leased assets. If the remaining useful life of the right-of-use asset is shorter than the former two, depreciation is accrued for the remaining useful life of the right-of-use asset.

18. Intangible assets

(1) Initial measurement of internally researched and developed intangible assets

a. Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined based on the present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss other than those should be capitalized during the credit period.

b. Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall all be included in the current profit and loss.

(2) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

a.Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	40~70		1.43~2.5
Software	3		33.33

The useful lives and amortization methods of intangible assets shall be reviewed on the balance sheet day.

b.Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

(3) Estimates of useful lives of intangible assets

a. For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

b. Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

c. If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(4) Treatment of land use right

a. The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital; it shall be transferred to investment property.

b. For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.

c. Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall all be taken as fixed assets.

19. Non-current assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives

and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized based on individual assets. If a recoverable amount of individual assets is difficult to estimate, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment tests for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs an impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to measure reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

20. Long-term deferred expenses

(1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive). It includes the expenditure for improvement of fixed assets rented by operating leases, etc.

(2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

(3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

21. Contract liabilities

Contract liabilities represents the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the Company has got unconditional right to receive an amount of consideration or has been paid before transferring goods or services to a customer, it should recognise contract liability when a payment is received, or a payment is due (whichever is earlier) from a customer. The contract assets and contract liabilities under the same contract are presented in a net amount, and the contract assets and contract liabilities under different contracts cannot be offset.

22. Employee benefits

Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term benefits

Short-term benefits are the benefits that the Company expects to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short-term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

(2) Post-employment benefits (Defined contribution plan)

The defined contribution plan of the Company includes payments of basic pension, unemployment insurance, annuity, etc. according to relevant provisions. The amount which the Company deposits on the balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included in the profit or loss for the current period.

(3) Termination benefits

Termination benefits are the benefits the Company provides to the employee when the Company terminates employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included in profit or loss for the current period at the earlier date of the two following circumstances:

a. When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally; and

b. When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

(4) Other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term benefits, post-employment benefits and termination benefits. At the end of the reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

a. Service cost;

b. Net amount of interest from other long-term employee benefits net liabilities or assets; and

c. Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

To simplify the related accounting procedure, the net amount of the above subjects shall be included in current profit or loss or the cost of relevant assets.

23. Provision

(1) Recognition principles of provision

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

a. This obligation is a present obligation of the Company;

b. The settlement of such an obligation is likely to result in an outflow of economic benefits from the Company; and

c. The amount of the obligation can be measured reliably.

(2) Measurement method of provision

The amount of provision is measured at the best estimate of expenses required for contingencies.

a. If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.

b. The best estimate shall be accounted for as follows in other cases:

i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.

ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

24. Revenue

（1）Revenue recognition principles and measurement methods

①Recognition of revenue

The Company has fulfilled its contractual obligation to recognize revenue when the customer acquires control of the relevant goods. On the date of commencement of the contract, the

Company evaluates the contract, identifies the individual performance obligations contained in the contract, determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time, and then recognizes revenue separately when each individual performance obligation is fulfilled.

②Measurement of income

Where the contract contains two or more performance obligations, the Company, on the date of commencement of the contract, allocates the transaction price to each individual performance obligation in proportion to the individual selling price of the goods or services committed by each individual performance obligation, and measures the revenue at the transaction price apportioned to each individual performance obligation. In determining the transaction price, the Company will take into account the impact of factors such as the variable consideration, the material financing component present in the contract, the non-cash consideration and the consideration payable to the customer, and assume that the goods will be transferred to the customer in accordance with the terms of the existing contract and that the contract will not be cancelled, renewed or changed.

（2）Specific revenue recognition policies

Sales revenue shall be determined according to the amount of the contract or agreement signed between the Company and the purchaser or the amount accepted by both parties, after the product is handed over and confirmed by the customer.

25. Contract costs

Contract costs are divided into contract performance costs and contract acquisition costs.

Costs incurred by the Company in the performance of a contract are recognized as an asset as contract performance costs if the following conditions are met:

（1） The cost is directly related to a current or anticipated contract.

（2）This cost increases the resources that the Company will use in the future to fulfill its performance obligations.

（3）The cost is expected to be recovered.

If the incremental cost incurred by the company in order to obtain the contract is expected to be recovered, it is recognized as an asset as the cost of obtaining the contract.

Assets related to contract costs are amortized on the same basis as revenue recognition for goods or services associated with the asset, but where the contract has been amortized for less than one year, the Company will include them in the profit or loss for the current period when it occurs.

If the carrying amount of an asset related to the cost of the contract is higher than the difference between the following two items, the Company will make an impairment provision for the excess and recognize it as an asset impairment loss:

（1）The remaining consideration expected to be obtained as a result of the transfer of goods or services related to the asset;

（2）Estimate the costs to be incurred for the transfer of the relevant goods or services.

If the above-mentioned asset impairment provision is subsequently reversed, the carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset on the date of the reversal without assuming that the impairment provision is not accrued.

26. Government grants

(1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

(2) Recognition principles and the time point of government grants

Government grants are recognized when both of the following conditions are met:

a. The Company can meet the attached conditions for the government grants; and

b. The Company can receive grants.

(3) Measurement of government grants

a. If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

b. If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

a. The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.

b. Government grants related to income shall be handled separately according to the following circumstances:

i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.

ii. If government grants related to income are used to compensate the Company's relevant

expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off the related costs.

c. Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income.

d. Government grants related to daily operation shall be recorded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall offset the relevant borrowing costs.

e. Government grants already recognized required to be refunded shall be handled according to the following circumstances:

i. If the grants have written down the book value of assets, the book value shall be adjusted.

ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.

iii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

27. Deferred tax

The Company adopts the balance sheet liability method to account for income tax.

(1) Recognition of deferred tax assets or deferred tax liabilities

a. The Company determines tax based on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities with the tax base. If there are temporary differences between book value of the assets and liabilities and tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

b. Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c. Recognition of the basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill and transactions which are formed other than from business combinations neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

a. On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

b. Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

c. When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

d. Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

28. Lease(accounting for lessors)

a. Accounting treatment of operating leases

The assets that the Company uses as operating leases, depending on the nature of the assets, are included in the relevant items on the balance sheet. The Company capitalizes the initial direct expenses incurred in connection with the operating lease to the cost of the underlying assets of the lease, which are recorded in the profit or loss for the current period on the same basis recognized as rental income. During each period of the lease period, the Company uses the straight-line method to recognize the received amount from operating leases as rental income. For fixed assets in operating lease assets, the Company adopts a depreciation policy similar to that of assets to accrue depreciation, and for other operating lease assets, it adopts a systematic and reasonable method for amortization. Variable lease payments made by the Company in connection with operating leases that are not included in the amount of lease receipts are included in the profit or loss of the current period when they actually occur.

In the event of a change in the operating lease, the Company shall account for it as a new lease from the effective date of the change, and the amount of advance receipts or receivables from leases received in connection with the lease prior to the change shall be regarded as the amount of receipts for the new lease.

b. Accounting treatment of financial leases

At the commencement date of the lease period, the Company recognizes financial lease receivables based on the net lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received at the lease commencement date discounted at the lease inclusion rate) and terminates the recognition of the financial lease assets. During the terms of the lease period, the Company calculates and recognizes interest income at a fixed interest rate. Variable lease payments made by the Company that are not included in the net lease investment measure, if linked to the future performance or use of the assets, are recognized in the current period profit or loss when actually incurred.

If a financial lease is changed and the following conditions are met, the Company shall account for the change as a separate lease: (1) the change expands the scope of the lease by adding the right to use one or more of the leased assets, and (2) the increased consideration is equivalent to the amount of the separate price of the increased part of the lease as adjusted for those circumstances.

29. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Since January 1, 2021, the Company has implemented the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets Accounting Standards for Business Enterprises No. 24 - Hedge Accounting and Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (hereinafter referred to as "new financial instrument standards") revised by the Ministry of Finance in 2017. According to the revised standards, enterprises shall classify and measure financial instruments in accordance with the provisions of these standards (including impairment), if the data of previous financial statements are inconsistent with the requirements of these standards, there is no need to adjust. The difference between the original book value of financial instruments and the new book value on the implementation date of these standards shall be included in the opening retained income or other comprehensive income of the annual reporting period on the implementation date of these standards.

Since January 1, 2021, the Company has implemented the Accounting Standards for Business Enterprises No. 14 - Revenue (CK [2017] No. 22) (hereinafter referred to as the "new revenue standards") revised by the Ministry of Finance in 2017. According to the revised standards, enterprises that implement the standards for the first time shall adjust the amount of retained earnings and other relevant items in the financial statements at the beginning of the year in which the standards are first implemented according to the cumulative impact of the first implementation of the standards, and shall not adjust the information of comparable periods.

The Ministry of Finance issued the Accounting Standard for Enterprises No. 21-Leases on 7 December 2018(NO.35 of Caikuai [2018]), enterprises listed domestically and overseas and enterprises listed overseas and applying the International Financial Reporting Standards (IFRSs) or ASBE to prepare financial statements are required to apply the new standard for leasing from 1 January 2019. Other enterprises applying the Accounting Standard for Enterprises are required to apply the new standard for leasing from 1 January 2021. The

Company has implemented from 1 January 2021 and processed them in accordance with the relevant interface requirements.

(2) Changes in significant accounting estimates

There is no change regarding major accounting estimates in the reporting period.

(3) Adjust opening balance of related balance sheet items according to first implementation of new financial instrument standards, revenue standards and leasing standards

Consolidated Balance Sheet

Item	Balance as at 31 December, 2020	Balance as at 1 January, 2021	Adjustment		
			Amount affected by new financial instruments standards	Amount affected by new revenue standards	Amount affected by new leasing standards
Interest receivable	6,234,857.29		-6,234,857.29		
Non-current assets due within one year	11,204,050,000.00	11,210,284,857.29	6,234,857.29		
Investment in debt instruments		657,000,000.00	657,000,000.00		
Available-for-sale financial assets	782,037,033.68		-782,037,033.68		
Investment in other equity instruments		471,037,033.68	471,037,033.68		
Other non-current financial assets		300,000,000.00	300,000,000.00		
Other non-current assets	3,421,526,245.37	2,775,526,245.37	-646,000,000.00		
Short-term loans	1,562,250,000.00	1,563,978,724.31	1,728,724.31		
Advance from customer	1,261,629,257.26	28,543,203.37		-1,233,086,053.89	
Contract liability		1,132,286,286.45		1,132,286,286.45	
Interest payable	368,905,435.79		-368,905,435.79		
Non-current liabilities due within one year	4,540,397,555.55	4,898,528,513.60	358,130,958.05		
Other current liabilities	1,000,000,000.00	1,109,845,520.87	9,045,753.43	100,799,767.44	

Balance Sheet of the Parent Company

Item	Balance as at 31 December, 2020	Balance as at 1 January, 2021	Adjustment		
			Amount affected by new financial instruments standards	Amount affected by new revenue standards	Amount affected by new leasing standards
Interest receivable	6,234,857.29		-6,234,857.29		
Non-current assets due within one year	11,204,050,000.00	11,210,284,857.29	6,234,857.29		

Item	Balance as at 31 December, 2020	Balance as at 1 January, 2021	Adjustment		
			Amount affected by new financial instruments standards	Amount affected by new revenue standards	Amount affected by new leasing standards
Investment in debt instruments		657,000,000.00	657,000,000.00		
Available-for-sale financial assets	636,696,857.56		-636,696,857.56		
Investment in other equity instruments		325,696,857.56	325,696,857.56		
Other non-current financial assets		300,000,000.00	300,000,000.00		
Other non-current assets	3,421,526,245.37	2,775,526,245.37	-646,000,000.00		
Short-term loans	1,452,250,000.00	1,453,978,724.31	1,728,724.31		
Advance from customer	25,353,096.00	24,353,096.00		-1,000,000.00	
Contract liability		917,431.19		917,431.19	
Interest payable	368,758,185.79		-368,758,185.79		
Non-current liabilities due within one year	4,344,384,244.50	4,702,367,952.55	357,983,708.05		
Other current liabilities	1,000,000,000.00	1,009,128,322.24	9,045,753.43	82,568.81	

IV. Taxes

Major tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	[Note]	[Note]
Consumption tax	Land development, agent-construction projects and sales revenue of real estate	3%/5% (Before 30 April 2016)
Corporate income tax	Applicable turnover tax amount	25%
Urban maintenance and construction tax	Applicable turnover tax amount	7%
Education surcharge	Applicable turnover tax amount	5%
Increment tax on land	Increment amount on land	extra progressive tax rate 30%-60%

[Note] General taxpayers shall calculate the output tax according to the rate 6%, 9% and 13%, and measure the VAT after deducting the input tax allowed in the current period. If the simplified method is applied, the rate would be 3% and 5%.

V. Notes to the Main Items of the Consolidated Financial Statements (All currency unit is CNY, except other statements)

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	64.00	84.00
Bank deposit [Note1]	5,768,197,466.11	4,608,741,767.16
Other cash and cash equivalents [Note2]	1,243,522,074.70	849,994,275.16
Total	7,011,719,604.81	5,458,736,126.32

[Note 1]: The certificate of deposit pledged by the banker's acceptance bill of exchange in the closing balance of bank deposits is CNY 850,000,000.00, and the time certificates of deposit pledged by commercial acceptance bills discounted by other companies is CNY 160,000,000.00, including the interest receivable on the time deposit certificate CNY 13,385,410.95.

[Note 2]: The ending balance of other cash and cash equivalents included CNY 1,242,160,000.00 for bank acceptance deposits and CNY 1,362,074.70 for interest on the deposit.

2. Accounts receivable

(1)Aging analysis

Aging	Closing balance	Opening balance
Within 1 year	917,569,937.30	1,321,664,656.71
1-2 years	39,315,753.25	117,167.00
2-3 years	117,167.00	188,717.40
Over 3 years	1,656,764.70	1,468,047.30
Total	958,659,622.25	1,323,438,588.41

(2)Disclosure according to bad debt provision method

Category	Closing balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable for provision for bad debts on a single item basis	1,380,137.70	0.14	1,380,137.70	100.00	
Accounts receivable for bad debt provision on a portfolio basis	957,279,484.55	99.86			957,279,484.55
Including: Other portfolio	957,279,484.55	99.86			957,279,484.55
Total	958,659,622.25	/	1,380,137.70	/	957,279,484.55

（Continued）

Category	Opening balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable for provision for bad debts on a single item basis	1,380,137.70	0.10	1,380,137.70	100.00	
Accounts receivable for bad debt provision on a portfolio basis	1,322,058,450.71	99.90			1,322,058,450.71
Including: Other portfolio	1,322,058,450.71	99.90			1,322,058,450.71
Total	1,323,438,588.41	/	1,380,137.70	/	1,322,058,450.71

Provision for bad debts on a single item basis:

Accounts receivable	Closing balance			
	Book balance	Provision for bad debt	Provision proportion (%)	Reason for provision
Yangzhou Cotton Mill	632,400.00	632,400.00	100.00	Unrecoverable
Hongyang Real Estate Company	499,416.00	499,416.00	100.00	Unrecoverable
Yangzhou Container Intermodal Transport Company	248,321.70	248,321.70	100.00	Unrecoverable
Total	1,380,137.70	1,380,137.70		

(3)Receivables with significant single amount

Company name	Account receivable	Aging	Proportion of total account receivable (%)
Yangzhou Economic and Technological Development Zone Finance Bureau	882,340,880.34	Within 1 year	92.04
Yangzhou Jiulongwan Garden Engineering Co., Ltd	55,625,926.00	[Note]	5.80
Total	937,966,806.34		97.84

[Note]Within 1 year CNY 16,465,863.00; 1-2 years CNY 39,160,063.00

3. Prepayment

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,950,492,994.48	30.03	2,991,495,141.53	39.96
1-2 years	867,461,335.17	13.36	111,068,096.37	1.49
2-3 years	85,197,547.64	1.31	202,179,736.30	2.70

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Over 3 years	3,591,049,166.09	55.30	4,181,055,966.34	55.85
Total	6,494,201,043.38	100.00	7,485,798,940.54	100.00

(2) Significant prepayments aging over 1 year

Debtor's name	Closing balance	Reason for unsettlement
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd	3,023,347,520.88	Unsettled project
Yangzhou Economic and Technological Development Zone House Collection Management Co., Ltd	666,044,008.96	Unsettled project
Yangzhou Economic and Technological Development Zone Branch of Yangzhou Natural Resources and Planning Bureau	237,919,022.80	Unsettled project
Yangzhou Hanrun Infrastructure Construction Engineering Co., Ltd	102,814,000.00	Unsettled project
Yangzhou Guangyuan Group Co., Ltd	74,342,809.00	Unsettled project
Total	4,104,467,361.64	/

(3) Top five entities with the largest balances of prepayments

Company name	Closing balance	Provisioning amount at period end (%)
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd	3,106,518,676.78	47.84
Yangzhou Finance Bureau	1,358,903,186.04	20.93
Yangzhou Economic and Technological Development Zone House Collection Management Co., Ltd	819,524,614.95	12.62
Yangzhou Hanrun Infrastructure Construction Engineering Co., Ltd	239,894,000.00	3.69
Yangzhou Economic and Technological Development Zone Branch of Yangzhou Natural Resources and Planning Bureau	237,919,022.80	3.66
Total	5,762,759,500.57	88.74

4. Other receivables

(1) Categories

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable	10,075,524.45	24,787,354.65
Other receivables	15,608,867,242.69	11,706,274,820.47
Total	15,618,942,767.14	11,731,062,175.12

（2）Interest receivable

Investee	Closing balance	Opening balance
Yangzhou Port Sludge Power Generation Co., Ltd	10,075,524.45	24,787,354.65
Total	10,075,524.45	24,787,354.65

（3）Other receivables

①Aging analysis

Aging	Closing book balance	Opening book balances
Within 1 year	8,563,106,556.57	3,096,360,356.41
1-2 years	2,133,381,952.03	2,235,025,411.31
2-3 years	1,022,535,528.82	4,451,773,653.39
Over 3 years	3,899,459,807.77	1,932,709,697.72
Total	15,618,483,845.19	11,715,869,118.83

②Provision for bad debts

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire period (no credit impairment)	Expected credit losses over the entire period (credit impairment incurred)	
Opening balance	9,594,298.36			9,594,298.36
Opening balance for the current period				
- Transfer to the second stage				
- Transfer to the third stage				
- Transfer back to the second stage				
- Transfer back to the first stage				
Accrual for the current period	78,354.39			78,354.39
Reverse for the current period	56,050.25			56,050.25
Write-off for the current period				
Other changes				
Closing balance	9,616,602.50			9,616,602.50

③ Bad debt provision

Categories	Opening balance	Changes for the current period				Closing balance
		Provision	Reverse	Write off	Others	
Provision for bad debts on a portfolio basis	9,594,298.36	78,354.39	56,050.25			9,616,602.50

Categories	Opening balance	Changes for the current period				Closing balance
		Provision	Reverse	Write off	Others	
Total	9,594,298.36	78,354.39	56,050.25			9,616,602.50

④Top five entities with the largest balances of the other receivables

Company name	Category	Closing balance	Aging	Proportion in total receivables (%)
Yangzhou Economic and Technological Development Zone Finance Bureau	Transactions and others	3,954,439,154.21	[Note 1]	25.32
Yangzhou Huaheng Construction Investment Co., Ltd	Fund transactions	2,399,391,918.97	[Note 2]	15.36
Yangzhou Tongda Water Co., Ltd	Fund transactions	2,010,402,749.62	[Note 3]	12.87
Yangzhou Chuangheng Trading and Industrial Co., Ltd	Fund transactions	1,955,700,391.43	[Note 4]	12.52
Yangzhou Jiulongwan Garden Engineering Co., Ltd	Fund transactions	1,552,296,395.93	[Note 5]	9.94
Total	/	11,872,230,610.16	/	76.01

[Note 1] Within 1 year CNY 1,062,257,250.09;1-2 years CNY 256,188,474.73;2-3 years CNY 486,644,616.26;and over 3 years CNY 2,149,348,813.13

[Note 2] Within 1 year CNY675,000,000.00;1-2 years CNY 1,342,932,763.69;2-3 years CNY 153,000,000.00;and over 3 years CNY 228,459,155.28

[Note 3] Within 1 year CNY 1,450,170,000.00;and over 3 years CNY 560,232,749.62

[Note 4] Within 1 year CNY 1,466,300,391.43; 1-2 years CNY 200,000,000.00 ;2-3 years CNY 221,400,000.00;and over 3 years CNY 68,000,000.00

[Note 5] Within 1 year CNY1,486,300,000.00;and over 3 years CNY 65,996,395.93

5. Inventories

(1) Categories

Item	Closing balance			Opening balance		
	Book balance	Provision for decline of value	Book value	Book balance	Provision for decline of value	Book value
Land for development	3,059,749,673.66		3,059,749,673.66	3,356,029,213.44		3,356,029,213.44
Development products	41,311,362.74		41,311,362.74	41,311,362.74		41,311,362.74
Development costs	13,718,873,067.71		13,718,873,067.71	9,013,146,595.25		9,013,146,595.25
Total	16,819,934,104.11		16,819,934,104.11	12,410,487,171.43		12,410,487,171.43

(2) Statements for borrowing cost capitalized and included in the closing balance of inventory

Borrowing cost capitalized CNY 1,990,110,403.35 is included in the closing inventories, while

there is borrowing cost CNY 1,745,022,733.24 included in the opening inventories.

6. Non-current assets expire within one year

Item	Closing balance	Opening balance
Entrusted loans	440,000,000.00	9,050,000.00
Lending funds		11,195,000,000.00
Entrusted loan interest	614,305.55	6,234,857.29
Total	440,614,305.55	11,210,284,857.29

7. Other current assets

Item	Closing balance	Opening balance
Entrusted loans		500,000,000.00
Prepaid tax and input tax to be deducted	65,478,883.41	77,202,022.71
Financial products		200,000,000.00
Acquisition cost	717,166.37	
Total	66,196,049.78	777,202,022.71

8. Investment in debt instruments

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Entrusted loans				646,000,000.00		646,000,000.00
Trust guarantee fund	3,000,000.00		3,000,000.00	11,000,000.00		11,000,000.00
Total	3,000,000.00		3,000,000.00	657,000,000.00		657,000,000.00

9. Long-term equity investments

Investee	Opening balance	Changes in current period								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes of other equities	Cash dividends and profit as declared	Provision for impairment	Others		
Consortium association											
Yangzhou Port Sludge Power Generation Co., Ltd	47,601,015.67			155,488.49						47,756,504.16	
Yangzhou Kaigang Logistics Co., Ltd	274,702.10			401,345.47						676,047.57	
Yangzhou Kechuang Guarantee Co., Ltd [Note1]	208,052.47									208,052.47	
Yangzhou Diehu Technology Industry Development Co., Ltd[Note2]	20,800,938.59								-20,800,938.59		
Jiangsu Jiulongwan Property Services Co., Ltd	4,337,837.49			166,219.40						4,504,056.89	
Yangzhou Jiulongwan Garden Engineering Co., Ltd	39,474,700.20			-318,681.68						39,156,018.52	
Yangzhou Hengji Datong Optical Electronic Co., Ltd	445,343,439.73		445,343,439.73								
Yangzhou Huixian Human Resources Service Co., Ltd	74,253.17			-9,244.68						65,008.49	
Yangzhou Yideou Electronic Technology Co., Ltd										30,000,000.00	30,000,000.00
Sinochem Yangzhou Lithium Technology Co., Ltd	26,710,701.68			-9,035,590.83						17,675,110.85	
Yangzhou Yangdian New Energy Co., Ltd		4,900,000.00		504,738.35						5,404,738.35	
Jiangsu Tianqin Environmental Technology Co., Ltd		4,000,000.00		450,497.07						4,450,497.07	
Total	584,825,641.10	8,900,000.00	445,343,439.73	-7,685,228.41					-20,800,938.59	149,896,034.37	30,000,000.00

[Note1] The business licence of Yangzhou Kechuang Guarantee Co., Ltd has been canceled.

[Note 2] The accounting treatment of long-term equity investments was changed to the cost method because of effective control over the company.

10. Investment in other equity instruments

(1) Investments in other equity instruments

Investee	Closing balance	Opening balance
Yangzhou Jingxin Semiconductor Co., Ltd	49,316,786.90	49,316,786.90
Yangzhou Yaxing Bus Co., Ltd	500,000.00	500,000.00
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd		300,070.66
Yangzhou Economic and Technological Development Zone Gaoke Venture Capital Co., Ltd	34,000,000.00	3,000,000.00
Yangzhou Zhongfa Environment Co., Ltd	3,900,000.00	3,900,000.00
Jiangsu Credit Re-guarantee Co., Ltd	218,680,000.00	218,680,000.00
Yangzhou Jiujin Building Materials Trading Co., Ltd.[Note 1]	121,330,176.12	121,330,176.12
Jiangsu Overseas Cooperative Investment Co., Ltd	50,000,000.00	50,000,000.00
Dingjiayi Health and Technology Co., Ltd	2,000,000.00	2,000,000.00
Yangzhou Beichen Smart Power Grid Co., Ltd	2,010,000.00	2,010,000.00
Lirhenium photoelectric technology (Yangzhou) Co., Ltd	20,000,000.00	20,000,000.00
Jiangsu Yangzhou Rural Commercial Bank Co., Ltd	37,800,000.00	
Yangzhou Economic Development Emerging Industry Development Fund (Limited Partnership)[Note 2]		
Total	539,536,963.02	471,037,033.68

[Note 1]: The company was formerly known as Yangzhou Economic and Technological Development Zone Investment Guarantee Co., Ltd., which was entrusted by the shareholder Yangzhou Jiulongwan Real Estate Co., Ltd. to Jiangsu Jinde Investment Group Co., Ltd. to operate, Jinde Company paid a risk collateral of CNY 150 million, and all economic risks and legal liabilities during the entrusted operation period were borne by Jinde Company. At present, according to the requirements of the Administrative Committee of Yangzhou Economic and Technological Development Zone, the company is in the liquidation and disposal stage, has not yet completed the liquidation, if there is investment losses are borne by Jinde Company, the investment is converted into other equity instrument investment.

[Note 2]:The partnership was established on December 28, 2021 with a registered capital of CNY 1 billion, and the Company, as a limited partner, contributed 40% of the capital. As of December 31, 2021, the Company has not yet made actual capital contribution.

（2）The case of investments in non-tradable equity instruments

Item	Dividend income recognized for the current period	Accrued gains in other comprehensive income	Accrued losses included in other comprehensive income	The amount of other comprehensive income transferred to retained earnings	Reason measured at fair value and the change is included in other comprehensive income	Reasons for other comprehensive income to be transferred to retained earnings
Yangzhou Jingxin Semiconductor Co., Ltd						
Yangzhou Yaxing Bus Co., Ltd						
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd						
Yangzhou Economic and Technological Development Zone Gaoke Venture Capital Co., Ltd						
Yangzhou Zhongfa Environment Co., Ltd	982,332.26					
Jiangsu Credit Re-guarantee Co., Ltd	8,800,000.00					
Yangzhou Jiujin Building Materials Trading Co., Ltd						
Jiangsu Overseas Cooperative Investment Co., Ltd						
Dingjiayi Health and Technology Co., Ltd						
Yangzhou Beichen Smart Power Grid Co., Ltd	833,600.00					
Lirhenium photoelectric technology (Yangzhou) Co., Ltd						
Total	10,615,932.26					

11. Other non-current financial assets

Item	Closing balance	Opening balance
Trust Fund		300,000,000.00
Total		300,000,000.00

12. Investment property

Investment property measured at cost model

Item	Properties and buildings	Land use rights	Total
Original book value			
1.Opening balance	822,030,153.55	62,346,514.46	884,376,668.01

Item	Properties and buildings	Land use rights	Total
2.Addition this period	1,231,005,493.31	107,134,231.74	1,338,139,725.05
(1)Purchase			
(2)Intangible assets/ Transfer from projects under construction	1,231,005,493.31	107,134,231.74	1,338,139,725.05
(3) Increase from business combination			
3.Decrease this period			
(1)Disposal			
(2)Other transfer out			
4.Closing balance	2,053,035,646.86	169,480,746.20	2,222,516,393.06
Accumulated depreciation and amortization			
1.Opening balance	63,119,763.10	7,322,615.71	70,442,378.81
2.Addition this period	28,918,016.47	5,870,363.33	34,788,379.80
(1)Provision or amortization	28,918,016.47	2,064,764.12	30,982,780.59
(2)Intangible assets/ Transfer from projects under construction		3,805,599.21	3,805,599.21
(3) Increase from business combination			
3. Decrease this period			
(1)Disposal			
(2)Other transfer out			
4.Closing balance	92,037,779.57	13,192,979.04	105,230,758.61
Provision for impairment			
1.Opening balance			
2. Addition this period			
(1)Provision			
(2) Increase from business combination			
3. Decrease this period			
(1)Disposal			
(2)Other transfer out			
4. Closing balance			
Book value			
1.Closing book value	1,960,997,867.29	156,287,767.16	2,117,285,634.45
2.Opening book value	758,910,390.45	55,023,898.75	813,934,289.20

13. Fixed assets

(1) Categories

Item	Closing balance	Opening balance
Fixed assets	2,110,757,349.75	1,991,707,355.16

Item	Closing balance	Opening balance
Disposal of fixed assets		
Total	2,110,757,349.75	1,991,707,355.16

（2）Fixed assets

①Details of fixed assets

Item	Buildings	Transportation equipment	Machinery equipment	Electronic equipment	Pipeline equipment	Other equipment	Total
Original cost of fixed assets							
1.Opening balance	1,549,263,512.17	6,480,216.76	181,542,442.16	9,030,364.62	654,157,500.00	6,605,065.45	2,407,079,101.16
2.Increase in current period	321,489,832.29	224,690.27		909,710.33		104,901.43	322,729,134.32
(1)External purchase		224,690.27		896,010.33		104,901.43	1,225,602.03
(2)Transfer from projects under construction	321,489,832.29						321,489,832.29
(3) Increase from business combination				13,700.00			13,700.00
3.Decrease in current period	130,801,564.71						130,801,564.71
(1)Disposal or scrap	130,801,564.71						130,801,564.71
(2) Decrease from business combination							
4.Closing Balance	1,739,951,779.75	6,704,907.03	181,542,442.16	9,940,074.95	654,157,500.00	6,709,966.88	2,599,006,670.77
Accumulated depreciation							
1.Opening balance	146,729,802.16	5,019,398.16	15,512,774.07	7,917,791.51	235,496,700.24	4,695,279.86	415,371,746.00
2.Increase in current period	37,765,400.74	354,708.93	32,677,639.68	300,630.67	29,437,087.56	561,795.80	101,097,263.38
(1)Provision	37,765,400.74	354,708.93	32,677,639.68	290,146.36	29,437,087.56	561,795.80	101,086,779.07
(2) Increase from business combination				10,484.31			10,484.31
3.Decrease in current period	28,219,688.36						28,219,688.36
(1)Disposal or scrap	28,219,688.36						28,219,688.36
(2) Decrease from business combination							
4. Closing balance	156,275,514.54	5,374,107.09	48,190,413.75	8,218,422.18	264,933,787.80	5,257,075.66	488,249,321.02
Provision for fixed asset impairment							
1.Opening balance							
2.Increase in current period							
(1)Provision							
(2) Increase from business combination							
3.Decrease in current period							

Item	Buildings	Transportation equipment	Machinery equipment	Electronic equipment	Pipeline equipment	Other equipment	Total
(1)Disposal or scrap							
(2) Decrease from business combination							
4.Closing balance							
Book Value							
1. Closing book value	1,583,676,265.21	1,330,799.94	133,352,028.41	1,721,652.77	389,223,712.20	1,452,891.22	2,110,757,349.75
2. Opening book value	1,402,533,710.01	1,460,818.60	166,029,668.09	1,112,573.11	418,660,799.76	1,909,785.59	1,991,707,355.16

②Investment properties without certification of right

Item	Book value	Reason for not having the certification of right
Processing District Dormitory Building of Yangzhou Xinzheng Technology Co., Ltd	20,641,636.70	Not applying for Title Deed in time
Total	20,641,636.70	

14. Construction in progress

（1）Categories

Item	Closing balance	Opening balance
Construction in progress	526,086,849.63	966,230,210.35
Construction materials		
Total	526,086,849.63	966,230,210.35

（2）Construction in progress

①Details of the construction in progress

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Lingang Standard Workshop for Auto Components				468,644,812.35		468,644,812.35
Lingang Standard Plant for Heating Equipment and TPI Fan Blade Production Plant				490,618,081.70		490,618,081.70
Zhigu Complex Phase III	79,431,842.16		79,431,842.16	6,066,468.29		6,066,468.29
Development area piping system plant	36,460,031.97		36,460,031.97	900,848.01		900,848.01
Tianwei plant renovation project	30,727,974.65		30,727,974.65			
New energy industrial Plant	378,126,501.89		378,126,501.89			
Other	1,340,498.96		1,340,498.96			
Total	526,086,849.63		526,086,849.63	966,230,210.35		966,230,210.35

Capitalized borrowing cost CNY 12,602,973.35 was included in the closing balance of construction in progress, and capitalized borrowing cost CNY 103,175,644.61 was included in the opening balance of construction in progress.

② Significant changes in construction in progress

Item	Opening balance	Increase	Decrease		Closing balance
			Transfer to Investment property	Others	
Lingang Standard Workshop for Auto Components	468,644,812.35	106,237,462.99	574,882,275.34		
Lingang Standard Plant for Heating Equipment and TPI Fan Blade Production Plant	490,618,081.70	165,124,980.91	655,743,062.61		
Zhigu Complex Phase III	6,066,468.29	73,365,373.87			79,431,842.16
Development area piping system plant	900,848.01	35,559,183.96			36,460,031.97
Tianwei plant renovation project		30,727,974.65			30,727,974.65
New energy industrial plant		378,126,501.89			378,126,501.89
Kangnaxiang Yangzhou huadong Second plant project		320,760,678.34	320,760,678.34		
Foreign public service center maintenance project		729,153.95	729,153.95		
Total	966,230,210.35	1,110,631,310.56	1,552,115,170.24		524,746,350.67

15. Intangible assets

Item	Land use right	Software	Total
Original cost of intangible assets			
1.Opening balance	962,341,517.11	60,000.00	962,401,517.11
2.Increase in current period	78,382,542.00		78,382,542.00
(1)Including: acquired	53,052,247.76		53,052,247.76
(2)Business combination	25,330,294.24		25,330,294.24
(3)Other			
3.Decrease in current period	511,317,467.88		511,317,467.88
(1)Disposal	349,730,600.00		349,730,600.00
(2)Decrease from business combination			
(3)Other	161,586,867.88		161,586,867.88
4.Closing balance	529,406,591.23	60,000.00	529,466,591.23
Accumulated amortization of intangible assets			

Item	Land use right	Software	Total
1.Opening balance	60,017,762.80	23,333.38	60,041,096.18
2.Increase in current period	25,177,869.49	20,000.04	25,197,869.53
(1)Including: provision	25,177,869.49	20,000.04	25,197,869.53
(2)Business combination			
3.Decrease in current period	37,785,888.48		37,785,888.48
(1)Including: disposal	31,522,099.14		31,522,099.14
(2)Decrease from business combination			
(3)Other	6,263,789.34		6,263,789.34
4.Closing balance	47,409,743.81	43,333.42	47,453,077.23
Provision for impairment			
1.Opening balance			
2.Addition			
3.Decrease			
4.Closing balance			
Book value of intangible assets			
Closing book value	481,996,847.42	16,666.58	482,013,514.00
Opening book value	902,323,754.31	36,666.62	902,360,420.93

16. Deferred tax assets

（1）Deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	8,793,869.92	2,198,467.47	8,849,920.17	2,212,480.03
Total	8,793,869.92	2,198,467.47	8,849,920.17	2,212,480.03

（2）Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible temporary differences	2,202,870.28	2,124,515.89
Total	2,202,870.28	2,124,515.89

17. Other non-current assets

Item	Closing balance	Opening balance
Land use right	2,401,590,405.96	2,724,042,921.41
Prepaid land fee		51,483,323.96
Borrowed funds	10,800,000,000.00	
Total	13,201,590,405.96	2,775,526,245.37

18. Provision for impairment

Item	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Reverse	Write off	
Bad debt provision	10,974,436.06	78,354.39	56,050.25		10,996,740.20
Total	10,974,436.06	78,354.39	56,050.25		10,996,740.20

19. Short-term loans

(1) Short term loan classification

Item	Closing balance	Opening balance
Guaranteed loans	1,635,000,000.00	1,060,000,000.00
Credit loans	40,000,000.00	502,250,000.00
Interest payable	1,811,833.32	1,728,724.31
Total	1,676,811,833.32	1,563,978,724.31

(2) Details of short-term loans overdue

There are no short-term loans overdue at the end of the period.

20. Notes payables

Category	Closing balance	Opening balance
Bank acceptance bill	3,050,660,000.00	1,966,000,000.00
Commercial acceptance bill	160,000,000.00	730,000,000.00
Total	3,210,660,000.00	2,696,000,000.00

There was no notes payable overdue at the end of the period.

21. Accounts payable

(1) Details of accounts payable

Items	Closing balance	Opening balance
Construction cost	659,559,786.61	516,063,688.64
Equipment cost	248,267.80	1,057,767.80
Purchase of goods	23,162,245.23	3,205,690.28
Advertising fee	153,528.00	153,528.00
Others	11,121,838.57	11,434,676.81
Total	694,245,666.21	531,915,351.53

(2) Description of significant accounts payable aging more than 1 year

Item	Closing balance	Reason for not being settled
Jiangsu Hanjian Group Co., Ltd	101,908,627.63	Construction cost payable

Item	Closing balance	Reason for not being settled
Changhe Village, Yangzhou Economic and Technological Development Zone	10,000,000.00	Land compensation payable
Total	111,908,627.63	/

22. Advance from customers

Item	Closing balance	Opening balance
House rent	57,135,243.10	870,161.15
Others	3,132,450.67	27,673,042.22
Total	60,267,693.77	28,543,203.37

23. Employee benefits payable

Item	Closing balance	Opening balance
Housing development and engineering funds	1,362,474,574.23	1,132,286,286.45
Merchandise payment	273,842.48	
Total	1,362,748,416.71	1,132,286,286.45

24. Employee benefits payable

（1）Details as follows

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits		22,987,323.60	22,987,323.60	
Post-employment benefits-- defined contribution plans		1,752,597.37	1,752,597.37	
Termination benefits				
Other benefits due in 1 year				
Total		24,739,920.97	24,739,920.97	

（2）Short-term employee benefits payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants		19,172,536.06	19,172,536.06	
Employees' welfare		684,183.22	684,183.22	
Social insurance premiums		887,426.24	887,426.24	
Including: Medical insurance premium		827,516.48	827,516.48	
Work-related injury insurance premium		59,909.76	59,909.76	
Maternity insurance premium				
Housing funds		2,019,976.00	2,019,976.00	

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Labor union expenditures and employee education funds		223,202.08	223,202.08	
Short-term paid absences profit-sharing plan				
Short-term profit sharing plan				
Total		22,987,323.60	22,987,323.60	

（3）Defined contribution plan shown as follows

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium		1,699,699.84	1,699,699.84	
Unemployment insurance premium		52,897.53	52,897.53	
Corporate annuity				
Total		1,752,597.37	1,752,597.37	

25. Taxes payable

Item	Closing balance	Opening balance
Corporate income tax	1,126,918,036.21	1,042,739,928.05
Value-added tax	312,278,839.62	233,109,456.67
Land use tax	2,935,564.57	2,796,853.70
Property tax	1,630,498.26	1,507,930.67
Urban maintenance and construction tax	21,682,035.80	16,080,622.46
Education surcharge	15,487,168.49	11,486,158.95
Stamp tax	208,125.00	1,544.30
General fund	3,990,957.98	3,990,957.98
Environment protection fund	49,797.50	70,007.18
Total	1,485,181,023.43	1,311,783,459.96

26. Other payables

（1）Categories

Item	Closing balance	Opening balance
Interest payable		
Dividends payable		
Other payables	2,664,475,636.15	2,121,966,983.40
Total	2,664,475,636.15	2,121,966,983.40

（2）Other payable

①Categories by nature

Item	Closing balance	Opening balance
Receivables and payments	2,451,408,204.73	1,959,661,417.04
Margin	166,776,273.98	158,727,588.98
Other	46,291,157.44	3,577,977.38
Total	2,664,475,636.15	2,121,966,983.40

②Other important payables aging more than 1 year

Item	Closing balance	Reasons for being unpaid or transferred
Yangzhou Huaheng Construction Investment Co., Ltd	166,000,000.00	No settlement
Yangzhou Green Industry Investment Development Holdings (Group) Co., Ltd	137,900,000.00	No settlement
Yangzhou Hengguangda Technology Co., Ltd	114,900,000.00	No settlement
Yangzhou Chuangheng Trading and Industrial Co., Ltd	85,000,000.00	No settlement
Yangzhou Xijie Technology Co., Ltd	74,112,732.20	No settlement
Total	577,912,732.20	

27. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	2,358,118,399.98	2,634,253,493.30
Bond payable due within one year	4,552,724,097.45	2,171,637,464.75
Long-term payable due within one year	118,566,267.57	92,637,555.55
Total	7,029,408,765.00	4,898,528,513.60

Long-term loans due within one year:

Closing balance	Opening balance	Closing balance
Mortgage loans	114,500,000.00	132,500,000.00
Guaranteed loans	1,959,967,500.00	946,800,000.00
Mortgage/Guaranteed loans	61,846,297.00	154,000,000.00
Pledged/Guaranteed loans	107,000,000.00	29,000,000.00
Credit loans	100,000,000.00	1,360,000,000.00
Interest payable	14,804,602.98	11,953,493.30
Total	2,358,118,399.98	2,634,253,493.30

Bond payable within one year:

Name	Norminal value	Issurance date	Bond terms	Issurance amount	Closing balance
17YETDZ Corporate Bond	1,100,000,000.00	06/07/2017	7years	1,100,000,000.00	220,000,000.00
19YETDZ	320,000,000.00	07/05/2019	3+3years	320,000,000.00	320,000,000.00
19YETDZ MTN002	500,000,000.00	15/04/2019	3years	500,000,000.00	500,000,000.00
19YETDZ MTN004	500,000,000.00	06/05/2019	3years	500,000,000.00	500,000,000.00
2019 first-term direct financing instrument	500,000,000.00	/	3years	500,000,000.00	500,000,000.00
19SETDZ ZR001	300,000,000.00	26/06/2019	3years	300,000,000.00	300,000,000.00
YANGZH 5.5 22	USD300,000,000.00	27/06/2019	3years	USD300,000,000.00	1,912,710,000.00
20YETDZ ZR003	212,388,900.00	/	5years	212,388,900.00	5,460,000.00
Interest payable					294,554,097.45
Total	/	/	/	/	4,552,724,097.45

Long- term payable within one year:

Item	Closing balance	Opening balance
Financing lease	118,566,267.57	92,637,555.55
Total	118,566,267.57	92,637,555.55

28. Other current debt

Item	Closing balance	Opening balance
20YETDZ CP001		500,000,000.00
20YETDZ SCP002		500,000,000.00
21 YETDZ CP001	500,000,000.00	
21 YETDZ CP002	500,000,000.00	
21 YETDZ SCP002	500,000,000.00	
21YETDZ 02	150,000,000.00	
21YETDZ 05	100,000,000.00	
21YETDZ 07	135,000,000.00	
21YETDZ 08	450,000,000.00	
21YETDZ 09	265,000,000.00	
21YETDZ D1	600,000,000.00	
Tax with write off	122,398,331.18	100,799,767.44
Interest payable	41,876,712.34	9,045,753.43
Total	3,364,275,043.52	1,109,845,520.87

29. Long-term loans

Item	Closing balance	Opening balance
Mortgage loans	1,995,950,000.00	1,750,000,000.00
Guaranteed loans	3,731,041,950.00	3,462,940,700.00
Mortgage/Guaranteed loans	1,143,464,920.14	771,250,000.00
Pledged/Guaranteed loans	112,000,000.00	219,000,000.00
Guaranteed/Mortgage/Pledged loans	1,110,000,000.00	
Credit loans	1,120,000,000.00	560,000,000.00
Total	9,212,456,870.14	6,763,190,700.00

30. Bonds payable

（1）Bonds payable

Item	Closing balance	Opening balance
Corporate bond	440,000,000.00	660,000,000.00
Medium-term note	4,000,000,000.00	4,500,000,000.00
Non-public direct debt financing instrument	2,500,000,000.00	2,500,000,000.00
Debt financing plan	896,008,900.00	1,201,468,900.00
Direct financing instrument	800,000,000.00	500,000,000.00
Corporate bond for income of non-public project	2,120,000,000.00	1,440,000,000.00
Overseas bond		1,957,470,000.00
Total	10,756,008,900.00	12,758,938,900.00

（2）Changes in bonds payable (excluding other financial tools like preferred stock categorized as financial liability or indefinite bonds)

Name of bond	Nominal value	Issuance date	Bond terms	Issuance amount	Opening balance	Closing balance
17YETDZ Corporate Bond	1, 100, 000, 000. 00	06/07/2017	7years	1, 100, 000, 000. 00	660, 000, 000. 00	440, 000, 000. 00
18YETDZ MTN004	500, 000, 000. 00	24/04/2018	3+2years	500, 000, 000. 00	500, 000, 000. 00	
18YETDZ PPN001	500, 000, 000. 00	19/09/2018	3+2years	500, 000, 000. 00	500, 000, 000. 00	
18YETDZ PPN002	500, 000, 000. 00	12/11/2018	3+2years	500, 000, 000. 00	500, 000, 000. 00	
19YETDZ MTN001	500, 000, 000. 00	10/04/2019	5years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
19YETDZ MTN002	500, 000, 000. 00	15/04/2019	3years	500, 000, 000. 00	500, 000, 000. 00	
19YETDZ MTN004	500, 000, 000. 00	06/05/2019	3years	500, 000, 000. 00	500, 000, 000. 00	
19YETDZ MTN003	500, 000, 000. 00	20/06/2019	5years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
2019 first-term direct financing instrument	500, 000, 000. 00	/	3years	500, 000, 000. 00	500, 000, 000. 00	
19YETDZ	320, 000, 000. 00	07/05/2019	3+3years	320, 000, 000. 00	320, 000, 000. 00	
19SETDZ ZR001	300, 000, 000. 00	26/06/2019	3years	300, 000, 000. 00	300, 000, 000. 00	
YANGZH 5.5 22	USD300, 000, 000. 00	27/06/2019	3years	USD300, 000, 000. 00	1, 957, 470, 000. 00	

Name of bond	Nominal value	Issuance date	Bond terms	Issuance amount	Opening balance	Closing balance
20YETDZ MTN001	500, 000, 000. 00	04or05/03/2020	5years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ MTN003	200, 000, 000. 00	24or25/03/2020	5years	200, 000, 000. 00	200, 000, 000. 00	200, 000, 000. 00
20YETDZ MTN002	500, 000, 000. 00	08/04/2020	3years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ MTN004	500, 000, 000. 00	22/04/2020	3years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ	300, 000, 000. 00	29/04/2020	15years	300, 000, 000. 00	300, 000, 000. 00	300, 000, 000. 00
20SETDZ ZR001	200, 000, 000. 00	21/04/2020	3years	200, 000, 000. 00	200, 000, 000. 00	200, 000, 000. 00
20YETDZ PPN002	500, 000, 000. 00	21/05/2020	5years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ MTN005	300, 000, 000. 00	14or15/07/2020	3years	300, 000, 000. 00	300, 000, 000. 00	300, 000, 000. 00
20SETDZ ZR002	500, 000, 000. 00	/	3years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ PPN001	500, 000, 000. 00	24/07/2020	5years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ PPN003	500, 000, 000. 00	28/07/2020	5years	500, 000, 000. 00	500, 000, 000. 00	500, 000, 000. 00
20YETDZ 01	340, 000, 000. 00	22/09/2020	3+2years	340, 000, 000. 00	340, 000, 000. 00	340, 000, 000. 00
20YETDZ ZR003	212, 388, 900. 00	/	5years	212, 388, 900. 00	201, 468, 900. 00	196, 008, 900. 00
20YETDZ 02	480, 000, 000. 00	26or27/11/2020	6years	480, 000, 000. 00	480, 000, 000. 00	480, 000, 000. 00
21YETDZ PPN001	500, 000, 000. 00	08/02/2021	5 years	500, 000, 000. 00		500, 000, 000. 00
21YETDZ01	180, 000, 000. 00	31/03/2021	2 years	180, 000, 000. 00		180, 000, 000. 00
21YETDZ03	120, 000, 000. 00	08/04/2021	2 years	120, 000, 000. 00		120, 000, 000. 00
21YETDZ04	250, 000, 000. 00	28/04/2021	2 years	250, 000, 000. 00		250, 000, 000. 00
21YETDZ06	250, 000, 000. 00	12/08/2021	1.5years	250, 000, 000. 00		250, 000, 000. 00
21YETDZ PPN002	500, 000, 000. 00	14/09/2021	3+2years	500, 000, 000. 00		500, 000, 000. 00
21YETDZ	1, 000, 000, 000. 00	22/09/2021	5years	1, 000, 000, 000. 00		1, 000, 000, 000. 00
21YETDZ MTN001	500, 000, 000. 00	22/09/2021	3+2years	500, 000, 000. 00		500, 000, 000. 00
21YETDZ MTN002A	250, 000, 000. 00	22/11/2021	3years	250, 000, 000. 00		250, 000, 000. 00
21YETDZ MTN002B	250, 000, 000. 00	22/11/2021	5years	250, 000, 000. 00		250, 000, 000. 00
Total	/	/	/	/	12, 758, 938, 900. 00	10, 756, 008, 900. 00

31. Long-term payable

（1）Category

Item	Closing balance	Opening balance
Long-term payable	186,909,781.47	215,476,049.04
Specific account payable		
Total	186,909,781.47	215,476,049.04

（2）Long-term payable

Item	Closing balance	Opening balance
Financing lease	186,909,781.47	215,476,049.04
Total	186,909,781.47	215,476,049.04

32. Paid-in capital

Name of shareholder	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Investment (10,000.00)	Percentage			Investment (10,000.00)	Percentage
Yangzhou Municipal People's Government	1,960,000.00	100.00%			1,960,000.00	100.00%
Total	1,960,000.00	100.00%			1,960,000.00	100.00%

The Company's paid-in capital has been verified by the capital verification report of Jiangsu Su Tax Communication Accounting Firm Co., Ltd. Su Tax Communication Association [2020] 008.

33. Other equity instruments

(1) The medium-term notes outstanding at the end of the term

Name	Issuance date	Terms	Issuance amount	Issuance fee	Opening balance	Closing balance
17YETDZ MTN005	09/08/2017	5+N	1,000,000,000.00	5,000,000.00	995,000,000.00	995,000,000.00
Total	/	/	1,000,000,000.00	5,000,000.00	995,000,000.00	995,000,000.00

(2) Change of outstanding medium-term bond at the yearend

Outstanding financial instrument	Opening balance	Increase in current period	Decrease in current period	Closing balance
Medium-term notes	995,000,000.00			995,000,000.00
Total	995,000,000.00			995,000,000.00

The Company recognised the medium-term bond under other equity instruments with the issuance amount. The treatment is in accord with the following: The medium-term bond does not have a clear maturity date and would be held until redemption; The payment of the interest could be postponed by the Company; The Company has the right on the redemption of the bond, so there remain no responsibilities of transferring cash or other financial assets to other parties or exchanging financial assets and financial debts with other parties under potential unfavorable conditions.

34. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium [Note]	118,849,077.83			118,849,077.83
Other capital reserves	1,940,680,225.59		43,800,000.00	1,896,880,225.59

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Total	2,059,529,303.42		43,800,000.00	2,015,729,303.42

[Note]:Upon disposal of long-term equity investments accounted for under the equity method during the period, CNY 43,800,000.00 previously recorded in capital reserve was transferred to investment income.

35. Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves [Note]	326,214,757.51	26,975,821.39	7.07	353,190,571.83
Total	326,214,757.51	26,975,821.39	7.07	353,190,571.83

[Note]:The decrease in the current period represents the loss on disposal of investments in other equity instruments offset against retained earnings.

36. Undistributed profits

Item	Current period	Previous period
Undistributed profit before adjustment at the end of last year	1,732,757,144.31	1,765,388,449.43
Adjustment in the total undistributed profits at the beginning of year		
Undistributed profit after adjustment at the beginning of year	1,732,757,144.31	1,765,388,449.43
Plus: net profit attributable to owners of the parent company for the current period	246,294,062.54	302,098,049.67
Less: Withdrawal of statutory surplus reserves	26,975,821.39	33,829,354.79
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk preparation		
Ordinary share dividends payable	50,000,000.00	20,000,000.00
Allocation of interest on perpetual bonds	70,000,000.00	280,900,000.00
Conversion of ordinary share dividends into share capital		
Loss on disposal of investments in other equity instruments	63.59	
Undistributed profits at the end of the period	1,832,075,321.87	1,732,757,144.31

37. Operating income and operating costs

（1）Basic information on operating income and operating cost

Item	Current period amount		Previous period amount	
	income	cost	income	cost
Primary business	2,160,845,203.77	1,989,873,729.42	1,940,030,378.25	1,788,050,891.26
Other business	80,691,394.76	93,205,192.79	66,528,007.88	53,555,543.08
Total	2,241,536,598.53	2,083,078,922.21	2,006,558,386.13	1,841,606,434.34

（2）Primary business (by categories)

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
Land development	1,779,125,087.48	1,636,159,678.66	1,771,394,167.14	1,629,049,992.99
Property development	312,477,844.19	284,807,234.58	132,890,566.70	123,433,449.45
Sales of goods	69,242,272.10	68,906,816.18	35,745,644.41	35,567,448.82
Total	2,160,845,203.77	1,989,873,729.42	1,940,030,378.25	1,788,050,891.26

（3）Other business (by categories)

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
Lease	51,792,106.01	60,419,868.15	48,372,877.21	35,708,159.06
Others	28,899,288.75	32,785,324.64	18,155,130.67	17,847,384.02
Total	80,691,394.76	93,205,192.79	66,528,007.88	53,555,543.08

38. Taxes and surcharges

Item	Current period amount	Previous period amount
Business tax	846,500.00	887,738.90
Urban maintenance and construction tax	6,116,042.31	5,961,283.00
Educational surcharge and Local education surcharge	4,368,281.45	4,257,096.00
Increment tax on land value	-3,305,447.05	2,657,811.33
Property tax and land use tax	36,005,557.81	26,948,594.27
Stamp duty	2,176,302.50	3,060,670.10
Environment protection fund	721,696.56	396,948.38
Property tax related to investment property	2,031,600.00	2,031,600.00
Use tax of land related to investment property	1,444,561.60	157,345.60
Total	50,405,095.18	46,359,087.58

39. General and administrative expenses

Item	Current period amount	Previous period amount
Payroll	17,217,350.86	10,993,880.32
Welfare	671,675.02	495,428.00
Company overhead expenditure	1,345,451.54	242,910.85
Travel expenses	122,315.13	87,798.05
Trade union tax	211,467.49	138,260.06

Item	Current period amount	Previous period amount
Staff training	11,734.59	112,437.91
Amortization	25,197,869.53	25,393,110.24
Depreciation	71,646,914.23	46,252,059.20
Business entertainment	220,484.50	119,627.96
Phone expenses	217,316.24	48,059.04
Labor insurance	2,410,396.44	516,369.39
Housing fund	1,947,256.00	1,196,774.00
Agency fee	3,765,383.56	2,735,795.27
Car expenses	180,803.66	849,213.86
Water and electricity expenses	97,739.04	100,622.76
Other expenses	598,469.12	1,516,485.71
Total	125,862,626.95	90,798,832.62

40. Financial expenses

Item	Current period amount	Previous period amount
Interest expenses	24,126,750.99	13,565,510.14
Less: Interest income	434,015.81	2,798,714.63
Plus: Losses from currency exchange		
Bank charges	133,920.03	116,048.83
Note discounting charges		
Total	23,826,655.21	10,882,844.34

41. Other income

Item	Current period amount	Previous period amount
Government grants received	353,452,483.65	376,050,600.00
Refund of individual income tax service charge	368.63	1,432.30
Total	353,452,852.28	376,052,032.30

Note :Refer to Notes V-53

42. Investment income

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	-7,685,228.41	9,783,086.59
Investment income from disposal of long-term equity investments	70,145,330.27	-2,925,708.36
Investment income gained during the period of holding available-for-sale financial assets		9,900,000.00

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	-7,685,228.41	9,783,086.59
Investment income from disposal of long-term equity investments	70,145,330.27	-2,925,708.36
Investment income gained during the period of holding available-for-sale financial assets		9,900,000.00
Investment income gained during the holding period of investments in other equity instruments	10,615,932.26	
Total	73,076,034.12	16,757,378.23

43. Losses from credit impairment("-"for Losses)

Item	Current period amount	Previous period amount
Other receivable bad debt losses	-22,304.14	
Total	-22,304.14	

44. Losses from asset impairment("-"for Losses)

Item	Current period amount	Previous period amount
Bad debt losses		370,214.65
Total		370,214.65

45. Gains from disposal of assets

Item	Current period amount	Previous period amount
Gains/losses from disposal of fixed assets	-10,164,456.47	
Gains/losses from disposal of intangible assets	-29,276,907.41	
Total	-39,441,363.88	

46. Non-operating income

Item	Current period amount	Previous period amount
Gain on disposal of non-current assets	360.00	
Government grants		296,000.00
Others	10.44	6.27
Total	370.44	296,006.27

47. Non-operating expenses

Item	Current period amount	Previous period amount
Donation expense	450,000.00	250,000.00
Penalty expenses and pending litigations	10,159.34	706,198.55
Others		5.00

Item	Current period amount	Previous period amount
Total	460,159.34	956,203.55

48. Income tax expense

Item	Current period amount	Previous period amount
Current period income tax	95,076,682.00	106,018,082.48
Deferred Income tax	14,012.56	105,403.88
Total	95,090,694.56	106,123,486.36

49. Consolidated cash flow items

(1) Cash received from other operation activities

Item	Current period amount	Previous period amount
Government grants	355,353,083.65	351,446,000.00
Receivables and payments	3,176,278,376.19	1,907,848,629.75
Interest income	434,015.81	2,798,714.63
Other	38,315,404.04	7,113,095.18
Total	3,570,380,879.69	2,269,206,439.56

(2) Cash paid for other operating activities

Item	Current period amount	Previous period amount
Financial expense (service charge)	133,920.03	116,048.83
Intermediate fee	13,542,954.28	7,020,101.10
Receivables and payments	2,647,979,690.73	1,027,460,021.59
Other	460,159.34	956,203.55
Total	2,662,116,724.38	1,035,552,375.07

(3) Cash received from other Investing activities

Item	Current period amount	Previous period amount
Cash at the date of acquisition of the subsidiary added to the scope of consolidation	136,721.41	
Lending funds	7,495,000,000.00	
Total	7,495,136,721.41	

(4) Cash paid for other investing activities

Item	Current period amount	Previous period amount
Negative net cash received on disposal of subsidiaries		8,527.27
Borrowed funds	10,800,000,000.00	
Total	10,800,000,000.00	8,527.27

(5) Cash received from other financing activities

Item	Current period amount	Previous period amount
Local financial services paid interest on behalf of others	620,000,000.00	620,000,000.00
Cash received from the disposal of minority shareholders' equity		31,064,000.00
Total	620,000,000.00	651,064,000.00

(6) Cash paid for other financing activities

Item	Current period amount	Previous period amount
Margin paid on notes	904,160,000.00	340,000.00
Payment of financial lease	39,800,000.00	
Payment of perpetual bond		2,973,000,000.00
Total	943,960,000.00	2,973,340,000.00

50. Supplementary information to consolidated statement of cash flow

(1) Supplementary information on the cash flow statement

Item	Current period amount	Previous period amount
1. Reconciliation of net profit to cash flow from operating activities		
Net Profit	243,593,291.50	302,098,049.67
Plus: Losses from asset impairment		-370,214.65
Losses from credit impairment	22,304.14	
Depreciation of fixed assets, oil and gas assets and productive biological assets	130,004,795.54	81,409,181.42
Amortization of intangible assets	27,262,633.65	25,944,418.64
Amortization of long-term prepayment		
Loss on disposal of fixed assets, intangible assets and other long-term assets(marked with "-" for earnings)	39,441,363.88	
loss on discard of fixed assets(marked with "-" for earnings)	-360.00	
loss on change of fair value(marked with "-" for earnings)		
Financial expenses(marked with "-" for earnings)	24,126,750.99	13,565,510.14
Investment loss(marked with "-" for earnings)	-73,076,034.12	-16,757,378.23
Decrease of deferred tax assets(marked with "-" for increase)	14,012.56	105,403.88
Increase of deferred tax liabilities(marked with "-" for decrease)		
Decrease of inventory (marked with "-" for increase)	-4,308,950,800.29	-3,257,641,210.63
Decrease of operating account receivables(marked with "-" for increase)	-665,613,475.49	-3,007,502,628.86
Increase of operating account payables(marked with "-" for decrease)	4,626,911,690.68	4,348,890,723.69
Others		
Net operating cash flow	43,736,173.04	-1,510,258,144.93

Item	Current period amount	Previous period amount
2. Non-monetary investing and financing activities		
Conversing debt to capital		
Convertible company bonds maturing within a year		
Fixed assets obtained by leasing		
3. Changes of cash and cash equivalents		
Closing balance of cash	4,746,174,193.86	4,110,736,126.32
Minus: Opening balance of cash	4,110,736,126.32	4,187,965,887.07
Plus: Closing balance of cash equivalents		
Minus: Opening balance of cash equivalents		
Increase of cash and cash equivalents	635,438,067.54	-77,229,760.75

（2）Composition of cash and cash equivalent

Item	Closing balance	Opening balance
1. Cash	4,746,174,193.86	4,110,736,126.32
Including: cash on hand	64.00	84.00
Unrestricted bank deposit	4,744,812,055.16	4,095,741,767.16
Other unrestricted cash and cash equivalents	1,362,074.70	14,994,275.16
Deposits in central bank		
Inter-bank deposits		
Inter-bank offers		
2. Cash equivalents		
Including: bond investment maturing within 3 months		
3. Closing balance of cash and cash equivalents	4,746,174,193.86	4,110,736,126.32

51. Assets with restricted ownership or use right

Item	Closing book balance	Reason for restriction
Cash and cash equivalents	2,252,160,000.00	deposits and deposit receipt
Inventories	2,369,978,326.66	mortgage
Investment property	82,731,658.13	mortgage
Fixed assets	784,413,579.10	mortgage
Intangible assets	70,436,348.76	mortgage
Other non-current assets	1,474,047,418.13	mortgage
Total	7,033,767,330.78	/

Note: As of December 31, 2021, the time deposit pledged by bank acceptances in cash and cash equivalents amounted to CNY 850,000,000.00 and the time deposit pledged for discount of commercial acceptances of other companies amounted to CNY 160,000,000.00; the deposit of bank acceptances in other cash and cash equivalents amounted to CNY 1,242,160,000.00.

As of December 31, 2021, 12 pieces of land in the inventory were used for mortgage, of which: an area of 531,728.10 square meters with a book value of CNY 2,240,271,168.01 was provided as mortgage for the Company and its subsidiaries; an area of 165,877.10 square meters with a book value of CNY 129,707,158.65 was provided as mortgage for other companies.

As of December 31, 2021, investment properties were used to provide mortgages for other companies, including: land with an area of 19,668.20 square meters and a book value of CNY 6,851,658.13; and houses with an area of 30,914.25 square meters and a book value of CNY 75,880,000.00.

As of December 31, 2021, among the fixed assets: there are houses with an area of 262,875.58 square meters and land with an area of 9,726.77 square meters with a total book value of CNY 766,409,628.44 provided as mortgages for the Company and its subsidiaries; there are also houses with an area of 17,999.81 square meters with a book value of CNY 18,003,950.66 provided as other companies provided mortgages.

As of December 31, 2021, there were two intangible assets with an area of 120,343.01 square meters and a carrying value of CNY 70,698,086.25 that were pledged as collateral for the Company and its subsidiaries.

As of December 31, 2021, nine pieces of land in other non-current assets were pledged, of which: land with an area of 210,863.30 square meters and a book value of CNY 909,030,549.11 was pledged for the Company and its subsidiaries; land with an area of 145,997.35 square meters and a book value of CNY 565,016,869.02 was pledged for other companies.

52. Foreign currency transactions

Item	Closing balance in foreign currency	Exchange rate	Closing balance in CNY
Cash and cash equivalents			
Including:USD	8,737,878.37	6.3757	55,710,091.13
Bonds payable			
Including:USD	300,000,000.00	6.3757	1,912,710,000.00

53. Government grants

Item	Related to assets / Related to income	Amount	Presentation	Amount included in profit or loss
Grants for operation	Related to income	352,034,100.00	Other income	352,034,100.00

Item	Related to assets / Related to income	Amount	Presentation	Amount included in profit or loss
Provincial entrepreneurial training demonstration base financial subsidies	Related to income	1,000,000.00	Other income	1,000,000.00
Platform construction project subsidy funds	Related to income	300,000.00	Other income	300,000.00
Yangzhou Municipal Human Resources and Social Security Bureau Development Zone Office subsidies	Related to income	100,000.00	Other income	100,000.00
Subsidies for stable posts	Related to income	18,383.65	Other income	18,383.65
Total		353,452,483.65		353,452,483.65

VI. Changes in Consolidated Scope

1. Consolidated scope changes due to other reasons

（1）Establishment of a first-tier subsidiary

Name of the company	Establishment time	Registered capital (CNY10,000)	Shareholding ratio
Yangzhou Financial Development Property Management Co., Ltd	12/2021	1,000.00	100.00%

（2）Establishment of secondary subsidiaries

Name of the company	Establishment time	Registered capital (CNY10,000)	Shareholding ratio
Yangzhou Jiuyao Real Estate Co., Ltd	11/2021	2,000.00	100.00%
Yangzhou Jiucheng Real Estate Co., Ltd	12/2021	2,000.00	100.00%

2.Others

The Company increased its capital by CNY 800 million (100% equity ratio) in the former associate Yangzhou Diehu Technology Industry Development Co., Ltd. during the period and has substantial control over it based on the documents of Yangzhou Economic and Technological Development Zone Management Committee.

VII.Interests in other entities

1. Interests in subsidiary

(1) Composition of the corporate group

Name of subsidiary	Main operation site	Registration place	Business nature	Shareholding proportion		Way of obtaining
				Direct	Indirect	
Yangzhou Jiulongwan Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation;Estate management;Construction contracting;Decoration and plumbing installation;Sales of construction materials, etc.	100%		Investment
Yangzhou Jiuhe Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; Estate management; Marketing planning; Interior decoration; Real estate consulting		51.00%	Investment
Yangzhou Jiusheng Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; Real estate consulting; Interior decoration; Marketing planning; Estate management		51.00%	Investment
Yangzhou Jiuxu Health Industry Co., Ltd[Note]	Yangzhou	Yangzhou	Medical services; Internet hospital services; All kinds of engineering construction activities; Food and Beverages; Food business; Health food sales; The third category of medical device business, etc		100.00%	Investment
Yangzhou Jiukun Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; Residential interior decoration; Estate management; Marketing planning; Real estate consulting		100.00%	Investment
Yangzhou Jiumin Real Estate Co., Ltd[Note]	Yangzhou	Yangzhou	Real estate development and operation; All kinds of engineering construction activities; Estate management; Sales of building materials; Housing leasing; Non residential real estate leasing; Marketing planning; Real estate consulting		100.00%	Investment

Name of subsidiary	Main operation site	Registration place	Business nature	Shareholding proportion		Way of obtaining
				Direct	Indirect	
Yangzhou Jiuyao Real Estate Co., Ltd[Note]	Yangzhou	Yangzhou	Real estate development and operation; Construction project construction;Residential interior decoration;Real estate consulting;Marketing planning; Estate management; Housing leasing;Non residential real estate leasing		100.00%	Investment
Yangzhou Jiucheng Real Estate Co., Ltd[Note]	Yangzhou	Yangzhou	Real estate development and operation; Construction project construction;Residential interior decoration; Housing leasing;Non residential real estate leasing;Estate management; Marketing planning;Real estate consulting		100.00%	Investment
Yangzhou Xinzheng Technology Co., Ltd	Yangzhou	Yangzhou	Electronic components development, municipal infrastructure construction in manufacturing district, house leasing and property management,etc		100.00%	Injected by shareholder
Yangzhou Biangang Trade Industrial Co., Ltd	Yangzhou	Yangzhou	Manufacture and sale of construction material, mechanical and electrical equipment and electronic products		100.00%	Injected by shareholder
Yangzhou Caoqiao Trade Industrial Co., Ltd	Yangzhou	Yangzhou	Manufacture and sale of construction material, mechanical and electrical equipment and electronic products	100%		Injected by shareholder
Yangzhou Huashun Trade Co., Ltd	Yangzhou	Yangzhou	Sales and manufacturing of construction materials, mechanical equipment, electromechanical equipment and electronic products		100.00%	Set up

Name of subsidiary	Main operation site	Registration place	Business nature	Shareholding proportion		Way of obtaining
				Direct	Indirect	
Yangzhou Lingang Sports Development Co., Ltd	Yangzhou	Yangzhou	Construction, operation and management of sports park projects; construction, operation and management of sports venues; indoor fitness services; organization and planning of sports events; construction, supervision, design and consultation of municipal construction projects; urban construction and management; landscaping services	100%		Purchase
Yangzhou New Light Source Technology Development Co., Ltd	Yangzhou	Yangzhou	R and D, production and sales of electronic components, municipal infrastructure construction, real estate management, financing construction funds, etc	100%		Injected by shareholders
Yangzhou Zhihui Human Resources Service and Industrial Park Operation Management Co., Ltd	Yangzhou	Yangzhou	Park operation and management services; human resource services; human resource management consulting, etc	100%		Injected by shareholders
Yangzhou Diehu Technology Industry Development Co., Ltd	Yangzhou	Yangzhou	Residential interior decoration; Construction project construction; Technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; Non-residential real estate leasing; Housing leasing; Estate management; Marketing planning; Real estate consulting	100%		Investment
Yangzhou Financial Development Property Management Co., Ltd. [Note]	Yangzhou	Yangzhou	Estate management; Conference and exhibition services; Building cleaning services; Professional cleaning, washing and disinfection services; Urban greening management; Catering management; Parking services	100%		Investment

Note:As of December 31, 2021, the above companies have not actually contributed.

(2) Important non-wholly owned subsidiaries

Name of subsidiary	Proportion of shareholdings of non-controlling shareholders	Gains and Losses attribute to non-controlling shareholders during current period	Dividends paid to non-controlling shareholders during current period	Closing balance of non-controlling shareholders interests
Yangzhou Jiuhe Real Estate Co., Ltd	49%	-2,539,995.08		7,144,383.39
Yangzhou Jiusheng Real Estate Co., Ltd	49%	-160,775.96		4,663,367.74

2.Interests in joint ventures or associate

Important associates

Name of joint venture/associate	Main operation site	Registration place	Shareholding proportion (%)		Accounting method
			Direct	Indirect	
Yangzhou Port Sludge Power Generation Co., Ltd	Yangzhou	Yangzhou	27.00		equity method
Yangzhou Kaigang Logistics Co., Ltd	Yangzhou	Yangzhou	29.00		equity method
Yangzhou Kechuang Guarantee Co., Ltd [Note]	Yangzhou	Yangzhou	56.25		equity method
Sinochem Yangzhou lithium Technology Co., Ltd	Yangzhou	Yangzhou	26.67		equity method
Jiangsu Jiulongwan Property Services Co., Ltd [Note]	Yangzhou	Yangzhou		100.00	equity method
Yangzhou Jiulongwan Garden Engineering Co., Ltd [Note]	Yangzhou	Yangzhou		100.00	equity method
Yangzhou Huixian Human Resources Service Co., Ltd	Yangzhou	Yangzhou		30.00	equity method
Yangzhou Yideou Electronic Technology Co., Ltd	Yangzhou	Yangzhou		30.00	equity method
Yangzhou Yangdian New Energy Co., Ltd	Yangzhou	Yangzhou		49.00	equity method
Jiangsu Tianqin Environmental Technology Co., Ltd	Yangzhou	Yangzhou		20.00	equity method

[Note] According to Yangzhou Economic and Technological Development Zone Management Committee, the Company does not control them.

VIII. Related Parties and Transactions

1. The parent company of the company

Parent company	Registration place	Business nature	Shareholding proportion by the parent company	Voting rights proportion by the parent company	Ultimate controller of the company
Yangzhou Municipal People's Government	No.8 West Wenchang Road		100.00%	100.00%	Yangzhou Municipal People's Government

According to No.8 Approval Document [2018] of Yangzhou Municipal People's Government, the owner of the Company was changed to Yangzhou Municipal People's Government (Yangzhou Economic Development Zone Management Committee was authorized to fulfill the responsibilities of the funder).

2. Subsidiaries of the company

For details, please see Note VII.1

3. Joint venture and associate of the company

For details, please see Note VII.2

4. Related party transactions

(1)Related transactions of purchase and sale of goods, acceptance and provision of services

Sales of goods/provision of services

Name of related party	Content of connected transactions	Current period amount	Previous period amount
Yangzhou Jiulongwan Garden Engineering Co., Ltd	Sales of commercial properties	12,488,256.86	36,823,687.74

(2)Related party guarantees

The Company as guarantor

Name of guarantee	Amount of guarantee	Starting date	Ending date	Has the guarantee been performed or not
Yangzhou Jiulongwan Real Estate Co., Ltd	200,000,000.00	2021-6-18	2026-6-17	no
Yangzhou Jiulongwan Real Estate Co., Ltd	35,000,000.00	2021-12-24	2026-6-17	no
Yangzhou Jiulongwan Real Estate Co., Ltd	15,000,000.00	2021-12-17	2026-6-17	no
Yangzhou Jiusheng Real Estate Co., Ltd	25,500,000.00	2021-12-17	2024-10-20	no
Yangzhou Jiuhe Real Estate Co., Ltd	125,000,000.00	2021-12-29	2024-5-24	no
Yangzhou Jiulongwan Garden Engineering Co., Ltd	25,700,000.00	2021-1-29	2022-7-18	no
Yangzhou Lingang Sports Development Co., Ltd	75,000,000.00	2018-9-27	2023-3-20	no
Yangzhou Caoqiao Trade Industrial Co., Ltd	115,719,978.85	2020-10-28	2025-4-28	no
Yangzhou Caoqiao Trade Industrial Co., Ltd	10,000,000.00	2021-5-31	2022-5-25	no
Yangzhou Biangang Trade Industrial Co., Ltd	80,000,000.00	2021-9-29	2026-9-27	no
Yangzhou Biangang Trade Industrial Co., Ltd	51,000,000.00	2021-11-30	2033-11-5	no
Yangzhou Biangang Trade Industrial Co., Ltd	18,950,000.00	2021-11-30	2033-11-5	no
Yangzhou Huashun Trade Co., Ltd	400,000,000.00	2021-12-9	2036-9-28	no
Yangzhou Huashun Trade Co., Ltd	100,000,000.00	2021-12-10	2036-9-28	no

5. Receivables and payables of related parties

(1)Receivables

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Yangzhou Jiulongwan Garden Engineering Co., Ltd	55,625,926.00		39,160,063.00	
Prepayment	Yangzhou Jiulongwan Garden Engineering Co., Ltd	34,706,250.00		34,706,250.00	
Other receivables	Yangzhou Municipal People's Government	5,000,000.00		5,000,000.00	
Other receivables	Yangzhou Kaigang Logistics Co., Ltd	5,380,000.00		5,380,000.00	
Other receivables	Yangzhou Jiulongwan Garden Engineering Co., Ltd	1,552,296,395.93		88,101,156.93	
Other receivables	Yangzhou Hengji Datong Optical Electronic Co., Ltd			506,147,091.43	
Other receivables	Yangzhou Diehu Technology Industry Development Co., Ltd			166,728,529.50	
Total		1,653,008,571.93		845,223,090.86	

(2)Payables

Item	Related party	Closing balance	Opening balance
Other payables	Yangzhou Jiulongwan Garden Engineering Co., Ltd	13,385,249.60	
Other payables	Jiangsu Jiulongwan Property Services Co., Ltd	126,375,933.94	122,685,558.43
Other payables	Yangzhou Hengji Datong Optical Electronic Co., Ltd		12,164,190.00
Total		139,761,183.54	134,849,748.43

IX. Commitments and Contingencies

Contingent debt and related financial impact arising from providing debt guarantees for other parties

Guarantor	Guarantee	Amount of guarantee (CNY10,000)	Present status of guarantee
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Green Industry Investment Development Holdings (Group) Co., Ltd	545,227.50	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Ruituo Urbanization Construction Development Co., Ltd	52,400.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Hengyun Construction Development Co., Ltd	34,050.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Tongda Water Co., Ltd	45,240.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Lingang Construction Development Co., Ltd	112,400.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Chemical Industry Investment Development Co., Ltd	12,000.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Zhigu Construction Development Co., Ltd	17,500.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Hengguangda Technology Co., Ltd	5,500.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Ruiming City Construction and Development Co., Ltd	5,500.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Xijie Technology Co., Ltd	1,000.00	Operating normally
Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd	Yangzhou Hengji Datong Optical Electronic Co., Ltd	4,750.00	Operating normall
Total		835,567.50	

X.Post Balance Sheet Event

The Company has no post balance sheet events to be declared until the issue of the financial report.

XI.Other Post Balance Sheet Events

The Company has no other significant non-adjustment events until 31 December 2021.

XII. Notes to the Main Items of the Financial Statements of Parent Company (all currency unit is CNY Yuan, except other statements)

1.Accounts receivable

（1）Aging analysis

Aging	Closing book balance	Opening book balance
Within 1 year	882,340,880.34	1,276,765,240.24
1-2 years		
2-3 years		
Over 3 years	1,380,137.70	1,380,137.70
Total	883,721,018.04	1,278,145,377.94

（2）Disclosure classified according to the bad debt provision method

Category	Closing balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable for provision for bad debts on a single item basis	1,380,137.70	0.16	1,380,137.70	100.00	
Accounts receivable for bad debt provision on a portfolio basis	882,340,880.34	99.84			882,340,880.34
Including: other portfolio	882,340,880.34	99.84			882,340,880.34
Total	883,721,018.04	/	1,380,137.70	/	882,340,880.34

（Continued）

Category	Opening balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable for provision for bad debts on a single item basis	1,380,137.70	0.11	1,380,137.70	100.00	
Accounts receivable for bad debt provision on a portfolio basis	1,276,765,240.24	99.89			1,276,765,240.24

Category	Opening balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Including: other portfolio	1,276,765,240.24	99.89			1,276,765,240.24
Total	1,278,145,377.94	/	1,380,137.70	/	1,276,765,240.24

Provision for bad debts on a single item basis:

Accounts receivable	Closing balance			
	Book balance	Provision for bad debt	Provision proportion (%)	Reason for provision
Yangzhou Cotton Mill	632,400.00	632,400.00	100.00	Unrecoverable
Hongyang Real Estate Company	499,416.00	499,416.00	100.00	Unrecoverable
Yangzhou Container Intermodal Transport Company	248,321.70	248,321.70	100.00	Unrecoverable
Total	1,380,137.70	1,380,137.70		

（3）Receivables with significant single amount

Company name	Account receivable	Aging	Proportion of total account receivable (%)
Yangzhou Economic and Technological Development Zone Finance Bureau	882,340,880.34	Within 1 year	99.84
Total	882,340,880.34		99.84

2.Other receivables

（1）Categories

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable	10,075,524.45	24,787,354.65
Other receivables	16,879,136,877.07	11,882,190,896.88
Total	16,889,212,401.52	11,906,978,251.53

（2）Interest receivable

Investee	Closing balance	Opening balance
Yangzhou Port Sludge Power Generation Co., Ltd	10,075,524.45	24,787,354.65
Total	10,075,524.45	24,787,354.65

（3）Other receivables

① Aging analysis

Aging	Closing book balance	Opening book balance
Within 1 year	11,086,651,234.19	4,340,352,087.36
1-2 years	2,045,147,993.93	2,385,588,338.61
2-3 years	1,088,051,890.13	4,026,080,260.61
Over 3 years	2,668,079,628.74	1,139,020,130.47
Total	16,887,930,746.99	11,891,040,817.05

② Provision for bad debts

Provision for bad debt	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses over the entire period (no credit impairment)	Expected credit losses over the entire period (credit impairment incurred)	
Opening balance	8,849,920.17			8,849,920.17
Opening balance for the current period				
- Transfer to the second stage				
- Transfer to the third stage				
- Transfer back to the second stage				
- Transfer back to the first stage				
Accrual for the current period				
Reverse for the current period	56,050.25			56,050.25
Write-off for the current period				
Other changes				
Closing balance	8,793,869.92			8,793,869.92

③ Current provison for bad debts

Categories	Opening balance	Current changes				Closing balance
		Provision	Reverse	Write off	Others	
Provision on a portfolio basis	8,849,920.17		56,050.25			8,793,869.92
Total	8,849,920.17		56,050.25			8,793,869.92

④ Top five other receivables with closing balances grouped by party in arrears

Company name	Category	Closing balance	Aging	Proportion in total receivables (%)
Yangzhou Economic and Technological Development Zone Finance Bureau	Transactions and others	2,708,263,738.69	[Note 1]	16.04
Yangzhou Jiulongwan Real Estate Co., Ltd	Fund transactions	2,027,000,000.00	Within 1 year	12.00
Yangzhou Huaheng Construction Investment Co., Ltd	Fund transactions	1,634,391,918.97	[Note 2]	9.68
Yangzhou Chuangheng Trading and Industrial Co., Ltd	Fund transactions	1,607,700,391.43	[Note3]	9.52

Company name	Category	Closing balance	Aging	Proportion in total receivables (%)
Yangzhou Jiulongwan Garden Engineering Co., Ltd	Fund transactions	1,396,300,000.00	Within 1 year	8.27
Total	/	9,373,656,049.09	/	55.51

[Note 1] Within 1 year CNY 670,726,501.24;1-2 years CNY 226,354,478.74;2-3 years CNY 475,450,282.93;and over 3 years CNY 1,335,732,475.78

[Note 2] 1-2 years CNY 1,342,932,763.69;2-3 years CNY 153,000,000.00;and over 3 years CNY 138,459,155.28

[Note 3] Within 1 year CNY 1,386,300,391.43; and 2-3 years CNY 221,400,000.00

3.Long-term equity investment

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	2,637,213,083.49		2,637,213,083.49	2,059,350,048.09		2,059,350,048.09
Investment in associate joint venture	66,315,715.05		66,315,715.05	540,938,850.24		540,938,850.24
Total	2,703,528,798.54		2,703,528,798.54	2,600,288,898.33		2,600,288,898.33

（1）Investment in subsidiary

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Provision for impairment in the current period	Closing balance of provision for impairment
Yangzhou Jiulongwan Real Estate Co., Ltd	491,480,323.23			491,480,323.23		
Yangzhou Xinzheng Technology Co., Ltd	200,941,552.17		200,941,552.17			
Yangzhou Biangang Trade Industrial Co., Ltd	45,050,458.71	105,000,000.00	150,050,458.71			
Yangzhou Caoqiao Trade Industrial Co., Ltd	53,653,136.97			53,653,136.97		
Yangzhou Lingang Sports Development Co., Ltd	160,000,000.00			160,000,000.00		
Yangzhou New Light Source Technology Development Co., Ltd	1,108,224,577.01			1,108,224,577.01		
Yangzhou Diehu Technology Industry Development Co., Ltd		820,800,938.59		820,800,938.59		
Yangzhou Zhihui Human Resource Service Industrial Park Operation Management Co., Ltd		3,054,107.69		3,054,107.69		
Total	2,059,350,048.09	928,855,046.28	350,992,010.88	2,637,213,083.49		

(2) Investment in associate joint venture

Investee	Opening balance	Changes in current period								Profit or loss recognized under equity method	Closing balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Others		
Consortium Association											
Yangzhou Port Sludge Power Generation Co., Ltd	47,601,015.67			155,488.49						47,756,504.16	
Yangzhou Kaigang Logistics Co., Ltd	274,702.10			401,345.47						676,047.57	
Yangzhou Kechuang Guarantee Co., Ltd [Note1]	208,052.47									208,052.47	
Yangzhou Diehu Technology Industry Development Co., Ltd[Note2]	20,800,938.59								-20,800,938.59		
Yangzhou Hengji Datong Optical Electronic Co., Ltd	445,343,439.73		445,343,439.73								
Sinochem Yangzhou Lithium Technology Co., Ltd	26,710,701.68			-9,035,590.83						17,675,110.85	
Total	540,938,850.24		445,343,439.73	-8,478,756.87					-20,800,938.59	66,315,715.05	

[Note1] The business license of Yangzhou Kechuang Guarantee Co., Ltd has been canceled.

[Note2] The accounting treatment of long-term equity investments was changed to the cost method because of effective control over the company.

4.Operating income and operating cost

(1) Basic information on operating income and operating cost

Item	Current period amount		Previous period amount	
	Income	Cost	Income	Cost
Primary business	1,779,125,087.48	1,636,159,678.66	1,771,394,167.14	1,629,049,992.99
Other business	51,462,693.99	62,343,380.61	48,074,126.98	37,633,159.06
Total	1,830,587,781.47	1,698,503,059.27	1,819,468,294.12	1,666,683,152.05

(2). Primary business (by categories)

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
Land development	1,779,125,087.48	1,636,159,678.66	1,771,394,167.14	1,629,049,992.99
Total	1,779,125,087.48	1,636,159,678.66	1,771,394,167.14	1,629,049,992.99

(3) Other business (by categories)

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
Lease	49,308,360.04	60,419,868.15	46,015,714.31	35,708,159.06
Others	2,154,333.95	1,923,512.46	2,058,412.67	1,925,000.00
Total	51,462,693.99	62,343,380.61	48,074,126.98	37,633,159.06

5.Investment income

Item	Current period amount	Previous period amount
Income from long-term equity investments accounted for by the equity method	-8,478,756.87	10,138,846.75
Investment income from disposal of long-term equity investments	-34,487,280.61	-2,183,718.14
Investment income gained during the period of holding available-for-sale financial assets		9,900,000.00
Investment income gained during the holding period of investments in other equity instruments	9,782,332.26	
Total	-33,183,705.22	17,855,128.61

6.Cash flow statement supplementary information

Item	Current period amount	Previous period amount
1. Adjust net profit to operating cash flow		
Net profit	269,758,213.92	338,293,547.92
Plus: Losses from asset impairment		-421,615.50
Losses from credit impairment	-56,050.25	

Item	Current period amount	Previous period amount
Depreciation of fixed assets, oil and gas assets and productive biological assets	85,465,636.15	62,173,866.78
Amortization of intangible assets	10,187,782.59	9,196,648.29
Amortization of long-term prepayment		
Loss on disposal of fixed assets, intangible assets and other long-term assets(marked with "-" for earnings)		
loss on discard of fixed assets(marked with "-" for earnings)		
loss on change of fair value(marked with "-" for earnings)		
Financial expenses(marked with "-" for earnings)		
Investment loss(marked with "-" for earnings)	33,183,705.22	-17,855,128.61
Decrease of deferred tax assets(marked with "-" for Increase)	14,012.56	105,403.88
Increase of deferred tax liabilities(marked with "-" for decrease)		
Decrease of inventory（marked with"-" for Increase）	-2,896,645,570.54	-872,767,835.61
Decrease of operating account receivables(marked with "-" for Increase)	-704,001,150.36	-2,076,766,240.08
Increase of operating account payables(marked with "-" for decrease)	4,154,512,540.53	1,671,269,049.14
Others		
Net operating cash flow	952,419,119.82	-886,772,303.79
2. Non-monetary investing and financing activities		
Conversing debt to capital		
Convertible company bonds maturing within a year		
Fixed assets obtained by leasing		
3. Changes of cash and cash equivalents		
Closing balance of cash	3,971,864,120.23	3,701,926,483.50
Minus: Opening balance of cash	3,701,926,483.50	3,729,886,773.65
Plus: Closing balance of cash equivalents		
Minus: Opening balance of cash equivalents		
Increase of cash and cash equivalents	269,937,636.73	-27,960,290.15

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

28 March 2022

Suya Jincheng Certified Public Accountants LLP
21st Floor Central International Plaza
105-6 North Zhongshan Road Nanjing 210009 China
Tel: 86 25 83235002 Fax: 86 25 83235046
Email: info@syjc.com www.syjc.com

AUDITOR'S REPORT

To Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd:

Opinion

We have audited the financial statements of Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (hereinafter referred to as the "Development Corporation "), which comprise the consolidated balance sheet and balance sheet as at 31 December 2020, consolidated income statement and income statement, consolidated cash flow statement and cash flow statement, consolidated statement of changes in owners' equity and statement of changes in owners' equity for the year then ended; and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises and present fairly the financial position of the company as at 31 December 2020 and its operating results and cash flow for the year then ended.

Basis for Opinion

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

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and those Charged with Governance for the Financial Statements

The directors of the Development Corporation are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Development Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Development Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Development Corporation'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

防伪区

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:

- 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.
- 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 Development Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 the Development Corporation'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 the Development Corporation to cease to continue as a going concern.
- 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities with in the Development Corporation 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.

Suya Jincheng Certified Public Accountants LLP

Nanjing, China

Certified Public Accountant of China

Certified Public Accountant of China

19 April 2021

防伪区

Consolidated Balance Sheet

As at 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Assets	Note	Balance as at 31 December, 2020	Balance as at 31 December, 2019
Current assets:			
Cash and cash equivalents	V.1	5,458,736,126.32	5,535,625,887.07
Financial assets measured at fair value through current profit or loss			
Notes receivable			
Accounts receivable	V.2	1,322,058,450.71	884,182,657.09
Prepayment	V.3	7,485,798,940.54	7,213,389,761.93
Other receivables	V.4	11,737,297,032.41	11,841,192,476.26
Inventories	V.5	12,410,487,171.43	8,956,251,349.83
Assets held for sale			
Non-current assets due within one year	V.6	11,204,050,000.00	
Other current assets	V.7	777,202,022.71	67,918,176.49
Total current assets		50,395,629,744.12	34,498,560,308.67
Non-current assets:			
Available-for-sale financial assets	V.8	782,037,033.68	774,037,033.68
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	V.9	584,825,641.10	590,419,240.61
Investment property	V.10	813,934,289.20	90,074,413.97
Fixed assets	V.11	1,991,707,355.16	1,848,754,787.86
Construction in progress	V.12	966,230,210.35	1,418,685,969.89
Productive biological assets			
Oil and gas assets			
Intangible assets	V.13	902,360,420.93	875,612,180.84
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets	V.14	2,212,480.03	2,317,883.91
Other non-current assets	V.15	3,421,526,245.37	14,073,814,528.23
Total non-current assets		9,464,833,675.82	19,673,716,038.99
Total assets		59,860,463,419.94	54,172,276,347.66

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Balance Sheet

As at 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd　　Monetary Unit: CNY

Liabilities and owners' equity	Note	Balance as at 31 December, 2020	Balance as at 31 December, 2019
Current liabilities:			
Short-term loans	V.17	1,562,250,000.00	398,000,000.00
Financial liabilities measured at fair value through current profit or loss			
Notespayable	V.18	2,696,000,000.00	1,510,000,000.00
Accounts payable	V.19	531,915,351.53	528,250,759.06
Advance from customer	V.20	1,261,629,257.26	564,476,167.74
Employee benefits payable	V.21		
Taxes payable	V.22	1,311,783,459.96	1,121,751,654.15
Other payables	V.23	2,490,872,419.19	2,310,879,744.61
Non-current liabilities due within one year	V.24	4,540,397,555.55	4,537,817,329.67
Other current liabilities	V.25	1,000,000,000.00	1,500,000,000.00
Total current liabilities		15,394,848,043.49	12,471,175,655.23
Non-current liabilities:			
Long-term loans	V.26	6,763,190,700.00	7,379,240,700.00
Bonds payable	V.27	12,758,938,900.00	9,192,860,000.00
Long-term payables	V.28	215,476,049.04	161,380,314.69
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		19,737,605,649.04	16,733,481,014.69
Total liabilities		35,132,453,692.53	29,204,656,669.92
Owners' equity (or shareholders' equity)			
Paid-in capital	V.29	19,600,000,000.00	16,913,000,000.00
Other equity instruments	V.30	995,000,000.00	3,968,000,000.00
Including: preference shares			
Perpetual bonds		995,000,000.00	3,968,000,000.00
Capital reserves	V.31	2,059,529,303.42	2,017,355,502.36
Less: treasury stock			
Other comprehensive income			
Surplus reserves	V.32	326,214,757.51	292,385,402.72
Undistributed profits	V.33	1,732,757,144.31	1,765,388,449.43
Total equity attributable to owners of the parent company		24,713,501,205.24	24,956,129,354.51
Non-controlling interests		14,508,522.17	11,490,323.23
Total owners' equity		24,728,009,727.41	24,967,619,677.74
Liabilities and owners' equity		59,860,463,419.94	54,172,276,347.66

Legal representative:　　Person in charge of accounting affairs: 赵海涛　　Person in charge of accounting department: 杨夕

Consolidated Income Statement

For the year ended 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2020	Year 2019
1. Total operating income	V.34	2,006,558,386.13	1,912,690,055.52
Less: operating cost	V.34	1,841,606,434.34	1,809,390,222.96
Taxes and surcharges	V.35	46,359,087.58	39,194,241.71
Selling and distribution expenses		1,209,079.12	5,241,871.45
General and administrative expenses	V.36	90,798,832.62	71,725,203.10
Research and Development expenses			
Financial expenses	V.37	10,882,844.34	8,250,401.63
Including:Interest expenses		13,565,510.14	8,901,530.92
Interest income		2,798,714.63	783,286.91
Plus: Other income	V.38	376,052,032.30	350,006,708.60
Investment income ("-" for losses)	V.39	16,757,378.23	23,391,620.86
Including: income from investment in associates and joint ventures		9,783,086.59	19,610,804.30
Gains from the changes in fair values("- " for losses)			
Losses from asset impairment ("-" for losses)	V.40	370,214.65	-49,627.53
Gains from disposal of assets ("-" for losses)	V.41		-28,362.00
2. Operating profits ("-" For Losses)		408,881,733.31	352,208,454.60
Plus: non-operating income	V.42	296,006.27	3,393,480.05
Less: non-operating expenses	V.43	956,203.55	456,616.75
3. Total profits before tax ("-" For Total Losses)		408,221,536.03	355,145,317.90
Less: income tax expenses	V.44	106,123,486.36	93,744,546.45
4. Net profit ("-" For Net Loss)		302,098,049.67	261,400,771.45
Classification by operating continuity			
Net profit from continuing operation ("-" for losses)		302,098,049.67	261,400,771.45
Net profit from discontinued operation ("-" for losses)			
Classification by owners			
Attributable to owners of the parent company		302,098,049.67	259,604,403.26
Attributable to non-controlling interests			1,796,368.19
5.Net of tax from other comprehensive income			
Net of tax from other comprehensive income to the owner of the parent company			
1.Other comprehensive income cannot reclassified into the profit and loss:			
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans			
Share in other comprehensive income that cannot be classified into profit and loss under equity method			
2. Other comprehensive income that will be reclassified into the profit and loss			
Including: Share in other comprehensive income that will be classified into profit and loss under equity method			
Changes in fair value of available-for-sale financial assets			
Held-to-maturity investment reclassified into available-for sale financial assets			
Effective part of cash-flow hedge profit and loss			
Balance arising from the translation of foreign currency financial statements			
Net of tax from other comprehensive income to non-controlling interests			
6. Total comprehensive income		302,098,049.67	261,400,771.45
Total comprehensive income attributable to owners of the parent company		302,098,049.67	259,604,403.26
Total comprehensive income attributable to non-controlling interests			1,796,368.19
7. Earnings per share			
(1)Basic earnings per share			
(2)Diluted earnings per share			

Legal representative: Person in charge of accounting affairs: 赵海涛 Person in charge of accounting department: 杨夕

Consolidated Statement of Cash Flows

For the year ended 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2020	Year 2019
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		2,247,192,009.78	2,041,559,810.17
Refunds of taxes and surcharges			
Cash received from other operating activities	V.45	2,269,206,439.56	583,348,491.09
Sub-total of cash inflows from operating activities		4,516,398,449.34	2,624,908,301.26
Cash paid for goods purchased and services received		4,936,654,920.54	1,405,478,851.88
Cash paid to and on behalf of employees		15,520,317.33	9,553,635.25
Cash paid for taxes and surcharges		38,928,981.33	50,679,045.81
Cash paid for other operating activities	V.45	1,035,552,375.07	402,183,095.63
Sub-total of cash outflows from operating activities		6,026,656,594.27	1,867,894,628.57
Net cash flows from operating activities		-1,510,258,144.93	757,013,672.69
2. Cash flows from investing activities			
Cash received from disposal of investments		950,560,000.00	3,500,000.00
Cash received from returns on investments		16,036,066.42	308,017.69
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			40,000.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities	V.45		8,903,148,096.14
Sub-total of cash inflows from investing activities		966,596,066.42	8,906,996,113.83
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		265,702,772.67	1,539,406,451.74
Cash paid for investments		2,052,670,000.00	5,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities	V.45	8,527.27	13,095,000,000.00
Sub-total of cash outflows from investing activities		2,318,381,299.94	14,639,406,451.74
Net cash flows from investing activities		-1,351,785,233.52	-5,732,410,337.91
3. Cash flows from financing activities			
Cash received from investors		2,687,000,000.00	400,000,000.00
Including: cash received by subsidiaries from non-controlling interests			
Cash received from borrowings		13,493,658,900.00	15,950,895,290.16
Cash received from other financing activities	V.45	651,064,000.00	629,859,743.40
Sub-total of cash inflows from financing activities		16,831,722,900.00	16,980,755,033.56
Cash paid for debt repayments		9,888,527,329.67	8,464,877,826.99
Cash paid for distribution of dividends and profits or payment of interest		1,169,844,431.76	992,528,116.05
Including: dividends and profits paid to non-controlling interests			
Cash paid for other financing activities	V.45	2,973,340,000.00	1,006,260,000.00
Sub-total of cash outflows from financing activities		14,031,711,761.43	10,463,665,943.04
Net cash flows from financing activities		2,800,011,138.57	6,517,089,090.52
4. Effect of fluctuation in exchange rate on cash and cash equivalents		-15,197,520.87	5,894,065.47
5. Net increase in cash and cash equivalents		-77,229,760.75	1,547,586,490.77
Plus: balance of cash and cash equivalents at the beginning of the period		4,187,965,887.07	2,640,379,396.30
6. Balance of cash and cash equivalents at the end of the period		4,110,736,126.32	4,187,965,887.07

Legal representative: Person in charge of accounting affairs: Person in charge of accounting department:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 Dececber, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2020								
	Equity attributable to owners of the parent company							Non-controlling interests	Total shareholders' equity
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits		
1. Balance as at 31 Dececber of last year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,765,388,449.43	11,490,323.23	24,967,619,677.74
Plus: adjustments for changes in accounting policies									
Adjustments for correction of accounting errors in prior year									
Business Coebinations Under Common Control									
Others									
2. Balance as at January 1 of the current year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,765,388,449.43	11,490,323.23	24,967,619,677.74
3. Increases/decreases in the current year ("-" for decreases)	2,687,000,000.00	-2,973,000,000.00	42,173,801.06			33,829,354.79	-32,631,305.12	3,018,198.94	-239,609,950.33
(1) Total comprehensive income							302,098,049.67		302,098,049.67
(2) Capital contributed or reduced by owners	2,687,000,000.00	-2,973,000,000.00	42,173,801.06					3,018,198.94	-240,808,000.00
Capital contributions by owners	2,687,000,000.00		11,480,323.23					3,018,198.94	2,701,498,522.17
Capital contributions by other equity instruments holders		-2,973,000,000.00							-2,973,000,000.00
Amounts of share-based payments recognized in owners' equity									
Others			30,693,477.83						30,693,477.83
(3) Profit distribution						33,829,354.79	-334,729,354.79		-300,900,000.00
Withdrawal of surplus reserves						33,829,354.79	-33,829,354.79		
Profit distributed to owners (or shareholders)							-20,000,000.00		-20,000,000.00
Others							-280,900,000.00		-280,900,000.00
(4) Internal carry-forward of owners' equity									
Conversion of capital reserves into paid-in capital									
Conversion of surplus reserves into paid-in capital									
Surplus reserves offsetting losses									
Amount of Changes in setting benefit plan transfer to retained earnings									
Others									
4. Balance as at 31 Dececber of the current year	19,600,000,000.00	995,000,000.00	2,059,529,303.42			326,214,757.51	1,732,757,144.31	14,508,522.17	24,728,009,727.41

Legal representative: [illegible]

Person in charge of accounting affairs: 赵海涛

Person in charge of accounting department: 杨乡

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 Decezber, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd　　Monetary Unit: CNY

Item	Year 2019								
	Equity attributable to owners of the parent company							Non-controlling interests	Total shareholders' equity
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits		
1. Balance as at 31 Decezber of last year	16,513,000,000.00	3,968,000,000.00	925,502,424.78			263,405,058.03	1,788,664,390.86	9,693,955.01	23,468,265,828.71
Plus: adjustments for changes in accounting policies									
Adjustments for correction of accounting errors in prior year									
Business Combinations Under Common Control									
Others									
2. Balance as at January 1 of the current year	16,513,000,000.00	3,968,000,000.00	925,502,424.78			263,405,058.03	1,788,664,390.86	9,693,955.01	23,468,265,828.71
3. Increases/decreases in the current year ("-" for decreases)	400,000,000.00		1,091,853,077.58			28,980,344.69	-23,275,941.43	1,796,368.19	1,499,353,849.03
(1) Total comprehensive income							259,604,403.26	1,796,368.19	261,400,771.45
(2) Capital contributed or reduced by owners	400,000,000.00		1,091,853,077.58						1,491,853,077.58
Capital contributions by owners	400,000,000.00		1,091,853,077.58						1,491,853,077.58
Capital contributions by other equity instruments holders									
Amounts of share-based payments recognized in owners' equity									
Others									
(3) Profit distribution						28,980,344.69	-282,880,344.69		-253,900,000.00
Withdrawal of surplus reserves						28,980,344.69	-28,980,344.69		
Profit distributed to owners (or shareholders)									
Others							-253,900,000.00		-253,900,000.00
(4) Internal carry-forward of owners' equity									
Conversion of capital reserves into paid-in capital									
Conversion of surplus reserves into paid-in capital									
Surplus reserves offsetting losses									
Amount of Changes in setting benefit plan transfer to retained earnings									
Others									
4. Balance as at the end of the current year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,765,388,449.43	11,490,323.20	24,967,619,677.74

Legal representative:　　Person in charge of accounting affairs:　　Person in charge of accounting department:

Balance Sheet

As at 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Assets	Note	Balance as at 31 December, 2020	Balance as at 31 December, 2019
Current assets:			
Cash and cash equivalents		5,049,926,483.50	5,077,546,773.65
Financial assets measured at fair value through current profit or loss			
Notes receivable			
Accounts receivable	XII.1	1,276,765,240.24	883,599,248.09
Prepayment		7,359,570,846.48	7,091,089,724.71
Other receivables	XII.2	11,913,213,108.82	10,490,751,583.86
Inventories		9,322,252,875.63	8,260,616,636.55
Assets held for sale			
Non-current assets due within one year		11,204,050,000.00	
Other current assets		711,532,869.29	19,940,719.02
Total current assets		46,837,311,423.96	31,823,544,685.88
Non-current assets:			
Available-for-sale financial assets		636,696,857.56	628,696,857.56
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	XII.3	2,600,288,898.33	2,211,832,462.49
Investment property		813,934,289.20	90,074,413.97
Fixed assets		1,180,574,121.05	1,236,816,374.73
Construction in progress		966,230,210.35	1,418,685,969.89
Productive biological assets			
Oil and gas assets			
Intangible assets		355,935,514.62	385,559,248.19
Development expenses			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		2,212,480.03	2,317,883.91
Other non-current assets		3,421,526,245.37	13,945,309,504.23
Total non-current assets		9,977,398,616.51	19,919,292,714.97
Total assets		56,814,710,040.47	51,742,837,400.85

Legal representative: 吴加印 3210000008911 Person in charge of accounting affairs: 赵海涛 Person in charge of accounting department: 杨夕

Balance Sheet

As at 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Liabilities and owners' equity	Note	Balance as at 31 December, 2020	Balance as at 31 December, 2019
Current liabilities:			
Short-term loans		1,452,250,000.00	388,000,000.00
Financial liabilities measured at fair value through current profit or loss			
Notespayable		2,696,000,000.00	1,510,000,000.00
Accounts payable		402,207,476.64	378,587,847.77
Advance from customer		25,353,096.00	25,353,096.00
Employee benefits payable			
Taxes payable		1,309,453,089.95	1,119,534,309.55
Other payables		1,308,251,653.68	948,012,864.81
Non-current liabilities due within one year		4,344,384,244.50	4,412,817,329.67
Other current liabilities		1,000,000,000.00	1,500,000,000.00
Total current liabilities		12,537,899,560.77	10,282,305,447.80
Non-current liabilities:			
Long-term loans		6,561,940,700.00	7,012,990,700.00
Bonds payable		12,758,938,900.00	9,192,860,000.00
Long-term payables		99,756,070.19	161,380,314.69
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		19,420,635,670.19	16,367,231,014.69
Total liabilities		31,958,535,230.96	26,649,536,462.49
Owners' equity (or shareholders' equity)			
Paid-in capital		19,600,000,000.00	16,913,000,000.00
Other equity instruments		995,000,000.00	3,968,000,000.00
Including: preference shares			
Perpetual bonds		995,000,000.00	3,968,000,000.00
Capital reserves		2,028,835,825.59	2,017,355,502.36
Less: treasury stock			
Other comprehensive income			
Surplus reserves		326,214,757.51	292,385,402.72
Undistributed profits		1,906,124,226.41	1,902,560,033.28
Total owners' equity		24,856,174,809.51	25,093,300,938.36
Liabilities and owners' equity		56,814,710,040.47	51,742,837,400.85

Legal representative: 吴恩加 印 3210000008911 Person in charge of accounting affairs: 赵海涛 Person in charge of accounting department: 杨夕

Income Statement

For the year ended 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2020	Year 2019
1. Total operating income	XII. 4	1,819,468,294.12	1,831,852,522.96
Less: operating cost	XII. 4	1,666,683,152.05	1,736,790,187.94
Taxes and surcharges		34,409,401.91	29,321,736.34
Selling and distribution expenses			
General and administrative expenses		41,796,896.44	42,787,582.52
Research and Development expenses			
Financial expenses		92,452.52	96,321.90
Including:Interest expenses			
Interest income			
Plus: Other income		350,000,000.00	350,000,000.00
Investment income ("-" for losses)	XII. 5	17,855,128.61	7,796,083.37
Including: income from investment in associates and joint ventures		10,138,846.75	4,221,230.04
Gains from the changes in fair values("- " for losses)			
Losses from asset impairment ("-" for losses)		421,615.50	-21,390.10
Gains from disposal of assets("-" for losses)			-28,362.00
2. Operating profits ("-" For Losses)		444,763,135.31	380,603,025.53
Plus: non-operating income		296,000.00	3,226,750.01
Less: non-operating expenses		666,200.19	
3. Total profits before tax ("-" For Total Losses)		444,392,935.12	383,829,775.54
Less: income tax expenses		106,099,387.20	94,026,328.62
4. Net profit ("-" For Net Loss)		338,293,547.92	289,803,446.92
Net profit from continuing operation ("-" for losses)		338,293,547.92	289,803,446.92
Net profit from discontinued operation ("-" for losses)			
5.Net of tax from other comprehensive income			
1.Other comprehensive income cannot reclassified into the profit and loss:			
Including: Remeasure the variation of net indebtedness or net asset of defined benefit plans			
Share in other comprehensive income that cannot be classified into profit and loss under equity method			
2. Other comprehensive income that will be reclassified into the profit and loss			
Including: Share in other comprehensive income that will be classified into profit and loss under equity method			
Changes in fair value of available-for-sale financial assets			
Held-to-maturity investment reclassified into available-for sale financial assets			
Effective part of cash-flow hedge profit and loss			
Balance arising from the translation of foreign currency financial statements			
6. Total comprehensive income		338,293,547.92	289,803,446.92
(1)Basic earnings per share			
(2)Diluted earnings per share			

Legal representative: Person in charge of accounting affairs: 赵海涛 Person in charge of accounting department: 杨夕

Statement of Cash Flows

For the year ended 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd Monetary Unit: CNY

Item	Note	Year 2020	Year 2019
1. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		1,481,082,000.00	1,626,175,000.00
Refunds of taxes and surcharges			
Cash received from other operating activities		2,214,283,700.00	353,226,750.01
Sub-total of cash inflows from operating activities		3,695,365,700.00	1,979,401,750.01
Cash paid for goods purchased and services received		2,429,781,671.04	1,253,197,471.58
Cash paid to and on behalf of employees		2,851,604.16	2,309,465.00
Cash paid for taxes and surcharges		22,951,148.19	28,439,600.45
Cash paid for other operating activities		2,126,553,580.40	478,673,476.91
Sub-total of cash outflows from operating activities		4,582,138,003.79	1,762,620,013.94
Net cash flows from operating activities		-886,772,303.79	216,781,736.07
2. Cash flows from investing activities			
Cash received from disposal of investments		672,816,286.86	3,500,000.00
Cash received from returns on investments		16,036,066.42	308,017.69
Net cash received from disposal of fixed assets, intangible assetsand other long-term assets			40,000.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			8,880,000,000.00
Sub-total of cash inflows from investing activities		688,852,353.28	8,883,848,017.69
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		226,010,387.90	1,393,991,599.37
Cash paid for investments		2,402,670,000.00	5,000,000.00
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities			13,095,000,000.00
Sub-total of cash outflows from investing activities		2,628,680,387.90	14,493,991,599.37
Net cash flows from investing activities		-1,939,828,034.62	-5,610,143,581.68
3. Cash flows from financing activities			
Cash received from investors		2,687,000,000.00	400,000,000.00
Cash received from borrowings		13,383,658,900.00	15,940,895,290.16
Cash received from other financing activities		620,000,000.00	622,000,000.00
Sub-total of cash inflows from financing activities		16,690,658,900.00	16,962,895,290.16
Cash paid for debt repayments		9,753,527,329.67	8,384,877,826.99
Cash paid for distribution of dividends and profits or payment of interest		1,149,954,001.20	973,416,270.13
Cash paid for other financing activities		2,973,340,000.00	1,006,260,000.00
Sub-total of cash outflows from financing activities		13,876,821,330.87	10,364,554,097.12
Net cash flows from financing activities		2,813,837,569.13	6,598,341,193.04
4. Effect of fluctuation in exchange rate on cash and cash equivalents		-15,197,520.87	5,894,065.47
5. Net increase in cash and cash equivalents		-27,960,290.15	1,210,873,412.90
Plus: balance of cash and cash equivalents at the beginning of the period		3,729,886,773.65	2,519,013,360.75
6. Balance of cash and cash equivalents at the end of the period		3,701,926,483.50	3,729,886,773.65

Legal representative: 吴恩加 Person in charge of accounting affairs: 赵海涛 Person in charge of accounting department: 杨夕

Statement of Changes in Shareholders' Equity

For the year ended 31 December, 2020

Prepared by:Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2020							
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. Balance as at 31 December of last year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,902,560,033.28	25,093,300,938.36
Plus: adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior year								
Others								
2. Balance as at January 1 of the current year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,902,560,033.28	25,093,300,938.36
3. Increases/decreases in the current year ("-" for decreases)	2,687,000,000.00	-2,973,000,000.00	11,480,323.23			33,829,354.79	3,564,193.13	-237,126,128.85
(1) Total comprehensive income							338,293,547.92	338,293,547.92
(2) Capital contributed or reduced by owners	2,687,000,000.00	-2,973,000,000.00	11,480,323.23					-274,519,676.77
Capital contributions by owners	2,687,000,000.00		11,480,323.23					2,698,480,323.23
Capital contributions by other equity instruments holders		-2,973,000,000.00						-2,973,000,000.00
Amounts of share-based payments recognized in owners' equity								
Others								
(3) Profit distribution						33,829,354.79	-334,729,354.79	-300,900,000.00
Withdrawal of surplus reserves						33,829,354.79	-33,829,354.79	
Profit distributed to owners (or shareholders)							-20,000,000.00	-20,000,000.00
Others							-280,900,000.00	-280,900,000.00
(4) Internal carry-forward of owners' equity								
Conversion of capital reserves into paid-in capital								
Conversion of surplus reserves into paid-in capital								
Surplus reserves offsetting losses								
Amount of Changes in setting benefit plan transfer to retained earnings								
Others								
4. Balance as at 31 December of the current year	19,600,000,000.00	995,000,000.00	2,028,835,825.59			326,214,757.51	1,906,124,226.41	24,856,174,809.51

Legal representative: 周吴印加

Person in charge of accounting affairs: 赵海涛

Person in charge of accounting department: 杨夕

Statement of Changes in Shareholders' Equity

For the year ended 31 December, 2020

Prepared by: Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd

Monetary Unit: CNY

Item	Year 2019							
	Paid-in capital	Other equity instruments	Capital reserves	Less: treasury stock	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
1. Balance as at 31 December of last year	16,513,000,000.00	3,968,000,000.00	925,502,424.78			263,405,058.03	1,895,636,931.05	23,565,544,413.86
Plus: adjustments for changes in accounting policies								
Adjustments for correction of accounting errors in prior year								
Others								
2. Balance as at January 1 of the current year	16,513,000,000.00	3,968,000,000.00	925,502,424.78			263,405,058.03	1,895,636,931.05	23,565,544,413.86
3. Increases/decreases in the current year ("-" for decreases)	400,000,000.00		1,091,853,077.58			28,980,344.69	6,923,102.23	1,527,756,524.50
(1) Total comprehensive income							289,803,446.92	289,803,446.92
(2) Capital contributed or reduced by owners	400,000,000.00		1,091,853,077.58					1,491,853,077.58
Capital contributions by owners	400,000,000.00		1,091,853,077.58					1,491,853,077.58
Capital contributions by other equity instruments holders								
Amounts of share-based payments recognized in owners' equity								
Others								
(3) Profit distribution						28,980,344.69	-282,880,344.69	-253,900,000.00
Withdrawal of surplus reserves						28,980,344.69	-28,980,344.69	
Profit distributed to owners (or shareholders)								
Others							-253,900,000.00	-253,900,000.00
(4) Internal carry-forward of owners' equity								
Conversion of capital reserves into paid-in capital								
Conversion of surplus reserves into paid-in capital								
Surplus reserves offsetting losses								
Amount of Changes in setting benefit plan transfer to retained earnings								
Others								
4. Balance as at 31 December of the current year	16,913,000,000.00	3,968,000,000.00	2,017,355,502.36			292,385,402.72	1,902,560,033.28	25,093,300,938.36

Legal representative:

Person in charge of accounting affairs: 赵海涛

Person in charge of accounting department: 杨少

YANGZHOU ECONOMIC AND TECHNOLOGICAL DEVELOPMENT ZONE DEVELOPMENT (Group) Co., Ltd

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

I. Company Profile

1. Company Overview

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd (hereinafter referred to as 'Company'or 'the Company'), approved by New Town Branch of Jiangsu Province Administration for Industry and Commerce, is a state-owned company of limited liability established in June 1992. The original registered capital was CNY 20 million, funded by Yangzhou Economic Development Zone Management Committee (renamed as Yangzhou Economic and Technological Development Zone). On 12 April 2018, according to NO.8 Approval Document [2018] of Yangzhou Municipal People's Government, the funder of the Company was changed to Yangzhou Municipal People's Government (Yangzhou Economic Development Zone Management Committee was authorized to fulfill the responsibilities of the funder).

The Company was originally named as Yangzhou Economic and Technological Development Zone Development Corporation. In April 2020, according to NO.14 Approval Document [2020] of Yangzhou Municipal People's Government regarding the reformation of the Company, the Company was renamed as Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd. The Company registered the change with the Administration for Industry and Commerce on 18 August 2020.

Thereafter, the Committee increased investment several times. The resgistered capital (paid-in capital) reached CNY 19.6 billion at 31 December 2020. The Company registered the change with the Administration for Industry and Commerce on 18 March 2021.

Uniform Social Credit Code of the Compaany is 91321091140721264G. The registered Company address is No. 108 Weiyang Road, and the legal representative is Jiaen Wu.

Main operating activities of the Company include infrastructure construction, real estate development and operation, fund raising for development and construction activities, investment in Sino-foreign joint ventures, cooperative enterprises and inland enterprises, goods import and export, cooperation with other economic and technical business, merchandise sales, packaging, warehousing, international and domestic multimodal transport, providing consultation on economic and trading activities (Operating activities must by approved by relevant departments).

2. Consolidated Financial Statement Scope

The scope of the Company's consolidated financial statements is based on control, and all subsidiaries controlled are included in the consolidation scope of the consolidated financial statements.

Details of the sub companies incorporated into the consolidated financial statements show on

'VII.1 Interests in subsidiaries'.

Changes in the scope of consolidation show on 'VI, change in consolidated scope'.

II. Basis of Preparation of Financial Statements

1. Basis of preparation of financial statements

The company has prepared its financial statements on a going concern basis, and recognized and measured its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various specific accounting standards, and other relevant provisions on the basis of actual transactions and events.

2. Going Concern

Management believes that the company has the ability to continue as a going concern for at least 12 months since the financial statements date.

III.Significant Accounting Policies and Accounting Estimates

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's financial position, results of operations, changes in owner's equity and cash flow for the year.

2. Accounting period

The Company has adopted the calendar year as its accounting year, i.e. from 1January to 31 December.

3. Functional currency

The Company has adopted China Yuan (CNY) as functional currency.

4. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

(1) Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the combine's accounting record on the combination date. The share of the book value of the merged party's owner's equity in the consolidated financial statements is taken as the initial investment cost of long-term equity investments in individual financial statements. The capital reserve (stock premium or capital premium) is adjusted according to the difference between the book value of net asset acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the capital reserve (stock premium or capital premium) is insufficient to offset, the retained earnings shall be adjusted.

(2) Accounting treatment method of business combination not under common control

The Company accounts for business combination not under common control under purchase method.

a. All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured based on the fair values. Assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination are based on fair value on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.

b. The cost of acquisition shall be respectively determined for the following conditions.

   i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair values of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

   ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Except for a single transaction.

c. The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired.

   i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

   ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

   iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

   iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value

when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

d. Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination.

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions.

Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs .After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

(3) Treatment of relevant expenses arising from the Company's business combination

a. Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.

b. Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount; and

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

c. Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium); and

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

5. Preparation of consolidated financial statements.

(1) Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

(2) Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

(3) Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling shareholders excess those non-controlling shareholders' share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

(4) Changes in number of subsidiaries during the reporting period

a. Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the Opening balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period.

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the Opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly

acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

b. Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the Opening balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

6. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the company's short-term (due within 3 months from purchase date), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Foreign currency transactions and translation of foreign currency statements

(1) Accounting method of foreign currency transactions

a. Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

b. Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency loans relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial

expenses.

ii. Accounting principles for handling foreign currency non-monetary items

For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing at the transaction date, and keep their amounts in functional currency unchanged without exchange differences incurred.

For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

8. Financial Instruments

Financial instruments include financial assets, financial liabilities and equity instruments.

(1) Classification of financial instruments

a. Classification of financial assets

Based on business characteristics, investment strategies and risk management requirements, the Company classifies the financial assets it has obtained into the following four categories: (1) financial assets measured at fair value through current profit or loss; (2) held-to-maturity investments; (3) loans and receivables; and (4) available-for-sale financial assets.

Financial assets measured at fair value through current profit and loss include: (1) financial assets held for trading; (2) financial assets directly designated to be measured at fair value through current profit and loss; (3) investments in subsidiaries that shall not be consolidated by the investment entities; and (4) investments held by venture capital organizations, mutual funds or similar entities.

The equity investment which hasn't control, joint control or significant influence over the investee, based on business characteristics, investment strategies and risk management requirements, can be divided into the first kind of financial assets measured at fair value through current profit and loss or the fourth kind of available-for-sale financial assets. In some special cases, the equity investment can be measured under the cost method.

b. Classification of financial liabilities

Based on business characteristics and risk management requirements, the Company classifies the financial liabilities it undertakes into the following two categories: (1) financial liabilities measured at fair value through current profit and loss (including financial liabilities held for trading and financial liabilities directly designated to be measured at fair value through current profit and loss); and (2) other financial liabilities.

(2) Recognition basis and measurement method of financial instruments

a. Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

b. Measurement method of financial instruments

i. Financial assets or financial liabilities measured at fair value through current profit and loss: they are initially measured at the amount of fair value upon acquisition, and relevant transaction expenses are included in the current profit and loss when incurred. For cash dividends declared but not distributed or bond interest matured but not drawn that have been included in the actual price paid, they shall be separately recognized as dividends receivable or interest receivable. Cash dividends or bond interest gained during the holding period shall be recognized as investment income. On the balance sheet date, they shall be measured at fair values and the changes in their fair values shall be included in current profit or loss. When disposing of a financial asset held for trading, the Company recognizes the difference between the payment actually received (dividends receivable or interest receivable, if any, shall be deducted) and the book value of the financial asset held for trading on the disposal date, and transfers the accumulative amount previously included in profit or loss on changes in fair value to the investment income.

ii. Held-to-maturity investments: they are initially measured at the total amount of their fair values upon acquisition and related transaction expenses. For bond interest matured but not drawn that is included in the actual price paid, they are independently recognized as interest receivable. Interest income is calculated and recognized during the holding period according to the amortized cost and effective interest rates, and included in the investment income. The effective interest rate is determined upon acquisition, and remains unchanged during the expected duration or any applicable shorter period. On the balance sheet date, they are measured at amortized costs. Upon disposal, the difference between the actual proceeds (interest receivable, if any, shall be deducted) and the book value of the held-to-maturity investment is recognized as investment income.

iii. Loans and Receivables: Loans and Receivables are mainly loans granted from financial entities and creditor's rights receivable arising from external sales of goods or rendering of service by general entities, Loans and receivables are measured at amortized cost, using effective interest method. Loans are initially

measured at principal and related transaction expenses based on the loans granted at market conditions. For creditor's rights receivable arising from external sales of goods or rendering of service by general entities their initial recognition amounts shall be the contract price or agreement price receivable from the purchaser Interest income during the holding period is recognized under the effective interest method. Receivables are measured at their amortized costs on the balance sheet date. Upon recovery or disposal, the difference between the price received and the book value of loans and receivables are included in the current profit and loss.

iv. Available-for-sale financial assets: they are initially recognized at the sum of fair value upon acquisition and relevant transaction expenses. For cash dividends declared but not distributed or bond interest matured but not drawn that has been included in the actual price paid, it shall be separately recognized as dividends receivable or interest receivable. Cash dividends or bond interest gained during the holding period shall be recognized as investment income. On the balance sheet date, the available-for-sale financial assets are measured at fair values and the changes in their fair values are included in other comprehensive income. Upon disposal, the difference between the payment actually received (dividends receivable or interest receivable, if any, shall be deducted) and the book value of an available-for-sale financial asset shall be included in investment income; and meanwhile, the amount arising from the accumulated changes in fair value, which have been previously included in other comprehensive income, shall be transferred out and included in the investment profit or loss.

v. Other financial liabilities: they are initially recognized at fair values at the time of occurrence plus related transaction costs. Other financial liabilities, whose interest expenses are recognized by using the effective interest method, are measured at their amortized costs on the balance sheet date.

(3) Recognition basis and measurement method of transfer of financial assets

a. Derecognition criteria of financial assets

When transfer of financial assets occurs, if nearly all of the risks and rewards of ownership of the financial assets have been transferred to the transferee, the Company derecognizes the financial assets; if nearly all of the risks and rewards of ownership of the financial assets are retained, the Company shall not derecognize the financial assets.

When determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the Company adopts the principle of substance over form.

b. Treatment of transfer of financial assets satisfying the criteria of derecognition

The Company classifies the transfer of a financial asset into the entire transfer and the partial transfer of financial asset.

i. If the entire transfer of financial asset satisfies the criteria of 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; and

The sum of the consideration received from the transfer.

And the accumulated amount of the changes in fair value previously recognised in other comprehensive income (the situation where the financial asset transferred is an available-for-sale financial asset is involved in) shall be transferred to profit or loss.

ii. If the partial transfer of financial asset satisfies the criteria of derecognition, the entire book value of the transferred financial asset shall be divided between the derecognized and recognized parts according to their respective fair values, 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; and

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 previously recognised in other comprehensive income (the situation where the financial asset transferred is an available-for-sale financial asset is involved in) shall be transferred to profit or loss.

c. Treatment of transfer of financial assets not satisfying the criteria of derecognition

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.

(4) Derecognition criteria of financial liabilities

a. A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. 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 recognize a new one at the same time.

b. 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 wholly or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

c. Upon whole 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 and loss.

d. Where the Company repurchases part of its financial liabilities, it shall, on the

repurchase date, allocate the entire book value of financial liabilities according to the comparative fair value of the part that continues to be recognized and de-recognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current profit and loss.

(5) Method to determine the fair value of financial instrument

a. The fair value of a financial asset or financial liability for which there is an active market shall be determined in accordance with the quoted price in such active market at the measurement date.

b. The fair value of a financial asset or financial liability for which there isn't an active market shall be using valuation techniques. The recognition of the specific principles and methods are dealt with under "Accounting Standard for Business Enterprises No.39—Fair Value Measurement".

(6) Criteria to identify, way to test and method to provide for the impairment of financial assets (excluding receivables)

On the balance sheet date, the Company shall check the book values of its financial assets (excluding the financial assets measured at fair value through current profit and loss), whether on an individual basis or on a combination basis, recognizes impairment losses on the financial assets with objective evidence of impairment, and provides reserves for the impairment. The objective evidence of impairment of a financial asset includes the serious financial difficulties faced by the issuer or debtor, potential bankruptcy or other financial reorganization incurred to the debtor, and the incapability of the financial asset to be continuously traded in active market caused by the serious financial difficulties incurred to the issuer, severe or prolonged decline in the fair value of equity instrument investment and other adverse situations.

a. Methods to test and make provision for impairment of held-to-maturity investment

On the balance sheet date, if there is any objective evidence showing that any impairment has occurred to a held-to-maturity investment, the impairment loss is recognized at the difference between its book value and its present value of estimated future cash flows.

i. For a held-to-maturity investment that is individually significant, the Company conducts separate impairment test. If there is any objective evidence of impairment, the Company recognizes the impairment losses at the difference of its present value of estimated future cash flows in short of its book value, and shall accordingly make the provision for such impairment.

ii. For held-to-maturity investments that are individually insignificant and held-to-maturity investments that are individually significant but have no impairment according to the separate test, they are divided into several groups according to similar credit risk characteristics. The impairment losses and provisions for impairment of these groups are calculated and determined based on certain proportions of their balances on the balance sheet date.

b. Methods to test and make provision for impairment of available-for-sale financial asset

On the balance sheet date, if there is any objective evidence showing that an available-for-sale financial asset is impaired, the impairment provision shall be accrued and the impairment loss shall be recognized. For an equity instrument investment, if significant or non-temporary decline in fair value of the available-for-sale equity investment is found after giving comprehensive consideration to relevant factors, it can be concluded that the available-for-sale equity investment is impaired. The "significant decline" refers to a cumulative decline in the fair value exceeding 50% of the cost; and the "non-temporary decline" refers to a continuous decline in the fair value of more than 12 months.

When making provision for the impairment of an available-for-sale financial asset, the accumulated loss arising from the decline in fair value that is previously included in other comprehensive income shall be transferred out and included in the current profit and loss. The accumulated loss transferred out shall be balance of the available-for-sale financial asset's initial acquisition cost after deducting the principal recovered and amortized amount, present fair value and impairment loss previously recorded in profit or loss.

After the recognition of an impairment loss, if there is objective evidence showing that the value of financial assets has been recovered and such recovery is objectively related to the events occurring after the recognition of such loss, the impairment loss previously recognized shall be reversed, the impairment loss of available-for-sale equity investment shall be reversed and recognized as other comprehensive income, and the impairment loss of available-for-sale debt instrument shall be reversed and included in the current profit and loss.

For an equity instrument investment that has no quoted price in active market and whose fair value cannot be reliably measured, or a derivative financial asset that is linked to the equity instrument and settled through delivery of such equity instrument, when they are impaired, the difference between the book value of the financial asset and the present value of future cash flows discounted based on the prevailing market rate of return for a similar financial asset shall be recognized as an impairment loss and included in the current profit and loss. Once recognized, the impairment loss shall not be reversed.

(7) Accounting treatment method of reclassifying the undue held-to-maturity investments as available-for-sale financial assets

Where it is not suitable to classify one investment as a held-to-maturity investment any more due to the change in intention or ability to hold the investment, the Company shall reclassify such investment as available-for-sale financial assets; where the Company partly disposes or reclassifies a held-to-maturity investment large in amount, and such disposal or reclassification does not arise from any independent event that is not under the control of the Company, not expected to recur and difficult to reasonably anticipated, the remaining portion of the investment shall also be classified as available-for-sale financial asset.

9. Receivables

(1) Recognition criteria of individually significant receivables and provision method of bad debts

a. Recognition criteria of individually significant receivables

Individually significant receivables refer to accounts receivable whose Closing balances are over CNY 3 million. Individually significant other receivables refer to other accounts receivable whose Closing balances are over CNY 3 million.

b. Provision method of bad debts of individually significant receivables

On the balance sheet date, the Company separately conducts impairment tests on those individually significant receivables. If there is any objective evidence of impairment, an impairment loss is recognized and a provision for bad debt is made, according to the difference of the present value of estimated future cash flows in short of the book value; Individually significant receivables that are proved to be not impaired according to the tests shall be incorporated into other individually insignificant receivables, and their provisions for bad debts shall be made by using the aging analysis method or other portfolios method based on their Closing balances.

Objective evidence of impairment incurred to receivables includes: (1) the debtor has significant financial difficulty; (2) the debtor violates contractual terms (such as the breach of contract or delay in repaying interest or principal); (3) a concession is made to the debtor in financial difficulty after considering economic or legal reasons; and (4) the debtor is likely to face bankruptcy or other debt restructuring.

(2) Receivables whose bad debt provisions are made by portfolio

a. Basis to determine portfolio

Aging portfolios

Except due from related parties and government department, and receivables that are individually significant but not accrued bad debt provisions after separate tests, and receivables that are individually insignificant after deduction of bad debt provisions separately made, shall all be classified into portfolios of receivables with similar credit risk characteristics by aging.

Other portfolios

The term "other portfolios" mainly including due from related parties and government, or government taking the risk enventuly, or be paid definitely. The Company makes no bad debts provision for other portfoliosas they are no risk.

b. Method of making provision for bad debt by portfolio

As for aging portfolios, after aging analysis, the Company makes bad debt provisions at the following proportions:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 Year (Inclusive)	5	5
1～2 years	10	10
2～3 years	30	30
Over 3 years	50	50

As for other portfolios, the Company makes no bad debt provisions

(3) Accounts receivable that are individually insignificant but separately accrued bad debt provisions

Individually insignificant receivables refer to accounts receivable whose single amount is less than CNY 3 million and other accounts receivable whose single amount is less than CNY 3 million.

The Company carries out separate impairment tests on receivables that are individually insignificant but have the following characteristics (such as receivables involved in dispute or litigation with the debtor and requiring arbitration; and receivables for which there are clear indications that the debtor is unable to fulfill the repayment obligations). If there is any objective evidence of impairment, the Company shall recognize the impairment loss and make the bad debt provision according to the difference of the present value of future cash flows in short of the book value. Meanwhile, for receivables that are individually insignificant after the bad debt provisions separately made are deducted, their bad debt provisions shall be made according to principles applied to portfolios of receivables with similar credit risk characteristics by aging or other potfolios.

10. Inventory

(1) Classification of Inventory

Inventories are classified as merchandise in stock held for sale or consumption, land for development, products under development, cost of development.

Or raw materials, low-cost consumables, construction cost.

(2) Measurement method of dispatched inventories

a. Purchase materials are recorded at actual cost when warehouse inspection finished. The dispatched inventory is measured with weighted average method. Low-cost consumables are amortised in full at once.

b. Land for development shall be accounted for at actual cost when obtained, and then allocated to the development projects according to the proportion of floor space (or other reasonable methods) once the development is started.

c. The development cost shall be accounted for at actual cost and transferred to

development product at actual cost after the project has finished and passed the acceptance inspection.

d. Development product shall be accouted for at actual cost. The transferred development product shall be recorded according to the average floor space.

e. The installation project is recorded according to actual cost and transferred to main operating cost at actual cost after the project has finished and passed the acceptance inspection.

(3) Basis to determine net realizable values of inventories and method of provision for diminution value of inventories

a. Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. In normal operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

iii. 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 the 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.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b. Provision for diminution in value of inventory

i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.

iii. For inventories that are related to product ranges produced and sold in the same district or used for the same or similar ultimate purpose and are difficult to be measured separately from other inventories, the Company provides for diminution in value of inventory on a consolidation basis.

(4) Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a

regular basis.

(5) Amortization method of revolving materials

a. Amortization method of low-cost consumables:

Low-cost consumables are amortized one-off.

b. Amortization method of Packing materials:

Packing materials are amortized one-off once when fetched.

11. Held for sale and discontinued operations

(1) Held for sale

Scope of non-current assets or disposal groups as held for sale

A non-current asset (or disposal group) should be classified as held for sale if it's carrying amount wil be recovered principally through a sale transaction (including non-monetary asset exchange with commercial substance) rather than through continuing use.

Disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

Recognition criteria of held for sale

The Company recognizes its non-current asset or disposal group that satisfies the following conditions as held for sale:

a. The assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and

b. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser; the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

Accounting treatment and presentation of assets heldforsale

a. The non-current asset (or disposal group) is first classified as held for sale;the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

b. When the Company measure a non-current asset (or disposal group) held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value lee costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

c. No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

d. The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non–controlling interests in its former subsidiary after the sale. In the balance sheets of parent company, the investment should be classified as held for sale in full.

(2) Discontinued operations

A discontined operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the follow conditons:

a. It represents either a separate major line of business or a geographical area of operations

b. It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations.

c. It is a subsidiary acquired exclusively with aim to resale.

12. Long-Term Equity Investment

(1) Recognition of the initial investment costs of long-term equity investments

For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with the provisions mentioned in III-4, Accounting Method for Long-term Equity Investment from Business Combinations under Common Control and Business Combination not under Common Control.

Except for the long-term equity investment formed by the merger of enterprises, the initial investment cost of the long-term equity investment obtained by other means shall be determined as follows:

For the long-term equity investments obtained by cash paid, the Company recognizes their fair value as the initial investment costs. Initial investment costs include expenses for obtaining long-term equity investment, taxes and other necessary expenses.

For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities （equity instruments）issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities (equity instruments) issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities (equity instruments), including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn.

For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of surrendered creditor's right and relevant direct costs as the initial investment costs.

For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

(2) Subsequent measurement and recognition of gains and losses of long-term equity investments

a. Long-term equity investments measured under the cost method

i. Long-term equity investments that can control the investee are measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b. Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and other comprehensive income realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the

investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses and other comprehensive income of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the impairment losses of assets acquired from internal transactions between the Company and the investee which is in the scope of consolidation, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments thereafter shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

(3) Basis for judgment of common control or significant influence over the investee

a. Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous

consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

b. Basis for judgment of significant influence over investee

The term 'significant influence' refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

13. Investment property

(1) Scope of investment property

Investment property is the property that is held to earn rent or capital appreciation or both and can be measured and sold separately. The company's investment property includes buildings already rent, land use right already rent, and land use right held for appreciation and then sold.

(2) Recognition of investment property

Investment property can be recognized when satisfying the following conditions at the same time:

a. It is probable that the economic benefits relevant to the investment property will flow into the Company.

b. The cost of the investment property can be measured reliably

(3) Subsequent measurement of investment property using cost model

The company uses the cost model for subsequent measurement of the investment property at the balance sheet date.

i. For buildings using cost model as subsequent measurement, referring to subsequent measurement of fixed assets, depreciates on a monthly basis.

ii. For land use right using cost model as subsequent measurement, referring to subsequent measurement of intangible assets, amortizes on a monthly basis.

14. Fixed Assets

(1) Recognition of Fixed Assets:

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

a. It is probable that the economic benefits relating to the fixed assets will flow into the Company; and

b. The cost of the fixed assets can be measured reliably.

(2) Depreciation of Fixed Assets

a. Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

b. Depreciation of fixed assets of the Company is provided on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.

c. Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of Fixed Asset	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Propertie & Buildings	20~40	4~5	2.375~4.8
Transportation Equipment	4~5	0~10	18~25
Machinery Equipment	5	10	18
Electronic equipment	5	5~10	18~19
Pipeline facilities	20	10	4.5
Other Equipment	3~5	0~10	18~33.33

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

For decoration costs of fixed assets that are satisfied with capitalization conditions, depreciation is provided for on a straight-line basis separately, during the shorter period of the two decoration periods and useful lives of the fixed assets.

For fixed assets acquired through finance lease, if the ownership of the leasing assets can be determined reasonably, make depreciations during the useful life of the leasing assets. If the ownership of the leasing assets cannot be determined reasonably, make depreciations during

the shorter period of the lease term and the useful life of the leasing assets.

(3) Recognition Standard, Valuation Method and Depreciation Method for Fixed Assets Acquired under Financing Lease

a. Recognition standard for fixed assets acquired under financing lease

At the inception of the lease, the Company recognizes the leased fixed assets meeting the standards for financial leases as fixed assets acquired under financing leases.

b. Valuation method for fixed assets acquired under financing lease

At the inception of the lease, the Company shall state the assets acquired under financing lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments, as well as the initial and direct expenses occurred, recognize a long-term payable at the amount of the minimum lease payments, and shall charge the difference of the lower of the fair value of the leased assets or the present value of the minimum lease payments and the minimum lease payments to unrecognized finance expenses. Unrecognized finance expenses shall be amortized at the effective interest rate method in each period during the lease term.

c. Depreciation for Fixed Assets Acquired under Financing Lease

Adapt the same depreciation method as the one used on other fixed assets owned by the company. If there is reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over its useful life; if there is no reasonable assurance that the Company will obtain the ownership of the leased assets when the lease term expires, the leased assets should be depreciated over the shorter of the lease term or the useful life of the leased assets.

15. Construction in Progress

(1) Categories of Constructions in Progress

Constructions in progress are accounted on an individual project basis.

(2) Criteria of Conversion of Constructions in Progress into Fixed Assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual

cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

16. Borrowing costs

(1) Scope of borrowing costs

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency loan, etc.

(2) Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

(3) Recognition of capitalization period of borrowing costs

a. Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

b. Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c. Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their

intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If parts of the acquired and constructed or produced assets are completed separately , each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if parts of the acquired and constructed or produced assets are completed separately but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

(4) Recognition of capitalized amounts of borrowing costs

a. Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special loan borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special loan actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general loans used for acquiring and constructing or producing assets eligible for capitalization, the interest of general loans to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special loans by the capitalization rate of used general loans. The capitalization rate is calculated by weighted average interest rate of general loans.

iii. Where there are discounts or premiums on loans, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant loans.

b. Recognition of capitalized amounts of auxiliary expenses of loans

i. Auxiliary expenses incurred from special loans before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur

and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general loans shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.

c. Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency loans should be capitalized and included in the costs of the assets eligible for capitalization.

17. Intangible Assets

(1) Initial measurement of internally researched and developed intangible assets

a. Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss other than those should be capitalized during the credit period.

b. Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

(2) Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

a. Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved.

Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced thereafter, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	40~70		1.43~2.5
Software	3		33.33

The useful lives and amortization methods of intangible assets shall be reviewed at the balance sheet day.

b. Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period, but impairment tests are performed at the end of each year.

(3) Estimates of useful lives of intangible assets

a. For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

b. Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

c. If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

(4) Treatment of land use right

a. The land use right obtained by the Company is usually recognized as intangible assets, but the purpose of the land use right is changed to be used for earning rent or increasing capital; it shall be transferred to investment property.

b. For plants and other buildings developed and constructed by the Company, the relevant land use right and buildings shall be treated separately.

c. Payments for externally purchased land and buildings are distributed between the value of buildings and the land use right; those difficult to be distributed shall be all taken as fixed assets.

18. Long-term assets impairment

If there are impairment indicators of long-term equity investment, investment property measured at cost model, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test for goodwill and intangible assets with indefinite life at least at each year end, no matter whether there is impairment indicator.

When the Company performs impairment test, book value of goodwill arising from business combination should be amortized to relevant asset group using the reasonable method from the date of purchase. If it is difficult to amortize it to relevant asset group, amortize it to relevant asset group portfolio. Apportion book value of goodwill to relevant asset group or asset group portfolio according to the proportion of fair value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. If fair value is difficult to be measured reliably, amortize according to the proportion of book value of asset group or asset group portfolio accounting for total amount of relevant asset group or asset group portfolio. When perform impairment test for asset group or asset group portfolio including goodwill, if there is impairment indicator of asset group or asset group portfolio relevant to goodwill, perform impairment test for asset group or asset group portfolio without goodwill firstly, calculate its recoverable amount, compare with relevant book value and recognize impairment loss. Then perform impairment test for asset group or asset group portfolio including goodwill, compare book value of the asset group or asset group portfolio (including proportional book value of goodwill) and its recoverable amount, if recoverable amount of relevant asset group or asset group portfolio is less than its book value, recognize impairment loss of goodwill.

Once impairment loss stated above is recognized, reversal is not allowed in the subsequent accounting periods.

19. Long-term deferred expenses

(1) Scope of long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive). It includes the expenditures for improvement of fixed assets rented by operating leases, etc.

(2) Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

(3) Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

20. Employee benefits

Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term benefits

Short-term benefits are the benefits that the Company expects to pay in full within 12 months after the reporting period in which the employee provided relevant services, excluding the compensation for employment termination.

Short-term benefits include: wage, bonus, allowance and subsidy; employee welfare, social securities including health insurance and work injury insurance; housing common reserve fund; union expenditure and employee training expenditure; short-term paid leave; short-term profit-sharing; non-monetary welfare and other short-term benefits.

Actual short term benefits will be recognized as liability during the accounting period in which the employee is providing the relevant service to the Company. The liability will be included in the current profits and losses or the cost relevant assets.

(2) Post-employment benefits (Defined contribution plan)

The defined contribution plan of the Company includes payments of basic pension, unemployment insurance, annuity, etc. according to relevant provisions. The amount which the Company deposits on balance sheet date in exchange for the service of the employee during the accounting period will be recognized as employee benefits liability and shall be included into the profit or loss for the current period.

(3) Termination benefits

Termination benefits are the benefits the Company provides to the employee when the Company terminates the employment before labor contract expires or encourages voluntary resignation. Employee benefits liabilities shall be recognized and included into profit or loss for the current period on the earlier date of the two following circumstances:

a. When the Company is not able to withdraw the benefits from termination of employment or resignation persuasion unilaterally; and

b. When the Company recognizes costs and fees relevant to reforming the termination benefits payment.

(4) Other long-term employee benefits

Other long-term employee benefits are all employee benefits other than short-term benefits,

post-employment benefits and termination benefits. At the end of reporting period, the company will recognize the employee benefits cost from other long-term employee benefits as the following components:

a. Service cost;

b. Net amount of interest from other long-term employee benefits net liabilities or assets; and

c. Changes from recalculation of the net liabilities or assets from other long-term employee benefits.

In order to simplify related accounting procedure, the net amount of the above subjects shall be included into current profit or loss or the cost of relevant assets.

21. Provision

(1) Recognition principles of provision

When obligations related to external guarantees, pending actions or arbitration, product quality assurance, onerous contracts, reorganization and contingencies satisfy the following three conditions, they shall be recognized as provision:

a. This obligation is a present obligation of the Company;

b. The settlement of such obligation is likely to result in outflow of economic benefits from the Company; and

c. The amount of the obligation can be measured reliably.

(2) Measurement method of provision

The amount of provision is measured at the best estimate of expenses required for contingencies.

a. If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median of the range.

b. The best estimate shall be accounted as follows in other cases:

i. If the contingency involves a single item, the best estimate shall be determined at the most likely outcome.

ii. If the contingency involves two or more items, the best estimate should be determined according to all the possible outcomes with their relevant probabilities.

22. Revenue

Operating revenue of the Company mainly includes revenue from sales of goods, revenue from rendering of service,revenue from transfer of asset use right and revenue from construction contract, for which the recognition principles are as follows:

(1) Recognition principals of revenue from sales of goods

Revenue from sales of goods is recognized when the Company has transferred significant risks and rewards of ownership of the goods to the purchaser; the Company retains neither continuing managerial involvement usually related to the ownership nor effective control over the sold goods; revenues can be measured reliably; the relevant economic benefits are highly likely to flow into the Company; and the relevant costs incurred or to be incurred can be measured reliably.

The purchase price is stated in the contract with the purchaser, or agreed by both parties in advance. The goods sold shall go through transfer procedures and then be confirmed by the purchaser. The revenue from sales of goods is therefore recognized.

(2) Recognition principals of revenues of rendering of services

a. Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions can be estimated reliably

The Company recognizes revenue from rendering of service using the percentage-of-completion method on the balance sheet date when the outcome of service transactions can be estimated reliably.

When the amount of revenues can be measured reliably, related economic interests are likely to flow into the company, schedule of completion of the transitions can be measured reliably and the cost of transactions incurred or to be incurred can be measured reliably, the outcome of service transactions can be estimated reliably.

b. Recognition principals of revenue from rendering of service under the circumstance that the outcome of service transactions cannot be estimated reliably

If the outcome of rendering of services on the balance sheet date cannot be measured reliably, the revenues from rendering of services shall be recognized according to the following three conditions:

i. If the labor costs that have already incurred can be fully compensated, the revenues from rendering of services are recognized at the amounts recovered or expected to be recovered and the labor costs that have already incurred shall be carried forward;

ii. If the labor costs that have already incurred can be partially compensated, the revenues from rendering of services are recognized at the recoverable amounts of compensated labor costs and the labor costs that have already incurred shall be carried forward; and

iii. If it is expected that all the labor costs that have already incurred cannot be compensated, the labor costs that have already incurred are included into the current profit and loss (costs of sales) and the revenues from rendering of services are not recognized.

(3) Recognition principals of revenue from transfer of asset use right

The Company recognizes revenue from transfer of asset use right when the relevant economic benefits are highly likely to flow into the Company and the amount of revenue

can be reliably measured.

(4) Recognition of construction contract revenue

a. As to the construction contract whose beginning and completion are in the same accounting year, the Company recognizes the contract revenue and contract expense.

b. As to the construction contract whose beginning and completion are in different accounting years, if the result of the construction contract can be estimated reliably at the balance sheet day, the Company should recognize contract revenues and contract expenses using percentage-of -completion method at the balance sheet date.

When the following conditions are satisfied at the same time, the result of the construction contract whose construction price is fixed can be estimated reliably:

i. Total revenue of the contract can be measured reliably;

ii. Economic benefits related to the contract can flow into the Company probably;

iii. Contract cost actually incurred can be identified clearly and measured reliably; and

iv. Percentage-of-completion and cost that will happen to complete the contract can be determined reliably.

When the following conditions are satisfied at the same time, the result of the cost mark-up contract can be estimated reliably:

i. Economic benefits related to the contract can flow into the Company probably; and

ii. Contract cost actually incurred can be identified clearly and measured reliably.

If the construction cost starts and completes in different accounting years, but the result of the construction contract cannot be estimated reliably, The Company recognizes contract revenues and contract expenses separately depending on the following conditions:

i. If the contract costs can be recoverable, contract revenues are recognized according to actual contract costs recoverable and contract costs are recognized as contract expenses during the current period when they occur.

ii. If the contract costs cannot be recoverable, recognize contract costs as contract expenses immediately when they occur and do not recognize contract revenues.

iii. If total contract costs estimated will exceed total contract revenues estimated, the Company recognizes the loss estimated as expenses in the current period.

23. Government grants

(1) Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government grants related to assets are government grants that are acquired by the

Company and used for forming long-term assets through purchasing and constructing or other ways.

Government grants related to income are government grants other than government grants related to assets.

(2) Recognition principles and the time point of government grants

Government grants are recognized when both of the following conditions are met:

a. The Company can meet the attached conditions for the government grants; and

b. The Company can receive the grants.

(3) Measurement of government grants

a. If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

b. If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

(4) Accounting treatment method of government grants

a. The government grants related to assets shall be set off of the book value of the related assets or recognized as deferred income at the actual entry amount on acquisition. Government grants recognized as deferred income shall be allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.

b. Government grants related to income shall be separately handled according to the following circumstances:

i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss or written off of the related costs when the relevant expenses, losses are recognized.

ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off of the related costs.

c. Government grants related to assets and related to income are received together, shall be treated separately. If it is hard to separate, government grants shall be treated as related to income as a whole.

d. Government grants related to daily operation shall be recoded in other income or written off relevant expenses, costs. Government grants unrelated to daily operation shall be recorded in non-operating income. Financial subsidy funds directly allocated to the company shall be offset the relevant borrowing costs.

e. Government grants already recognized required to be refunded shall be handled according to the following circumstances:

i. If the grants have written down the book value of assets, the book value shall be adjusted.

ii. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.

iii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

24. Deferred tax

The Company adopts the balance sheet liability method to account for income tax.

(1) Recognition of deferred tax assets or deferred tax liabilities

a. The Company determines tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities with the tax base. If there are temporary differences between book value of the assets and liabilities and tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

b. Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c. Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill and transactions which are formed other than from business

combinations neither affect the accounting profits nor affect taxable income at the time of occurrence.

(2) Measurement of deferred tax assets or deferred tax liabilities

a. On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

b. Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

c. When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

d. Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

25. Accounting treatment of operating lease and financing lease

The Company distinguishes operating lease from financing lease from the beginning day of the lease.

(1) Accounting treatment of operating lease

Lessee records rents of operating lease into cost of related assets or current profit or loss using straight line method in each period of the lease term. Initial direct expenses incurred are recorded into current profit or loss. Contingent rents are recorded into current profit or loss when occur.

Lessor includes assets used for operating lease in the related items of financial statements. Rent of operating lease is recognized into current profit or loss using straight line method in the various period of the lease term. Initial direct expenses are recorded into current profit or loss. Depreciate fixed asset in the operating lease using depreciation policy of the similar assets. Amortize other operating lease assets using systematic reasonable method. Contingent rent is recorded into current profit or loss when occur.

(2) Accounting treatment of financing lease

As the lessee, recognize the lower of fair value of lease asset and minimum lease payment at the beginning day of the lease as the initial value of the asset leased in and the minimum lease payment as long-term payable, the difference as unrealized finance expense. Bank charges, lawyer fee, travel allowances, stamp taxes and other initial direct expenses that can be attributable to lease project in the lease negotiation and signing the lease contract are recorded into the asset leased in. Unrealized finance expense is amortized in the period during the lease term and recognized as current finance expenses using actual effective rate method. Contingent rent is recorded into current profit or loss when actually occur.

As the lessor, recognize the total of minimum lease amount received and initial direct expenses as the initial value of financing lease amount receivable and record the residual

amount not guaranteed at the same time. Recognize the difference between the total of minimum lease amount received, initial direct expenses and residual amount not guaranteed and present value of that as unrealized finance income. Amortize unrealized finance income in the period during the lease term and use effective interest rate to recognize current finance income. Contingent rent is recorded into current profit or loss when actually occur.

26. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

There is no change regarding major accounting policies in the reporting period.

(2) Changes in significant accounting estimates

There is no change regarding major accounting estimates in the reporting period.

IV. Taxes

Major tax types and rates

Tax type	Tax base	Tax rate
Value-added tax	[Note]	[Note]
Consumption tax	Land development, agent-construction projects and sales revenue of real estates	3%/5% (Before 30 April 2016)
Corporate income tax	Applicable turnover tax amount	25%
Urban maintenance and construction tax	Applicable turnover tax amount	7%
Education surcharge	Applicable turnover tax amount	5%
Increment tax on land	Increment amount on land	extra progressive tax rate 30%-60%

[Note] General taxpayers shall calculate the output tax according to the rate 6%, 9% and 13%, and measure the VAT after deducting the input tax allowed in the current period. If the simplified method is applied, the rate would be 3% and 5%.

V. Notes to the Main Items of the Consolidated Financial Statements (All currency unit is CNY, except other statements)

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash	84.00	6,800.00
Bank deposit	4,608,741,767.16	4,187,959,087.07
Other cash and cash equivalents	849,994,275.16	1,347,660,000.00
Total	5,458,736,126.32	5,535,625,887.07

[Note] The certificate of deposit of bank acceptance bill in the closing balance is CNY 513,000,000.00; The margin of other cash in the closing balance is CNY 80,000.00. Margin of bank acceptance bill is CNY 835,000,000.00, with

interest CNY 1,168.74. Margin of capital pool is CNY 14,900,000.00, with interest CNY 13,106.42.

2. Accounts receivable

(1) Category

Category	Closing balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision Proportion (%)	
Receivables with significant single amount and tested for impairment individually					
Receivables tested for impairment on a portfolio basis	1,322,058,450.71	99.90			1,322,058,450.71
Including: Aging portfolio					
Other portfolio	1,322,058,450.71	99.90			1,322,058,450.71
Receivables with insignificant single amount but tested for impairment individually	1,380,137.70	0.10	1,380,137.70	100.00	
Total	1,323,438,588.41	/	1,380,137.70	/	1,322,058,450.71

(Continued)

Category	Opening balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision Proportion (%)	
Receivables with significant single amount and tested for impairment individually					
Receivables tested for impairment on a portfolio basis	884,182,657.09	99.84			884,182,657.09
Including: Aging portfolio					
Other portfolio	884,182,657.09	99.84			884,182,657.09
Receivables with insignificant single amount but tested for impairment individually	1,380,137.70	0.16	1,380,137.70	100.00	
Total	885,562,794.79	/	1,380,137.70	/	884,182,657.09

Receivables with significant single amount

Company name	Account receivable	Aging	Proportion of total account sreceivable (%)
Yangzhou Economic & Technological Development Zone Finance Bureau	1,276,765,240.24	Within 1 year	96.47
Total	1,276,765,240.24		96.47

3. Prepayment

(1) Aging analysis

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,991,495,141.53	39.96	541,681,259.92	7.51
1-2 years	111,068,096.37	1.49	436,721,943.89	6.05
2-3 years	202,179,736.30	2.70	1,015,445,801.27	14.08
Over 3 years	4,181,055,966.34	55.85	5,219,540,756.85	72.36
Total	7,485,798,940.54	100.00	7,213,389,761.93	100.00

(2) Significant prepayments aging over 1 year

Debtor's name	Closing balance	Reason for unsettlement
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd	3,372,812,826.45	Unsettled project
Yangzhou Economic and Technological Development Zone Branch of Yangzhou Natural Resources and Planning Bureau	314,052,268.50	Unsettled project
Yangzhou Economic and Technological Development Zone Park Development Center Co., Ltd	343,597,855.38	Unsettled project
Yangzhou Guangyuan Group Co., Ltd	73,184,828.00	Unsettled project
Total	4,103,647,778.33	/

(3) Top five entities with the largest balances of prepayments

Company name	Closing balance	Provisioning amount at period end (%)
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd	3,401,823,026.45	45.44
Yangzhou Economic and Technological Development Zone House Collection Management Co., Ltd	2,723,529,424.40	36.38
Yangzhou Economic and Technological Development Zone Park Development Center Co., Ltd	343,597,855.38	4.59
Yangzhou Economic and Technological Development Zone Branch of Yangzhou Natural Resources and Planning Bureau	314,052,268.50	4.20
Yangzhou Finance Bureau	105,147,040.16	1.41
Total	6,888,149,614.89	92.02

4. Other receivables

(1) Categories

Item	Closing balance	Opening balance
Interest receivable	6,234,857.29	8,418,586.44
Dividend receivable	24,787,354.65	24,090,691.93
Other receivables	11,706,274,820.47	11,808,683,197.89
Total	11,737,297,032.41	11,841,192,476.26

(2) Interest receivable

Item	Closing balance	Opening balance
Entrusted loans	6,234,857.29	13,135.07
Lending funds		8,405,451.37
Total	6,234,857.29	8,418,586.44

(3) Dividend receivable

Investee	Closing balance	Opening balance
Yangzhou Port Sludge Power Generation Co., Ltd	24,787,354.65	24,090,691.93
Total	24,787,354.65	24,090,691.93

(4) Other receivables

Other receivables by categories

Category	The closing balance				
	Book balance		Provision for bad debt		The book value
	The amount	Percentage (%)	The amount	Proportion (%)	
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis	11,715,869,118.83	100.00	9,594,298.36	0.08	11,706,274,820.47
Including: Aging portfolio	19,920,342.61	0.17	9,594,298.36	48.16	10,326,044.25
Other portfolio	11,695,948,776.22	99.83			11,695,948,776.22
Other receivables with insignificant single amount but tested for impairment individually					
Total	11,715,869,118.83	/	9,594,298.36	/	11,706,274,820.47

(Continued)

Category	Opening balance				
	Book balance		Provision for bad debt		The book value
	The amount	Percentage (%)	The amount	Proportion (%)	
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis	11,818,647,710.90	100.00	9,964,513.01	0.08	11,808,683,197.89
Including: Aging portfolio	20,135,522.32	0.17	9,964,513.01	49.49	10,171,009.31
Other portfolio	11,798,512,188.58	99.83			11,798,512,188.58
Other receivables with insignificant single amount but tested for impairment individually					
Total	11,818,647,710.90	/	9,964,513.01	/	11,808,683,197.89

An analysis of provision under the aging analysis method

Aging	Closing balance			Opening balance		
	Other receivable	Provision for bad debt	Proportion of provision (%)	Otherreceivable	Provision for bad debt	Proportion of provision (%)
Within 1 year	628,451.29	31,422.56	5.00	179,690.22	8,984.51	5.00
1-2 years	179,690.22	17,969.02	10.00	55,968.89	5,596.89	10.00
2-3 years	55,968.89	16,790.67	30.00			
Over 3 years	19,056,232.21	9,528,116.11	50.00	19,899,863.21	9,949,931.61	50.00
Total	19,920,342.61	9,594,298.36	48.16	20,135,522.32	9,964,513.01	49.49

Top five entities with the largest balances of the other receivables

Company name	Category	Closing balance	Aging	Proportion in total receivables (%)
Yangzhou Economic & Technological Development Zone Finance Bureau	Transactions and others	2,923,588,165.70	[Note 1]	24.95
Yangzhou Huaheng Construction Investment Co., Ltd	Fund transactions	2,485,676,565.26	[Note 2]	21.22
Yangzhou Economic and Technological Development Zone Park Development Center Co., Ltd	Fund transactions	1,316,558,397.32	[Note 3]	11.24
Yangzhou Xijie Technology Co., Ltd	Fund transactions	722,275,849.57	[Note 4]	6.16
Yangzhou Hengguangda Technology Co., Ltd	Fund transactions	716,500,000.00	[Note 5]	6.12
Total	/	8,164,598,977.85	/	69.69

[Note 1]Within 1 year CNY 258,089,074.73; 1-2 years CNY 486,644,616.26; 2-3 years CNY 971,253,422.29;

and over 3 years CNY 1,207,601,052.42

[Note 2]Within 1 year CNY 1,342,932,763.69; 1-2 years CNY 153,000,000.00; 2-3 years CNY 808,000,000.00 and over 3 years CNY 181,743,801.57

[Note 3]1-2 years CNY 661,465,717.81; 2-3 years CNY 630,092,679.51; and over 3 years CNY 25,000,000.00

[Note 4]Within 1 year CNY 277,772,020.00 and 2-3 years CNY 444,503,829.57

[Note 5]Within 1 year CNY 105,500,000.00; 1-2 years CNY 2,000,000.00 and 2-3 years CNY 609,000,000.00

5. Inventories

(1) Categories

Item	Closing balance			Opening balance		
	Book balance	Provision for decline of value	Book value	Book balance	Provision for decline of value	Book value
Land for development	3,356,029,213.44		3,356,029,213.44	3,579,597,014.44		3,579,597,014.44
Development products	41,311,362.74		41,311,362.74	13,093,515.64		13,093,515.64
Development costs	9,013,146,595.25		9,013,146,595.25	5,363,560,819.75		5,363,560,819.75
Total	12,410,487,171.43		12,410,487,171.43	8,956,251,349.83		8,956,251,349.83

(2) Statements for borrowing cost capitalized and included in the closing balance of inventory

Borrowing cost capitalized CNY 1,745,022,733.24 is included in the closing inventories, while there is borrowing cost CNY 1,822,535,820.91 included in the opening inventories.

6. Non current assets expire within one year

Item	Closing balance	Opening balance
Entrusted loans	9,050,000.00	
Lending funds	11,195,000,000.00	
Total	11,204,050,000.00	

7. Other current assets

Item	Closing balance	Opening balance
Entrusted loans	500,000,000.00	
Prepaid tax and input tax to be deducted	77,202,022.71	67,918,176.49
Financial products	200,000,000.00	
Total	777,202,022.71	67,918,176.49

8. Available-for-sale financial assets

(1) Details of available-for-sale financial assets

Item	Closing balance			Opening balance		
	Closing balance	Provision for impairment	Book Value	Book balance	Provision for impairment	Book Value
Available-for-sale debentures						
Available-for-sale equity instruments	471,037,033.68		471,037,033.68	454,037,033.68		454,037,033.68
Measured by fair value						
Measured by cost	471,037,033.68		471,037,033.68	454,037,033.68		454,037,033.68
Others	311,000,000.00		311,000,000.00	320,000,000.00		320,000,000.00
Total	782,037,033.68		782,037,033.68	774,037,033.68		774,037,033.68

(2) Available-for-sale financial assets measured by cost at period end

Investee	Book balance			
	Opening balance	Increase in current period	Decrease in current period	Closing balance
Yangzhou Jingxin Semiconductor Co., Ltd	49,316,786.90			49,316,786.90
Jiangsu New Light Source Semiconductor Lighting Engineering Technology Co., Ltd	3,000,000.00		3,000,000.00	
Yangzhou Yaxing Bus Co., Ltd	500,000.00			500,000.00
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd	300,070.66			300,070.66
Yangzhou Economic and Technological Development Zone Gaoke Venture Capital Co., Ltd	3,000,000.00			3,000,000.00
Yangzhou Zhongfa Environment Co., Ltd	3,900,000.00			3,900,000.00
Jiangsu Credit Re-guarantee Co., Ltd	218,680,000.00			218,680,000.00
Yangzhou Economic and Technological Development Zone Investment Guarantee Co., Ltd [Note 1]	121,330,176.12			121,330,176.12
Jiangsu Overseas Cooperative Investment Co., Ltd	30,000,000.00	20,000,000.00		50,000,000.00
Dingjiayi Health and Technology Co., Ltd [Note 3]	2,000,000.00			2,000,000.00
Yangzhou Beichen Smart Power Grid Co., Ltd	2,010,000.00			2,010,000.00
Lirhenium photoelectric technology (Yangzhou) Co., Ltd	20,000,000.00			20,000,000.00
Others [Note 2]	320,000,000.00		9,000,000.00	311,000,000.00
Total	774,037,033.68	20,000,000.00	12,000,000.00	782,037,033.68

Investee	Provision for impairment				Proportion of equity held in investee (%) Increase in current period	Cash dividends in current period
	Opening balance	Increase in current period	Decrease in current period	Closing balance		
Yangzhou Jingxin Semiconductor Co., Ltd					18.87	
Yangzhou Yaxing Bus Co., Ltd					Insignificant	
Yangzhou Economic and Technological Development Zone Yimin House Collection Service Co., Ltd					0.375	
Yangzhou Economic and Technological Development Zone Gaoke Venture Capital Co., Ltd					10.00	
Yangzhou Zhongfa Environment Co., Ltd					6.50	
Jiangsu Credit Re-guarantee Co., Ltd					2.63	9,900,000.00
Yangzhou Economic and Technological Development Zone Investment Guarantee Co., Ltd					83.33	
Jiangsu Overseas Cooperative Investment Co., Ltd					7.14	
Dingjiayi Health and Technology Co., Ltd					10.00	
Yangzhou Beichen Smart Power Grid Co., Ltd					16.74	
Lirhenium photoelectric technology (Yangzhou) Co., Ltd					4.44	
Total						9,900,000.00

[Note 1]Yangzhou Economic and Technological Development Zone Investment Guarantee Co., Ltd is operated by Jiangsu Jinde Investment Group Co., Ltd, entrusted by the shareholder Yangzhou Jiulongwan Real Estate Co., Ltd Jiangsu Jinde Investment Group Co., Ltd paid CNY 150 million as the risk mortgage, and beared the economic risk and legal responsibilities. At present, required by Yangzhou Economic & Technological Development Zone Management Committee, the Guaranty Co is under disposal and the liquidation has not been completed. Any investment loss shall be beared by Jiangsu Jinde Investment Group Co., Ltd and the investment would be transferred as financial asset available for sale.

[Note 2] The Company subscribed for 'Western Trust and Yangzhou Green Control Collective Fund Trust Scheme' of Western Trust Co., Ltd by CNY 300,000,000.00, and subscribed for security fund of trust business by CNY 11,000,000.00.

9. Long-term equity investments

Investee	Opening balance	Changes in Current Period								Closing balance	Closing balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustment of other comprehensive income	Changes of other equities	Cash dividends and profit as declared	Provision for impairment	others		
Consortium Association											
Yangzhou Port Sludge Power Generation Co., Ltd	42,656,189.91			11,777,554.90			6,832,729.14			47,601,015.67	
Yangzhou Kaigang Logistics Co., Ltd	36,874.36			237,827.74						274,702.10	
Yangzhou Kechuang Guarantee Co., Ltd [Note]	208,052.47									208,052.47	
Yangzhou Butterfly Lake Cultural Development Co., Ltd	19,836,649.55			964,289.04						20,800,938.59	
Jiangsu Jiulongwan Property Services Co., Ltd	6,774,225.16			-2,436,387.67						4,337,837.49	
Yangzhou Jiulongwan Garden Engineering Co., Ltd	37,392,853.06			2,081,847.14						39,474,700.20	
Yangzhou Jiulongwan Construction Engineering Co., Ltd	35,213,956.96		35,213,956.96								
Yangzhou Hengji Datong Optical Electronic Co., Ltd	448,224,966.34			-2,881,526.61						445,343,439.73	
Yangzhou Huixian Human Resources Service Co., Ltd	75,472.80			-1,219.63						74,253.17	
Yangzhou Yidou Electronic Technology Co., Ltd										30,000,000.00	30,000,000.00
Sinochem Yangzhou Lithium Technology Co., Ltd		26,670,000.00		40,701.68						26,710,701.68	
Total	590,419,240.61	26,670,000.00	35,213,956.96	9,783,086.59			6,832,729.14			614,825,641.10	30,000,000.00

[Note] The business licence of Yangzhou Kechuang Guarantee Co., Ltd has been canceled.

10. Investment property

Investment property measured at cost model

Item	Properties and buildings	Land use rights	Total
Original book value			
1.Opening balance	140,000,000.00	12,457,107.70	152,457,107.70
2.Addition this period	682,030,153.55	49,889,406.76	731,919,560.31
(1)Purchase		13,942,804.40	13,942,804.40
(2) Intangible assets/ Transfer from projects under construction	682,030,153.55	35,946,602.36	717,976,755.91
(3)Increase from business combination			
3.Decrease this period			
(1)Disposal			
(2)Other transfer out			
4.Closing balance	822,030,153.55	62,346,514.46	884,376,668.01
Accumulated depreciation and amortization			
1.Opening balance	57,400,000.00	4,982,693.73	62,382,693.73
2.Addition this period	5,719,763.10	2,339,921.98	8,059,685.08
(1)Provision or amortization	5,719,763.10	551,308.40	6,271,071.50
(2) Intangible assets/ Transfer from projects under construction		1,788,613.58	1,788,613.58
(3)Increase from business combination			
3. Decrease this period			
(1)Disposal			
(2)Other transfer out			
4.Closing balance	63,119,763.10	7,322,615.71	70,442,378.81
Provision for impairment			
1.Opening balance			
2. Addition this period			
(1)Provision			
(2)Increase from business combination			
3. Decrease this period			
(1)Disposal			
(2)Other transfer out			
4. Closing balance			
Book value			
1.Closing book value	758,910,390.45	55,023,898.75	813,934,289.20

Item	Properties and buildings	Land use rights	Total
2.Opening book value	82,600,000.00	7,474,413.97	90,074,413.97

11. Fixed Assets

(1) Categories

Item	Closing balance	Opening balance
Fixed assets	1,991,707,355.16	1,848,754,787.86
Disposal of fixed assets		
Total	1,991,707,355.16	1,848,754,787.86

(2) Fixed assets

Details of fixed assets

Item	Buildings and constructions	Transportation equipment	Machinery equipment	Electronic equipment	Pipeline equipment	Other equipment	Total
Original cost of fixed assets							
1.Opening balance	1,476,239,775.02	6,479,295.16	36,462,191.75	8,626,064.96	654,157,500.00	6,472,288.65	2,188,437,115.54
2.Increase in current period	73,023,737.15	921.60	145,080,250.41	404,299.66		132,776.80	218,641,985.62
(1)External purchase	73,023,737.15	921.60	145,080,250.41	404,299.66		132,776.80	218,641,985.62
(2)Transfer from projects under construction							
(3) Increase from business combination							
3.Decrease in current period							
(1)Disposal or scrap							
(2) Decrease from business combination							
4.Closing Balance	1,549,263,512.17	6,480,216.76	181,542,442.16	9,030,364.62	654,157,500.00	6,605,065.45	2,407,079,101.16
Accumulated depreciation							
1.Opening balance	110,216,456.62	4,688,433.70	6,773,375.75	7,777,853.19	206,059,612.68	4,166,595.74	339,682,327.68
2.Increase in current period	36,513,345.54	330,964.46	8,739,398.32	139,938.32	29,437,087.56	528,684.12	75,689,418.32
(1)Provision	36,513,345.54	330,964.46	8,739,398.32	139,938.32	29,437,087.56	528,684.12	75,689,418.32
(2) Increase from business combination							
3.Decrease in current period							
(1)Disposal or scrap							
(2) Decrease from business combination							
4. Closing balance	146,729,802.16	5,019,398.16	15,512,774.07	7,917,791.51	235,496,700.24	4,695,279.86	415,371,746.00
Provision for fixed asset impairment							
1.Opening balance							
2.Increase in current period							
(1)Provision							

Item	Buildings and constructions	Transportation equipment	Machinery equipment	Electronic equipment	Pipeline equipment	Other equipment	Total
(2) Increase from business combination							
3.Decrease in current period							
4.Closing balance							
Book Value							
1. Closing book value	1,402,533,710.01	1,460,818.60	166,029,668.09	1,112,573.11	418,660,799.76	1,909,785.59	1,991,707,355.16
2. Opening book value	1,366,023,318.40	1,790,861.46	29,688,816.00	848,211.77	448,097,887.32	2,305,692.91	1,848,754,787.86

Investment properties without certification of right

Item	Book value	Reason for not having the certification of right
Processing District Dormitory Building of Yangzhou Xinzheng Technology Co., Ltd	21,214,045.10	Not applying for Title Deed in time
South wing of Foreign Investment Service Center	17,786,271.14	Not applying for Title Deed in time
Expansion of the south wing of Foreign Investment Service Center	33,958,893.92	Not applying for Title Deed in time
North wing of Foreign Investment Service Center	23,102,413.16	Not applying for Title Deed in time
Total	96,061,623.32	

12. Construction in progress

(1) Categories

Item	Closing balance	Opening balance
Construction in progress	966,230,210.35	1,418,685,969.89
Construction materials		
Total	966,230,210.35	1,418,685,969.89

(2) Construction in progress

Details of the construction in progress

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Lingang Industrial Incubation Center				422,780,420.36		422,780,420.36
Lingang Standard Workshop for Auto Components	468,644,812.35		468,644,812.35	441,423,729.29		441,423,729.29
Lingang Standard Plant for Heating Equipment and TPI Fan Blade Production Plant	490,618,081.70		490,618,081.70	554,481,820.24		554,481,820.24
Zhigu Complex Phase III	6,066,468.29		6,066,468.29			
George Fisher project	900,848.01		900,848.01			

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Total	966,230,210.35		966,230,210.35	1,418,685,969.89		1,418,685,969.89

Capitalized borrowing cost CNY 103,175,644.61 was included in the closing balance of construction in progress, and capitalized borrowing cost CNY 114,162,833.56 was included in the opening balance of construction in progress.

Current changes of the construction in progress

Item	Opening balance	Increase	Decrease		Closing balance
			Transfer to Investment property	Others	
LingangIndustrial Incubation Center	422,780,420.36	101,539,875.22	524,320,295.58		
LingangStandard Workshop for Auto Components	441,423,729.29	27,221,083.06			468,644,812.35
Lingang Standard Plant for Heating Equipment and TPI Fan Blade Production Plant	554,481,820.24	93,846,119.43	157,709,857.97		490,618,081.70
Total	1,418,685,969.89	222,607,077.71	682,030,153.55		959,262,894.05

13. Intangible assets

(1) Details of intangible assets

Item	Land use right	Software	Total
Original cost of intangible assets			
1.Opening balance	911,988,780.36	60,000.00	912,048,780.36
2.Increase in current period	86,299,339.11		86,299,339.11
(1)Including: Acquired	86,299,339.11		86,299,339.11
(2)Business combination			
(3)Other			
3.Decrease in current period	35,946,602.36		35,946,602.36
(1)Disposal			
(2)Decrease from Business combination			
(3)Other	35,946,602.36		35,946,602.36
4.Closing balance	962,341,517.11	60,000.00	962,401,517.11
Accumulated amortization of intangible assets			
1.Opening balance	36,433,266.18	3,333.34	36,436,599.52
2.Increase in current period	25,373,110.20	20,000.04	25,393,110.24

Item	Land use right	Software	Total
(1)Including: Provision	25,373,110.20	20,000.04	25,393,110.24
(2)Business combination			
3.Decrease in current period	1,788,613.58		1,788,613.58
(1)Including: Disposal			
(2)Decrease from Business combination			
(3)Other	1,788,613.58		1,788,613.58
4.Closing balance	60,017,762.80	23,333.38	60,041,096.18
Provision for impairment			
1.Opening balance			
2.Addition			
3.Decrease			
4.Closing balance			
Book value of intangible assets			
Closing Book Value	902,323,754.31	36,666.62	902,360,420.93
Opening Book Value	875,555,514.18	56,666.66	875,612,180.84

14. Deferred tax assets

(1) Deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	8,849,920.17	2,212,480.03	9,271,535.67	2,317,883.91
Total	8,849,920.17	2,212,480.03	9,271,535.67	2,317,883.91

(2) Details of unrecognized deferred tax assets

Item	Closing balance	Opening balance
Deductible Temporary Differences	2,124,515.89	2,073,115.04
Total	2,124,515.89	2,073,115.04

15. Other non-current assets

Item	Closing balance	Opening balance
Land use right	2,724,042,921.41	2,022,019,387.71
Prepaid land fee	51,483,323.96	719,240,116.52
Entrusted loans	646,000,000.00	9,050,000.00
Prepayment of bidding assets		128,505,024.00

Item	Closing balance	Opening balance
Lending funds		11,195,000,000.00
Total	3,421,526,245.37	14,073,814,528.23

16. Provision for impairment

Item	Openingbalance	Increase in current period	Decrease in current period		Closing balance
			Reverse	Write off	
Bad debt provision	11,344,650.71	51,400.85	421,615.50		10,974,436.06
Total	11,344,650.71	51,400.85	421,615.50		10,974,436.06

17. Short-term loans

(1) Short term loan classification

Category	Closing balance	Opening balance
Pledged loans		288,000,000.00
Guaranteed loans	1,060,000,000.00	110,000,000.00
Credit loans	502,250,000.00	
Total	1,562,250,000.00	398,000,000.00

(2) Details of short-term loans overdue

There are no short-term loans overdue at the end of the period.

18. Notes payables

Item	Closing balance	Opening balance
Bank Acceptance Bill	1,966,000,000.00	1,510,000,000.00
Commercial Acceptance Bill	730,000,000.00	
Total	2,696,000,000.00	1,510,000,000.00

There was no notes payable overdue at the end of the period.

19. Accounts payable

(1) Details of accounts payable

Item	Closing balance	Opening balance
Construction cost	516,063,688.64	512,149,885.01
Equipment cost	1,057,767.80	1,235,273.35
Purchase of property		3,851,465.01
Purchase of goods	3,205,690.28	
Advertising fee	153,528.00	103,528.00
Others	11,434,676.81	10,910,607.69
Total	531,915,351.53	528,250,759.06

(2) Description of significant accounts payable aging more than 1 year.

Item	Closing balance	Reason for not being settled
Yangzhou Lingang Construction Development Co., Ltd	354,447,808.20	Construction cost payable
Jiangsu Hanjian Group Co., Ltd	100,783,725.01	Construction cost payable
Changhe Village, Yangzhou Economic and Technological Development Zone	10,000,000.00	Land compensation payable
Total	465,231,533.21	/

20. Advance from customers

(1) Detais of advances from customers

Item	Closing balance	Opening balance
Land development	24,353,096.00	24,353,096.00
Property sales	373,886,053.89	386,799,719.89
Housing placement cost	750,000,000.00	150,000,000.00
Construction cost	109,200,000.00	1,000,000.00
Property charges, electricity fee and others	4,190,107.37	2,323,351.85
Total	1,261,629,257.26	564,476,167.74

(2) Advances from customers aging more than 1 year

Item	Closing balance	Reason for not being settled
Yangzhou Education Asset Management Co., Ltd	15,000,000.00	Prepayment fee for land development
Yangzhou Yangzijiang Real Estate Co., Ltd	1,000,000.00	Prepayment of construction cost
Yangzhou Economic & Technological Development Zone Finance Bureau	150,000,000.00	Prepayment of housing placement
Total	166,000,000.00	/

21. Employee benefits payable

(1) Details as follows

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term benefits		15,211,714.24	15,211,714.24	
Post-employment benefits-- defined contribution plans		192,827.97	192,827.97	
Termination benefits				
Other benefits due in 1 year				
Total		15,404,542.21	15,404,542.21	

(2) Short-term employee benefits payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and grants		12,747,326.36	12,747,326.36	
Employees' welfare		540,332.22	540,332.22	
Social insurance premiums		517,103.69	517,103.69	
Including: Medical insurance premium		511,162.93	511,162.93	
Work-related injury insurance premium		5,940.76	5,940.76	
Maternity insurance premium				
Housing funds		1,266,254.00	1,266,254.00	
Labor union expenditures and employee education funds		140,697.97	140,697.97	
Short-term paid absences profit-sharing plan				
Short-term profit sharing plan				
Total		15,211,714.24	15,211,714.24	

(3) Defined Contribution Plan shown as follows

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance premium		186,984.64	186,984.64	
Unemployment insurance premium		5,843.33	5,843.33	
Corporate annuity				
Total		192,827.97	192,827.97	

22. Taxes payable

Item	Closing balance	Opening balance
Corporate income tax	1,042,739,928.05	943,020,506.76
Value-added tax	233,109,456.67	152,185,530.38
Land use tax	2,796,853.70	2,660,684.97
Property tax	1,507,930.67	1,484,277.39
Urban maintenance and construction tax	16,080,622.46	10,358,236.88
Education surcharge	11,486,158.95	7,398,740.67
Withholding individual income tax		115,775.12
Stamp tax	1,544.30	531,400.00
General fund	3,990,957.98	3,990,957.98
Environment protection fund	70,007.18	5,544.00
Total	1,311,783,459.96	1,121,751,654.15

23. Other payables

(1) Categories

Item	Closing balance	Opening balance
Interest payable	368,905,435.79	334,189,880.43
Dividends payable		
Other payables	2,121,966,983.40	1,976,689,864.18
Total	2,490,872,419.19	2,310,879,744.61

(2) Interest payable

Item	Closing balance	Opening balance
Bond interest	355,223,218.18	319,361,904.78
Loan interest	13,682,217.61	14,827,975.65
Total	368,905,435.79	334,189,880.43

(3) Other payable

Categories by nature

Item	Closing balance	Opening balance
Receivables and payments	1,959,661,417.04	1,817,167,774.71
Margin	158,727,588.98	156,396,832.55
Other	3,577,977.38	3,125,256.92
Total	2,121,966,983.40	1,976,689,864.18

Other important payables aging more than 1 year

Item	Closing balance	Reasons for being unpaid or transferred
Yangzhou Green Industry Investment Development Holdings (Group) Co., Ltd	450,035,900.00	No settlement
Yangzhou Chuangheng Trading and Industrial Co., Ltd	235,000,000.00	No settlement
Yangzhou Huaheng Construction Investment Co., Ltd	166,000,000.00	No settlement
Jiangsu Jiulongwan Property Service Co., Ltd	122,623,835.44	No settlement
Yangzhou Hengguangda Technology Co., Ltd	114,900,000.00	No settlement
Total	1,088,559,735.44	

24. Non-current Liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	2,622,300,000.00	3,459,828,900.00
Bond payable due within one year	1,825,460,000.00	1,020,000,000.00
Long-term payable due within one year	92,637,555.55	57,988,429.67
Total	4,540,397,555.55	4,537,817,329.67

Long-term loans due within one year

Item	Closing balance	Opening balance
Mortgage loans	132,500,000.00	267,500,000.00
Guaranteed loans	946,800,000.00	2,418,078,900.00
Mortgage/Guaranteed laons	154,000,000.00	260,000,000.00
Mortgage/Pledged laons		5,000,000.00
Pledged/Guaranteed loans	29,000,000.00	29,000,000.00
Credit loans	1,360,000,000.00	480,250,000.00
Total	2,622,300,000.00	3,459,828,900.00

Bond payable within one year

Name	Norminal value	Issurance date	Bond terms	Issurance amount	Closing balance
14YETDZ Corporate Bond	1,000,000,000.00	5/3/2014	7years	1,000,000,000.00	400,000,000.00
17YETDZ Corporate Bond	1,100,000,000.00	6/7/2017	7years	1,100,000,000.00	220,000,000.00
18YETDZ MTN001	500,000,000.00	17/1/2018	3+2years	500,000,000.00	500,000,000.00
18YETDZ MTN003	500,000,000.00	20/4/2018	3+Nyears	500,000,000.00	500,000,000.00
18SETDZ ZR001	200,000,000.00	8/11/2018	3years	200,000,000.00	200,000,000.00
20SETDZ ZR003	212,388,900.00		3+2years	212,388,900.00	5,460,000.00
Total	/	/	/	3,512,388,900.00	1,825,460,000.00

Long- term payable within one year

Item	Closing balance	Opening balance
Financing lease	92,637,555.55	57,988,429.67
Total	92,637,555.55	57,988,429.67

25. Other current debt

Item	Closing balance	Opening balance
19YETDZ CP001		500,000,000.00
19YETDZ CP002		500,000,000.00
19YETDZ SCP001		500,000,000.00
20YETDZ CP001	500,000,000.00	
20YETDZ SCP002	500,000,000.00	
Total	1,000,000,000.00	1,500,000,000.00

20YETDZ CP001 is a short-term financing bond with fixed rate of 3.00%, which was issued at 23 June 2020 and matured at 23 June 2021. The principle and interest shall be repayed at maturity.

20YETDZ SCP002 is a super short-term financing bond with fixed rate of 3.97%, which was issued at 9 December 2020 and matured at 9 March 2021. The principle and interest shall be repayed at maturity.

26. Long-term loans

Item	Closing balance	Opening balance
Mortgage loans	1,750,000,000.00	522,500,000.00
Guaranteed loans	3,462,940,700.00	2,633,490,700.00
Mortgage/Guaranteed laons	771,250,000.00	925,250,000.00
Pledged/Guaranteed loans	219,000,000.00	248,000,000.00
Credit loans	560,000,000.00	3,050,000,000.00
Total	6,763,190,700.00	7,379,240,700.00

27. Bonds payable

(1) Bonds payable

Item	Closing balance	Opening balance
Corporate bond	660,000,000.00	1,280,000,000.00
Medium-term note	4,500,000,000.00	3,500,000,000.00
Non-public direct debt financing instrument	2,500,000,000.00	1,000,000,000.00
Debt financing plan	1,201,468,900.00	500,000,000.00
Direct financing instrument	500,000,000.00	500,000,000.00
Corporate bond for income of non-public project	1,440,000,000.00	320,000,000.00
Overseas bond	1,957,470,000.00	2,092,860,000.00
Total	12,758,938,900.00	9,192,860,000.00

(2) Changes in bonds payable(excluding other financial tools like preferred stock categorized as financial liability or indefinite bonds)

Name of bond	Nominal value	Issuance date	Bond terms	Issuance amount	Opening balance	Closing balance
14YETDZ Corporate Bond	1,000,000,000.00	05/03/2014	7years	1,000,000,000.00	400,000,000.00	
17YETDZ Corporate Bond	1,100,000,000.00	06/07/2017	7years	1,100,000,000.00	880,000,000.00	660,000,000.00
18YETDZ MTN001	500,000,000.00	17/01/2018	3+2years	500,000,000.00	500,000,000.00	
18YETDZ MTN003	500,000,000.00	20/04/2018	3+Nyears	500,000,000.00	500,000,000.00	
18YETDZ MTN004	500,000,000.00	24/04/2018	3+2years	500,000,000.00	500,000,000.00	500,000,000.00
18YETDZ PPN001	500,000,000.00	19/09/2018	3+2years	500,000,000.00	500,000,000.00	500,000,000.00
18YETDZ PPN002	500,000,000.00	12/11/2018	3+2years	500,000,000.00	500,000,000.00	500,000,000.00
18SETDZ ZR001	200,000,000.00	08/11/2018	3years	200,000,000.00	200,000,000.00	
19YETDZ MTN001	500,000,000.00	10/04/2019	5years	500,000,000.00	500,000,000.00	500,000,000.00

Name of bond	Nominal value	Issuance date	Bond terms	Issuance amount	Opening balance	Closing balance
19YETDZ MTN002	500,000,000.00	15/04/2019	3years	500,000,000.00	500,000,000.00	500,000,000.00
19YETDZ MTN004	500,000,000.00	06/05/2019	3years	500,000,000.00	500,000,000.00	500,000,000.00
19YETDZ MTN003	500,000,000.00	20/06/2019	5years	500,000,000.00	500,000,000.00	500,000,000.00
2019 first-term direct financing instrument	500,000,000.00	/	3years	500,000,000.00	500,000,000.00	500,000,000.00
19YETDZ	320,000,000.00	07/05/2019	6years	320,000,000.00	320,000,000.00	320,000,000.00
19SETDZ ZR001	300,000,000.00	26/06/2019	3years	300,000,000.00	300,000,000.00	300,000,000.00
YANGZH 5.5 22	USD300,000,000.00	27/06/2020	3years	USD300,000,000.00	2,092,860,000.00	1,957,470,000.00
20YETDZ MTN001	500,000,000.00	04or05/03/2020	5years	500,000,000.00		500,000,000.00
20YETDZ MTN003	200,000,000.00	24or25/03/2020	5years	200,000,000.00		200,000,000.00
20YETDZ MTN002	500,000,000.00	08/04/2020	3years	500,000,000.00		500,000,000.00
20YETDZ MTN004	500,000,000.00	22/04/2020	3years	500,000,000.00		500,000,000.00
20YETDZ	300,000,000.00	29/04/2020	15years	300,000,000.00		300,000,000.00
20SETDZ ZR001	200,000,000.00	21/04/2020	3years	200,000,000.00		200,000,000.00
20YETDZ PPN002	500,000,000.00	21/05/2020	5years	500,000,000.00		500,000,000.00
20YETDZ MTN005	300,000,000.00	14or15/07/2020	3years	300,000,000.00		300,000,000.00
20SETDZ ZR002	500,000,000.00	/	3years	500,000,000.00		500,000,000.00
20YETDZ PPN001	500,000,000.00	24/07/2020	5years	500,000,000.00		500,000,000.00
20YETDZ PPN003	500,000,000.00	28/07/2020	5years	500,000,000.00		500,000,000.00
20YETDZ 01	340,000,000.00	22/09/2020	3+2years	340,000,000.00		340,000,000.00
20YETDZ ZR003	212,388,900.00	/	5years	212,388,900.00		201,468,900.00
20YETDZ 02	480,000,000.00	26or27/11/2020	6years	480,000,000.00		480,000,000.00
Total	/	/	/		9,192,860,000.00	12,758,938,900.00

28. Long-term payable

(1) Category

Item	Closing balance	Opening balance
Long-term payable	215,476,049.04	161,380,314.69
Specific account payable		
Total	215,476,049.04	161,380,314.69

(2) Long-term payable

Item	Closing balance	Opening balance
Financing lease	215,476,049.04	161,380,314.69
Total	215,476,049.04	161,380,314.69

29. Paid-in capital

Name of shareholder	Opening balance		Increase in current period (0,000.00)	Decrease in current period	Closing balance	
	Investment(0,000.00)	Investment			Investment (0,000.00)	Percentage
Yangzhou Municipal People's Government	1,691,300.00	100.00%	268,700.00		1,960,000.00	100.00%
Total	1,691,300.00	100.00%	268,700.00		1,960,000.00	100.00%

The Company increased registered capital (paid-in capital) by CNY 2687 million this year, which was verified in No.008 capital verification report [2020] by Jiangsu Sushuixuntong Certified Public Accountants Co., Ltd.

30. Other equity instruments

(1) The medium-term notes outstanding at the end of the term

Name	Issurance date	Terms	Issurance amount	Issurance fee	Opening balance	Closing balance
17YETDZ MTN001	28/03/2017	3+N	750,000,000.00	6,750,000.00	743,250,000.00	
17YETDZ MTN002	14/04/2017	3+N	750,000,000.00	6,750,000.00	743,250,000.00	
17YETDZ MTN003	02/05/2017	3+N	750,000,000.00	6,750,000.00	743,250,000.00	
17YETDZ MTN004	02/05/2017	3+N	750,000,000.00	6,750,000.00	743,250,000.00	
17YETDZ MTN005	09/08/2017	5+N	1,000,000,000.00	5,000,000.00	995,000,000.00	995,000,000.00
Total	/	/	4,000,000,000.00	32,000,000.00	3,968,000,000.00	995,000,000.00

(2) Change of outstanding medium-term bond at the yearend

Outstanding financial instrument	Opening balance	Increase in current period	Decrease in current period	Closing balance
Medium-term notes	3,968,000,000.00		2,973,000,000.00	995,000,000.00
Total	3,968,000,000.00		2,973,000,000.00	995,000,000.00

The Company recognised the medium-term bond under other equity instruments with the issurance amount. The treatment is in accord with the following: The medium-term bond does not have a clear maturity date and would be held until redemption; The payment of the interest could be postponed by the Company; The Company has the right on the redemption of the bond, so there remains no responsibilities of transferring cash or other financial assets to other parties, or exchanging financial assets and financial debts with other parties under potential unfavorable conditions.

31. Capital reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Share premium [Note 1]	88,155,600.00	30,693,477.83		118,849,077.83
Other capital reserves [Note 2]	1,929,199,902.36	11,480,323.23		1,940,680,225.59

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Total	2,017,355,502.36	42,173,801.06		2,059,529,303.42

[Note 1] Yangzhou Jiulongwan Real Estate Co., Ltd. partially disposed its long-term equity investment in the secondary subsidiary without losing its control, which served as the capital reserve through equity transaction.

[Note 2] The Management Committee of Yangzhou Economic and Technological Development Zone injected 13.33% equity investment into the subsidiary Yangzhou Jiulongwan Real Estate Co., Ltd. in the current period, increasing CNY 11480323.23 as capital investment

32. Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	292,385,402.72	33,829,354.79		326,214,757.51
Total	292,385,402.72	33,829,354.79		326,214,757.51

33. Undistributed profits

Item	Current period	Previous period
Undistributed profit before adjustment at the end of the last year	1,765,388,449.43	1,788,664,390.86
Adjustment in the total undistributed profits at the beginning of year		
Undistributed profit after adjustment at the beginning of year	1,765,388,449.43	1,788,664,390.86
Plus: net profit attributable to owners of the parent company for the current period	302,098,049.67	259,604,403.26
Less: Withdrawal of statutory surplus reserves	33,829,354.79	28,980,344.69
Withdrawal of discretionary surplus reserves		
Withdrawal of general risk preparation		
Ordinary share dividends payable	20,000,000.00	
Allocation of interest on perpetual bonds	280,900,000.00	253,900,000.00
Conversion of ordinary share dividends into share capital		
Undistributed profits at the end of the period	1,732,757,144.31	1,765,388,449.43

34. Operating income and operating costs

(1) Basic information of operating income and operating cost

Item	Current period amount		Previous period amount	
	income	cost	income	cost
Primary business	1,940,030,378.25	1,788,050,891.26	1,863,889,958.80	1,771,593,332.44
Others business	66,528,007.88	53,555,543.08	48,800,096.72	37,796,890.52
Total	2,006,558,386.13	1,841,606,434.34	1,912,690,055.52	1,809,390,222.96

(2) Primary business (by categories)

Item	Current period amount		Previous period amount	
	operating income	operating cost	operating income	operating cost
Land development	1,771,394,167.14	1,629,049,992.99	1,785,658,433.83	1,702,989,061.90
Property development	132,890,566.70	123,433,449.45	78,231,524.97	68,604,270.54
Sales of goods	35,745,644.41	35,567,448.82		
Total	1,940,030,378.25	1,788,050,891.26	1,863,889,958.80	1,771,593,332.44

(3) Other business (by categories)

Item	Current period amount		Previous period amount	
	operating income	operating cost	operating income	operating cost
Lease	48,372,877.21	35,708,159.06	45,512,666.66	33,108,465.48
Others	18,155,130.67	17,847,384.02	3,287,430.06	4,688,425.04
Total	66,528,007.88	53,555,543.08	48,800,096.72	37,796,890.52

35. Taxes and surcharges

Item	Current period amount	Previous period amount
Business tax	887,738.90	877,171.55
Urban maintenance and construction tax	5,961,283.00	5,424,025.04
Educational surcharge and Local education surcharge	4,257,096.00	3,874,303.60
Increment tax on land value	2,657,811.33	1,564,630.50
Property tax and land use tax	26,948,594.27	24,309,172.59
Stamp duty	3,060,670.10	678,189.70
Environment protection fund	396,948.38	277,803.13
Property tax related to investment property	2,031,600.00	2,031,600.00
Use tax of land related to investment property	157,345.60	157,345.60
Total	46,359,087.58	39,194,241.71

36. General and administrative expenses

Item	Current period amount	Previous period amount
Payroll	10,993,880.32	5,768,008.50
Welfare	495,428.00	431,509.39
Company overhead expenditure	242,910.85	134,424.40
Travel expenses	87,798.05	333,285.36

Item	Current period amount	Previous period amount
Trade union tax	138,260.06	119,614.16
Staff training	112,437.91	71,016.46
Amortization	25,393,110.24	18,133,861.17
Depreciation	46,252,059.20	37,624,470.27
Business entertainment	119,627.96	106,985.48
Phone expenses	48,059.04	47,983.76
Labor insurance	516,369.39	1,027,914.41
Housing fund	1,196,774.00	928,340.00
Agency fee	2,735,795.27	3,185,235.61
Car expenses	849,213.86	257,759.07
Water and electricity expenses	100,622.76	122,271.20
Other expenses	1,516,485.71	3,432,523.86
Total	90,798,832.62	71,725,203.10

37. Financial expenses

Item	Current period amount	Previous period amount
Interest expenses	13,565,510.14	8,901,530.92
Less: Interest income	2,798,714.63	783,286.91
Plus: Losses from currency exchange		
Bank charges	116,048.83	132,157.62
Note discounting charges		
Total	10,882,844.34	8,250,401.63

38. Other income

Item	Current period amount	Previous period amount
Government grants received	376,050,600.00	350,006,708.60
Refund of individual income tax service charge	1,432.30	
Total	376,052,032.30	350,006,708.60

[Note] Refer to NotesV-48

39. Investment income

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under the equity method	9,783,086.59	19,610,804.30
Investment income from disposal of long-term equity investments	-2,925,708.36	205,963.23

Item	Current period amount	Previous period amount
Investment income gained during the period of holding available-for-sale financial assets and others	9,900,000.00	278,851.02
Investment income from disposal of available-for-sale financial assets		3,266,835.64
Others		29,166.67
Total	16,757,378.23	23,391,620.86

40. Losses from asset impairment

Item	Current period amount	Previous period amount
Bad debt losses	370,214.65	-49,627.53

41. Gains from disposal of assets

Item	Current period amount	Previous period amount
Profit or loss from disposal of fixed assets		-28,362.00
Total		-28,362.00

42. Non-operating income

Item	Current period amount	Previous period amount
Government grants	296,000.00	1,000,000.00
Others	6.27	2,393,480.05
Total	296,006.27	3,393,480.05

43. Non-operating expenses

Item	Current period amount	Previous period amount
Donation expenses	250,000.00	280,000.00
Penalty expenses and pending litigations	706,198.55	163,263.54
Others	5.00	13,353.21
Total	956,203.55	456,616.75

44. Income tax expense

Item	Current period amount	Previous period amount
Current Period Income Tax	106,018,082.48	93,583,708.99
Deferred Income Tax	105,403.88	160,837.46
Total	106,123,486.36	93,744,546.45

45. Consolidated Cash Flow Items

(1) Cash Received from Other Operation Activities

Item	Current period amount	Previous period amount
Government grants	351,446,000.00	351,006,708.60
Receivables and payments	1,907,848,629.75	229,165,015.53
Interest income	2,798,714.63	783,286.91
Other	7,113,095.18	2,393,480.05
Total	2,269,206,439.56	583,348,491.09

(2) Cash Paid for Other Operating Activities

Item	Current period amount	Previous period amount
Financial expense (service charge)	116,048.83	132,157.62
Intermediate fee	7,020,101.10	12,843,550.61
Receivables and payments	1,027,460,021.59	388,750,770.86
Other	956,203.55	456,616.54
Total	1,035,552,375.07	402,183,095.63

(3) Cash Received from Other Investing Activities

Item	Current period amount	Previous period amount
Cash of newly combined subsidiaries on acquisition date		23,148,096.14
Lending funds taken back		8,880,000,000.00
Total		8,903,148,096.14

(4) Cash paid for Other Investing Activities

Item	Current period amount	Previous period amount
Disposal of subsidiaries with negtive cashflow	8,527.27	
Lending funds		13,095,000,000.00
Total	8,527.27	13,095,000,000.00

(5) Cash received from Other Financing Activities

Item	Current period amount	Previous period amount
Local financial services paid interest on behalf of others	620,000,000.00	622,000,000.00
Unlock of guarantee freeze funds before litigation		7,859,743.40
Cash received from disposal of minority shareholders' equity	31,064,000.00	
Total	651,064,000.00	629,859,743.40

(6) Cash paid for Other Financing Activities

Item	Current period amount	Previous period amount
Deposit pledged by loan		299,960,000.00
Margin paid on notes	340,000.00	706,300,000.00
Payment of perpetual bond	2,973,000,000.00	
Total	2,973,340,000.00	1,006,260,000.00

46. Supplementary Information to Consolidated Statement of Cash Flow

(1) Supplementary information to the cash flow statement

Item	Current period amount	Previous period amount
Reconciliation of net profit to cash flow from operating activities		
Net Profit	302,098,049.67	261,400,771.45
Plus: Provision for Asset Impairment	-370,214.65	49,627.53
Depreciation of Fixed Asset, Oil & Gas Assets and Productive Biological Assets	81,409,181.42	70,441,447.41
Amortization of Intangible Assets	25,944,418.64	18,445,239.09
Amortization of Long-Term Deferred Expenses		
Losses from Disposal of Fixed Assets, Intangible Assets and Other Long-Term Assets		28,362.00
Losses on Write-off of Fixed Assets		
Losses from Changes in Fair Value		
Financial Expenses	13,565,510.14	8,901,530.92
Losses on Investments	-16,757,378.23	-23,391,620.86
Decrease in Deferred Tax Asset	105,403.88	160,837.46
Increase in Deferred Tax Liabilities		
Decrease in inventory	-3,257,641,210.63	-237,936,739.43
Decrease in Operation Receivables	-3,007,502,628.86	-2,335,417,888.73
Increase in Operation Payables	4,348,890,723.69	2,994,332,105.85
Other		
Net Cash Flow from Operating Activities	-1,510,258,144.93	757,013,672.69
Significant Investing and Financing Activities not Involving Cash Flow:		
Conversion of Debt into Capital		
Convertible Bonds Maturing within 1 Year		
Fixed Assets Acquired under Financial Lease		
Net Change in Cash & Cash Equivalents		

Item	Current period amount	Previous period amount
Closing balance of Cash	4,110,736,126.32	4,187,965,887.07
Minus: Opening balance of Cash	4,187,965,887.07	2,640,379,396.30
Plus: Closing balance of Cash Equivalent		
Minus: Opening balance of Cash Equivalents		
Net Change in Cash and Cash Equivalents	-77,229,760.75	1,547,586,490.77

(2) Composition of Cash & Cash Equivalent

Item	Closing balance	Opening balance
1. Cash	4,110,736,126.32	4,187,965,887.07
Including: Cash On Hand	84.00	6,800.00
Unrestricted Bank Deposit	4,095,741,767.16	4,187,959,087.07
Other Unrestricted Cash & Cash Equivalents	14,994,275.16	
2. Cash Equivalents		
Including: Bond Investment Maturing within 3 Months		
3. Closing balance of Cash & Cash Equivalents	4,110,736,126.32	4,187,965,887.07

47. Assets with Restricted Ownership or Use Right

Item	Closing book balance	Reason for restriction
Cash & Cash Equivalents	1,348,000,000.00	deposits and deposit receipt
Inventories	1,992,598,203.20	mortgage
Other current assets	200,000,000.00	pledge
Investment property	86,403,036.05	Land registration without setting the value of mortgage
Fixed assets	760,915,322.39	mortgage
Intangible assets	72,571,941.66	mortgage
Other non-current assets	1,474,047,418.13	mortgage
Total	5,934,535,921.43	/

Note: As at 31 December 2020, among cash & cash equivalent, the deposit receipt of bank acceptance bill was CNY 513,000,000.00; among other cash & cash equivalent, margin of bank acceptance bill was CNY 835,000,000.00.

As at 31 December 2020, 11 pieces of land under inventory were used as collateral. Especially, a land with an area of 503,199.51 sqaure metres and book value of CNY 1,728,445,934.00 was used as collateral for the Company and its subsidiaries; a land with an area of 179,216.00 sqaure metres and book value of CNY 264,152,269.20 was used as collateral for other companies.

As at December 31 2020, CNY 200 million financial products in other current assets provided pledge guarantee for CNY 200 million commercial bills of other companies.

As at 31 December 2020, investment properties were used as collateral for other companies. A land was registered, with an area of 19,668.20 sqaure metres and book value of CNY 7,163,036.05. The mortgage value of the land was not set. The housing area was 30,914.25 square meters and its value was CNY 79,240,000.00.

As at 31 December 2020, under fixed assets, an area of 243,563.20 square metres and value of CNY 742,176,688.05, were used as collateral for the Company and its subsidiaries; While properties and buildings with an area of 17,999.81 square metres and value of CNY 18,738,634.34, were used as collateral for other companies.

As at 31 December 2020, 2 pieces of land under intangible assets were used as collateral for the Company and its subsidiaries, with an area of 120,343.01sqauremetres and book value of CNY 72,571,941.66.

As at 31 December 2020, 9 pieces of land recorded under other non-current assets were used as collateral, among which the collateral for the Company and its subsidiaries had an area of 210,863.30 square metres and book value of CNY 909,030,549.11, and the collateral for other companies had an area of 145,997.35 square metres and value of CNY 565,016,869.02.

48. Government grants

Item	Related to assets / Related to income	Amount	Presentation	Amount included in profit or loss
Grants for operation	Related to income	376,050,600.00	Other income	376,050,600.00
Subsidy bonus for building energy saving building in Linjiang Xincheng	Related to income	296,000.00	Non operating income	296,000.00
Total		376,346,600.00		376,346,600.00

VI. Changes in Consolidated Scope

1. Business Combination not under Common Control

(1) Establishment of Secondary Subsidiary

Name	Time of establishement	Registered capital (0,000)	Shareholding
Yangzhou Jiuhe Real Estate Co., Ltd	02/2020	2,000.00	51.00%
Yangzhou Jiusheng Real Estate Co., Ltd	02/2020	1,000.00	51.00%
Yangzhou Jiuxu Health Industry Co., Ltd	07/2020	15,000.00	100.00%
Yangzhou Jiukun Real Estate Co., Ltd	09/2020	2,000.00	100.00%
Yangzhou Jiumin Real Estate Co., Ltd	12/2020	2,000.00	100.00%

(2) The subsidiary Huasheng Urban Development Fund Partnership (limited partnership) of Yangzhou Economic Development Zone has been liquidated and cancelled in December 2020.

VII. Interests in Other Entities

1.Interests in Subsidiaries

(1) Group Composition (排版)

Name of subsidiary	Main operation site	Registration place	Business nature	Shareholding proportion		Way of obtaining
				Direct	Indirect	
Yangzhou Jiulongwan Real Estate Co., Ltd [Note]	Yangzhou	Yangzhou	Property development and operation	100%		Investment
Yangzhou Jiuhe Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; estate management; Marketing planning; Interior decoration; Real estate consulting		51.00%	Investment
Yangzhou Jiusheng Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; Real estate consulting; Interior decoration; Marketing planning; estate management		51.00%	Investment
Yangzhou Jiuxu Health Industry Co., Ltd	Yangzhou	Yangzhou	Medical services; Internet hospital services; All kinds of engineering construction activities; Food and Beverages; Food business; Health food sales; The third category of medical device business, etc		100.00%	Investment
Yangzhou Jiukun Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; Residential interior decoration; estate management; Marketing planning; Real estate consulting		100.00%	Investment
Yangzhou Jiumin Real Estate Co., Ltd	Yangzhou	Yangzhou	Real estate development and operation; All kinds of engineering construction activities; estate management; Sales of building materials; Housing leasing; Non residential real estate leasing; Marketing planning; Real estate consulting		100.00%	Investment
Yangzhou Xinzheng Technology Co., Ltd	Yangzhou	Yangzhou	Electronic components development, municipal infrastructure construction in manufacturing district, house leasing and property management,etc	100.00%		Injected by shareholder
Yangzhou Biangang Trade Industrial Co., Ltd	Yangzhou	Yangzhou	Manufacture and sale of construction material, mechanical and electrical equipment and electronic products	100.00%		Injected by shareholder

Name of subsidiary	Main operation site	Registration place	Business nature	Shareholding proportion		Way of obtaining
				Direct	Indirect	
Yangzhou Caoqiao Trade Industrial Co., Ltd	Yangzhou	Yangzhou	Manufacture and sale of construction material, mechanical and electrical equipment and electronic products	100.00%		Injected by shareholder
Yangzhou Huashun Trade Co., Ltd	Yangzhou	Yangzhou	Sales and manufacturing of construction materials, mechanical equipment, electromechanical equipment and electronic products		100.00%	Set up
Yangzhou Lingang Sports Development Co., Ltd	Yangzhou	Yangzhou	Construction, operation and management of sports park projects; construction, operation and management of sports venues; indoor fitness services; organization and planning of sports events; construction, supervision, design and consultation of municipal construction projects; urban construction and management; landscaping services	100.00%		Purchase
Yangzhou New Light Source Technology Development Co., Ltd	Yangzhou	Yangzhou	R & D, production and sales of electronic components, municipal infrastructure construction, real estate management, financing construction funds, etc	100.00%		Injected by shareholders
Yangzhou Zhihui Human Resources Service and Industrial Park Operation Management Co., Ltd	Yangzhou	Yangzhou	Park operation and management services; human resource services; human resource management consulting, etc		100.00%	Injected by shareholders

[Note]: Yangzhou Economic and Technological Development Zone Management Committee injected 13.33% equity investment into Yangzhou Jiulongwan Real Estate Co., Ltd. in the current period, and the shareholding proportion became 100%.

(2) Important Non-Wholly-Owned Subsidiaries

Name of subsidiary	Proportion of share holdings of non-controlling shareholders	Gains & Losses attribute to non-Controlling shareholders during current period	Dividends paid to non-Controlling shareholders during current period	Closing balance of non-Controlling shareholders interests
Yangzhou Jiuhe Real Estate Co., Ltd	49%			9,684,378.47
Yangzhou Jiusheng Real Estate Co., Ltd	49%			4,824,143.70

(3) Transactions in which the owner's equity share of a subsidiary changes and the subsidiary is still under control

a. The subsidiary Yangzhou Jiulongwan Real Estate Co., Ltd. transferred its 49% equity of Yangzhou Jiuhe Real Estate Co., Ltd. to Ruixiang Business Management Co., Ltd. of Yangzhou Economic and Technological Development Zone in October 2020. After the transfer, the shareholding ratio was 51%.

b. The subsidiary Yangzhou Jiulongwan Real Estate Co., Ltd. transferred its 49% equity of Yangzhou Jiusheng Real Estate Co., Ltd. to Yangzhou Huada Real Estate Development Co., Ltd. in November 2020, with a shareholding ratio of 51% after the transfer.

2.Interests in Joint Ventures or Associate

Name of joint venture/associate	Main operation site	Registration place	Shareholding proportion (%)		Accounting method
			Direct	Indirect	
Yangzhou Port Sludge Power Generation Co., Ltd	Yangzhou	Yangzhou	27.00		equity method
Yangzhou Kaigang Logistics Co., Ltd	Yangzhou	Yangzhou	29.00		equity method
Yangzhou Kechuang Guarantee Co., Ltd [Note]	Yangzhou	Yangzhou	56.25		equity method
Yangzhou Butterfly Lake Cultural Development Co., Ltd [Note]	Yangzhou	Yangzhou	100.00		equity method
Yangzhou Hengji Datong Optical Electronic Co., Ltd	Yangzhou	Yangzhou	43.80		equity method
Sinochem Yangzhou lithium Technology Co., Ltd	Yangzhou	Yangzhou	26.67		equity method
Jiangsu Jiulongwan Property Services Co., Ltd [Note]	Yangzhou	Yangzhou		100.00	equity method
Yangzhou Jiulongwan Garden Engineering Co., Ltd [Note]	Yangzhou	Yangzhou		100.00	equity method
Yangzhou Huixian Human Resources Service Co., Ltd	Yangzhou	Yangzhou		30.00	equity method
Yangzhou Yideou Electronic Technology Co., Ltd	Yangzhou	Yangzhou		30.00	equity method

[Note] According to Yangzhou Economic and Technological Development Zone Management Committee, the Company does not control them.

VIII. Related parties and transactions

1. The Parent Company of the Company

Parent company	Registration place	Business nature	Shareholding proportion by the parent company	Voting rights proportion by the parent company	Ultimate controller of the company
Yangzhou Municipal People's Government	No.8 West Wenchang Road		100.00%	100.00%	Yangzhou Municipal People's Government

According to No.8 Approval Document [2018] of Yangzhou Municipal People's Government, the owner of the Company was changed to Yangzhou Municipal People's Government (Yangzhou Economic Development Zone Management Committee was authorized to fulfill the responsibilities of the funder).

2. **Subsidiaries of the Company:**

For details please see Note VII.1

3. **Joint Venture and Associate of the Company**

For details please see Note VII.2

4. Related Party Transactions

(1) Related Party Transactions of Purchasing and Selling Goods, Accepting and Providing Services

Name of related party	Nature of transaction	Current period	Previous period
Yangzhou Jiulongwan Garden Engineering Co., Ltd	Sales of commercial housing	36,823,687.74	

(2) Related Party Guarantees

The Company as Guarantor

Name of guarantee	Amount of guarantee	Starting date	Ending date	Has the guarantee been performed or not
Yangzhou Hengji Datong Optical Electronic Co., Ltd	15,000,000.00	19/03/2021	18/03/2021	no
Yangzhou Hengji Datong Optical Electronic Co., Ltd	45,000,000.00	27/02/2020	26/02/2021	no
Yangzhou Lingang Sports Development Co., Ltd	125,000,000.00	27/09/2018	20/03/2023	no
Yangzhou Caoqiao Trade Industrial Co., Ltd	146,733,289.90	28/10/2020	28/04/2025	no

5. **Receivables and Payables of Related Parties**

(1) Receivables

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accountsreceivable	Yangzhou Jiulongwan Garden Engineering Co., Ltd	39,160,063.00			
Prepayment	Yangzhou Jiulongwan Garden Engineering Co., Ltd	34,706,250.00		32,437,500.00	
Other receivables	Yangzhou Municipal People's Government	5,000,000.00		5,000,000.00	
Other receivables	Yangzhou Kaigang Logistics Co., Ltd	5,380,000.00		5,380,000.00	
Other receivables	Yangzhou Jiulongwan Construction Engineering Co., Ltd			64,406,609.92	
Other receivables	Yangzhou Jiulongwan Garden Engineering Co., Ltd	88,101,156.93			
Other receivables	Yangzhou Hengji Datong Optical Electronic Co., Ltd	506,147,091.43		535,966,901.43	
Other receivables	Yangzhou Butterfly Lake Cultural Development Co., Ltd	166,728,529.50		46,953,220.00	

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Total		845,223,090.86		690,144,231.35	

(2) Payables

Item	Related party	Closing balance	Opening balance
Other payables	Yangzhou Jiulongwan Garden Engineering Co., Ltd		64,805,214.68
Other payables	Jiangsu Jiulongwan Property Services Co., Ltd	122,685,558.43	171,759,741.43
Other payables	Yangzhou Hengji Datong Optical Electronic Co., Ltd	12,164,190.00	
Total		134,849,748.43	236,564,956.11

IX. Commitments and Contingencies

Contingent debt and related financial impact arising from providing debt guarantees for other parties

Guarantor	Guarantee	Amount of guarantee(CNY0,000)	Present status of guarantee
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Green Industry Investment Development Holdings (Group) Co., Ltd	416,662.50	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Ruituo Urbanization Construction Development Co., Ltd	64,000.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Hengyun Construction Development Co., Ltd	40,850.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Tongda Water Co., Ltd	34,940.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Lingang Construction Development Co., Ltd	54,450.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Chemical Industry Investment Development Co., Ltd	15,666.66	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Zhigu Construction Development Co., Ltd	13,500.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Hengguangda Technology Co., Ltd	5,500.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Ruiming Technology Co., Ltd	5,500.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Strait Green Petrochemical Industry Investment Co., Ltd	2,650.00	Operating normally
Yangzhou Economic and Technological Development Zone Development Corporation	Yangzhou Baotong Trading Co., Ltd	1,000.00	Operating normally
Total		654,719.16	

X. Post Balance Sheet Event

The Company has no post balance sheet events to be declared until the issue of the financial report.

XI. Other post balance sheet events

The Company has no other significant non-adjustmnet events until 31December 2020.

XII. Notes to the Main Items of the Financial Statements of Parent Company (All currency unit is CNY Yuan, except other statements)

1.Accounts receivable

(1) Categories

Category	Closing balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)	Amount	Provision proportion (%)	
Accounts receivable with significant single amount and tested for impairment individually					
Accounts receivable tested for impairment on a portfolio basis	1,276,765,240.24	99.89			1,276,765,240.24
Including: Aging portfolio					
other portfolio	1,276,765,240.24	99.89			1,276,765,240.24
Accounts receivable with insignificant single amount but tested for impairment individually	1,380,137.70	0.11	1,380,137.70	100.00	
Total	1,278,145,377.94	/	1,380,137.70	/	1,276,765,240.24

（Continued）

Category	Opening balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)		Provision proportion (%)	
Accounts receivable with significant single amount and tested for impairment individually					
Accounts receivable tested for impairment on a portfolio basis	883,599,248.09	99.84			883,599,248.09
Including: Aging portfolio					
Other portfolio	883,599,248.09	99.84			883,599,248.09
Accounts receivable with insignificant single amount but tested for impairment individually	1,380,137.70	0.16	1,380,137.70	100.00	

Category	Opening balance				
	Book balance		Provision for bad debt		Book value
	Amount	Proportion (%)		Provision proportion (%)	
Total	884,979,385.79	/	1,380,137.70	/	883,599,248.09

(2) Accounts receivable with significant single amount

Company name	Account receivable	Aging	Proportion of provision (%)
Yangzhou Economic & Technological Development Zone Finance Bureau	1,276,765,240.24	Within 1 year	99.89
Total	1,276,765,240.24		99.89

2.Other receivables

(1) Categories

Item	Closing balance	Opening balance
Interest receivable	6,234,857.29	8,418,586.44
Dividends receivable	24,787,354.65	24,090,691.93
Other receivable	11,882,190,896.88	10,458,242,305.49
Total	11,913,213,108.82	10,490,751,583.86

(2) Interest receivable

Item	Closing balance	Opening balance
Entrusted loans	6,234,857.29	13,135.07
Lending funds		8,405,451.37
Total	6,234,857.29	8,418,586.44

(3) Dividends receivable

Investee	Closing balance	Opening balance
Yangzhou Port Sludge Power Generation Co., Ltd	24,787,354.65	24,090,691.93
Total	24,787,354.65	24,090,691.93

(4) Other receivables by categories

Category	Closing balance				
	Book balance		Bad debt percentage		Book value
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis:	11,891,040,817.05	100.00	8,849,920.17	0.07	11,882,190,896.88
Including: Aging portfolio	17,703,440.34	0.15	8,849,920.17	49.99	8,853,520.17
Other portfolio	11,873,337,376.71	99.85			11,873,337,376.71
Other receivables with insignificant single amount but tested for impairment individually					
Total	11,891,040,817.05	/	8,849,920.17	/	11,882,190,896.88

(Continued)

Category	Opening balance				
	Book balance		Bad debt percentage		Book value
	Amount	Percentage (%)	Amount	Proportion of provision (%)	
Other receivables with significant single amount and tested for impairment individually					
Other receivables tested for impairment on a portfolio basis:	10,467,513,841.16	100.00	9,271,535.67	0.09	10,458,242,305.49
Including: Aging portfolio	18,543,071.34	0.18	9,271,535.67	50.00	9,271,535.67
Other portfolio	10,448,970,769.82	99.82			10,448,970,769.82
Other receivables with insignificant single amount but tested for impairment individually					
Total	10,467,513,841.16	/	9,271,535.67	/	10,458,242,305.49

Aging analysis of the receivables is as follows

Aging	Closing balance			Opening balance		
	Other receivables	Provision for bad debt	Proportion of provision	Other receivables	Provision for bad debt	Proportion of provision
Within 1 year	4,000.00	200.00	5.00			
1-2 years						

Aging	Closing balance			Opening balance		
	Other receivables	Provision for bad debt	Proportion of provision	Other receivables	Provision for bad debt	Proportion of provision
2-3 years						
Over 3 years	17,699,440.34	8,849,720.17	50.00	18,543,071.34	9,271,535.67	50.00
Total	17,703,440.34	8,849,920.17	49.99	18,543,071.34	9,271,535.67	50.00

Top five entities with the largest balances of other receivables

Company name	Nature of receivables	Closing balance	Aging	Proportion in other receivables (%)
Yangzhou Huaheng Construction Investment Co., Ltd	Fund transaction	2,395,676,565.26	[Note 1]	20.15
Yangzhou Economic & Technological Development Zone Finance Bureau	Transactions and others	2,067,042,899.03	[Note 2]	17.38
Yangzhou Jiulongwan Real Estate Co., Ltd	Fund transaction	1,472,501,980.00	[Note 3]	12.38
Yangzhou Economic and Technological Development Zone Park Development Center Co., Ltd	Fund transaction	1,291,558,397.32	[Note 4]	10.86
Yangzhou Xijie Technology Co., Ltd	Fund transaction	722,275,849.57	[Note 5]	6.08
Total	/	7,949,055,691.18	/	66.85

[Note 1]Within 1 year CNY 1,342,932,763.69; 1-2 years CNY 153,000,000.00; 2-3 years CNY 808,000,000.00; and over 3 years CNY 91,743,801.57

[Note 2]Within 1 year CNY 226,354,478.74; 1-2 years CNY 475,450,282.93; 2-3 years CNY 708,801,088.40; and over 3 years CNY 656,437,048.96

[Note 3]Within 1 year CNY 1,450,000,000.00; and over 3 years CNY 22,501,980.00

[Note 4]1-2 years CNY 661,465,717.81 and 2-3 years CNY 630,092,679.51

[Note 5]Within 1 year CNY 277,772,020.00 and 2-3 years CNY 444,503,829.57

3.Long-term equity investment

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiary	2,059,350,048.09		2,059,350,048.09	1,700,869,729.86		1,700,869,729.86
Investment in associate, joint venture	540,938,850.24		540,938,850.24	510,962,732.63		510,962,732.63
Total	2,600,288,898.33		2,600,288,898.33	2,211,832,462.49		2,211,832,462.49

(1) Investment in subsidiary

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Provision for impairment in the current period	Closing balance of provision for impairment
Yangzhou Jiulongwan Real Estate Co., Ltd	130,000,000.00	361,480,323.23		491,480,323.23		
Yangzhou Economic Development Zone Huasheng Urban Development Fund Partnership (Limited Partnership)	3,000,005.00		3,000,005.00			
Yangzhou Xinzheng Technology Co., Ltd	200,941,552.17			200,941,552.17		
Yangzhou Biangang Trade Industrial Co., Ltd	45,050,458.71			45,050,458.71		
Yangzhou Caoqiao Trade Industrial Co., Ltd	53,653,136.97			53,653,136.97		
Yangzhou Lingang Sports Development Co., Ltd	160,000,000.00			160,000,000.00		
Yangzhou New Light Source Technology Development Co., Ltd	1,108,224,577.01			1,108,224,577.01		
Total	1,700,869,729.86	361,480,323.23	3,000,005.00	2,059,350,048.09		

(2) Investment in associate, joint venture

Investee	Opening balance	Changes in current period								Profit or loss recognized under equity method	Closing balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Others		
Consortium Association											
Yangzhou Port Sludge Power Generation Co., Ltd	42,656,189.91			11,777,554.90			6,832,729.14			47,601,015.67	
Yangzhou Kaigang Logistics Co., Ltd	36,874.36			237,827.74						274,702.10	
Yangzhou Kechuang Guarantee Co., Ltd [Note]	208,052.47									208,052.47	
Yangzhou Butterfly Lake Cultural Development Co., Ltd	19,836,649.55			964,289.04						20,800,938.59	
Yangzhou Hengji Datong Optical Electronic Co., Ltd	448,224,966.34			-2,881,526.61						445,343,439.73	
Sinochem Yangzhou Lithium Technology Co., Ltd		26,670,000.00		40,701.68						26,710,701.68	
Total	510,962,732.63	26,670,000.00		10,138,846.75			6,832,729.14			540,938,850.24	

[Note] The business liscence of Yangzhou Kechuang Guarantee Co., Ltd has been canceled.

4.Operating income and operating cost

(1) Basic information of operating income and operating cost

Item	Current period amount		Previous period amount	
	Income	Cost	Income	Cost
Primary business	1,771,394,167.14	1,629,049,992.99	1,785,658,433.83	1,702,989,061.90
Other business	48,074,126.98	37,633,159.06	46,194,089.13	33,801,126.04
Total	1,819,468,294.12	1,666,683,152.05	1,831,852,522.96	1,736,790,187.94

(2) Priamary business (by categories)

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
Land developmnt	1,771,394,167.14	1,629,049,992.99	1,785,658,433.83	1,702,989,061.90
Total	1,771,394,167.14	1,629,049,992.99	1,785,658,433.83	1,702,989,061.90

(3) Other business (by categories)

Item	Current period amount		Previous period amount	
	Operating income	Operating cost	Operating income	Operating cost
Lease	46,015,714.31	35,708,159.06	45,501,428.57	33,108,465.48
Others	2,058,412.67	1,925,000.00	692,660.56	692,660.56
Total	48,074,126.98	37,633,159.06	46,194,089.13	33,801,126.04

5.Investment income

Item	Current period amount	Previous period amount
Investment income from long-term equity investments under equity method	10,138,846.75	4,221,230.04
Investment income from disposal of long-term equity investments	-2,183,718.14	
Investment income gained during the period of holding the financial assets available for sale	9,900,000.00	278,851.02
Investment income from disposal of available-for-sale financial assets		3,266,835.64
Other investment income		29,166.67
Total	17,855,128.61	7,796,083.37

6.Cash flow statement supplementary information

Detailed statement of extraordinary gain and loss (+ for gain, - for loss)

Item	Current period amount	Previous period amount
1. Adjust net profit to operating cash flow		
Net profit	338,293,547.92	289,803,446.92
Plus: Provisions for impairment	-421,615.50	21,390.10
Depreciation of fixed assets, oil and gas assets and productive biological assets	62,173,866.78	58,556,312.35
Amortization of intangible assets	9,196,648.29	8,808,553.17
Amortization of long-term prepayment		
Loss on disposal of fixed assets, intangible assets and other long-term assets(marked with "-" for earnings)		28,362.00
loss on discard of fixed assets(marked with "-" for earnings)		
loss on change of fair value(marked with "-" for earnings)		
Financial expenses(marked with "-" for earnings)		
Investment loss(marked with "-" for earnings)	-17,855,128.61	-7,796,083.37
Decrease of deferred tax assets(marked with "-")	105,403.88	-5,347.52
Increase of deferred tax liabilities(reduced by "-")		
Decrease of inventory(marked with "-") （increase with"-")	-872,767,835.61	-240,184,975.23
Decrease of operating account receivables(marked with "-")	-2,076,766,240.08	-1,936,879,522.63
Increase of operating account payables(marked with "-")	1,671,269,049.14	2,044,429,600.28
Others		
Net operating cash flow	-886,772,303.79	216,781,736.07
2. Non-monetary investing and financing activities		
Conversing debt to capital		
Convertible company bonds maturing within a year		
Fixed assets obtained by leasing		
3. Changes of cash and cash equivalents		
Closing balance of cash	3,701,926,483.50	3,729,886,773.65
Minus;Opening balance of cash	3,729,886,773.65	2,519,013,360.75
Plus: Closing balance of cash equivalents		
Minus: Opening balance of cash equivalents		
Increase of cash and cash equivalents	-27,960,290.15	1,210,873,412.90

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd.

19 April 2021

ISSUER

Yangzhou Economic and Technological Development Zone Development (Group) Co., Ltd
(揚州經濟技術開發區開發(集團)有限公司)
108 Weiyang Road
Yangzhou
Jiangsu Province, China

AUDITORS OF THE ISSUER

Suyajincheng CPA LLP
14-16/F, Block A, Zhengtai Center
No.159 Taishan Road
Nanjing, Jiangsu Province
PRC

TRUSTEE

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

PRINCIPAL PAYING AGENT

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

REGISTRAR AND TRANSFER AGENT

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

LEGAL ADVISERS

To the Issuer as to English law

Deacons
5th Floor
Alexandra House
Chater Road, Central
Hong Kong

To the Issuer as to PRC law

Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing 100025
China

To the Managers and the Trustee as to English law

Linklaters
11th Floor
Alexandra House
Chater Road, Central
Hong Kong

To the Managers as to PRC law

JunHe LLP
20th Floor, China Resources Building
8 Jianguomenbei Avenue
Beijing, PRC

A.Plus International
FINANCIAL PRESS LIMITED
220180012