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*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 the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.*

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 ("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) 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 Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Notice to Hong Kong investors: With respect to the Notes (as defined below) to be listed on the SEHK, the Issuer confirms that the Notes are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the SEHK on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

PUBLICATION OF THE OFFERING CIRCULAR

FUJIAN ZHANGLONG GROUP CO., LTD.

(福建漳龍集團有限公司) (the "Issuer")

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

U.S.$500,000,000 4.80 per cent. notes due 2025 (the "Notes")
(Stock Code: 5362)

This announcement is made by the Issuer pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of U.S.$500,000,000 4.80 per cent. notes due 2025 on the SEHK dated 20 July 2022 published by the Issuer. The offering circular dated 13 July 2022 referred to therein is appended to this announcement.

Hong Kong, 21 July 2022

As at the date of this announcement, the directors of Fujian Zhanglong Group Co., Ltd. (福建漳龍集團有限公司) are Mr. WU Ziyi, Mr. CHEN Haibo, Mr. Ou Yang Liming, Mr. Zhuang Zhouwen, Mr. LIN Atou, Mr. TIAN Mingsheng and Mr. PAN Qun.[*]

* *Relevant registrations of the appointment of Chen Haibo, Ou Yang Liming, Lin Atou, Tian Mingsheng and Pan Qun are not yet completed as at the date of this announcement.*

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 HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

Confirmation of your Representation:

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

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular, electronically or otherwise, 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, the Joint Lead Managers, the Trustee, the Agents in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers are licenced brokers or dealers in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers, the Trustee, the Agents nor any person who controls the Joint Lead Managers, the Trustee, the Agents nor any director, officer, employee nor agent of the Joint Lead Managers, the Trustee, the Agents or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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

The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S 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

FUJIAN ZHANGLONG GROUP CO., LTD.

(福建漳龍集團有限公司)

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

U.S.$500,000,000 4.80 per cent. Notes due 2025
Issue Price: 99.601 per cent.

The 4.80 per cent. Notes due 2025 in the aggregate principal amount of U.S.500,000,000 (the "**Notes**") will be issued by Fujian Zhanglong Group Co., Ltd. (福建漳龍集團有限公司) (the "**Issuer**" or the "**Company**"), a company incorporated in the People's Republic of China with limited liability.

The Notes will bear interest from 20 July 2022 (the "**Closing Date**") at the rate of 4.80 per cent. per annum. Interest on the Notes is payable semi-annually in arrear on 20 December and 20 June in each year, except that the first payment of interest will be in respect of the period from and including 20 July 2022 to but excluding 20 December 2022.

The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) *(Negative Pledge)* of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. Payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax as further described in Condition 7 *(Taxation)* of the Terms and Conditions of the Notes.

The Noteholders shall have no recourse to any PRC governmental entity in respect of any obligation arising out of or in connection with the Notes solely by virtue of the Issuer being a state-owned enterprise of the PRC. The PRC government (including the Zhangzhou Government) is not an obligor and Noteholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer. The Notes are solely to be repaid by the Issuer and the obligations of the Issuer under the Notes shall solely be fulfilled by the Issuer as an independent legal person. See "*Risk Factors – Risks relating to the Notes – The PRC Government and the Zhangzhou Government has no legal obligations under the Notes*".

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015]2044號)) (the "**NDRC Circular**") issued by the National Development and Reform Commission of the PRC ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with NDRC and obtained a certificate from NDRC on 23 December 2021 evidencing such registration and undertakes to provide the requisite information on the issuance of the Notes to NDRC within the prescribed timeframe after the Closing Date.

Pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**SAFE Measures**") issued by the State Administration of Foreign Exchange of the PRC (**"SAFE**") on 13 May 2013 which came into effect on the same day and the Circular on Matters relating to Overall Macro-prudential Management System for Nationwide Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**") issued by the People's Bank of China ("**PBOC**") and which came into effect on 12 January 2017, the Issuer shall file or cause to be filed with the Zhangzhou Centre Sub-branch of SAFE the requisite information and documents within the prescribed timeframe after the Closing Date ("**SAFE Foreign Debt Registration**"). Further, the Issuer shall use its best endeavours, to complete the SAFE Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before 150 days after the Closing Date.

The PRC Government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes. This position has been reinforced by the Circular of the Ministry of Finance on Matters Concerning Regulating the Investment and Financing Activities of 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 "**Circular 23**") promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving Market Regulatory Regime and Taking Strict Precautions Against 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 "**Circular 706**") promulgated on 11 May 2018 and took effect on the same day, and the Notice 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) ("**Circular 666**") promulgated on 6 June 2019.

Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem each Note at its principal amount on 20 June 2025 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (as defined below) (which notice shall be irrevocable), the Issuer may redeem the Notes in whole, but not in part, at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions of the Notes) as a result of any change in, or amendment to, the laws or regulations of the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 July 2022, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), each holder of Notes (each a "**Noteholder**") will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to such Put Settlement Date.

The Notes will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Notes are being issued as "Green Bonds" under the Green Finance Framework of the Issuer. See "*Green Finance Framework*" on page 51.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1) of the Securities and Futures Act 2001 (Revised Edition) of Singapore as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

The Issuer has been assigned a corporate credit rating of "BBB-" with a stable outlook by Fitch Ratings Ltd. and its successors ("**Fitch**") and "BBB+" with a stable outlook by Lianhe Ratings Global Limited ("**Lianhe Global**"). The Notes are expected to be rated "BBB-" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, qualification or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves certain risks. See "*Risk Factors*" beginning on page 15 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes 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 Notes are being offered only outside the United States in reliance on Regulation S. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of and permission to deal in the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This document is for distribution to Professional Investors only. **Notice to Hong Kong Investors:** The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes, the Issuer, the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. The Notes will be represented by beneficial interests in a global note certificate (the "**Global Note Certificate**") in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Closing Date with a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, individual certificates for the Notes will not be issued in exchange for interests in the Global Note Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

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

Joint Bookrunners and Joint Lead Managers

CEB International **China International Capital Corporation** **China Industrial Securities International**

CLSA **CMBC Capital** **CMB International** **CNCB Capital**

DBS Bank Ltd. **Huatai International** **Hua Xia Bank Co., Limited Hong Kong Branch** **Luso Banking Ltd.** **Shanghai Pudong Development Bank Hong Kong Branch**

Sole Green Structuring Advisor

Guotai Junan International

Offering Circular dated 13 July 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 document and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (together with the Issuer, the "**Group**") and the Notes which is material in the context of the issue, offering, sale, marketing or distribution of the Notes (including all information which is required by all applicable laws or, according to the particular nature of the Issuer, the Group and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Group, and the rights attaching to the Notes); (ii) this Offering Circular does not, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iii) the statements of fact contained in this Offering Circular used in connection with the issue, offering, sale and distribution of the Notes, at the date of publication of such material are, in every material respect true and accurate and not misleading, and there are no other material facts in relation to the Issuer, the Group and the Notes the omission of which would, in the context of the issue, offering, sale and distribution of the Notes, make any statement in this Offering Circular and/or any such other material (including as aforesaid) misleading; (iv) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions; (v) all reasonable enquiries have been and will be made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements; and (vi) all descriptions of contracts or other material documents described in this Offering Circular are accurate descriptions in all material respects and fairly summarise the contents of such contracts or documents.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Notes described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Guotai Junan Securities (Hong Kong) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, CEB International Capital Corporation Limited, China International Capital Corporation Hong Kong Securities Limited, China Industrial Securities International Brokerage Limited, CLSA Limited, CMBC Securities Company Limited, CMB International Capital Limited, CNCB (Hong Kong) Capital Limited, DBS Bank Ltd., Huatai Financial Holdings (Hong Kong) Limited, Hua Xia Bank Co., Limited Hong Kong Branch, Luso International Banking Ltd. and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (together, the "**Joint Lead Managers**") or the Issuer to subscribe for or purchase any of the Notes. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in

any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Notes, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Notes. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

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

None of the Joint Lead Managers accepts any responsibility for any social, environmental and sustainability assessment of any Notes issued as Green Bonds or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding such "green", "sustainable", "social" or similar labels. None of the Joint Lead Managers is responsible for the use of proceeds for any Notes issued as Green Bonds, nor the impact or monitoring of such use of proceeds. In addition, none of the Joint Lead Managers have conducted any due diligence on the Issuer's Green Finance

Framework. Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies ("**S&P**") has issued an independent opinion, dated 5 July 2022, on the Issuer's Green Finance Framework (the "**Second Party Opinion**"). The Second Party Opinion provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in any Notes, including without limitation market price, marketability, investor preference or suitability of any security. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with an issue of Notes issued as Green Bonds. As at the date of this Offering Circular, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. The Second Party Opinion and any other such opinion or certification is not, nor should be deemed to be, a recommendation by the Joint Lead Managers, or any other person to buy, sell or hold any Notes and is current only as of the date it is issued. The criteria and/or considerations that formed the basis of the Second Party Opinion or any such other opinion or certification may change at any time and the Second Party Opinion may be amended, updated, supplemented, replaced and/or withdrawn. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein. The Issuer's Green Finance Framework may also be subject to review and change and may be amended, updated, supplemented, replaced and/or withdrawn from time to time and any subsequent version(s) may differ from any description given in this Offering Circular. The Issuer's Green Finance Framework, the Second Party Opinion and any other such opinion or certification does not form part of, nor is incorporated by reference in, this Offering Circular.

In the event any such Notes are, or are intended to be, listed, or admitted to trading on a dedicated "green", "sustainable", "social" or other equivalently-labelled segment of a stock exchange or securities market, no representation or assurance is given by the Joint Lead Managers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

The Issuer has been assigned a corporate credit rating of "BBB-" with a stable outlook by Fitch and "BBB+" with a stable outlook by Lianhe Global. The Notes are expected to be rated "BBB-" by Fitch. 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 Notes may adversely affect the market price of the Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates or advisers accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates and advisers or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers or advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates or advisers 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 Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, affiliates or advisers.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1) of the Securities and Futures Act 2001 of Singapore (Revised Edition), as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

NO STABILISATION WILL BE PERFORMED BY ANY JOINT LEAD MANAGER OR ANY PERSON ACTING ON BEHALF OF ANY JOINT LEAD MANAGER IN CONNECTION WITH THE OFFERING OF THE NOTES.

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

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

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been extracted or derived from internal surveys, market research, publicly available information, various government sources 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 and the Issuer has taken reasonable care in extracting and reproducing such information, but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers, employees, affiliates and advisers makes any representation as to the correctness, accuracy or completeness of that information. Such information may not be consistent with other information complied 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

The Issuer prepares its consolidated financial statements in accordance with the China Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**"). The Issuer's audited consolidated financial information as at and for the years ended 31 December 2019, 2020 and 2021 have been extracted from the consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 (the "**2020 Audited Financial Statements**") and 31 December 2021 (the "**2021 Audited Financial Statements**", together with the 2020 Audited Financial Statements, the "**Audited Financial Statements**") audited by Mazars Certified Public Accountants LLP ("**Mazars**"), the independent auditors of the Issuer, and included elsewhere in this Offering Circular together with the auditor's report in respect of such financial years.

PRC GAAP is substantially in line with the International Financial Reporting Standards ("**IFRS**"), except for certain modifications which reflect the PRC's unique circumstances and environment. Please see "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS and has not quantified such differences.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular contains a 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 RMB6.3726 to U.S.$1.00 (the noon buying rate in New York City on 30 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.

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

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**", "**China**" and "**mainland China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan), and 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**" and "**RMB**" are to the lawful currency of the PRC, and all references to "**USD**", "**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.

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

- "**GDP**" refer to gross domestic product;
- "**MOF**" refer to the Ministry of Finance of the People's Republic of China;
- "**NDRC**" refer to the National Development and Reform Commission of the People's Republic of China or its competent local counterparts;
- "**PBOC**" refer to the People's Bank of China, the central bank of the People's Republic of China;
- the "**PRC government**" refer to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

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

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

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

- "**sqm**" refer to square metres;

- the "**Zhangzhou Government**" refer to the Zhangzhou Municipal People's Government (漳州市人民政府) or local government entities, and instrumentalities thereof, or where the context requires, any of them; and

- the "**Zhangzhou SASAC**" refer to the State-owned Assets Supervision and Administration Commission of the Zhangzhou Municipal People's Government (漳州市人民政府國有資產監督管理委員會).

FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer discussed in this Offering Circular regarding matters that are not historical facts. 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 "Risk Factors", uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer 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 in this Offering Circular to reflect any change in the Issuer'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 or 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;

- future developments, trends and conditions in the industries and markets in which the Group operates and in the PRC economy;

- the Group's business prospects;

- the Group's capital expenditure plans;

- the continued availability of capital and financing;

- the actions and developments of the Group's competitors;
- the Group's financial condition and performance;
- the Issuer's dividend policy;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industries and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes in the global economic conditions; and
- other factors, including those discussed in "*Risk Factors*".

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise

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SUMMARY

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

OVERVIEW

Established in July 2001, the Issuer is a state-owned company with Zhangzhou SASAC as its controlling shareholder and the Zhangzhou Government as its ultimate controller. As at 31 December 2021, the Group was one of the key state-owned enterprises supported by the Zhangzhou Government's favourable policies. The Group is tasked with providing some of the main public utility services such as infrastructure construction, water supply and sewage treatment and facilitates the economic and industrial development of Zhangzhou.

The Group operates in various industries, primarily including trading, water supply and sewage treatment and construction. The Group is also engaged in other businesses such as land development, real estate and industrial park development.

As at 31 December 2021, the Group had a paid-up capital of RMB3,828.5 million and total assets of RMB64,393.9 million. For the years ended 31 December 2019, 2020 and 2021, the Group reported a total operating revenue of approximately RMB10,038.1 million, RMB12,739.4 million and RMB29,371.2 million, respectively and a net profit after tax of approximately RMB199.3 million, RMB709.5 million and RMB508.9 million, respectively.

Trading Business Segment

The Group conducts its trading business primarily through the Issuer and three of its subsidiaries, namely, Zhangzhou Development, Fujian Zhangzhou Commerce and Trade Group Co., Ltd. (福建漳龍商貿集團有限公司) ("**Fujian Commerce and Trade**") and Fujian Zhanglong Foreign Trade Group Co., Ltd. (福建漳龍外貿集團有限公司) ("**Fujian Foreign Trade**"). Zhangzhou Development has been listed on the Shenzhen Stock Exchange (000753) since 1997 and was the first state-controlled company in Zhangzhou to obtain a listing status. The Group's trading business segment can be broadly divided into three sub-segments: (i) automobile trading; (ii) import and export trading; and (iii) domestic trading. For the Group's automobile trading business, as at 31 December 2021, the Group operated 26 automobile 4S dealership stores in Fujian and offered a diversified portfolio of international and domestic automobile brands.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's trading business segment amounted to approximately RMB7,800.9 million, RMB9,817.0 million and RMB27,216.6 million, respectively, representing approximately 77.7 per cent., 77.1 per cent. and 92.7 per cent. of the Group's total operating revenue, respectively. The increase in the operating revenue derived from the Group's trading business segment from 2020 to 2021 was mainly due to the bulk commodity trading conducted by the Issuer.

Water Supply and Sewage Treatment Business Segment

The Group conducts its water supply and sewage treatment business primarily through a subsidiary of Zhangzhou Development, namely, Zhangzhou Development Water Group Co., Ltd. (漳州發展水務集團有限公司) ("**Zhangzhou Water**"). The Group's water supply and sewage treatment business segment includes

water treatment services, distribution of water and sewage treatment. As at 31 December 2021, Zhangzhou Water supplied water to over 90 per cent. of the water supply area in the urban area of Zhangzhou and operated and managed most of the water treatment plants in Zhangzhou. The business scope of Zhangzhou Water covers the extraction of raw water from water sources, treatment of raw water to produce tap water and distribution and sale of tap water to end-users. As the primary platform via which the Zhangzhou Government provides sewage treatment services in Zhangzhou, the Group is responsible for treating substantially all of the domestic sewage in the urban area of Zhangzhou.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's water supply and sewage treatment business segment amounted to approximately RMB207.4 million, RMB248.8 million and RMB287.8 million, respectively, representing approximately 2.1 per cent., 2.0 per cent. and 1.0 per cent. of the Group's total operating revenue, respectively.

Construction Business Segment

The Group conducts its construction business primarily through its wholly-owned subsidiary, namely, Fujian Zhanglong Construction and Investment Group Co., Ltd. (福建漳龍建投集團有限公司) ("**Zhanglong Construction**") and two of its indirect subsidiaries, namely, Fujian Da'nong Landscape Construction Co., Ltd. (福建大農景觀建設有限公司) ("**Da'nong Landscape**") and Fujian Zhangfa Construction Co., Ltd. (福建漳發建設有限公司) ("**Zhangfa Construction**"). The Group's construction business can be broadly divided into three sub-segments: (i) infrastructure construction; (ii) garden landscape construction and (iii) water supply facilities construction. For the Group's infrastructure construction business, the Group acts as one of the platforms via which the Zhangzhou Government invests in, constructs, operates and manages infrastructure in Zhangzhou and has participated in a number of important infrastructure projects in Zhangzhou, such as the Xia-Zhang SeaCrossing Bridge (廈漳跨海大橋), Zhangzhou War Preparation Bridge (漳州戰備大橋), Yingbin Road (迎賓路) and Flora Expo Garden (花博園).

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's construction business segment amounted to approximately RMB990.8 million, RMB1,718.6 million and RMB1,108.9 million, respectively, representing approximately 9.9 per cent., 13.5 per cent. and 3.8 per cent. of the Group's total operating revenue, respectively.

Other Business Segment

The Group is also engaged in other businesses such as land development, real estate and industrial park development.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's other business segment amounted to approximately RMB1,038.9 million, RMB954.9 million and RMB757.9 million, respectively, representing approximately 10.3 per cent., 7.5 per cent. and 2.6 per cent. of the Group's total operating revenue, respectively.

COMPETITIVE STRENGTHS

The Group believes that it has the following competitive strengths:

- Strong support from the Zhangzhou Government.
- Zhangzhou's strategic location and strong economic growth.
- Strategic role in certain industries.

- Diversified business portfolio and asset base to provide stable returns to the Group.
- Diversified sources of funding and strong credit position.
- Comprehensive internal control and risk management systems.
- Prudent financial structure.
- Experienced management team with support from a dedicated team of staff.

BUSINESS STRATEGIES

The Group's objective is to strengthen its position in the industries in which the Group operates and continue to grow its asset base and enhance operational efficiency. The Group intends to implement the following strategies to achieve this objective:

- Continue to diversify its automobile brand portfolio.
- Continue to develop its water-related businesses and strengthen its leading position in the water supply and sewage treatment industries.
- Continue to contribute to the development of urban infrastructure and facilitate the development of urban investment in Zhangzhou.
- Further diversify its business portfolio and create new sources of income.
- Adhere to prudent financial management with stringent risk control and further diversify its sources of financing.
- Continue to build a professional management team.

RECENT DEVELOPMENT

2022 First Quarter Financial Statements of the Group.

In April 2022, the Group published its quarterly financial information as at and for the three months ended 31 March 2022, which was prepared according to PRC GAAP ("**First Quarter Financial Information**"). The First Quarter Financial Information is not included in and does not form a part of this Offering Circular.

As at 31 March 2022, the Group's current assets, non-current assets, current liabilities and non-current liabilities had increased as compared to 31 December 2021. In particular, as at 31 March 2022, the Group's cash and cash equivalents, short-term borrowings, notes payable, non-current liabilities due within one year, long-term borrowings and bonds payable had increased while notes receivable had decreased as compared to 31 December 2021. For the three months ended 31 March 2022, the Group's operating revenue, operating costs and total profit had increased as compared to the same period in 2021.

As at 31 March 2022, the Group's cash and cash equivalents had increased significantly as compared to 31 December 2021, primarily due to the issuance of bonds at the end of March 2022, while notes receivable had decreased significantly as compared to 31 December 2021, primarily due to the maturity and repayment

of notes. For the three months ended 31 March 2022, the Group's total profit had increased significantly as compared to the same period in 2021, primarily due to the increase of investment income and government subsidies.

The First Quarter Financial Information has not been audited or reviewed by the Group's independent accountants, or any other independent accountants and may be subject to adjustments if audited and reviewed. Consequently, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor and potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The recent transfer of certain equity interest to the Group.

Pursuant to the agreement entered into between the Issuer and Zhangzhou Jiulongjiang Group Co., Ltd. (漳州市九龍江集團有限公司), Zhangzhou Jiulongjiang Group Co., Ltd. transferred its 3.0 million shares of equity interest in Zhangzhou Pien Tze Huang Pharmaceutical Co., Ltd. (漳州片仔癀藥業股份有限公司) (600436), a company listed on the Shanghai Stock Exchange, amounting to approximately RMB1.0 billion to the Group at nil consideration (the "**Transfer**") with relevant registration completed in April 2022. After the Transfer, the Group holds 0.8 per cent. of equity interest in Zhangzhou Pien Tze Huang Pharmaceutical Co., Ltd..

THE OFFERING

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

Issuer	Fujian Zhanglong Group Co., Ltd. (福建漳龍集團有限公司).
Notes	U.S.500,000,000 in aggregate principal amount 4.80 per cent. Notes due 2025.
Issue Price	99.601 per cent.
Form and Denomination	The Notes will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Notes will bear interest from 20 July 2022 at the rate of 4.80 per cent. per annum payable semi-annually in arrear on 20 December and 20 June in each year, except that the first payment of interest will be in respect of the period from and including 20 July 2022 to but excluding 20 December 2022.
Closing Date	20 July 2022.
Maturity Date	20 June 2025.
Status of the Notes	The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) *(Negative Pledge)* of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3(a) *(Negative Pledge)* of the Terms and Conditions of the Notes.

Registrations and Filings	The Issuer will undertake to: (i) file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe after the Closing Date in accordance with the NDRC Circular; (ii) to the extent it shall be required by the Circular on Matters relating to Overall Macro-prudential Management System for Nationwide Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**") issued by the PBOC and which came into effect on 12 January 2017, file or cause to be filed with the PBOC or SAFE the requisite information and documents within the prescribed timeframe; and (iii) submit or cause to be submitted an application for the registration of the Notes with the local branch of SAFE within 15 PRC Business Days after the Closing Date in accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by the SAFE and which came into effect on 13 May 2013 and as amended from time to time and any implementation rules as issued by the SAFE from time to time, and the PBOC Circular (the "**SAFE Foreign Debt Registration**").
Events of Default	The Notes will contain certain events of default provisions as further described in Condition 8 *(Events of Default)* of the Terms and Conditions of the Notes.
Rating Maintenance	So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Holders, the Issuer shall maintain a rating on the Notes by any one of the Rating Agencies and notify the Trustee of any downgrade in such rating in accordance with the Trust Deed.
Redemption at Maturity	Unless previously redeemed, or purchased and cancelled as provided herein, the Issuer will redeem the Notes at their principal amount on 20 June 2025.
Taxation	All payments of principal, premium and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer in the PRC up to the rate applicable on 13 July 2022 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

	In the event that 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 (the "**Additional Amounts**") as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, subject to the exceptions set out in Condition 7 *(Taxation)* of the Terms and Conditions of the Notes.
Redemption for Tax Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, in the event of certain changes affecting taxes of the PRC or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction) as further described in Condition 5(b) *(Redemption for tax reasons)* of the Terms and Conditions of the Notes.
Redemption for Change of Control	At any time following the occurrence of a Change of Control, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to (but not including) such Put Settlement Date, as further described in Condition 5(c) *(Redemption for Change of Control)* of the Terms and Conditions of the Notes.
Cross-default	The Notes will contain a cross-default provision as further described in Condition 8(c) *(Cross-default of Issuer or Subsidiary)* of the Terms and Conditions of the Notes.
Clearing Systems	The Notes will be represented by beneficial interests in a Global Note Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Note Certificate, individual certificates for the Notes will not be issued in exchange for beneficial interests in the Global Note Certificates. The Notes are not issued in bearer form.
Clearance and Settlement	The Notes have been accepted for clearance through Euroclear and Clearstream under the following securities codes: ISIN: XS2495307865. Common Code: 249530786.

Legal Entity Identifier	300300NZQXHJOPFUGP79.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the courts of Hong Kong.
Trustee and Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and such permission is expected to become effective on or around 21 July 2022.
Rating	The Issuer has been assigned a corporate credit rating of "BBB-" with a stable outlook by Fitch and "BBB+" with a stable outlook by Lianhe Global. The Notes are expected to be rated "BBB-" by Fitch. A rating is not a recommendation to buy, sell or hold the Notes. A rating is subject to revision or withdrawal at any time by the rating agency.
Further Issues	The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing for reporting and filings set out in Condition 3(b) *(Registration and Filings)* of the Terms and Conditions of the Notes) so as to form a single series with the Notes, as the case may be, as further described in Condition 14 *(Further Issues)* of the Terms and Conditions of the Notes.
Use of Proceeds	See "*Use of Proceeds*".
Green Finance Framework	The Notes are being issued as "Green Bonds" under the Issuer's Green Finance Framework. See the section entitled "*Green Finance Framework*".

Notes Issued as Green Bonds	The Issuer agrees to allocate the net proceeds towards the financing and/or refinancing of eligible projects in accordance with certain prescribed eligibility criteria described under Green Finance Framework (as described in "Use of Proceeds"). It would not be a default under the Notes if (i) the Issuer were to fail to comply with such undertaking or were to fail to allocate the proceeds in the manner specified in this Offering Circular and/or (ii) any Second Party Opinion issued in connection with such Green Bonds were to be withdrawn. Any failure to allocate the net proceeds of the Notes and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with respect to such Green Bonds may affect the value and/or trading price of the Green Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green assets. See "*Risk Factors – Risks relating to the Notes issued as Green Bonds.*"

SELECTED FINANCIAL INFORMATION

The following tables set forth the Issuer's selected consolidated financial information as at and for the periods indicated.

The selected consolidated financial information as at and for the years ended 31 December 2019, 2020 and 2021, as set forth below, has been derived from and should be read in conjunction with, the 2020 Audited Financial Statements and the 2021 Audited Financial Statements audited by Mazars, and are included elsewhere in this Offering Circular.

The Issuer's consolidated financial information as at and for the period was 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. The Issuer has not prepared any reconciliation of such consolidated financial information between PRC GAAP and IFRS and has not quantified such differences.

CONSOLIDATED BALANCE SHEET

	As at 31 December			
	2019	**2020[1]**	**2021[2]**	
	(RMB) (audited)	**(RMB) (audited)**	**(RMB) (audited)**	**(USD) (unaudited)**
		(in thousands)		
Current assets:				
Cash and cash equivalents	3,519,582.9	3,247,721.8	2,425,173.9	380,562.7
Financial assets held for trading	–	–	22,661.7	3,556.1
Financial assets measured at fair value and changes are recorded into the current profits and losses	1,955.1	3,776.9	–	–
Notes receivable	18,395.7	62,487.7	64,479.5	10,118.2
Accounts receivable	4,896,241.8	6,794,058.9	7,786,496.5	1,221,871.2
Prepayment	482,482.7	2,404,129.6	2,722,334.5	427,193.7
Other receivables	4,498,350.4	4,837,824.9	6,598,073.8	1,035,381.8
Inventory	16,593,767.2	18,333,480.4	18,738,228.3	2,940,436.9
Contract assets	–	–	518,254.2	81,325.4
Non-current assets due within 1 year	32,700.6	59,901.7	71,424.1	11,208.0
Other current assets	465,974.1	761,929.6	598,085.9	93,852.7
Total current assets	**30,509,450.5**	**36,505,311.4**	**39,545,212.4**	**6,205,506.8**

[1] Consolidated financial information as at 31 December 2020 before the accounting policy change.

[2] Consolidated financial information as at 31 December 2021 after the accounting policy change.

	As at 31 December			
	2019	2020[1]	2021[2]	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(USD) (unaudited)
		(in thousands)		
Non-current assets:				
Debt investment	–	–	690,851.9	108.409.7
Available-for-sale financial assets	1,421,887.8	1,397,022.1	–	–
Held-to-maturity investment	570,000.0	490,000.0	–	–
Long-term receivables	79,384.8	162,396.8	145,848.8	22,886.9
Long-term equity investment	9,573,345.8	9,987,627.1	10,770,708.8	1,690,159.2
Other equity instruments investments	–	–	770,901.7	120,971.3
Other non-current financial assets	–	–	255,734.2	40,130.3
Investment property	836,067.4	837,815.0	706,092.6	110,801.3
Fixed assets	950,893.0	1,600,845.2	2,138,896.2	335,639.5
Construction in progress	771,788.2	1,875,132.0	376,707.1	59,113.6
Right-of-use asset	–	–	177,412.1	27,839.8
Intangible assets	2,238,420.4	4,042,275.6	4,858,852.3	762,459.9
Goodwill	1,900.0	1,900.0	1,900.0	298.1
Long-term deferred expenses	158,818.8	168,022.8	74,978.2	11,765.7
Deferred tax assets	63,565.0	78,908.9	99,621.2	15,632.7
Other non-current assets	1,627,498.8	1,612,318.4	3,780,154.4	593,188.7
Total non-current assets	**18,293,570.2**	**22,254,263.9**	**24,848,659.4**	**3,899,296.9**
Total assets	**48,803,020.8**	**58,759,575.2**	**64,393,871.8**	**10,104,803.7**
Current liabilities:				
Short-term borrowings	5,039,427.3	9,522,999.1	10,502,056.2	1,648,001.8
Notes payable	1,208,723.0	1,537,346.0	1,696,605.9	266,234.5
Accounts payable	1,692,571.8	2,290,150.2	2,676,164.4	419,948.6
Advance from customers	1,169,403.9	1,650,044.0	6,398.6	1,004.1
Contract liabilities	–	–	1,378,685.5	216,345.8
Payroll payable	65,836.2	70,649.9	70,096.1	10,999.6
Taxes payable	181,703.5	200,786.7	155,658.1	24,426.2
Other payables	1,522,073.5	1,207,397.7	736,573.3	115,584.4
Non-current liabilities due within 1 year	4,043,494.8	3,861,530.4	7,809,390.1	1,225,463.7
Other current liabilities	4,122,598.2	6,276,788.5	7,041,183.0	1,104,915.3
Total current liabilities	**19,045,832.2**	**26,617,692.4**	**32,072,811.3**	**5,032,924.0**
Non-current liabilities:				
Long-term borrowings	1,635,363.8	3,132,460.0	3,949,326.6	619,735.5
Bonds payable	10,874,621.2	8,990,376.5	6,679,598.9	1,048,174.8
Lease liabilities	463,336.2	–	116,692.5	18,311.6
Long-term payables	258.5	710,305.6	905,431.3	142,081.9
Deferred income	321,856.2	456,667.9	492,431.0	77,273.2
Deferred tax liabilities	34,491.3	32,551.8	61,194.0	9,602.7
Other non-current liabilities	–	–	116,130.1	18,223.3
Total non-current liabilities	**13,329,927.2**	**13,322,361.8**	**12,320,804.4**	**1,933,403.1**
Total liabilities	**32,375,759.4**	**39,940,054.3**	**44,393,615.7**	**6,966,327.0**

[1] Consolidated financial information as at 31 December 2020 before the accounting policy change.

[2] Consolidated financial information as at 31 December 2021 after the accounting policy change.

	As at 31 December			
	2019	2020[1]	2021[2]	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(USD) (unaudited)
		(in thousands)		
Equity:				
Paid-in capital	3,828,500.0	3,828,500.0	3,828,500.0	600,775.2
Other equity instruments	3,550,000.0	3,600,000.0	3,600,000.0	564,918.6
Capital reserve	3,950,526.2	5,641,114.5	5,844,227.8	917,086.9
Other comprehensive income	4,330.4	(11,994.9)	(5,133.1)	(805.5)
Surplus reserve	394,949.3	441,375.0	471,456.7	73,981.8
Retained earnings	2,529,555.8	2,885,299.8	2,927,300.5	459,357.3
Total equity attributable to owners of the parent company	14,257,861.8	16,384,294.4	16,666,351.9	2,615,314.3
Minority interests	2,169,399.5	2,435,226.5	3,333,904.1	523,162.3
Total equity	**16,427,261.4**	**18,819,520.9**	**20,000,256.1**	**3,138,476.6**
Total liabilities & equity	**48,803,020.8**	**58,759,575.2**	**64,393,871.8**	**10,104,803.7**

[1] Consolidated financial information as at 31 December 2020 before the accounting policy change.

[2] Consolidated financial information as at 31 December 2021 after the accounting policy change.

CONSOLIDATED INCOME STATEMENT

	Year ended 31 December			
	2019	2020	2021	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(USD) (unaudited)
		(in thousands)		
Total operating revenue	**10,038,101.6**	**12,739,353.4**	**29,371,229.7**	**4,608,986.9**
Operating revenue	10,038,101.6	12,739,353.4	29,371,229.7	4,608,986.9
Total operating costs	**(10,113,603.2)**	**(12,210,718.2)**	**(29,123,510.9)**	**(4,570,114.4)**
Operating costs	(8,923,991.9)	(11,557,601.5)	(28,184,379.8)	(4,422,744.2)
Taxes and surcharges	(57,411.3)	(31,928.8)	(81,131.3)	(12,731.3)
Selling expenses	(234,503.8)	(225,233.0)	(242,391.4)	(38,036.5)
Administrative expenses	(360,006.3)	(312,824.3)	(404,116.6)	(63,414.7)
R&D expenses	–	–	(413.1)	(64.8)
Financial costs	(537,690.0)	(83,130.6)	(211,078.8)	33,122.9
Interest expenses	(599,147.2)	(604,809.6)	(575,755.9)	(90,348.7)
Interest income	138,384.0	150,048.1	246,781.9	38,725.5
Other income	6,627.5	12,785.5	14,487.1	2,273.3
Investment income	288,747.4	137,757.9	308,995.7	48,488.2
Gains from changes in fair value	(534.9)	683.9	1,754.6	275.3
Credit impairment loss	–	–	(76,937.6)	(120,73.2)
Impairment loss on assets	(45,568.4)	(115,298.0)	(32,343.0)	(5,075.3)
Gains from disposal of assets	38,702.1	28,563.7	(2,238.5)	(351.3)
Operating profit	**212,472.1**	**593,128.2**	**461,437.1**	**72,409.6**
Non-operating income	146,766.0	210,610.9	191,118.2	29,990.6
Non-operating expense	4,049.1	3,212.7	6,447.4	1,011.7
Total profit	**355,189.0**	**800,526.4**	**646,107.9**	**101,388.4**
Income tax expense	155,852.4	90,976.9	137,195.0	21,528.9
Net profit	**199,336.6**	**709,549.5**	**508,912.9**	**79,859.5**
Attributable to equity holders of the parent company	125,412.3	639,405.2	411,919.9	64,639.2
Minority interest	73,924.2	70,144.4	96,993.0	15,220.3
Other comprehensive income after tax	**4,189.9**	**(16,325.3)**	**4,375.5**	**686.6**
Attributable to equity holders of the parent company	4,189.9	(16,325.3)	(1,705.8)	(267.7)
Attributable to minority shareholders	–	–	6,081.3	954.3
Total comprehensive income	**203,526.5**	**693,224.2**	**513,288.4**	**80,546.2**
Attributable to equity holders of the parent company	129,602.3	623,079.8	410,214.1	64,371.5
Attributable to minority shareholders	73,924.2	70,144.4	103,074.3	16,174.6

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December			
	2019	2020	2021	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(USD) (unaudited)
		(in thousands)		
Net cash flows from operating activities	147,630.3	(3,515,880.4)	(1,420,467.9)	(222,902.4)
Net cash flows from investing activities	(802,761.3)	(1,876,525.4)	(654,584.4)	(102,718.6)
Net cash flows from financing activities	197,443.4	5,033,085.5	1,255,600.9	197,031.2
Effect of foreign exchange rate changes on cash and cash equivalents	**52,442.5**	**(29,096.7)**	**(21,064.5)**	**(3,305.5)**
Net increase in cash and cash equivalents	**(405,245.0)**	**(388,417.0)**	**(840,515.9)**	**(131,895.3)**
Opening balance of cash and cash equivalents	3,428,332.2	3,023,087.2	2,634,670.2	413,437.2
Closing balance of cash and cash equivalents	**3,023,087.2**	**2,634,670.2**	**1,794,154.3**	**281,542.0**

OTHER FINANCIAL INFORMATION

	As at and for the year ended 31 December		
	2019	2020	2021
	(unaudited)	(unaudited)	(unaudited)
EBITDA[(1)] (RMB in millions)	1,132	1,746	1,464
EBITDA margin[(2)] (%)	11	14	5

(1) The Issuer calculates EBITDA for any year or period as total profit, interest expense, depreciation of fixed assets, accumulated depreciation and amortization of investment property, amortization of intangible assets, amortization of long-term deferred expense and amortization of right of use assets. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Issuer's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer has included EBITDA because the Issuer believes that 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 herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(2) The Issuer calculates EBITDA margin for any year or period as dividing EBITDA by operating revenue. Investors should not compare the Issuer's EBITDA margin to EBITDA margin presented by other companies because not all companies use the same definition.

RISK FACTORS

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

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

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Fujian, in particular Zhangzhou.

The Group's businesses and assets are highly concentrated in Fujian, in particular Zhangzhou. Therefore, its 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 Fujian, in particular Zhangzhou. For example, the growth of the Group's automobile trading business is affected by, amongst others, the economic conditions and the level of disposable income of the population in Fujian. Fujian and Zhangzhou have experienced slowing economic growth in recent years. According to Fujian Provincial Bureau of Statistics (福建省統計局) and Zhangzhou Municipal Bureau of Statistics (漳州市統計局), the annual growth rate of Fujian's GDP slowed down from 7.6 per cent. in 2019 to 3.3 per cent. in 2020, while Zhangzhou experienced a greater decrease from 6.5 per cent. in 2019 to (1.5) per cent. in 2020.

Although the annual growth rate of Fujian's and Zhangzhou's GDP increased to 8.0 per cent. and 7.7 per cent. for the year 2021, there can be no assurance that the level of economic development in Fujian and Zhangzhou will continue at the rates seen in recent years, and there can be no assurance that the policies and measures adopted by the PRC government will be effective in stimulating the recovery of the PRC economy. The Group may not be able to establish or invest in any new businesses outside Fujian in the future and the Group expects that its future business and operations will continue to be concentrated in Fujian, in particular Zhangzhou. If economic growth slows, adverse changes in social conditions or local government policies arise or any severe natural disasters or catastrophic events occur in Fujian or Zhangzhou, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group's business may be affected by natural disasters, epidemics and other acts of God, including the coronavirus (COVID-19) pandemic.

The Group's business may be affected by natural disasters, epidemics and other acts of God which are beyond the Group's control. Occurrence of earthquake, sandstorm, snowstorm, fire, drought, or outbreak of epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), H7N9, Zika Virus Disease or COVID-19 may have a material adverse impact on the economic and social condition in the affected regions.

The outbreak of COVID-19 caused the delay in resumption of local business in the PRC after the Chinese New Year holiday and, as the outbreak extended, several countries have introduced new restrictions on travel to and from China. The COVID-19 has spread all over the world and was declared a pandemic on 11 March 2020 by the World Health Organization. The global outbreak of COVID-19 has created negative economic impact and increased volatility in the PRC and global market, which may in turn adversely affect the Group's business. Given the high uncertainties associated with the COVID-19 outbreak at the moment, it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected. Should the disruption to the Group's operations extend for a prolonged period, it may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage. In addition, any further disruption to the Group's business activities may negatively affect its liquidity and access to capital.

Moreover, the PRC has experienced natural disasters like earthquakes, floods and droughts in the past few years. For example, in May 2008 and April 2010, the PRC experienced earthquakes in Sichuan Province and Qinghai Province, respectively, resulting in the death of tens of thousands of people. Since the beginning of 2010, there have occurred severe droughts in southwestern China, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Group's business.

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 benefited from financial and policy support from the Zhangzhou Government for its business operations. For example, the Group has received significant fiscal subsidies from the Zhangzhou Government to support its business operations. For the years ended 31 December 2019, 2020 and 2021, the Group received fiscal subsidies and other income from the Zhangzhou Government of approximately RMB148.6 million, RMB214.0 million and RMB197.1 million, respectively, representing approximately 74.5 per cent., 30.1 per cent., and 38.7 per cent. of the Group's net profit, respectively. The Group has also relied on government support in the form of capital contribution, asset transfer and preferential tax treatment to support its operations. Please refer to *"Description of the Group – Competitive Strengths – Strong support from the Zhangzhou Government"* for further details.

There can be no assurance that the Zhangzhou Government will continue to provide support to the Group or that the fiscal subsidies, asset transfers, government capital contributions, preferential tax treatment or other types of government support will not be adjusted or terminated due to changes in government policy or otherwise. If favourable fiscal subsidies, asset transfers, government capital contributions, preferential tax treatment or other incentives or support which are currently available to the Group are reduced or eliminated in the future, the financial condition and results of operations of the Group will be materially and adversely affected and the controlling relationship between the Group and its ultimate controller, the Zhangzhou Government does not necessarily correlate to, or provide any assurance as to the Group's financial condition and the repayment obligation in relation to the Notes remains the sole obligation of the Issuer.

The Zhangzhou Government exerts significant influence on the Group, and as a result, the Group may not always be able to 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.

As Zhangzhou SASAC is the controlling shareholder of the Issuer, the Issuer is ultimately controlled by the Zhangzhou Government. Accordingly, the Zhangzhou Government is in a position to exert significant influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that the Zhangzhou Government would always take action that are in the Group's best interests or that aim to maximise the Group's profits. The Zhangzhou Government may use its ability to influence the Group's business and strategy in a manner which is beneficial to Zhangzhou as a whole but which may not necessarily be in the Group's best interests. The Zhangzhou Government may also change its policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as its employment growth and projections of population growth in Zhangzhou and any such change may have a material adverse effect on the Group's business and prospects. Any amendment, modification or repeal of existing policies of the Zhangzhou Government 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.

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

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見(國發[2014]43號)) ("**Circular 43**").

According to Circular 43, the Issuer is no longer permitted to function as the financing arm of the local government or incur new government debts and should carry on its operations and financing in accordance with market-oriented principles. Local governments should instead finance the development of public interest projects via the issuance of government bonds. Public interest projects that are profit generating may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Private investors and the special purpose companies jointly set up by the local government and the private investors are required to 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 special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors' or the special purpose companies' debts. Therefore, the Group's financing model, business model and business scope may be required to change significantly and going forward, investors in the Issuer's indebtedness will only have recourse to the Issuer's assets (and not those of the local government).

Circular 43 also sets forth the general principles of dealing with existing debts of local enterprises. In 2014, the local counterparts of MOF began an audit on the existing debts of the financing vehicles of local governments whereby the existing debts of the financing vehicles reported by the local governments were to be classified into four categories, namely (i) debts that shall be repaid with funds of the local governments, (ii) debts that are guaranteed by the local governments, (iii) debts that may be repaid by the local governments with public funds at its option when the borrowing financing vehicles are not able to repay and (iv) debts that will not be repaid or financed with the funds of the local governments. In response to such a requirement, the Issuer submitted to the Zhangzhou Government a list of the Group's then existing debts. As at the date of this Offering Circular, the Group had not received an audit result from the Zhangzhou Government.

On 6 July 2019, the General office of the NDRC issued the Circular of the General Office of the NDRC on the Relevant Requirements for the Filing and Registration of Issuance by Local State-owned Enterprises of Foreign Debts (國家發展改革委辦公室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(發改委外資[2019]666號)) ("**Circular 666**"), which aims to strengthen the management of local government debt and prevent the risks of medium and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions of repaying medium and long-term foreign debts due within one year.

For the avoidance of doubt, according to Circular 43, the Zhangzhou Government has no obligation to repay any amount under the Notes. Investors of the Notes are relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Notes, investors will only be able to claim as an unsecured creditor against the Issuer and not any other person including the Zhangzhou Government.

The Group has historically experienced net cash outflow. If the Group continues to have negative operating cash flows in the future, the Group's liquidity and financial condition may be materially and adversely affected.

For the years ended 31 December 2020 and 2021, the Group incurred net cash outflow in operating activities of approximately RMB3,515.9 million and RMB1,420.5 million, respectively.

Net cash outflow may reduce the Group's financial flexibility and its ability to obtain additional borrowings from banks. There can be no assurance that the Group will be able to record positive operating cash flows in the future. The Group's liquidity and financial condition may be materially and adversely affected should the Group's future operating cash flows remain negative, and there can be no assurance that it will have sufficient cash from other sources to fund its operations. If the Group resorts to other financing activities to generate additional cash, the Group will incur additional financing costs and there can be no assurance that the Group will be able to obtain the financing on terms acceptable to the Group or at all.

The performance of the Group depends on, to a large extent, the performance of its trading business segment.

The Group's trading business segment, which includes automobile trading, import and export trading and domestic trading, has been, and is expected to continue to be, its primary source of operating revenue. The trading business segment contributed more than 75.0 per cent. to the Group's total operating revenue in recent years. For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's trading business segment represented approximately 77.7 per cent., 77.1 per cent. and 92.7 per cent. of the Group's total operating revenue, respectively. As such, any economic downturn or other negative conditions affecting the Group's trading business segment, in particular the Group's business in Fujian, may have a material adverse effect on the financial condition and results of operations of the Group.

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

Some of the industries in which the Group operates, in particular the trading industry, are cyclical industries and are subject to seasonal fluctuations. The Group's activities and results are also substantially affected by general global macro-economic conditions.

The outlook for the world economy and financial markets remains uncertain. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a result of liberal monetary policy or excessive foreign fund inflow, or both. In Europe, several countries are facing difficulties in refinancing sovereign debt. Although the United Kingdom officially ceased to be a member of the European Union since

31 January 2020, the terms of the United Kingdom's departure from the European Union ("**Brexit**") and the potential impact of Brexit on economic conditions in the United Kingdom, the European Union and global markets still remain unclear, and such lack of clarity has had, and may continue to have, a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. There can be no assurance that the Group's business, financial position and operating results, as well as their future prospects, will not be materially and adversely affected by an economic downturn in any of these countries. In addition, the COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, such as China and Japan, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time.

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

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

The Issuer has a number of portfolio companies operating in multiple industries. As such, the Group is exposed to risks associated with multiple businesses.

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

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

The Group may be unsuccessful in integrating and managing future investments and/or acquisitions.

The Group from time to time considers investment and acquisition opportunities that may complement its core business portfolio and capabilities, and assists in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in and/or acquisitions of its target businesses is dependent upon, and may be limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group and obtaining the 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 where it may not have management control over its investments, there can be no assurance that such joint ventures will operate smoothly or successfully, if at all. There can also be no assurance that joint venture partners will act in a way which is consistent with the 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. 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 portfolio companies 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 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 acquisition, 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 such 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 a 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 or reduce 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 Notes, the market price and the trading volume of the Notes 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 Group 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.

In addition, the Group conducts some of its business activities through one or more joint venture companies with local or international partners. The Group generally enters into such joint ventures where it believes it is able to benefit from the strong industry insight and experience of its partners. Under the current contractual arrangements, if any of the other equity owners or the Group's partners fail to perform their respective obligations or otherwise breach the terms and conditions of the Group's shareholding arrangements or joint venture agreements, or if the Group has views or strategies that are different from its partners, it could have a material adverse effect on the Group's business, financial condition or results of operations.

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

The Group's business segments, in particular its trading, real estate and construction business segments, require a large amount of working capital prior to the sales of products or properties, or the completion of its construction projects and the payment from the Zhangzhou Government in respect of some projects. As at 31 December 2019, 2020 and 2021, the Group's inventories amounted to approximately RMB16,593.8 million, RMB18,333.5 million and RMB18,738.2 million, respectively, representing approximately 34.0 per

cent., 31.2 percent. and 29.1 per cent. of the Group's total current assets, respectively. In the event that the value of the inventories decreases significantly, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected.

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

The Group currently has a large amount of indebtedness. As at 31 December 2021, the short-term borrowings and notes payable of the Group were approximately RMB10,502.1 million and RMB1,696.6 million, respectively, while its long-term borrowings and bonds payable reached approximately RMB3,949.3 million and RMB6,679.6 million, respectively. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB2,425.2 million.

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

- increasing the Group's vulnerability to adverse general economic and industry conditions;
- requiring the Group to dedicate a substantial portion of its cash flows from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flows to fund working capital, capital expenditures and other general corporate purposes;
- limiting the Group's ability to capture investment and/or acquisition opportunities and inhibiting its ability to grow and expand its 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 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. For example, as at 31 December 2021, Zhanglong Construction pledged all of its equity interests in Zhangzhou Traffic Development Co., Ltd. (漳州市交通開發有限公司) to Shanghai Pudong Development Bank Co., Ltd., Zhangzhou Branch as collateral to secure the performance of obligations under indebtedness. 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 Group 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 may fail to obtain sufficient capital resources for its continued growth and other operation needs.

Some of the Group's business segments, such as its construction business segment, are capital intensive and require substantial capital expenditure for, among other things, the purchase, construction and maintenance of plant and equipment used in its operations as well as compliance with environmental laws.

The Group intends to use cash on hand, funds from operations and additional debt financing and rely on financial support provided by the Zhangzhou Government such as fiscal subsidies to finance its capital expenditure going forward. However, there can be no assurance that such funding sources will provide the Group with sufficient amounts of capital 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 is subject to extensive regulatory requirements and the non-compliance with 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. The Group is also subject to the supervision of a number of government ministries and departments, including but not limited to NDRC, the Ministry of Housing and Urban-Rural Development, and the State Administration of Work Safety. 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. Please refer to *"Regulation and Supervision in the PRC"* for further details.

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. Although the Group is obliged to comply with all applicable laws and regulations, given the changing nature and increased complexity of the regulations in the PRC and other jurisdictions, 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.

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. 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. Non-compliance with the relevant laws and regulations or the failure to obtain the relevant approvals, permits and licences could expose the Group to sanctions, fines, penalties, revocation of licence or other punitive actions, including suspension of the Group's business operations or restriction or prohibition on certain business activities. In addition, the relevant government authorities may adopt new laws and regulations, or amend the interpretation of or enforcement of existing laws and regulations, or promulgate stricter laws and regulations, all of which may materially and adversely affect the Group's financial condition and results of operations.

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 in whole or in part 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 operations 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. No assurance can be given that changes in laws or regulations, including 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. If the Group were to incur significant fines or penalties or become involved in protracted litigation, or if any of its facilities are closed or are 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.

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

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

Some of the Group's members do not possess valid land use rights or building ownership certificates 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 do not possess valid land use rights certificates or building ownership certificates to certain properties. Some of these members are in the process of applying for or will apply for the relevant certificates and permits. In addition, some members lease properties whose owners do not possess valid land use rights certificates or building ownership certificates. There can be no assurance that such certificates and permits will be obtained in a timely manner, or at all. Any delay may result in punishments or a disruption to their business operations and may adversely affect their financial performance. In addition, failure to obtain such certificates may adversely affect the Group's ownership rights in respect of these properties. Further, some of the Group's properties are subject to usage for special purposes and restrictions on transfer.

The Group relies on the rights granted by automobile manufacturers for the operation of its automobile business.

The Group generally relies on the rights granted by automobile manufacturers to operate its automobile 4S dealership stores and to supply new automobiles and spare parts to its customers. The operations of the automobile 4S dealership stores are generally governed by dealership agreements entered into by the Group with the relevant automobile manufacturers. Most of the Group's dealership agreements are non-exclusive and require renewal periodically. The automobile manufacturer generally has the right to terminate the relevant dealership agreement for a variety of reasons, including the Group's failure to rectify performance deficiencies. The automobile manufacturers may also choose to terminate the dealership agreements for various other reasons, including a change in their business strategies or to take direct control of the distribution of their automobiles in the PRC. There can be no assurance that the Group will be able to renew its dealership agreements on a timely basis, on commercially acceptable terms, or at all, or that its dealership agreements will not be terminated by the automobile manufacturers.

There can be no assurance that the automobile manufacturers will not make any decision to restrict, limit or reduce the number of automobile 4S dealerships granted to the Group as part of any change in their future strategies. Should the automobile manufacturers decide to restrict, limit or reduce the number of automobile 4S dealerships they allow the Group to operate, or fail to renew or terminate the dealership agreements, the Group's results of operations, financial condition and growth prospects may be materially and adversely affected.

In addition, sales of new automobiles of a particular automobile manufacturer are influenced by the automobile manufacturer's ability to anticipate changes in consumer tastes, preferences and requirements, including those driven by cultural or environmental changes, and by the automobile manufacturer's capability to manufacture and deliver to the Group, in sufficient quantities and on a timely basis, a desirable mix of new automobiles and spare parts at competitive prices to sell to the Group's customers. Overall market demand for new automobiles or spare parts may be affected by a variety of other factors, including economic conditions, personal disposable income and interest rate levels. If automobile manufacturers' financial positions or their abilities to design, market or manufacture new automobiles or spare parts are materially and adversely impacted, or if automobile manufacturers decide unilaterally to reduce their supply of automobiles or spare parts to the Group, the Group's automobile business could be disrupted and its overall business, results of operations and financial condition may be materially and adversely affected.

The Group's automobile business operations are subject to restrictions imposed by, and significant influence from, automobile manufacturers under the relevant dealership agreements.

Automobile manufacturers may, under their existing agreements with the Group, subject the operations of the Group's automobile 4S dealership stores to various restrictions. The Group may be, among other things:

- required to follow minimum inventory requirements for new automobiles and spare parts imposed by automobiles manufacturers;
- required to follow pricing guidelines for particular automobiles, spare parts and services provided to its customers;
- required to provide designated services to customers, including sales of new automobiles, sales of spare parts and after-sales services;
- required to meet the automobile manufacturer's design standards for its automobile 4S dealership stores and follow annual sales plans set by the automobile manufacturer; and
- prohibited from knowingly selling automobiles to any customer whose intention is to resell or export automobiles outside of the PRC.

The restrictions imposed by, and significant influence of, automobile manufacturers on the Group's automobile business could materially and adversely affect its business, results of operations and financial condition.

Product defects and automobile recalls could have a material adverse effect on the Group's automobile trading business.

Automobile manufacturers may conduct recalls from time to time to remedy problems with one or more automobile models. Under PRC laws and regulations, the Group is generally not liable for any costs of recalls of defective automobiles but is typically expected to assist the relevant automobile manufacturers in conducting such recalls. However, customers' confidence in the quality and safety of the automobiles may be impaired due to such recalls, and any product defects or automobile recalls may have an adverse effect on the reputation of the automobile manufacturers and the Group, acting as the distributor of the affected automobiles. As a result, recalls may lead to cancellation of orders placed by the Group's customers and a drop in demand for the automobiles that it sells, which in turn may reduce the Group's sales and increase its inventory of the automobile models or brands subject to such recalls. As a result, the Group may incur costs associated with holding such inventory or have to reduce its selling prices, which could materially and adversely affect the Group's business, results of operations and financial condition.

There can be no assurance that there will not be future automobile recalls affecting automobile manufacturers or the models which the Group sells, nor that any such recalls would not cause a material adverse impact on its business, results of operations and financial condition.

The operating revenue derived from the Group's import and export trading and domestic trading businesses may be subject to volatility.

Since the Group's import and export trading and domestic trading businesses depend on the Group's ability to source products which can address the changing needs of customers or suppliers, the Group generally does not enter into long-term contracts with its customers or suppliers. This exposes the Group to potential volatility in the operating revenue derived from such businesses. There can be no assurance that the Group's existing customers will continue to seek its trading services or place purchase orders with the Group at the same level or at all. The Group may not be able to locate new or alternative customers required to replace the decreased services or purchase orders. Similarly, there can be no assurance that the Group's suppliers will continue to supply products to the Group at its desired quality, quantity or price, or in a timely manner or commercially acceptable terms or that the Group is able to locate new suppliers to supply the required products on commercially acceptable terms, if at all. In addition, significant fluctuations in foreign exchange rates may have a material adverse effect on the Group's export and export trading and domestic trading businesses.

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 real estate and land and the construction of infrastructure. There can be no assurance that the services rendered by the contractors will always be satisfactory and up to the standards specified in the relevant contracts. If the performance of any contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. In addition, the Group is also exposed to the risk that its contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. If any of the key contractors fails to perform their contractual obligations, the Group's operations, business and financial condition may be materially and adversely affected.

In addition, there is a risk that the Group may not be able to find suitable alternative contractors at commercially reasonable contract terms, if at all, if the contracts with its current contractors terminate or its current contractors do not renew their expired contracts. This may result in delays in the completion of the Group's projects or incurrence of additional costs, which could materially and adversely affect the Group's business, 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 developments in the PRC. Construction projects that the Group undertakes typically require substantial capital expenditures 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. Any of these could give rise to delays in the completion of construction and/or cost overruns. Construction delays can result in loss of revenues. 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 these costs. Although the

majority of its 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.

The Group has historically required, and expects in the future to continue to require, substantial external financing to fund its capital expenditures. The Group's ability to arrange external financing and the cost of such financing are dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in its business, success of its businesses, provisions of tax, securities and other relevant laws that may be applicable to its efforts to raise capital, and political and economic conditions in the PRC generally. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group.

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

The Group relies on third-party contractors to carry out its construction projects. These projects are labour intensive. As such, labour shortages or labour disputes of third-party 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 31 December 2021, the Group employed approximately 3,072 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 instability. Although the Group enjoys good labour relations with its employees, 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.

Water shortages and restrictions on the use or supply of water could adversely affect the Group's business.

In the event of water shortages, additional costs may be incurred to provide emergency reinforcement to supplies in areas of shortage. This may adversely affect the Group's business, financial condition and results of operations. In addition, restrictions on the use or supply of water may adversely affect the Group's operating revenue and, in very extreme circumstances, may lead to significant compensation becoming due to customers because of supply interruptions. Both of which could adversely affect the Group's business, results of operations, profitability or financial condition.

Excessive pollution of the raw water or sewage supplied to the Group's treatment plants could adversely affect the Group's business.

The Group's water supply and sewage treatment facilities are built to treat raw water or sewage that falls within certain water quality specifications. In the event that the pollution level of the raw water or sewage is higher than the specifications of the Group's treatment facilities, and depending on the extent of such deviation, it may not be possible for the raw water or sewage to be treated, or to be treated to attain the water quality standards provided under the Group's relevant agreements, within the cost structures contemplated by such agreements, or to meet governmental requirements. For example, the raw water could be polluted by contaminants, and the sewage may contain pollutants beyond the types and quantity as contemplated, due to industrial accidents, excessive discharge, oil spills or other events. Jiulong River, the primary source of the Group's raw water, has been reported to have pollution problems and this may cause

concern to the water quality of the raw water extracted from Jiulong River for the production of tap water. An excessive pollution of the raw water or sewage supplied to the Group's water treatment plants may cause a temporary suspension of operation of the Group's facilities, which will in turn adversely affect the operating costs and earnings of such plants due to the higher costs of treating the sewage or raw water to attain the quality standard specified in the agreements with the local government or the Group's customers or due to lower turnover from a reduction in water output. Any failure to meet the applicable governmental standards may subject the Group to governmental fines or sanctions. Such excessive pollution could also damage the Group's water supply and sewage treatment facilities.

The Group is subject to price controls for its water supply and sewage treatment business segment and may not be able to pass on any increased costs to its customers.

The Group is subject to price controls imposed by the government for its water supply and sewage treatment business segment. Tariffs charged by the Group for the supply of water are controlled and determined by the Zhangzhou Government. Please see *"Description of the Group – Business Segments – Water Supply and sewage treatment Business Segment – Water Treatment Services and Distribution of Water – Water Distribution – Pricing"* for further information. There can be no assurance that the Zhangzhou Government will increase the water tariffs to take into account any future increase in the operating costs such as the water resources fee, or that the Zhangzhou Government will not lower the existing water tariffs. If the Group is not able to pass on its increased operating costs or the impact of any price adjustments to its customers in a timely manner, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group is exposed to interest rate risk.

Interest rate fluctuations may have a significant influence on the financial performance of the Group. Any changes in interest rates may impact the Group's borrowing costs as some of the Group's borrowings from time to time may 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 variety of instruments and strategies the Group uses to hedge its exposure to the interest rate risk are ineffective, the Group may incur losses, which could have a material adverse effect on the Group's financial position and results of operations.

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

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations. In May 2020, Longhai Kaixuan Building Materials Co., Ltd. (龍海市凱旋建材有限公司) initiated legal proceeding against Zhanglong Construction relating to the contract dispute amounted to RMB4.7 million. In July 2020, Mr. Chen Jinxun initiated legal proceeding against Zhanglong Construction relating to the construction contract dispute amounted to RMB3.4 million. In September 2020, Mr. Zhou Qijin initiated legal proceeding against Zhanglong Construction relating to the construction contract dispute amounted to RMB2.88 million. As at the date of this Offering Circular, these cases have not yet been decided or settled. 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 substantial periods of time. Actions brought against the Group may result in settlements, injunctions, fines, penalties or other results adverse to the Group's reputation, financial condition and results of operations. Even if the Group is successful in defending against these actions, the costs of such defence

may be significant. In market downturns, the number of legal claims and amount of damages sought in litigations and regulatory proceedings may increase. A significant judgment, arbitration award or regulatory action against the Group, or a disruption in the Group's business arising from adverse adjudications in proceedings against the Group's directors, senior management or key employees, would materially and adversely affect the Group's liquidity, business, financial condition, results of operations and prospects.

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

The Group may not have adequate insurance to cover all potential liabilities or losses.

Members of the Group maintain insurance which is consistent with market practice in the relevant industries and in amounts that the Group believes to be adequate. However, the Group faces various risks in connection with its businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. There can be no assurance that the insurance maintained by the Group will provide adequate coverage in all circumstances. Although each of the Group's facilities has had a track record of safe operation and none of them has suffered any material hazards over the last four years, there can be no assurance that hazards, accidents or mishaps will not occur in the future. The occurrence of any such incident for which the Group is uninsured or inadequately insured may have a material adverse effect on its business, financial condition and results of operations. In addition, the Group may not always be able to obtain insurance of the type and amount the Group desires at reasonable rates. Over time, premiums and deductibles for insurance policies may increase substantially, and certain insurance policies could become unavailable or available only for reduced amounts of coverage. If the Group were to incur significant liability for which the Group is not insured or not fully insured, such liability could have a material adverse effect on its financial position and results of operations. In addition, any claims made under any insurance policies maintained by the Group may not be paid in a timely manner, or at all, and may be insufficient if such an event were to occur.

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 its board of directors, the continued service of key managerial personnel including directors and key senior executives and the ability to attract and retain highly skilled personnel 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 fail to observe and perform their obligations under their service agreements, or any labour unrest causes disruption to the operations of the Group, coupled with any increase in labour costs resulting from such dispute, the Group's results of operations and profits may be materially and adversely affected. 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 misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to 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;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribes;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner, if at all. In addition, it is not always possible to detect and prevent fraud and other misconduct, and the precautions undertaken by the Group to prevent and detect such activities may not be effective. There can be no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

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 disruptions in business, slower response times and limitation on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities.

Although the Group's systems have 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.

The Group may not be able to adequately protect its intellectual property, which could adversely affect its business operations.

The Group relies on a combination of copyrights, trademarks and contractual rights to protect its intellectual property. There can be no assurance that these measures will be sufficient to prevent any misappropriation of the Group's intellectual property. The legal regime governing intellectual property in the PRC is still evolving and the level of protection of intellectual property rights in the PRC differs from those in other jurisdictions. In the event that the steps that the Group has taken and the protection afforded by law do not adequately safeguard its proprietary technology, the Group could suffer losses due to the sales of competing products or services that exploit its intellectual property.

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 the disposal by the Issuer of certain subsidiaries or may affect whether certain subsidiaries of the Issuer will be consolidated in the Issuer's consolidated financial statements. There can be no assurance that any such organisational restructuring will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Members of the Group are or 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 Issuer's subsidiary, Fujian Zhangzhou Development Co., Ltd. (福建漳州發展股份有限公司) ("**Zhangzhou Development**"), was listed on the Shenzhen Stock Exchange since 1997. The shares of one or more other members of the Group may become listed on one or more stock exchanges. As a result, the entering into of 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, the obtaining of independent shareholders' approval at general meetings and 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.

The auditors of the Group had been subject to an investigation by PRC regulators in the past.

The Group's current auditors, Mazars, were responsible for auditing the Audited Financial Statements of the Group. Mazars has been sanctioned by the China Securities Regulatory Commission for failing to comply with the Accounting Standards for Chinese Certified Public Accountants in various regulatory actions and penalties from 2019 to 2021. The firm and some of their auditors have also received warnings from Ministry of Finance, National Equities Exchange and Quotations (NEEQ) and Chinese Institute of Certified Public Accountants. While Mazars has confirmed that these incidents did not affect its audit of the Audited Financial Statements of the Group, potential investors should nevertheless exercise caution when evaluating and relying on the Audited Financial Statements of the Group included elsewhere in this Offering Circular.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

Substantially all of the Group's assets are located in the PRC and substantially all of the Group's revenue 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.

China has experienced rapid economic development in the last decade. However, there has been a slowdown in the growth in China's GDP since the second half of 2013 and this has raised a concern that the historic rapid growth of the PRC economy may not be sustainable. For the years ended 31 December 2019 and 2020, China's GDP growth rate slowed to 6.1 per cent. and 2.3 per cent., respectively, according to the National Bureau of Statistics of China. Although China's GDP growth rate increased to 8.1 per cent. for the year ended 31 December 2021, a sustained period of slower growth in China in general could have a material adverse effect on the financial condition and operating results of the Group as well as on its prospect to identifying, investing in and developing new projects and businesses.

On 2 March 2016, Moody's Investors Service, Inc. ("**Moody's**") changed its outlook on China's Aa3 government bond rating from stable to negative, citing uncertainty about the PRC government's capacity to implement reforms to address imbalances in the economy, given the scale of reform challenges. On 31 March 2016, S&P Global Ratings ("**Standard & Poor's**") also changed its outlook on China's AA- government bond rating from stable to negative, stating that China's attempts to overhaul its economy towards domestic-led economic growth were proceeding "more slowly than Standard & Poor's had expected". On 24 May 2017, Moody's changed its outlook on China's long-term local currency and foreign currency issuer ratings to A1 from Aa3, citing its expectation that China's financial strength will "erode somewhat over the coming years, with economy-wide debts continuing to rise as potential growth slows". Moody's changed China's outlook to stable from negative, stating that the risks are balanced due to China's "very large and still fast-growing economy" and the PRC's government's control over parts of the economy and financial system as well as cross-border financial flows. On 21 September 2017, Standard & Poor's lowered the long-term sovereign credit ratings on China to A+ from AA-, citing concerns over rising debt levels in the face of the country's slower-than-expected deleveraging process. The outlook on the long-term rating is stable. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers. In addition, the PRC's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade war with the United States. Starting in April 2018, the United States imposed tariffs on various categories of imports from China, and China responded with similarly sized tariffs on United States' products. While China and the United States reached a phase one trade deal in January 2020, the amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the industries the Group operates in remain uncertain. A sustained period of slower growth in the PRC in general could have a material adverse effect on the financial condition and operating results of the Group as well as on its prospects to identifying, investing in and developing new projects and businesses.

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.

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

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and slow economy. The inflation rates within the PRC have been on a downward trend in recent years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and 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 have uncertainties that 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 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 interpretations of many laws, regulations and rules are not always clear and enforcement of these laws, regulations and rules may involve uncertainties, and may not be as consistent or predictable as in other more developed jurisdictions. These uncertainties may impede the Group's ability to enforce the contracts 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 the jurisdictions, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the preemption of local regulations by national laws, or the overturn of local government's decisions by itself, provincial or national governments. These uncertainties may limit legal protections available to or against the Group. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention and 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 Group or its directors or members of the Group'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 Group'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 Group 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 Judgment in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**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 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 Group's assets or directors in the PRC in order to seek recognition and enforcement for foreign judgments 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, the United Kingdom, or most 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 Group's operating subsidiaries in the PRC is subject to restrictions under the PRC law.

The Group operates part of its businesses through its operating subsidiaries in the PRC. The 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, the 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 Group'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 Group's subsidiaries may impact the Group'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 revenues are 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 dividends, overseas acquisitions, and payments of principal and interests under the Notes 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 Notes 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 Notes will be received in U.S. dollars. As a result, any appreciation of Renminbi against U.S. dollars 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 Notes. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Notes.

The value of Renminbi against U.S. dollars 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 U.S. dollars 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, a sub-institutional organisation of PBOC, published the China Foreign Exchange Trade System (CFETS) Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a depreciation in value against U.S. dollar following a fluctuation in 2018. For more details, see *"Exchange Rates"*. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

In addition, there can be no assurance that the Renminbi will not experience significant depreciation or appreciation against U.S. dollars 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 28 December 2012, the PRC government enacted the revised Labour Contract Law of the PRC (the "**Labour Contract Law**"), which became effective on 1 July 2013. 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. As a result of these protective labour measures or any additional future measures, the Group's labour costs may increase. 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 Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.

The Audited Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Please see *"Summary of 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.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. Such financial information is not intended to represent or predict the Group's results of operations of any future periods. The Group's future results of operations may change materially if its future growth deviates from the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its businesses.

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

This Offering Circular contains facts and statistics relating to the economy of the PRC, Fujian, Zhangzhou and the industries in which the Group operates. While the Issuer has taken reasonable care to select reputable and reliable information sources and ensure that the facts and statistics relating to the relevant economies 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 Joint Lead Managers, the Trustee, the Agents or their respective 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.

RISKS RELATING TO THE NOTES

The Notes are unsecured obligations.

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

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

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

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

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

Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes 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 Notes 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 Notes;

- understand thoroughly the terms of the Notes 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 Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only, no assurance can be given that such applications will be approved, or even if the Notes become so listed, an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes or that a liquid market will develop. The liquidity of the Notes will be adversely affected if the Notes are held or allocated to limited investors. The Issuer and the Joint Lead Managers have agreed that no stabilisation shall be performed in connection with the offering of the Notes. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

The PRC Government and the Zhangzhou Government has no legal obligations under the Notes.

The PRC Government (including the Zhangzhou Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes 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 which 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 which took effect on the same day and the Circular 666.

The PRC Government and the Zhangzhou Government as the ultimate shareholder of the Issuer only have limited liability in the form of its equity contribution in the Issuer. As such, neither the PRC government nor the Zhangzhou Government has any payment obligations under the Notes. The Notes are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person.

Government data such as GDP and local government income included in this Offering Circular is solely for the purpose to show the level of economic development in Zhangzhou where substantially all of the Group's business operations and investments are located. Such data should not be construed as representing that the Noteholders have any recourse to the PRC Government for payments under the Notes.

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

The Notes 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 Notes, due to, among other things, economic, political and other factors over which the Group has no control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes 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 Notes.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Issuer's or the Group'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 Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future.

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

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

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

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

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

The Issuer may be unable to redeem the Notes.

On certain dates, including but not limited to the occurrence of a Change of Control and at maturity of the Notes, the Issuer may, and at maturity will, be required to redeem all of the Notes. 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 Notes in time, or on acceptable terms, or at all. There is also no assurance that the Issuer would have sufficient liquidity at such time to make the required redemption of the Notes. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default as defined under the Terms and Conditions of the Notes, which may also constitute a default under the terms of other indebtedness of the Issuer or its subsidiaries.

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

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

Subject to Condition 3(a) (Negative Pledge), the Notes are the Issuer's unsecured obligations and will (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (ii) be effectively subordinated to all of the Issuer's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's present and future subordinated obligations. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will 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 Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Issuer's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

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

The Issuer's subsidiaries, jointly controlled entities and associated companies may be 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 depends 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, including its obligations under the Notes. 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 and loan agreements 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 Notes. 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 Notes.

If the Issuer is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Notes, there could be a default under the terms of these agreements, or the Notes, 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 Notes, 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 but also other debt, including the Notes, or result in a default under its other debt agreements. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay in full all of the Issuer s indebtedness, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

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

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes 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 of the Notes 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 in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

Uncertainties abound with respect to the implementation of the NDRC Circular on the issue of the Notes.

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 issues outside the PRC with NDRC prior to the issue of such securities (where such debt securities have tenures of more than one year) and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities.

The NDRC Circular itself is silent on the legal consequences of non-compliance with the pre-issue registration requirement. Although the Issuer obtained the pre-issuance registration certificate in respect of the offering of the Notes from NDRC on 23 December 2021, if NDRC finds the Issuer to be guilty of maliciously obtaining quota of foreign debts or providing false information, NDRC may blacklist or publish on the national credit information platform a bad credit record against the Issuer, or even punish the Issuer with other related authorities. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to enforcement as provided in Condition 8 *(Events of Default)*. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. The Issuer has undertaken to notify NDRC of the particulars of the issue of the Notes within the prescribed timeframe.

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

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**SAFE Measures**") issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, and the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**") issued by PBOC on 12 January 2017, which came into effect on the same day, the Issuer shall complete the SAFE registration in respect of the issue of the Notes with the local branches of SAFE in accordance with relevant laws and regulations. According to the SAFE operational guidelines, the Issuer shall file or cause to be filed with the Zhangzhou Centre Sub-branch of SAFE the requisite information and documents within the prescribed timeframe after the Closing Date ("**SAFE Foreign Debt Registration**"). Further, the Issuer shall complete the SAFE Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before 150 days after the Closing Date. Before such registration of the Notes is completed, it is uncertain whether the Notes are enforceable as a matter of PRC law and it may be difficult for Noteholders 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 Notes. 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 of the PRC in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by the MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to apply for registration of the Notes with SAFE within the prescribed timeframe and to complete the registration of the Notes with SAFE within 150 days after the Closing Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period.

If the Issuer is unable to complete such registration within the prescribed time period, an event of default under the Notes would occur and the Notes might be subject to enforcement as provided in Condition 8 (Events of Default) of the Terms and Conditions of the Notes. However, notwithstanding any enforcement action pursuant to the Terms and Conditions of the Notes, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Notes and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Notes may also be materially and adversely affected.

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

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the holders of the Notes, agree to any modification of the Trust Deed, the Terms and Conditions of the Notes and/or the Agency Agreement (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 Notes and to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the holders of the Notes, authorise or waive any proposed breach or breach of the Notes, the Trust Deed 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 Notes will not be materially prejudiced thereby.

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

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre- funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Terms and Conditions of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

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

The Notes will initially be represented by a Global Note Certificate. Such Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a "**Clearing System**"). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

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

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

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

On 23 March 2016, MOF and SAT issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform Caishui [2016] No. 36 ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. The Issuer will be obligated to withhold VAT of up to 6 per cent. on payments of interest and certain other amounts on the Notes paid by the Issuer to the Noteholders that are non-resident enterprises or individuals. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Noteholder, 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 Notes, the value of the relevant Noteholder's investment in the Notes may be materially and adversely affected.

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

There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Closing Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any subdivision or authority therein or thereof having power to tax. Although pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether by way of enterprise income tax ("**EIT**"), individual income tax ("**IIT**"), VAT or otherwise), the Issuer also has the right to redeem the Notes at any time in the event (i) it has or will become obliged to pay additional tax amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected,

withheld or assessed by or within the PRC in excess of the rate which is applicable on 13 July 2022, or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 July 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

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

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further notes in accordance with Condition 14 *(Further Issues)* of the Terms and Conditions of the Notes or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

Ratings of the Notes may not reflect all risks and may be changed at any time, which may adversely affect value of the Notes.

The Notes are expected to be assigned a rating of "BBB-" by Fitch. One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform its obligations under the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended, qualified or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be lowered, qualified, suspended or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. The Issuer has no obligation to inform holders of the Notes of any such suspension, qualification, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

Notes which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The denominations of the Notes are U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Therefore, it is possible that the Notes may be traded in amounts in excess of U.S.$200,000 that are not integral multiples of U.S.$200,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than U.S.$200,000 will not receive a definitive certificate in respect of such holding of Notes (should definitive certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Noteholders should be aware that Notes with aggregate principal amounts that are not an integral multiple of U.S.$200,000 may be illiquid and difficult to trade.

RISKS RELATING TO THE NOTES ISSUED AS GREEN BONDS

Notes issued as "Green Bonds" may not be a suitable investment for all investors seeking exposure to green assets.

Prospective investors should have regard to the information set out in the "Use of Proceeds"/"Green Finance Framework" regarding use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary.

In particular, the Issuer may choose to apply the proceeds from the issue of Notes for eligible projects which are defined in accordance with the broad categorization of eligibility for green projects set out by the Green Bond Principles 2021, as administered by the International Capital Market Association and the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the PBOC, the NDRC and the China Securities Regulatory Commission or as they may be subsequently amended. No assurance is given by the Issuer or the Joint Lead Managers that the use of such proceeds for any eligible projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards 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 by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental sustainability or social impact of any projects or uses the subject of or related to, any eligible projects.

There can be no assurance that the relevant project(s) or use(s) (including those the subject of, or related to, any eligible projects) will be capable of being implemented in or substantially in the manner described in the Green Finance Framework and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such project(s) or use(s). Nor can there be any assurance that any such projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Notes. In addition, it would not be a default under the Green Bonds if (i) the Issuer were to fail to comply with such undertaking or were to fail to allocate the proceeds in the manner specified in this Offering Circular and/or (ii) any Second Party Opinion issued in connection with such Green Bonds were to be withdrawn.

Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a green or sustainable or an equivalently labelled project or as to what precise attributes are required for a particular project to be defined as green or sustainable or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any project(s) or use(s) the subject of or related to any eligible projects will meet any or all investor expectations regarding such green or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any project(s) or use(s) the subject of, or related to, any eligible projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Notes and in particular with any eligible projects to fulfil any environmental and/or other criteria. For the avoidance of doubt, any such opinion or certification (i) is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular, (ii) is not, nor should be deemed to be, a recommendation by the Issuer, the Joint Lead Managers or any other person to buy, sell or hold any the Notes and (iii) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the

information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that the Notes will be listed or admitted to trading on any dedicated green, environmental, sustainable or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Joint Lead Managers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, for example with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any eligible projects. Additionally, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Joint Lead Managers or any other person that any such listing or admission to trading will be obtained in respect of the Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

Any such event or failure to apply the proceeds of the Notes for any project(s) or use(s), including any eligible projects, and/or the withdrawal, modification or downgrade of any opinion or certification as described above or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on, and/or the Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of the Notes and also potentially the value of any other Notes which are intended by the Issuer to finance eligible projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

USE OF PROCEEDS

The Issuer estimates that the net proceeds of the issue of the Notes, after deducting the fees, commissions and other estimated expenses (including roadshow expenses) payable in connection with the issue of the Notes, will be approximately U.S.$496.31 million. The Issuer intends to use the net proceeds from the issue of the Notes for financing or refinancing of the Group's eligible projects in accordance with the Green Finance Framework.

GREEN FINANCE FRAMEWORK

This Group's Green Finance Framework ("**GFF**") aims to describe how the Group could, with Green Financing Transactions (each an "**GFT**", the issuance of green financing instruments, each an "**GFI**", including green bonds/notes, and/or green loans, or any other debt like green financing instruments), finance the projects that have positive environmental impact and align with it business strategy and goals (the "**Eligible Green Projects**"). The net proceeds of GFTs will be applied exclusively to the Eligible Projects that will deliver environmental benefits, and support the Group's business strategy and green and sustainability commitment.

- With respect to bonds/notes, bonds/notes issued under this GFF will be in alignment with the Green Bond Principles 2021 ("**GBP**") [(1)] released by the International Capital Market Association ("**ICMA**"), and the Green Bond Endorsed Projects Catalogue (2021 Edition) [(2)] jointly announced by the People's Bank of China ("**PBOC**"), the National Development and Reform Commission ("**NDRC**") and the China Securities Regulatory Commission ("**CSRC**") or as they may be subsequently amended.

- With respect to loans, loans issued under this GFF will in alignment with the Loan Market Association, Asia Pacific Loan Market Association, Loans Syndicated and Transactions Association Green Loan Principles 2021[(3)] (as amended and/or supplemented from time to time).

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

GFTs do not place restriction on the tenor or currency and can include other terms and conditions (including covenants) to reflect the financing strategy and plans of the Group, as well as the outcome of the commercial discussions between the issuer/borrower and the manager/arranger/lender.

GFTs may be issued in any jurisdiction and market reflecting the Group's current and future business needs.

In accordance with the above principles and guidelines, this Group's GFF is presented through four core components as well as its recommendations for external review and amendments/supplements to this SFF as necessary from time to time:

1. Use of Proceeds

2. Process for Project Evaluation and Selection

3. Management of Proceeds

4. Reporting

5. External Review

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(1) In alignment with ICMA Green Bond Principles, June 2021, https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/,

(2) In alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition) http://www.gov.cn/zhengce/zhengceku/2021-04/22/content_5601284.htm

(3) In alignment with LMA Green Loan Principles, February 2021, https://www.lsta.org/content/green-loan-principles/

1. USE OF PROCEEDS

The Group will allocate an amount at least equivalent to the net proceeds of the GFTs issued under this GFF to finance and/or re-finance, in whole or in part, new and/or existing projects which meet the eligibility criteria of the following Eligible Green Project Categories ("**Eligible Green Categories**"), as illustrated below.

A maximum 3-year look-back period would be applied on refinanced projects and the Group expects the net proceeds of each issuance under this GFF to be fully allocated while the bonds/notes remain outstanding.

Eligible Green Project Categories and Description/Conditions of Eligible Green Projects.

Eligible Green Project Categories and mapped Sustainable Development Goals ("SDGs")	**GBP environmental objectives**	**Alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition) ("GBEPC")**	**Criteria of Eligible Green Projects**
Green Building  **Goal 11 Sustainable cities and communities** Target 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums Target 11.c: Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials Target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate change mitigation; pollution prevention and control	5.2.1.1 Construction of Ultra-Low Energy Consumption Buildings 5.2.1.2 Green Buildings 5.2.1.3 Application of Renewable Energy in Buildings 5.2.1.4 Prefabricated Buildings 5.2.1.5 Energy Conservation and Environmentally-friendly Renovation of Existing Buildings	**Acquisition, construction, maintenance and renovation of buildings that have received, or expect to receive the below recognized green building certifications:** - Chinese Green Building Evaluation Label – 2-Star or above (Design / Operations Label); or - Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or - Hong Kong BEAM Plus – Gold or above; or - Building and Construction Authority (BCA) Green Mark – Gold or above; or - Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in public and residential buildings as well as the acquisition of consumption building technical indicators needed to meet the requirements of the "Technical Standard for Near-Zero Energy Building" (GB/T 51350); or

Eligible Green Project Categories and mapped Sustainable Development Goals ("SDGs")	GBP environmental objectives	Alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition) ("GBEPC")	Criteria of Eligible Green Projects
			- Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of the "Green Warehouse Requirements and Evaluation" (SB/T 11164) 2 Stars or above; or any other green building label that is an equivalent standard of the above. - Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the "Statistical Standard for Civil Buildings" (GB 50352), the "Standard for Energy-Saving in Public Buildings" (GB 50189) and the "Standard for the Evaluation of Green Retrofit of Existing Buildings" (GBT 51141). *According to the Group's internal policy, all projects with finalized design plan are required to obtain Certificate of Green Building Design Label, and are required to obtain Certificate of Green Building Label within a year after construction is completed.*

Eligible Green Project Categories and mapped Sustainable Development Goals ("SDGs")	GBP environmental objectives	Alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition) ("GBEPC")	Criteria of Eligible Green Projects
Energy Efficiency  **Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all** Target 7.3 By 2030, double the global rate of improvement in energy efficiency	Climate change mitigation; pollution prevention and control	5.2.1.1 Construction of Ultra-Low Energy Consumption Buildings 5.2.1.5 Energy Conservation and Environmentally-friendly Renovation of Existing Buildings	Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to: - In the design and construction process, in accordance with the requirements of "Intelligent Building Design Standards (GB/T50314-2015)", adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, Building Information Modeling (BIM) technology, etc.; or - Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards "Energy-saving Design Standards for Public Buildings" (GB50189-2015), "Energy-saving Domestic Water Appliances" (CJ/T164-2014) and other standards; or - Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type T8, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards; or

Eligible Green Project Categories and mapped Sustainable Development Goals ("SDGs")	GBP environmental objectives	Alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition) ("GBEPC")	Criteria of Eligible Green Projects
			- Application of Renewable Energy in Buildings: Design, construction and application of renewable energy application systems for buildings that use solar photovoltaic devices installed on roofs and walls of buildings to supply electricity to buildings, as well as the use of heat pumps and other facilities to provide cooling and heating to buildings; or – Ground Source Heat Pump System Application Technical Regulations of Fujian Province (DBJ/T13-156-2012);
Renewable Energy  **Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all** Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	Climate change mitigation; pollution prevention and control	5.2.1.3 Application of Renewable Energy in Buildings	Procurement and/or installation of renewable energy systems and associated infrastructure, including but not limited to: - Solar energy - Any products/ projects in accordance with: • Integral design, installation and acceptance procedures for residential buildings and solar water heating system (DBJ/TJA-80-2006); • Application Technical Regulations of Building Solar Photovoltaic System of Fujian Province (DBJ/T13-156-2012) * *Hydropower is excluded.*

Eligible Green Project Categories and mapped Sustainable Development Goals ("SDGs")	GBP environmental objectives	Alignment with the Green Bond Endorsed Projects Catalogue (2021 Edition) ("GBEPC")	Criteria of Eligible Green Projects
Sustainable Water and Wastewater Management  **Goal 6. Ensure availability and sustainable management of water and sanitation for all** Target 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all Target 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	Climate change mitigation; pollution prevention and control	5.3.1.1 Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal 5.3.1.3 Inspection, Upgrade, Construction and Renovation of Urban Sewage Collection System 5.4.1.1 Construction and Operation of Leakage Control in District Measurement of Urban Water Supply Pipeline Network	Sustainable water resources, wastewater management, and drinking water supply, including but not limited to: - New construction and renovation of waterworks ; - Water supply infrastructure such as laying and renovation of water pipe network and installation and renovation of household meters; - Constructing and installing sewage treatment works to reduce environmental pollution; - Construction of supporting sewage collection pipes, construction and maintenance of sewage treatment stations and supporting facilities. The drinking water should meet the Standards for Drinking Water Quality (GB 5749-2202). The treated sewage will meet the relevant national discharge standards Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002).

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

In terms of the process for project evaluation and selection, the Group has established a relatively refined control system. The process for green project evaluation and selection consists of two parts, namely project screening and project review.

The Group's green finance working group ("**GFWG**") collect compliance documents of the proposed green projects and check whether the documents are complete, thereafter examining the compliance documents to assess the green features of the projects against the GBP released by ICMA or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the PBOC, the NDRC and the CSRC, or the Green Loan Principles 2021 ("**GLP**") published by the Asia Pacific Loan Market Association ("**APLMA**"), the Loan Market Association ("**LMA**") and the Loan Syndications and Trading Association ("**LSTA**"). For the potentially qualified green projects, the GFWG will perform a preliminary calculation on its environmental impact, and submit the compliance documents and preliminary calculation results to the GFWG for project review.

1) Accountability Mechanism for the Group's Green Finance

The GFWG is responsible for the management of this GFF and the compliance of all financing instruments issued under the GFF. The GFWG consists of representatives of senior management at the Group's level and senior representatives from the following departments, including:

- Chief Economist of the Group, responsible to lead the GFWG, and make final approval of the proposed eligible projects

- Finance Department, responsible for fund-raising, allocation and dispatch of funds, inspection of the use of loans, and disclosure of financial statements;

- Construction and Management Department, responsible for full life-cycle of the management of construction projects, establishment and improvement of the management system for the whole process of the construction, interpretation of the engineering project design specification, project screening and presenting eligible project to GFWG, and identifying and conducting environmental and social impact assessment;

- Work Safety Office, responsible for monitoring and implementation of the national and local laws and regulations regarding safe production, and conducting environmental and social impact assessment;

- Legal and Compliance Department, responsible for establishment of the legal system and policies, reviewing contracts, and management of litigation; and

- Audit Department, responsible for internal audit and filing.

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams. The GFWG will convene meetings at least once a year and will be jointly responsible for the following matters:

- Ratifying of Eligible Green Projects, which are initially proposed by the GFWG members, and it is at the GFWG members' discretion to reject any project;

- Undertaking of regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group's GFF Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with Eligible Green Projects;

- Ensuring that projects comply with the Group's risk management requirements as well as applicable local government regulations. In cases where funds are withdrawn from the projects, or the projects are no longer eligible for the green project criteria, ensuring that the funds will be re-allocated to other Eligible Green Projects as soon as possible.

- Facilitation of regular reporting on any green issues in alignment with the Group's reporting commitments;

- Managing any future updates to the GFF;

- Ensuring that the approval of Eligible Green Projects will follow the Group's existing credit/loan/investment approval processes; and

- Discussing and reviewing the environmental and social risks of eligible projects.

2) Stakeholder Management

The Group has established a process for conducting stakeholder engagement at the corporate level. In addition, the GFWG would be responsible for conducting stakeholder engagement at the project level, which is a part of environmental and social assessment. Project level stakeholder engagement activities would be carried out subject to local regulatory requirements. Where applicable, stakeholder engagement exercises would be conducted by the Group along with the environmental and social impact assessment. The Group would obtain a copy of the environmental impact assessment report prepared either by itself or by professional agencies/consultancies, and the applicable local regulator's approval document for the Eligible Green Projects.

Stakeholder engagement activities would be carried out in the project design, operation, and construction stages throughout the project lifecycle. According to the analysis (e.g., materiality analysis) performed at corporate level, stakeholders include but are not limited to government, corporate clients, industry peers and industrial organizations, employees, partners, and communities. The GFWG would communicate with the stakeholders of the corresponding project through two-way communication channels, such as surveys, interviews, public disclosures and company hotlines and emails, to gather opinions and comments on environmental (e.g., environmental impact) and social (e.g., potential impact on people's lives) issues. The Group would categorize the stakeholders' comments and opinions collected and then assign relevant department(s) to address the issues (e.g., Human Resource Department will handle employee-related issues) and respond to stakeholder feedback. Opinions would be responded to through the company website, telephone feedback, etc.

The Group confirms that records on the results of stakeholder engagements, including a summary of the engagement, identified stakeholders, engagement method, feedback collected, and relevant responses would be retained.

3. MANAGEMENT OF PROCEEDS

The proceeds of each of the Group's GFT can be managed through using an earmarked account or keeping a SFT Register. Under the GFT Register method, the proceeds will be deposited in the general funding accounts and earmarked for allocation towards the Eligible Green Projects. The Group will maintain a GFT Register to track the use of proceeds for the GFT. Green Finance Allocation Register will be established to ensure and monitor the allocation of green finance proceeds.

The Register will contain, for each GFT launched, information including:

1. GFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.;

2. Eligible Green Project Allocation List: Information including:

   - The Eligible Green Projects List, including for each Eligible Green Project, the Eligible Green Project Category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.; and

   - Amount of unallocated proceeds.

1) Management of the unallocated proceeds

During the time the instrument is outstanding, the Group plans to deploy proceeds of each of the Group's GFT to other eligible green projects when such projects cease to be eligible. If part of the proceeds cannot be allocated to Eligible Green Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the green bonds/notes, or invest the unallocated proceeds into qualified money market products or debt instruments. In the meanwhile, the Group declares that the proceeds will not be used for the following purposes:

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

(2) production or trade in arms or ammunition;

(3) production or trade in alcoholic beverages (other than beer and wine);

(4) production or trade in tobacco;

(5) gambling, casinos or equivalent businesses;

(6) production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered); or

(7) production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

4. REPORTING

1) Allocation Reporting

The Group will consolidate information on the allocation of the net proceeds of its GFIs. Such information will be prepared on an annual basis until all the net proceeds have been allocated. The information will contain at least the following details:

1) List of Eligible Green Projects for the current year;

2) The amount of proceeds allocated to each Eligible Green Project category;

3) When possible, descriptions of the Eligible Green Projects financed, such as project locations, amount allocated, etc.;

4) Selected examples of projects financed;

5) Percentage of financing vs. refinancing; and

6) Amount of unallocated proceeds.

Furthermore, the Group will confirm that whether the use of proceeds of the GFT conforms to this GFF or not.

2) Impact Reporting

The Group will prepare to report on the environmental benefits of the Eligible Green Projects potentially with the following environmental impact indicators. In addition, calculation methodologies and key assumptions will be disclosed, subject to data availability. Such information will be prepared on an annual basis until all the net proceeds have been allocated and such information will be project portfolio-based. The Group commits to disclosing the expected and actual qualitative impact of projects financed and/or refinanced and quantitative impact when data is available.

Eligible Green Project Categories	Environmental Impact Indicators
Green Building	■ Type and level of green building certifications obtained Annual energy savings (in MW) ■ Annual greenhouse gas (GHG) emissions reduced/avoided (in t CO_2 eq p.a.) ■ Annual reduction in water consumption (in m^3)
Energy Efficiency	■ Amount of energy saved (in MWh) ■ Annual energy efficiency improvement in percentage
Sustainable Water and Wastewater Management	■ Annual amount of water/rainwater/ wastewater collected/treated/recycled/ reused (in m^3/year)
Renewable Energy	■ Estimated CO2 emissions reduced from the solar heating system purchased/ installed annually

The allocation and impact reporting mentioned above will be disclosed to the Group's stakeholders upon request, and abstracts of which will be published on the Group's website.

5. EXTERNAL REVIEW

The Group has engaged S&P Global Ratings to assess this GFF and its alignment with the relevant principles, standards and catalogues released by the relevant organizations or authorities mentioned earlier in the Group's GFF, and issue a Second-party Opinion ("**SPO**").

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 market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. Since early 2018, the Renminbi has depreciated by more than 10 per cent. against the U.S. dollar due to China's weakened exports as well as its trade-war with the United States. The value of the Renminbi is expected to continue to be affected by, among other factors, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government.

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

	Renminbi per U.S. Dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
		(RMB per U.S.$1.00)		
2016	6.8771	6.6549	6.9580	6.4480
2017	6.4773	6.7350	6.9575	6.5063
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
2021	6.3435	6.4508	6.5716	6.3726
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	6.3393	6.3446	6.3720	6.3116
April	6.6080	6.4310	6.6243	6.3590
May	6.6715	6.6990	6.7880	6.6079
June	6.6981	6.6952	6.7530	6.6534
July (through 1 July)	6.7000	6.7000	6.7000	6.7000

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

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

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the capitalisation and indebtedness of the Issuer as at 31 December 2021 and as adjusted to give effect to the issue of the Notes, before the deduction of fees, commissions and the estimated transaction expenses payable in connection with the offering of the Notes. The following table should be read in conjunction with the Issuer's consolidated financial statements and related notes included elsewhere in this Offering Circular.

	Actual		As adjusted	
	(RMB in thousands)	*(U.S.$ in thousands)*	*(RMB in thousands)*	*(U.S.$ in thousands)*[1]
Current debt:				
Short-term borrowings	10,502,056.2	1,648,001.8	10,502,056.2	1,648,001.8
Notes payable	1,696,605.9	266,234.5	1,696,605.9	266,234.5
Long-term borrowings due within 1 year	291,392.5	45,725.8	291,392.5	45,725.8
Bonds payable due within 1 year	7,306,126.1	1,146,490.6	7,306,126.1	1,146,490.6
Short-term financing bonds payable	5,798,249.4	909,871.9	5,798,249.4	909,871.9
Corporate asset-backed securities	465,915.0	73,112.2	465,915.0	73,112.2
Total current debt	**26,060,345.1**	**4,089,436.8**	**26,060,345.1**	**4,089,436.8**
Non-current debt:				
Long-term borrowings	3,949,326.6	619,735.5	3,949,326.6	619,735.5
Bonds payable	6,679,598.9	1,048,174.8	6,679,598.9	1,048,174.8
The Notes to be issued	–	–	3,186,300.0	500,000.0
Total non-current debt	**10,628,925.5**	**1,667,910.3**	**13,815,225.5**	**2,167,910.3**
Total debt	**36,689,270.6**	**5,757,347.2**	**39,875,570.6**	**6,257,347.2**
Total equity	**20,000,256.1**	**3,138,476.6**	**20,000,256.1**	**3,138,476.6**
Total capitalisation[2]	**56,689,526.6**	**8,895,823.8**	**59,875,826.7**	**9,395,823.8**

(1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.3726 to U.S. $1.00, based on the noon buying rate as set forth in the H.10 Statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York on 30 December 2021.

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

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates (as defined below) issued in respect of the Notes.

The U.S.$500,000,000 4.80 per cent. Notes due 2025 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (Further Issues) and forming a single series therewith) of Fujian Zhonglong Group Co., Ltd. (福建漳龍集團有限公司) (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated on or about 20 July 2022 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer and The Bank of New York Mellon, London Branch as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated on or about 20 July 2022 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes) and the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfactory proof of holding by Noteholders during normal business hours (being between 9:00 a.m. to 3:00 p.m.) at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of the Principal Paying Agent.

1. FORM, DENOMINATION AND STATUS

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

(b) *Status of the Notes:* The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) *(Negative Pledge)*) unsecured obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the "**Global Note Certificate**") substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein.*

2. REGISTER, TITLE AND TRANSFERS

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

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

(c) *Transfers:* Subject to paragraphs (f) *(Closed periods)* and (g) *(Regulations concerning transfers and registration)* below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

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

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

Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of definitive Certificates.

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

(f) *Closed periods:* Noteholders may not require transfers to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, premium or interest in respect of the Notes; (ii) during the period of 15 days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) *(Redemption for tax reasons)*; and (iii) after a Put Exercise Notice (as defined below) has been delivered in respect of the relevant Note(s) in accordance with Condition 5(c) *(Redemption for Relevant Event)*.

(g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

3. COVENANTS

(a) *Negative Pledge:* So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith or providing such other security for the Notes as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) *Registration and Filings:* The Issuer undertakes that it shall:

(i) file or cause to be filed with the NDRC the requisite information and documents within the prescribed timeframe after the Closing Date (as defined below) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates or guidelines as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**"). The Issuer shall complete the NDRC Post-issue Filing within the prescribed timeframe and comply with all applicable PRC laws and regulations in connection with the Notes. The Issuer shall within five PRC Business Days after submission of such NDRC Post-issue Filing provide the Trustee with a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) confirming the submission of the NDRC Post-issue Filing (together with any documents filed with the NDRC) and the Issuer shall give notice to the Noteholders in accordance with Condition 15 (Notices);

(ii) (A) submit or cause to be submitted an application for the registration of the Notes with the local branch of SAFE within 15 PRC Business Days after the Closing Date in accordance with the Administrative Measures for Foreign Debt Registration (外債登記

管理辦法) issued by the SAFE and which came into effect on 13 May 2013 and as amended from time to time and any implementation rules as issued by the SAFE from time to time, and the PBOC Circular (the "**SAFE Foreign Debt Registration**"); (B) use its best endeavours, to complete the SAFE Foreign Debt Registration within 150 days after the Closing Date and shall within ten PRC Business Days after the completion of the SAFE Foreign Debt Registration (x) provide the Trustee with a certificate in English signed by an Authorised Signatory confirming the completion of the SAFE Foreign Debt Registration (together with such document(s) evidencing due registration with the SAFE within the prescribed timeframe) and (y) give notice to the Noteholders in accordance with Condition 15 *(Notices)*, and (C) to the extent that it shall be required by the PBOC Circular, file or cause to be filed with the PBOC or the SAFE (as the case may be) the requisite information and documents within the prescribed timeframe in accordance with the Circular on Matters relating to Overall Macro-prudential Management System for Nationwide Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**") and any implementation rules as issued by the PBOC from time to time (each a "**PBOC Circular Filing**") and ensure that the Issuer's risk-weighted cross- border indebtedness balance does not exceed the permissible upper limit of the risk-weighted cross-border indebtedness balance as prescribed by the PBOC Circular, and, within three PRC Business Days after submission of each PBOC Circular Filing (x) provide the Trustee with a certificate signed by an Authorised Signatory confirming the submission of such PBOC Circular Filing and compliance with the limit of the risk-weighted cross-border indebtedness balance as prescribed by the PBOC Circular and (y) give notice to the Noteholders in accordance with the Conditions

The Trustee shall have no obligation or duty to monitor or ensure (or otherwise assist with) the completion of any of the NDRC Post-issue Filing, the PBOC Circular Filing(s) and the SAFE Foreign Debt Registration on or before the deadlines referred to above or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any of the NDRC Post-issue Filing, the PBOC Circular Filing(s) and the SAFE Foreign Debt Registration or any certification thereof or to give notice to the Noteholders confirming the completion of any of the NDRC Post-issue Filing, the PBOC Circular Filing(s) and the SAFE Foreign Debt Registration, and shall not be liable to any Noteholders or any other persons for any of the foregoing and for not doing so.

(c) *Financial Statements etc.:* So long as any Note remains outstanding, the Issuer shall provide to the Trustee:

(i) a Compliance Certificate (on which the Trustee may conclusively rely as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Annual Financial Reports;

(ii) a copy of the Annual Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants of good repute); and

(iii) a copy of the Semi-annual Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Annual Financial Reports;

provided that, if at any time the capital stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer shall provide to the Trustee, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Issuer are filed with the

exchange on which the Issuer's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in this Condition 3(c).

Reports and accounts referred to in this Condition 3(c) which are in the Chinese language, shall be provided to the Trustee together with an English language translation of the same translated by (x) a nationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants of good repute, together with a certificate in English signed by any Authorised Signatory certifying that such translation is complete and accurate, except for the any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of the Semi-annual Financial Reports, which may be in Chinese.

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

(d) *Rating Maintenance:* So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of Holders, the Issuer shall maintain a rating on the Notes by any one of the Rating Agencies and notify the Trustee of any downgrade in such rating in accordance with the Trust Deed.

In these Conditions:

"**Annual Financial Reports**" means the annual audited consolidated balance sheets, income statements, cash flow statements and statement of changes in shareholders' equity of the Issuer and its Subsidiaries together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

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

(a) no Event of Default, an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 8 *(Events of Default)*, become an Event of Default (a "**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

(b) the Issuer has complied with all its obligations under the Notes, the Trust Deed and the Agency Agreement or, if non-compliance had occurred, giving details of it; "**Guarantee**" means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

(a) any obligation to purchase such indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(c) any indemnity against the consequences of a default in the payment of such indebtedness; and

(d) any other agreement to be responsible for such indebtedness;

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

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

"**PBOC**" means the People's Bank of China;

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

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

"**PRC Business Day**" means a day on which commercial banks are open for general business in the PRC;

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

"**Rating Agencies**" means (a) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation and its affiliates and successors ("**Moody's**"); (b) Fitch Ratings Ltd. and its affiliates and successors ("**Fitch**"); (c) S&P Global Ratings and its affiliates and successors ("**S&P**"); and (d) if one or more of S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, any internationally recognised securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody's or Fitch or any combination thereof, as the case may be;

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

"**Relevant Period**" means (a) in relation to each of the Annual Financial Reports and the annual Compliance Certificate, each period of twelve months ending on the last day of the financial year of the Issuer (being 31 December of that financial year); and (b) in relation to the Semi-annual Financial Reports, each period of six months ending on the last day of the first half financial year of the Issuer (being 30 June of that financial year);

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

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

"**Semi-annual Financial Reports**" means the semi-annual consolidated balance sheets, income statements, cash flow statements and statement of changes in shareholders' equity of the Issuer and its Subsidiaries together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them; and

a "**Subsidiary**" of any Person means:

(a) any company or other business entity of which that Person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or

(b) any company or other business entity which at any time has its accounts consolidated with those of that Person or which, under the law, 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.

4. INTEREST

The Notes bear interest from 20 July 2022 (the "**Closing Date**") at the rate of 4.80 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear in equal instalments on 20 December and 20 June in each year (each, an "**Interest Payment Date**"), except that the first payment of interest will be in respect of the period from and including 20 July 2022 to but excluding 20 December 2022, subject to as provided in Condition 6 *(Payments)*.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal or premium (if any) is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on the first Interest Payment Date and each of the following Interest Payment Dates shall be U.S.$20 and U.S.$24, respectively, in respect of each U.S.$1,000 principal amount of the Notes (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the Rate of Interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

If interest is required to be calculated for a period of a less than 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 Closing 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**".

5. REDEMPTION AND PURCHASE

(a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 20 June 2025, subject as provided in Condition 6 *(Payments)*.

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 *(Notices)* (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that: (A) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 7 *(Taxation)*) as provided or referred to in Condition 7 *(Taxation)* as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 13 July 2022; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

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

(A) a certificate in English signed by any Authorised Signatory stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

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

The Trustee shall be entitled (but not obliged) to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

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

(c) *Redemption for Relevant Events:* At any time following the occurrence of a Relevant Event, each Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of that Noteholder's Notes on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control, as defined below in this Condition 5(c)) or 100 per cent. (in the case of a redemption for a failure to complete the SAFE Foreign Debt Registration by the deadline set out in Condition 3(b)(ii) (*Registration and Filings*)) of their principal amount, together in each case with accrued interest up to (but excluding) such Put Settlement Date. To exercise such right, the Noteholder must deposit at

the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes 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 Noteholders by the Issuer in accordance with Condition 15 *(Notices)*. The "**Put Settlement Date**" shall be the 14th day 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 Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders in accordance with Condition 15 *(Notices)* and to the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which the Issuer becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Notes pursuant to this Condition 5(c).

In this Condition 5(c):

a "**Change of Control**" occurs when (i) (x) the State-owned Assets Supervision and Administration Commission of the Zhangzhou Municipal Government (漳州市人民政府國有資產監督管理委員會) of the PRC or its successor (the "**Zhangzhou SASAC**"), (y) the People's Government of Zhangzhou Municipality, (z) the People's Government of Fujian Province and (w) any other person directly or indirectly controlled by the central government of the PRC (which for the avoidance of doubt includes the Social Security Fund of the PRC), together ceases to, directly or indirectly, own or control 100 per cent. of the issued share capital of the Issuer; or (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly by the (x) Zhangzhou SASAC, (y) the People's Government of Zhangzhou Municipality, (z) the People's Government of Fujian Province and (w) any other person directly or indirectly controlled by the central government of the PRC (which for the avoidance of doubt includes the Social Security Fund of the PRC);

"**Control**" means (where applicable), with respect to a person, (i) the ownership, acquisition or control of 100 per cent. of the voting rights of the issued share capital of such person, whether obtained directly or indirectly or (ii) the possession, directly or indirectly, of the power to nominate or designate 100 per cent. of the members then in office of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of the three foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing; And

a "Relevant Event" means:

(i) a failure to complete the SAFE Foreign Debt Registration by the deadline set out in Condition 3(b)(ii) *(Registration and Filings)*, or

(ii) a Change of Control.

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

(e) *Purchase:* The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(f) *Cancellation:* All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

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

(h) *Calculations:* Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and shall not be liable to the Noteholders or any other person for not doing so.

6. PAYMENTS

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

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

(c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 *(Taxation)* and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 *(Taxation)*) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days:* Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal, premium (if any) and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In

this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in London, Hong Kong, New York City and, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

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

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

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

7. TAXATION

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

Where such withholding or deduction is made by the Issuer in the PRC up to the rate applicable on 13 July 2022 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

In the event that 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 (the "**Additional Amounts**") as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the PRC other than the mere holding of the Note; or

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

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

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

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 *(Taxation)* or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. EVENTS OF DEFAULT

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

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

(b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy but remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or

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

(i) any indebtedness for monies borrowed or raised of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness for monies borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any default or event of default howsoever described, or otherwise than at the option of the Issuer or (as

the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such indebtedness for monies borrowed or raised; or

(iii) the Issuer or any of its Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any Guarantee of any indebtedness for monies borrowed or raised;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$21,000,000 (or its equivalent in any other currency or currencies) (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 8(c) operates); or

(d) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of all or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries and such action is not discharged or stayed within 30 days; or

(f) *Insolvency, etc.:* (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its all or a material part of debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or all or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of all or any material part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or any material part of its indebtedness or any Guarantee of all or any material part of indebtedness given by it or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Principal Subsidiary, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring (x) pursuant to terms approved by an Extraordinary Resolution of the Noteholders; or (y) whereby all or substantially all the undertaking, assets and revenues of such Principal Subsidiary are transferred or otherwise vested in the Issuer or any one or more of its Subsidiaries; or (z) a solvent winding up of any Principal Subsidiary)); or

(g) *Winding up, etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries, except for (i) the purpose of and followed by a solvent winding up, dissolution, a reconstruction, amalgamation, reorganisation, merger or consolidation (x) on terms approved by an Extraordinary Resolution of the Noteholders, or (y) whereby all or substantially all the undertaking, assets and revenues of such Principal Subsidiary are transferred or otherwise vested in the Issuer or any one or more of its Subsidiaries; or (ii) a solvent winding up of any Principal Subsidiary; or (iii) a

disposal of or by a Principal Subsidiary on an arm's length basis where the assets (whether in cash or otherwise) from such disposal shall be transferred to or otherwise vested in the Issuer or any one or more of its Subsidiaries; or

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

(i) *Failure to take action, etc.:* any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, the Trust Deed or the Agency Agreement, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Hong Kong or the PRC is not taken, fulfilled or done; or

(j) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Trust Deed or the Agency Agreement; or

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

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

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

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

(c) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated gross 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; or

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (ii) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

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, gross revenue, net profit or gross assets of the Issuer and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer;

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

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

A certificate signed by an Authorised Signatory stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties. The certificate shall, if there is a dispute as to whether any Subsidiary of the Issuer is or is not a Principal Subsidiary, be accompanied by a report by a nationally recognised firm of independent accountants of good repute addressed to the Issuer as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation.

9. PRESCRIPTION

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

10. REPLACEMENT OF NOTE CERTIFICATES

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

11. TRUSTEE AND AGENTS

Under the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee, the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions, the Trust Deed and the Agency Agreement, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

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

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

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*).

12. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

(a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Trust Deed or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal, premium or interest in respect of the Notes, to reduce the amount of principal, premium or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or

the date for any such payment, to change the currency of payments under the Notes, to effect the exchange, conversion or substitution of the Notes for other obligations or securities, to amend Condition 3 *(Covenants)* or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders holding not less than 90 per cent. of the aggregate principal amount of the Notes then outstanding who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders or by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the Noteholders.

(b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Trust Deed and the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee not materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Noteholders and, unless the Trustee otherwise agrees, shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

(c) *Directions from Noteholders:* Notwithstanding anything to the contrary, the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms in the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions or clarification of directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or provided with security and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarification of such directions, or in the event that the directions or clarifications sought are not provided by the Noteholders.

(d) *Certificates and Reports:* The Trustee may rely without liability to Noteholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

13. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, institute such actions, suits and proceedings as it thinks fit to enforce its rights under the Trust Deed or the Agency Agreement in respect of the Notes, but it shall not be bound to do so unless:

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

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

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

14. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest and the timing for the registration and filings set out in Condition 3(b) *(Registration and Filings)*) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

15. NOTICES

Notices to the Noteholders will be sent to them by mail or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

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

16. CURRENCY INDEMNITY

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining

an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify the Trustee and each Noteholder, on the written demand of the Trustee or such Noteholder addressed to the Issuer and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. GOVERNING LAW AND JURISDICTION

(a) *Governing law:* The Notes, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement are governed by English law.

(b) *Jurisdiction:* The Issuer has in the Trust Deed and the Agency Agreement (i) agreed for the benefit of the Trustee and the Noteholders or (as the case may be) the Agents that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes, the Trust Deed and the Agency Agreement (including any non-contractual obligation arising out of or in connection with the Notes and such documents); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated Full Dragon (Hong Kong) International Development Limited, whose principal place of business is currently at Room 1205-1207, 118 Connaught Road West, Hong Kong, to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

The Notes will be represented by a Global Note 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 Note Certificate, the Issuer, for value received, will promise to pay the amount payable upon redemption under the Terms and Conditions of the Notes represented by the Global Note Certificate to the Noteholders in such circumstances as the same may become payable in accordance with the Terms and Conditions of the Notes.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) of the Terms and Conditions of the Notes occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Note Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

Payments on Business Days: In the case of all payments made in respect of the Global Note Certificate, "**business day**" means any day which is a day on which banks are open for general business (including dealings in foreign currencies) in New York City.

Payment Record Date: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which such Global Note Certificate is being held is open for business.

Exercise Of Put Option: In order to exercise the option contained in Condition 5(c) *(Redemption for Change of Control)* the Holder of the Global Note Certificate must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such put option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 15 *(Notices)*, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

DESCRIPTION OF THE GROUP

OVERVIEW

Established in July 2001, the Issuer is a state-owned company with Zhangzhou SASAC as its controlling shareholder and the Zhangzhou Government as its ultimate controller. As at 31 December 2021, the Group was one of the key state-owned enterprises supported by the Zhangzhou Government's favourable policies. The Group is tasked with providing some of the main public utility services such as infrastructure construction, water supply and sewage treatment and facilitates the economic and industrial development of Zhangzhou.

The Group operates in various industries, primarily including trading, water supply and sewage treatment and construction. The Group is also engaged in other businesses such as land development, real estate and industrial park development.

As at 31 December 2021, the Group had a paid-up capital of RMB3,828.5 million and total assets of RMB64,393.9 million. For the years ended 31 December 2019, 2020 and 2021, the Group reported a total operating revenue of approximately RMB10,038.1 million, RMB12,739.4 million and RMB29,371.2 million, respectively and a net profit after tax of approximately RMB199.3 million, RMB709.5 million and RMB508.9 million, respectively.

Trading Business Segment

The Group conducts its trading business primarily through the Issuer and three of its subsidiaries, namely, Zhangzhou Development, Fujian Commerce and Trade and Fujian Foreign Trade. Zhangzhou Development has been listed on the Shenzhen Stock Exchange (000753) since 1997 and was the first state-controlled company in Zhangzhou to obtain a listing status. The Group's trading business segment can be broadly divided into three sub-segments: (i) automobile trading; (ii) import and export trading; and (iii) domestic trading. For the Group's automobile trading business, as at 31 December 2021, the Group operated 26 automobile 4S dealership stores in Fujian and offered a diversified portfolio of international and domestic automobile brands.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's trading business segment amounted to approximately RMB7,800.9 million, RMB9,817.0 million and RMB27,216.6 million, respectively, representing approximately 77.7 per cent., 77.1 per cent. and 92.7 per cent. of the Group's total operating revenue, respectively. The increase in the operating revenue derived from the Group's trading business segment from 2020 to 2021 was mainly due to the bulk commodity trading conducted by the Issuer.

Water Supply and Sewage Treatment Business Segment

The Group conducts its water supply and sewage treatment business primarily through a subsidiary of Zhangzhou Development, namely, Zhangzhou Water. The Group's water supply and sewage treatment business segment includes water treatment services, distribution of water and sewage treatment. As at 31 December 2021, Zhangzhou Water supplied water to over 90 per cent. of the water supply area in the urban area of Zhangzhou and operated and managed most of the water treatment plants in Zhangzhou. The business scope of Zhangzhou Water covers the extraction of raw water from water sources, treatment of raw water to produce tap water and distribution and sale of tap water to end-users. As the primary platform via which the Zhangzhou Government provides sewage treatment services in Zhangzhou, the Group is responsible for treating substantially all of the domestic sewage in the urban area of Zhangzhou.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's water supply and sewage treatment business segment amounted to approximately RMB207.4 million, RMB248.8 million and RMB287.8 million, respectively, representing approximately 2.1 per cent., 2.0 per cent. and 1.0 per cent. of the Group's total operating revenue, respectively.

Construction Business Segment

The Group conducts its construction business primarily through its wholly-owned subsidiary, namely, Zhanglong Construction and two of its indirect subsidiaries, namely, Da'nong Landscape and Zhangfa Construction. The Group's construction business can be broadly divided into three sub-segments: (i) infrastructure construction; (ii) garden landscape construction and (iii) water supply facilities construction. For the Group's infrastructure construction business, the Group acts as one of the platforms via which the Zhangzhou Government invests in, constructs, operates and manages infrastructure in Zhangzhou and has participated in a number of important infrastructure projects in Zhangzhou, such as the Xia-Zhang Sea Crossing Bridge (廈漳跨海大橋), Zhangzhou War Preparation Bridge (漳州戰備大橋), Yingbin Road (迎賓路) and Flora Expo Garden (花博園).

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's construction business segment amounted to approximately RMB990.8 million, RMB1,718.6 million and RMB1,108.9 million, respectively, representing approximately 9.9 per cent., 13.5 per cent. and 3.8 per cent. of the Group's total operating revenue, respectively.

Other Business Segment

The Group is also engaged in other businesses such as land development, real estate and industrial park development.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's other business segment amounted to approximately RMB1,038.9 million, RMB954.9 million and RMB757.9 million, respectively, representing approximately 10.3 per cent., 7.5 per cent. and 2.6 per cent. of the Group's total operating revenue, respectively.

HISTORY AND DEVELOPMENT

The Issuer is a state-owned company with Zhangzhou SASAC as its controlling shareholder and the Zhangzhou Government as its ultimate controller. With the approval of the Zhangzhou Government, the Group was established on 11 July 2001 with a registered capital of RMB100.0 million and was formerly known as Fujian Zhanglong Industrial Co., Ltd. (福建漳龍實業有限公司) ("**Fujian Zhanglong Industrial**"). In 2015, Fujian Zhanglong Industrial changed its name to Fujian Zhanglong Group Co., Ltd. (福建漳龍集團有限公司). The Group's registered capital increased several times throughout the years and amounted to RMB3,828.5 million as at 31 December 2021.

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

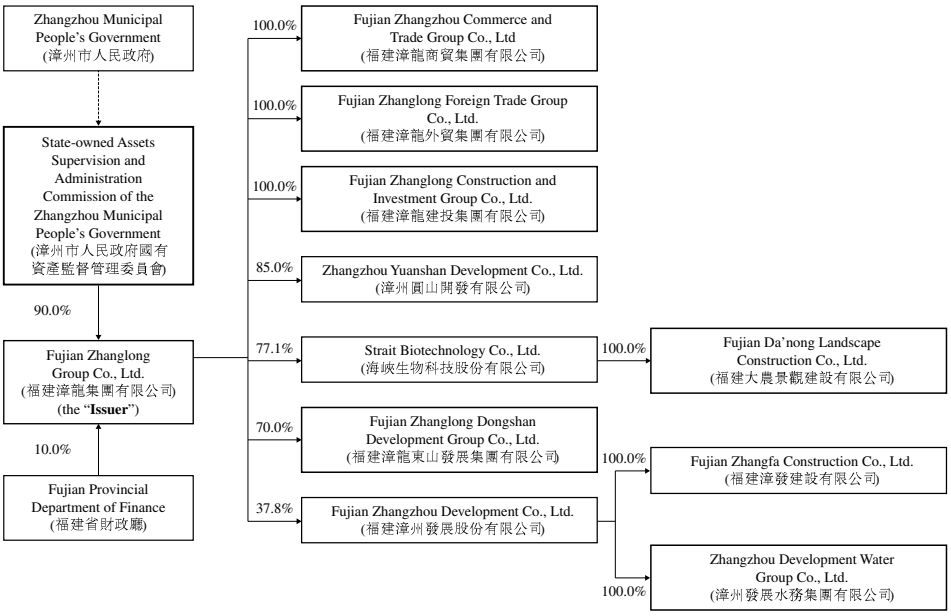
Time	Milestone
2001	Establishment of Fujian Zhanglong Industrial with a registered capital of RMB100.0 million. Fujian Province Zhangzhou Porcelain Factory (福建省漳州建築瓷廠) ("**Zhangzhou Porcelain Factory**"), Zhanglong Industrial Co., Ltd. (漳龍實業有限公司) ("**Zhanglong Industrial**") and Zhangzhou Millennium Industrial Co., Ltd. (漳州千禧實業有限公司) ("Zhangzhou Millennium") held respectively 94 per cent., 3 per cent. and 3 per cent. of the equity interests in Fujian Zhanglong Industrial.

	Fujian Zhanglong Industrial's registered capital was increased to RMB1,205.5 million by way of capital injections. After such capital injections, Zhangzhou Porcelain Factory, Zhanglong Industrial and Zhangzhou Millennium held 7.8 per cent., 92.0 per cent. and 0.3 per cent. of the equity interests in Fujian Zhanglong Industrial.
2003	Zhangzhou Millennium transferred its equity interests in Fujian Zhanglong Industrial to Zhangzhou Porcelain Factory. The business scope of Fujian Zhanglong Industrial was adjusted to include the investment, development and construction of roads and highways as well as infrastructure. Zhangzhou Porcelain Factory and Zhanglong Industrial transferred their equity interests in Fujian Zhanglong Industrial to the Zhangzhou Government, changing the enterprise type from "limited liability company (wholly stated-owned)" to "wholly state-owned". In accordance with the Notice of Zhang Zheng [2003] Zong No. 13 (漳政[2003]綜13號文) issued by the Zhangzhou Government, the Group was authorised by the Zhangzhou Government to operate and manage the state-owned assets held by the Group.
2006	The Zhangzhou SASAC became the sole shareholder of Fujian Zhanglong Industrial.
2008	The Zhangzhou Government transferred all equity interests in Zhangzhou Economic Development Co., Ltd. (漳州市經濟發展有限公司) to Fujian Zhanglong Industrial.
2009	Fujian Commerce and Trade was established under the directive of the Meeting Minutes No. 15 of the Municipal Standing Committee of Zhangzhou (漳州市常委會紀要[15]號) and the 17th Executive Meeting of the Zhangzhou Government (市政府第17次常務會議).
2011	Fujian Zhanglong was awarded the "2011 China Annual Brand" (2011中國年度品牌) award by China Central Television.
2012	Fujian Zhanglong Industrial's registered capital was increased to RMB2,828.5 million through injections from the Zhangzhou SASAC. The Zhangzhou Government injected the Fujian Province Zhangzhou Dafang Farm (福建省漳州大房農場) with a site area of 5,291,120 square metres and the relevant land use rights amounted to a value of approximately RMB639.5 million. The Zhangzhou Government injected the Nanyi Reservoir (南一水庫) and Fengtou Reservoir (峰頭水庫) amounting to approximately RMB1.6 billion into the Group.
2013	The Group acquired and consolidated Zhangzhou Yijian Corporation (漳州市一建公司).
2014	Fujian Zhanglong Industrial's registered capital was increased to RMB3,828.5 million.
2015	Fujian Zhanglong Industrial changed its name to Fujian Zhanglong Group Co., Ltd.

	Zhanglong Construction (formerly Zhangzhou Yijian Corporation) was established. Zhanglong Construction holds a number of professional qualifications, including the First-class Qualification of Main Contractor for Building Constructions (建築工程施工總承包一級資質).
	Establishment of Fujian Zhanglong Wood Technology Co., Ltd. (福建漳龍木業科技有限公司) ("**Zhanglong Wood**").
2016	Zhanglong Industrial became a consolidated subsidiary of the Group.
	Establishment of Xiamen Zhanglong Jinyuan Financial Leasing Co., Ltd. (廈門漳龍金圓融資租賃有限公司).
2018	The Zhangzhou SASAC transferred all equity interests in Fujian Zhangzhou Architectural Design Co., Ltd. (福建省漳州市建築設計有限公司) to Fujian Zhanglong Group Co., Ltd.
	Fujian Foreign Trade (formerly Zhangzhou Zhanglong Import and Export Trade Co., Ltd. (漳州市漳龍進出口貿易有限公司)) was established.
2020	In accordance with the No. 42 of the Title of Zhangzhou SASAC (2020) (漳國資產權[2020] 42號文), Zhangzhou Agriculture Development Group Co., Ltd.（漳州農業發展集團有限公司）was established by the Group with registered capital of RMB500.0 million. As instructed by the Finance Office of Longwen District, Zhangzhou (漳州市龍文區金融辦), the Group has set up Zhangzhou Zhanglong Investment Management Co., Ltd. (漳州漳龍基金管理有限公司).
	The Issuer was assigned a corporate credit rating of "BBB-" with a stable outlook by Fitch. The Group was the first urban investment corporate in the PRC that was upgraded from a non-investment grade to an investment grade.
2021	Pursuant to the State Council on the issuance of the transfer of part of the state-owned capital Social Security Fund (國發 [2017] No. 49), Circular of the People's Government of Fujian Province on the Issuance of the Implementation Plan for the Transfer of Part of State-owned Capital to Enrich the Social Security Fund in Fujian Province (Minzheng [2020] No. 6) and the Notice of Fujian Provincial Department of Finance, Fujian Provincial Department of Human Resources and Social Security, State-owned Assets Supervision and Administration Commission of Fujian Provincial People's Government on Matters Relating to the Transfer of Part of the State-owned Capital (Fujian Finance Enterprise (2020) No. 22) (《福建省財政廳福建省人力資源和社會保障廳福建省人民政府國有資產監督管理委員會關於劃轉部分國有資本有關事項的通知》(閩財企業[2020]22號)), 10.0 per cent. shareholding of the Issuer was transferred from Zhangzhou SASAC to Fujian Provincial Department of Finance (福建省財政廳) at nil consideration with relevant registration completed in September 2021.
	The Zhangzhou Government injected the Fujian Zhangzhou Houfang Farm (福建漳州後房農場) amounting to approximately RMB1.0 billion into the Group.
2022	In June 2022, the Issuer was assigned a corporate credit rating of "BBB+" with a stable outlook by Lianhe Global.

CORPORATE STRUCTURE

The following chart sets forth the simplified corporate structure of the Group, which shows the Group and its shareholders and major subsidiaries operating in the key business segments as well as the Group's entity interest holdings in each of its major subsidiaries as at the date of this Offering Circular:



* *The Issuer directly holds 28.8 per cent. of equity interests in Fujian Zhangzhou Development Co., Ltd. (福建漳州發展股份有限公司), and indirectly holds 8.9 per cent. of equity interests in Fujian Zhangzhou Development Co., Ltd. (福建漳州發展股份有限公司) through an indirect and wholly-owned subsidiary, Zhangzhou Highway Traffic Industry Co., Ltd. (漳州公路交通實業有限公司).*

COMPETITIVE STRENGTHS

The Group believes that it has the following competitive strengths:

Strong support from the Zhangzhou Government.

The Issuer is a state-owned company with Zhangzhou SASAC as its controlling shareholder and the Zhangzhou Government as its ultimate controller. In light of the Group's state-owned background and the strategic importance of some of the Group's businesses and operations to the public of Zhangzhou, the Group has received in the past various kinds of financial support (but excluding credit support), including fiscal subsidies and tax returns, from the Zhangzhou Government for its business operations. For the years ended 31 December 2019, 2020 and 2021, the Group received fiscal subsidies and other income from the Zhangzhou Government of approximately RMB148.6 million, RMB214.0 million and RMB197.1 million, respectively. The fiscal subsidies primarily included tax returns and other types of subsidies such as special asset subsidies, fiscal subsidies from central and provincial governments, key project construction subsidies and discounts from municipal governments and infrastructure construction subsidies from county-level governments. For example, the Group enjoyed tax return for the Xia-Zhang Sea-Crossing Bridge Project (廈漳跨海大橋項目), Xia-Zhang Expressway Expansion Project (廈漳高速公路延伸項目), Xia-Cheng Expressway Zhangzhou Section Project (廈成高速公路漳州段項目) and Fu-Guang Line Changtai Section Project (福廣線長泰段項目). In addition, the Zhangzhou Government injected a number of quality assets into the Group. In 2012, the Zhangzhou Government injected the Fujian Province Zhangzhou Dafang Farm (福建省漳州大房農場) with a site area of 5,291,120 square metres into the Group and the relevant land use rights amounted to a value of approximately RMB639.5 million. The Zhangzhou Government also transferred the equity interests in a number of companies into the Group, including Zhangzhou Forestry

Central Nursery, Zhangzhou Freezing Co., Ltd., Zhangzhou Ranliao General Company, Zhangzhou Water Conservancy and Electric Power Engineering Co., Ltd., Zhangzhou Forest Products Industry Company, Zhangzhou Forestry Industry and Trade Department, Zhangzhou Forestry Science Research Institute, Fujian Province Zhangzhou Timber Company and Zhangzhou Timber Supply Company, Zhangzhou Timber Supply Company Wood Products Factory. Since the establishment of Zhangzhou Agriculture Development Co., Ltd., the Zhangzhou Government has injected a number of assets, including the Nanyi Reservoir (南一水庫) and Fengtou Reservoir (峰頭水庫) amounting to approximately RMB1.6 billion and the Fujian Zhangzhou Houfang Farm (福建漳州後房農場) amounting to approximately RMB1.0 billion into the Group.

In addition, the Zhangzhou SASAC has injected a number of quality operating assets into the Group to replace its public welfare assets. In February 2017, the Zhangzhou SASAC injected the operating assets of eight enterprises including Zhangzhou Metallurgical Machinery Repair Factory (漳州市冶金機械修造廠) amounting to RMB117.3 million into the Group, replacing Zhangzhou War Preparation Bridge (漳州市戰備大橋). In August 2018, the Zhangzhou SASAC injected the assets of Zhangzhou Architectural Design Institute (漳州市建築設計院) amounting to RMB53.9 million into the Group, replacing its RMB45.0 million highway assets (Shangban to Liushi Section) (公路資產(上坂至六石段)). In October 2018, the Zhangzhou SASAC injected 17 land use rights relating to Wufeng Farm (五峰農場) and four properties in Mingfa Square (明發廣場) with a total value of RMB468.9 million into the Group, replacing Mazao Road (馬灶路) and Zhanghua Road Section (漳華路段) with a total value of RMB258.7 million.

The Zhangzhou Government closely supervises the Group's operations and provides talent support through the appointment of directors, supervisors and certain senior management of the Group. With strong support (but excluding credit support) from the Zhangzhou Government, the Group believes that it will be able to further expand its business operations to consolidate its existing position in Zhangzhou.

The detailed description of the relationships between the Group and the Zhangzhou Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Zhangzhou Government in respect of the Notes, the repayment of which remains the sole responsibilities of the Group.

Zhangzhou's strategic location and strong economic growth.

Zhangzhou is a prefecture-level city located in the southern part of the Fujian Province. Located on the banks of the Jiulong River, Zhangzhou borders Xiamen and Quanzhou to the northeast and the Guangdong Province to the southwest. With over five million permanent residents as at 31 December 2021, Zhangzhou was one of the largest city in the Fujian Province in terms of population.

The Fujian Province is located between the Guangdong Province and the Zhejiang Province. The Guangdong Province and the Zhejiang Province are two of the most prosperous provinces in the PRC with GDP of approximately RMB12,440.0 billion and RMB7,350.0 billion, respectively, for the year ended 31 December 2021.

The West Coast Economic Zone (海峽西岸經濟區) is an economic development zone for the economic region located west of the Taiwan Straits. As an important node in the Fujian Province's road network, Zhangzhou enjoys geographical advantages that enable it to capture the opportunities presented by the development of the West Coast Economic Zone. It plays a strategic role in facilitating the development of the West Coast Economic Zone, providing convenient access to the sea for Central China and West China and strengthening the economic cooperation between East China, Central China and West China.

It also provides transportation support to the Rise of the Central China Plan (中部崛起計劃). In addition, the Xia-Zhang Sea-Crossing Bridge together with the Tongcheng Avenue connect Zhangzhou and Xiamen so as to facilitate the integration of Xiamen-Zhangzhou-Quanzhou metropolitan area, and thus facilitating the development of port and logistics industries in, and introducing significant economic benefits to Zhangzhou.

Leveraging its geographical advantages and coupled with the rapid development and growth in Zhangzhou, Zhangzhou's economy and fiscal capacity have strengthened in recent years. According to the Zhangzhou Bureau of Statistics, in 2020 and 2021, Zhangzhou's GDP reached approximately RMB454.6 billion and RMB502.5 billion, respectively, representing an increase of approximately 7.7 per cent ranked fourth in terms of the 2021 GDP in Fujian Province. In 2021, the primary, secondary and tertiary industries represented approximately 10.5 per cent., 49.0 per cent. and 40.5 per cent. of Zhangzhou's GDP, respectively.

As substantially all of the Group's business operations and investments are located in Zhangzhou, the Group believes that its businesses have benefited from, and will continue to benefit from, the development and growth of Zhangzhou.

Strategic role in certain industries.

The Group plays a strategic role in the infrastructure construction, water supply and sewage treatment industries in Zhangzhou.

- ***Infrastructure Construction:*** the Group acts as one of the platforms via which the Zhangzhou Government invests in, constructs, operates and manages infrastructure in Zhangzhou and has participated in a number of important infrastructure projects in Zhangzhou, such as the Xia-Zhang Sea-Crossing Bridge (廈漳跨海大橋), Zhangzhou War Preparation Bridge (漳州戰備大橋), Yingbin Road (迎賓路) and Flora Expo Garden (花博園). In particular, the Group has participated in a number of expressway construction projects, including the Xia-Zhang Expressway (廈漳高速公路), Zhang-Yong Expressway (漳永高速公路), Xia-Cheng Expressway (廈成高速公路) and Zhang-Zhao Expressway (漳沼高速公路).

- ***Water Supply and Sewage Treatment:*** as at 31 December 2021, Zhangzhou Water supplied water to over 90 per cent. of the water supply area in the urban area of Zhangzhou and operated and managed most of the water treatment plants in Zhangzhou. As the primary platform via which the Zhangzhou Government provides sewage treatment services in Zhangzhou, the Group is responsible for treating substantially all of the domestic sewage in the urban area of Zhangzhou and operated and managed substantially all of the sewage treatment plants in Zhangzhou as at 31 December 2021.

Leveraging the strong track record and strong support from the Zhangzhou Government, the Group believes that it can continue to benefit from its strategic role in the infrastructure construction, water supply and sewage treatment industries in Zhangzhou and strengthen its position in the relevant industries.

Diversified business portfolio and asset base to provide stable returns to the Group.

The Group has a diversified business portfolio and asset base which provide it with steady operating revenue and cash flows from its businesses and enhance its risk resilience. The Group's trading business, which includes automobile trading, import and export trading and domestic trading, is the Group's largest source of operating revenue. The Group's water supply and sewage treatment, construction and other businesses such as land development, real estate and industrial park development also provide supplementary operating revenue and cash flows to the Group. The following table sets forth a breakdown of the Group's gross profit margin by business segment for the periods indicated:

	For the year ended 31 December		
	2019	2020	2021
	per cent.	*per cent.*	*per cent.*
Trading	4.0	2.3	1.6
Water supply and sewage treatment	46.6	47.0	44.5
Construction	20.2	19.1	15.8
Other business (e.g.: land development, real estate and industrial park development)	48.7	53.1	59.1

The Group's diversified business portfolio minimises the risk of business concentration and the level of volatility in its overall earnings and financial position as a result of changes in industrial conditions, selling prices or raw material costs within any one sector. The Group's construction business is partly operated under the government unified procurement model, where the Group, as the relevant construction project owner or builder, can designate the raw materials to be supplied by its domestic trading business, allowing the Group to create synergy among its different business segments. In addition, the Group actively diversifies the source of operating revenue from its business segments. In particular, for the Group's automobile trading business, the Group has been actively pursuing new automobile 4S dealerships with automobile manufacturers to further diversify its automobile brand portfolio. As at 31 December 2021, the Group sold and marketed a wide variety of international and domestic automobile brands. The Group's diversified brand portfolio allows it to be less reliant on any single brand and achieve more stable growth. The steady and diversified source of operating revenue and cash flows give the Group stability as well as flexibility in managing its operations.

Diversified sources of funding and strong credit position.

The Group has access to various sources of funding including bank loans, medium-term notes, short-term commercial papers, non-public directional debt financing instruments, corporate bonds, commercial papers, enterprise bonds and perpetual bonds. For example, in 2015, the Group issued RMB500 million three-year onshore non-public directional debt financing instruments with a coupon rate of 5.60 per cent. and RMB600 million seven-year onshore corporate bonds with a coupon rate of 4.99 per cent. In 2017, the Group issued US$500,000,000 4.50 per cent. notes due 2019 in the offshore market. In 2018, the Group issued US$400,000,000 5.60 per cent. guaranteed notes due 2021 in the offshore market, RMB1,000 million one-year onshore commercial paper with a coupon rate of 4.05 per cent. and RMB500 million five-year onshore medium-term notes with a coupon rate of 5.28 per cent. In 2019, the Group issued RMB600 million one-year onshore commercial paper with a coupon rate of 3.43 per cent. and RMB1 billion seven-month onshore short-term commercial paper with a coupon rate of 3.53 per cent. In 2021, the Group issued US$400,000,000 3.45 per cent. notes due 2023 in the offshore market and in February 2021 the Group further issued US$100,000,000 3.45 per cent. notes due 2023 in the offshore market, which was consolidated and forms a single series with the original notes. As at 31 December 2021, the outstanding principle amounts of domestic and offshore direct financing are RMB13.9 billion and USD1.0 billion. In addition, the Zhangzhou Government has continued to provide financial support (but excluding credit support) such as fiscal subsidies to the Group for its business operations. For the years ended 31 December 2019, 2020 and 2021, the Group received fiscal subsidies and other income from the Zhangzhou Government of approximately RMB148.6 million, RMB214.0 million and RMB197.1 million, respectively. As at 31 December 2021, the cash and cash equivalents of the Group amounted to approximately RMB2,425.2 million. In addition to cash generated from its operations, the Group also maintains good relationships with a number of leading PRC banks, such as Bank of China, China Everbright Bank, Bank of Communications, the Export-Import Bank of China, China Development Bank, China Construction Bank, Agricultural Bank of China, China Merchants Bank, China Minsheng Bank, Industrial Bank Co., Ltd., China Bohai Bank and Xiamen International Bank. As at 31 December 2021, the Group had aggregate banking facilities of approximately RMB33.4 billion, of which approximately RMB18.7 billion was undrawn. In addition,

Zhangzhou Development is a listed company which provides the Group with access to funding from the equity market. As such, the Group believes that it has a robust liquidity position with access to diversified funding sources.

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 following table sets forth the Group's bonds and notes maturity profile as at 31 December 2021:

Year	**Bonds and Notes Maturity Profile**
	(RMB in billions)
2022	8.4
2023	5.1
2024	3.0
2025 and afterwards	1.0

The Group's creditworthiness has been recognized by domestic rating agencies. The Issuer has been assigned "AA+" rating with a stable outlook by China Lianhe Credit Rating Co., Ltd. (聯合資信評估股份有限公司), a PRC domestic rating agency, in 2022[5].

[5] Reference to ratings assigned by a PRC domestic rating agency should not be relied on for any investment decision relating to the Notes.

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

Comprehensive internal control and risk management systems.

The Group has established a comprehensive internal control system and set up certain internal procedures relating to information disclosure and emergencies. Key features of such internal control system and internal procedures includes:

Financial and budget control:

Financial management: to enhance the supervision of financial accounting and management;

Internal audit management: to provide the Group's audit department the power to exercise internal control and to work independently;

Funds management: to regulate the Group's cash flow by centrally coordinating financing, application of funds, debt collection and credit monitoring;

Budget management: to provide the Group's annual budget management committee the power to monitor budget implementation and to review quarterly budget reports from various responsible departments. Annual budget applications are first to be approved by the annual budget management committee, then approved by the board of directors before being implemented;

Investment and financing control:

Investment and financing management: to provide the Group's audit department the central power to set up investment strategies and to execute investment projects. Subsidiaries of the Group do not have individual power to engage in investment projects without the approval of the Chairman of the Group;

Information disclosure management: to fulfil the Group's disclosure obligations and to monitor the implementation of information disclosure affairs;

Guarantee management: to provide efficient pre-planned evaluation, monitoring, collection and resolution of guarantees. Directors, general managers and subsidiaries are prohibited from entering into guarantee agreements on behalf of the Group without the approval from the board of directors;

Corporate governance:

Related party transaction management: to regulate the purchase and sales of goods, provision of services, financing and guarantees between the Group and its subsidiaries and affiliates. The majority of the Group's related party transactions is providing guarantee to its subsidiaries and affiliates. The subsidiaries and affiliates generally submit annual requests for loan guarantees in the beginning of each year; during the year, the subsidiaries and affiliates will separately request for loan guarantees when each loan is offered by financial institutions. The loan guarantees are monitored by the Group's financial management department;

Subsidiary management: to provide performance measurement and control of the Group's subsidiaries. The chairman and financial comptroller of each subsidiary are appointed by the Group. The Group performs annual performance evaluation on the management of each subsidiary and adjusts the remuneration of the respective management based on the evaluation results. The Group also actively regulates the financial, human resources and operational policies of each subsidiary;

Production safety and emergency response:

Production safety management: to ensure the operations of the Group are in compliance with relevant production safety laws. The Group has developed a set of production safety procedures and has established the production safety committee that supervise and assist its subsidiaries in answering to relevant regulatory authorities; and

Emergency response procedures: to provide effective guidance on the assessment, report and control of safety incidents and the accountability of personnel. The Group has established an emergency response task force lead by the Chairman of the Group and consisting of senior management and relevant specialists.

As the controlling shareholder of the Group, the Zhangzhou SASAC participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's financial structure, development strategies and investment plans, and appoints and conducts annual appraisals on the directors, supervisors and certain senior management of the Group. The Group's senior management and the government regularly have in-depth discussions regarding key investment projects and examination procedures are conducted before investment decisions are taken.

In addition, the Group's risk management committee has developed a set of guidelines and procedures which, among other things, require the Group and its subsidiaries to conduct comprehensive examinations regularly to ensure that their operations are in compliance with applicable laws and internal risk control mechanisms. The risk management committee holds regular meetings in order to have a full understanding of the risks involved in the Group's business operations, examine and monitor the risk management situation of the Group and make decisions on major issues involving risk management. The Group has a sound risk management structure with different departments responsible for the management of risks arising from various aspects of the Group's business operations. The Group believes that its comprehensive risk management system allows it to promptly identify, deal with and mitigate various operational, financial and legal risks emerging from the Group's operations.

Prudent financial structure.

The Group puts great emphasis on maintaining a prudent financial structure, which the Group believes is the key to sustainable business development and maximising 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 held cash and cash equivalent of approximately RMB3,519.6 million, RMB3,247.7 million and RMB2,425.2 million respectively, while the Group's current assets were approximately RMB30,509.5 million, RMB36,505.3 million and RMB39,545.2 million, respectively. In addition, the Group has prudently managed its balance sheet by maintaining its debt ratio at a level that it considers to be reasonable. As at 31 December 2019, 2020 and 2021, the Group's debt ratio, which is defined as total liability over total assets, was approximately 66.3 per cent., 68.0 per cent. and 68.9 per cent., respectively. The Group will continue to closely manage the levels of its debt ratio 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 to improve its results of operations.

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

The Group has an experienced management team with extensive knowledge in the industries in which the Group operates. The Group 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. Please see *"Directors, Supervisors and Senior Management"* for further information on the Group's senior management team.

The Group's experienced management team is also supported by a dedicated team of staff with extensive technical and industry knowledge. As at 31 December 2021, the Group had a total of approximately 3,072 employees, approximately 75.9 per cent. of which had post-secondary qualifications or above.

The Group believes in the benefits of improving the skills and knowledge of its management team and employees, and regularly conducts management and professional training programmes.

BUSINESS STRATEGIES

The Group's objective is to strengthen its position in the industries in which the Group operates and continue to grow its asset base and enhance operational efficiency. The Group intends to implement the following strategies to achieve this objective:

Continue to diversify its automobile brand portfolio.

Through further diversifying its automobile brand portfolio, the Group believes that it can improve the mix of automobile brands and broaden the range of products and services it offers to its customers which in turn would enhance its profitability. The Group believes that in line with Zhangzhou's economic growth, Zhangzhou has significant market potential and demand for automobiles, spare parts, automobile accessories and other automobile-related products. The demand for repair and maintenance services will also likely increase in Zhangzhou.

The Group intends to capitalise on its local know-how, relationships and positive brand image built up by its existing automobile 4S dealership stores as well as its in-depth industry expertise to further diversify its automobile brand portfolio.

Continue to develop its water-related businesses and strengthen its leading position in the water supply and sewage treatment industries.

The Group operates certain water-related businesses, including water supply, sewage treatment and water supply facilities construction. The Group intends to further develop and integrate its water-related businesses and strengthen its leading position in the water supply and sewage treatment industries in Zhangzhou. The Group will continue to expand the coverage of its water supply networks and sewage treatment services and secure new operational locations and customers to further expand its water-related businesses. Leveraging the strong support from the Zhangzhou Government, the Group believes that it is well-positioned to further expand its business operations in the water supply, sewage treatment and water supply facilities construction industries in Zhangzhou.

Continue to contribute to the development of urban infrastructure and facilitate the development of urban investment in Zhangzhou.

The Group acts as one of the platforms via which the Zhangzhou Government invests in, constructs, operates and manages infrastructure in Zhangzhou and has participated in a number of important infrastructure projects in Zhangzhou. The Group intends to continue to participate in key urban infrastructure construction projects and facilitate the development of urban infrastructure in Zhangzhou. In addition, it plans to cooperate with other urban investment companies in Zhangzhou to invest in and conduct land development. Leveraging its solid capital base, the Group believes that it can strengthen the financing capability of urban investment companies in Zhangzhou.

Further diversify its business portfolio and create new sources of income.

The Group plans to further diversify its business portfolio and create new sources of operating revenue. The Group will develop new business lines by taking into consideration the macro environmental and industrial cycle. For example, the Group intends to develop its trading logistics business which the Group believes will develop synergy among the Group's existing business segments, in particular its trading business segment. As at 31 December 2021, the Zhangzhou Zhanglong Logistics Park (Phase I) (漳州漳龍物流園一期) was completed by the Group. The Zhangzhou Zhanglong Logistics Park Project has a total planning area of approximately 1,659 mu and involves a total planned investment of approximately RMB3.0 billion. The Group believes that the development of logistics services would provide more business opportunities to the Group's trading business segment. The Group believes that its diversified sources of income will contribute to a steady growth of the Group's operating revenue.

Adhere to prudent financial management with stringent risk control and further diversify its sources of financing.

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement its dividend policies to ensure a stable distribution from its subsidiaries. In addition, the Group will continue to implement and enhance its prudent financial management system with well-defined policies and procedures, including a stringent financial reporting and control system that emphasises centralised management and administration, consistent controlling policies and full compliance with legal and regulatory requirements. The Group will also establish standardised capital management mechanisms to monitor capital, capital efficiency and capital risk prevention, thereby effectively enhancing the results and efficiency of the overall management. The Group will implement a prudent investment policy that targets to achieve balance between assets and liabilities, between investment return and risk taking, and between principal business and other ancillary business. The Group will also strengthen cooperation and maintain good relationships with banks and other financial institutions and continue to seek alternative sources of financing such as overseas funds and treasury bond funds. It will maintain a balanced indebtedness structure consisting of short-term, medium-

term and long-term credit facilities. Further, the Group will closely monitor the changes in the foreign exchange market to manage the risks relating to its assets and liabilities denominated in foreign currencies. The Group strives to prudently manage its financials while fulfilling investment and development needs to drive its profitability.

Continue to build a professional management team.

The Group believes that its experienced management team has been a key contributing factor to its growth and development. The Group will continue to build a professional management team with well-qualified and experienced personnel, 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.

RECENT DEVELOPMENT

2022 First Quarter Financial Statements of the Group.

In April 2022, the Group published its First Quarter Financial Information. The First Quarter Financial Information is not included in and does not form a part of this Offering Circular.

As at 31 March 2022, the Group's current assets, non-current assets, current liabilities and non-current liabilities had increased as compared to 31 December 2021. In particular, as at 31 March 2022, the Group's cash and cash equivalents, short-term borrowings, notes payable, non-current liabilities due within one year, long-term borrowings and bonds payable had increased while notes receivable had decreased as compared to 31 December 2021. For the three months ended 31 March 2022, the Group's operating revenue, operating costs and total profit had increased as compared to the same period in 2021.

As at 31 March 2022, the Group's cash and cash equivalents had increased significantly as compared to 31 December 2021, primarily due to the issuance of bonds at the end of March 2022, while notes receivable had decreased significantly as compared to 31 December 2021, primarily due to the maturity and repayment of notes. For the three months ended 31 March 2022, the Group's total profit had increased significantly as compared to the same period in 2021, primarily due to the increase of investment income and government subsidies.

The First Quarter Financial Information has not been audited or reviewed by the Group's independent accountants, or any other independent accountants and may be subject to adjustments if audited and reviewed. Consequently, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor and potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The recent transfer of certain equity interest to the Group.

Pursuant to the agreement entered into between the Issuer and Zhangzhou Jiulongjiang Group Co., Ltd. (漳州市九龍江集團有限公司), Zhangzhou Jiulongjiang Group Co., Ltd. transferred its 3.0 million shares of equity interest in Zhangzhou Pien Tze Huang Pharmaceutical Co., Ltd. (漳州片仔癀藥業股份有限公司) (600436), a company listed on the Shanghai Stock Exchange, amounting to approximately RMB1.0 billion to the Group at nil consideration with relevant registration completed in April 2022. After the Transfer, the Group holds 0.8 per cent. of equity interest in Zhangzhou Pien Tze Huang Pharmaceutical Co., Ltd.

BUSINESS SEGMENTS

Focusing its business operations in Fujian, in particular Zhangzhou, the Group is primarily engaged in the businesses of trading, water supply and sewage treatment and construction. The Group is also engaged in other businesses including land development, real estate, and industrial park development.

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

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in millions)	*per cent.*	*(RMB in millions)*	*per cent.*	*(RMB in millions)*	*per cent.*
Trading	7,800.9	77.7	9,817.0	77.1	27,216.6	92.7
Water supply and sewage treatment	207.4	2.1	248.8	2.0	287.8	1.0
Construction	990.8	9.9	1,718.6	13.5	1,108.9	3.8
Other Business (e.g. real estate, land development and industrial park development)	1,038.9	10.3	954.9	7.5	757.9	2.6
Total operating revenue	**10,038.1**	**100.0**	**12,739.4**	**100.0**	**29,371.2**	**100.0**

Trading Business Segment

The Group conducts its trading business primarily through the Issuer and three of its subsidiaries, namely, Zhangzhou Development, Fujian Commerce and Trade and Fujian Foreign Trade. As at 31 December 2021, the Group held 28.8 per cent. of the equity interests in Zhangzhou Development. Zhangzhou Development has been listed on the Shenzhen Stock Exchange (000753) since 1997 and was the first state-controlled company in Zhangzhou to obtain a listing status. As at 31 December 2021, Fujian Commerce and Trade and Fujian Foreign Trade were wholly-owned by the Group.

The trading business segment is the Group's largest business segment in terms of operating revenue. For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's trading business segment amounted to approximately RMB7,800.9 million, RMB9,817.0 million and RMB27,216.6 million, respectively, representing approximately 77.7 per cent., 77.1 per cent. and 92.7 per cent. of the Group's total operating revenue, respectively.

The Group's trading business segment can be broadly divided into three sub-segments: (i) automobile trading; (ii) import and export trading; and (iii) domestic trading.

Automobile Trading

The Group conducts its automobile trading business primarily through Zhangzhou Development. As at 31 December 2021, the Group operated 26 automobile 4S dealership stores in Fujian and offered a diversified portfolio of international and domestic automobile brands, including Changan Ford (長安福特), FAW Toyota (一汽豐田), Dongfeng Honda (東風本田), Soueast (東南汽車), Shanghai GM (上海通用), Citroën DS (雪鐵龍DS), Qoros (觀致汽車), KIA (悦達起亞), BYD (比亞迪), FIAT (菲亞特), Trumpchi (廣汽傳祺), Lynk (領克) and Chery (奇瑞). The Group also sells new energy vehicles and other automobile brands. Generally, each of the Group's automobile 4S dealership stores is operated by a subsidiary of Zhangzhou Development.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's automobile trading business amounted to approximately RMB1,552.7 million, RMB1,438.9 million and RMB1,576.3 million, respectively, representing approximately 19.9 per cent., 14.7 per cent. and 5.8 per cent. of the Group's operating revenue derived from its trading business segment, respectively.

Automobile 4S Dealership Stores

An automobile 4S dealership refers to a dealership authorised to sell the products of an automobile brand. An automobile 4S dealership store typically integrates four automobile-related businesses, namely, sales, spare parts, service and survey, among which survey refers to the collection of market information for the relevant automobile manufacturer in order for the automobile manufacturer to adjust its market strategies accordingly.

As at 31 December 2021, the Group operated 26 automobile 4S dealership stores in Fujian, with each automobile 4S dealership store selling one or more brands of automobiles. Generally, each of the Group's automobile 4S dealership stores is operated by a subsidiary of Zhangzhou Development. The operations of the automobile 4S dealership stores are generally governed by dealership agreements with the relevant automobile manufacturers. Most of the Group's dealership agreements are non-exclusive and require renewal periodically. The automobile manufacturer generally has the right to terminate the relevant dealership agreement for a variety of reasons, including failure to rectify performance deficiencies. As at the date of this Offering Circular, the Group had not experienced any termination of dealership agreements. The Group offers a wide range of new automobiles of international and domestic brands and provides comprehensive after-sales products and services in its automobile 4S dealership stores to its customers. The after-sales products and services generally include sales of spare parts and automobile accessories, repair and maintenance services, and other automobile-related products and services.

Among the 26 automobile 4S dealership stores operated by the Group as at 31 December 2021, 21 stores were granted exclusive rights to sell certain automobile brands including Changan Ford in Zhangzhou.

Brand Portfolio

As at 31 December 2021, the Group's brand portfolio covered over 10 major automobile brands, including Changan Ford, FAW Toyota, Dongfeng Honda, Soueast, Shanghai GM, Citroën DS, Qoros, KIA, BYD, FIAT, Trumpchi, Lynk and brands of new energy vehicles.

The chart below sets forth the number of the Group's automobile 4S dealership stores offering automobiles of each of the following brands as at 31 December 2021:

Brand	**Number of the Group's automobile 4S dealership stores distributing automobiles of the brand**
Changan Ford	5
FAW Toyota	2
Dongfeng Honda	1
Soueast	1
Shanghai GM	2
Citroën DS	1
Qoros	2
KIA	2
BYD	1
FIAT	1
Trumpchi	1
Lynk	2
Chery	1
New energy vehicles	4

The table below sets forth the number of automobiles purchased and the average purchase price per automobile for each of the following brands offered by the Group for the periods indicated:

	For the year ended 31 December					
	2019		2020		2021	
	Number of automobiles purchased	*Average purchase price*	*Number of automobiles purchased*	*Average purchase price*	*Number of automobiles purchased*	*Average purchase price*
Changan Ford	1,655	122,700	1,416	135,700	1,429	144,400
FAW Toyota	1,990	136,900	2,235	135,400	2,219	141,100
Dongfeng Honda	2,130	140,600	1,833	140,800	1,443	147,600
Soueast	763	54,000	659	50,000	313	55,300
Shanghai GM	957	103,500	816	110,600	753	118,300
Citroen DS	12	441,000	9	163,800	4	230,900
Qoros	43	75,900	27	86,500	3	91,300
KIA	690	99,300	618	115,700	152	122,800
BYD	492	96,000	319	108,000	499	125,200
FIAT	104	169,700	43	165,900	14	223,200
Trumpchi	331	112,500	302	123,500	477	135,700
Lynk	928	130,500	1,204	134,100	1,507	135,900
New energy vehicle and other brands	1,363	89,600	1,441	92,400	1,848	92,700
Total	**11,458**	**116,700**	**10,922**	**121,300**	**10,661**	**128,000**

The table below sets forth the number of automobiles sold and the average selling price per automobile for each of the following brands offered by the Group for the periods indicated:

	For the year ended 31 December					
	2019		2020		2021	
	Number of automobiles sold	*Average selling price*	*Number of automobiles sold*	*Average selling price*	*Number of automobiles sold*	*Average selling price*
Changan Ford	2,029	115,200	1,512	127,800	1,451	128,900
FAW Toyota	2,039	133,400	2,251	135,500	2,196	138,300
Dongfeng Honda	2,133	134,100	1,798	131,300	1,519	131,500
Soueast	764	56,200	702	49,300	352	56,600
Shanghai GM	1,057	79,400	858	79,200	933	83,800
Citroen DS	50	158,100	5	154,200	8	174,400
Qoros	128	103,500	82	90,300	3	100,000
KIA	839	86,500	524	95,800	359	101,200
BYD	434	97,800	342	107,700	516	122,200
FIAT	174	133,200	56	135,800	26	168,000
Trumpchi	503	101,100	303	120,000	549	134,200
Lynk	978	137,500	1,192	137,800	1,557	138,700
New energy vehicle and other brands	1,225	90,500	1,427	92,000	1,897	101,200
Total	**12,353**	**111,200**	**11,052**	**115,100**	**11,366**	**119,400**

Note:

(1) The average selling prices of some brands are lower than the average purchase prices, primarily due to market fluctuations and sales volume rebates which constitute the majority of operating revenue derived from automobile trading of those brands.

As part of the Group's strategy, the Group intends to further diversify its automobile brand portfolio to cover a wider range of automobile brands and the products and services it offers to its customers.

Sales of Automobiles and After-sales Services

The Group's automobile trading business can be broadly divided into (i) sales of automobiles; (ii) after-sales services; and (iii) others, which include automobile agency services.

The table below sets forth a breakdown of the Group's total operating revenue derived from the various segments of the Group's automobile trading business for the periods indicated:

	For the year ended 31 December					
	2019		2020		2021	
	(RMB in millions)	*per cent.*	*(RMB in millions)*	*per cent.*	*(RMB in millions)*	*per cent.*
Sales of automatics	1,331.7	85.8	1,213.7	84.4	1,374.1	87.2
Maintenance services	177.0	11.4	159.2	11.1	14.8	9.2
Other	44.0	2.8	66.0	4.6	57.3	3.6
Total operating revenue derived from the Group's automobile trading business	**1,552.7**	**100.0**	**1,438.9**	**100.0**	**1,576.3**	**100.0**

Sales of Automobiles

Sales of automobiles constitute the main source of operating revenue for the Group's automobile trading business. The selling price of a new automobile is generally based on a variety of factors, including the automobile manufacturer's recommended selling price, the demand for a particular model and the number of automobiles of the same model in inventory. The Group is generally required to follow the recommended selling prices set by the automobile manufacturers with some flexibilities to adjust the selling prices of new automobiles at the Group's discretion according to the prevailing market conditions, to the extent that such price adjustment would not adversely affect the brand image of the automobile manufacturers and is limited to a certain percentage of the recommended selling prices. In addition, for some of the new automobiles that the Group sells, the Group sells and installs optional accessories to tailor the automobile to the personal preferences of the Group's customers.

After-sales Services

The Group's automobile 4S dealership stores also provide after-sales services to its customers, which primarily include maintenance services, in-warranty repair, out-of-warranty repair and sales of spare parts and accessories. The primary customers for the Group's after-sales services are customers who had previously purchased new automobiles from its stores. The Group's maintenance and repair services are conducted by its automotive engineers and technicians who are trained in maintaining and repairing the brands of automobiles retailed by the Group's automobile 4S dealership stores. As part of the Group's maintenance and repair services, the Group's automobile 4S dealership stores may also assist automobile

manufacturers in coordinating recalls of automobiles where necessary. In addition, the Group sells in its automobile 4S dealership stores spare parts and accessories sourced from automobile manufacturers or their authorised suppliers.

(i) Maintenance Services

The maintenance services provided by the Group to its customers primarily include oil changes, replacement of spark plugs and air filters and tire rotations, as well as routine inspections. The Group typically also provides the first maintenance service to purchasers of the Group's new automobiles, which is normally at no cost to the Group as it is paid by the relevant automobile manufacturers.

(ii) In-warranty Repair

The Group provides maintenance and repair services under the warranties provided by automobile manufacturers for new automobiles. The Group is paid by the automobile manufacturers for its in-warranty repair services.

(iii) Out-of-warranty Repair

The Group also offers repair services that are not covered by the automobile manufacturer's warranty, including replacement of parts due to wear and tear or repair of damage resulting from collisions or other accidents. The Group's repair services are generally priced based on the price of spare parts and the hourly rate of its repair services.

(iv) Sales of Spare Parts and Accessories

The Group's automobile 4S dealership stores also retail spare parts and accessories, including automobile electronics such as Global Positioning System navigation devices and sound systems, automobile styling products such as seat covers and floor mats, and branded merchandise such as key chains, clothing and luggage.

Others (Including Automobile Agency Services)

In connection with sales of automobiles, the Group's automobile 4S dealership stores also provide automobile agency services to its customers, including automobile insurance and financing loan agencies. The Group has established alliances with certain financial institutions which offer the Group's customers financing loans, and insurance companies which offer the Group's customers insurance products, for their automobiles. The Group receives a commission from these financial institutions and insurance companies for each loan and/or insurance policy brokered by its automobile 4S dealership stores. The Group also provides assistance to its customers with services in relation to the completion and submission of new automobile registration and payment of related taxes or charges in exchange for a service fee.

Customer Service

The Group's automobile 4S dealership stores are generally staffed with sales personnel who are trained to identify the preferences of its potential customers and are able to recommend automobile models for potential customers and explain the features of each automobile model available in the stores. The Group also has sales professionals responsible for driving demonstration and technical consultations. The automobile 4S dealership stores are also designed in a way that prominently displays automobile models.

Import and Export Trading

The Group conducts its import and export trading business primarily through its wholly-owned subsidiary, namely, Fujian Foreign Trade.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's import and export trading business amounted to approximately RMB1,755.8 million, RMB2,236.9 million and RMB4,051.7 million, respectively, representing approximately 22.5 per cent., 22.9 per cent. and 14.9 per cent. of the Group's operating revenue derived from its trading business segment, respectively. The Group experienced a significant increase in operating revenue in its import and export trading business for the year ended 31 December 2021 largely due to overall development of international trade and commerce and the Group's implementation of new business strategies in connection with its import and export trading business.

The Group's import and export trading business can be broadly divided into (i) import and export of goods; and (ii) import and export agency services. The import and expert agency services constituted a major portion of the Group's import and export trading business.

Import and Export of Goods

For the Group's export of goods business, the Group exports goods to overseas purchasers who wish to source products from the PRC, in particular from Fujian, as well as domestic suppliers who wish to sell their products to overseas customers. The Group primarily exports sea products, fruit and vegetables. For the Group's import of goods business, the Group imports goods to the Group's domestic customers who wish to source products from overseas and the Group's overseas suppliers who wish to sell their products to customers in the PRC. The Group primarily imports wood, wine, vegetables and zircon sand.

The Group's import and export trading business is conducted on a self-operated basis such that the Group assumes responsibility for its own profits or losses, formulates its own pricing and marketing strategies, manages its exposure to product liability risks and manages its own clientele.

Export of Goods

The Group typically obtains letters of credit or other forms of payment from overseas purchasers and enter into supply contracts with domestic suppliers to place orders with them. Upon the Group's inspection and quality control of the products procured from the domestic suppliers, the Group arranges for delivery and logistics of the products including clearance of the products by the PRC customs and excise. After the products are delivered, the Group presents delivery documents to the negotiating banks of the letters of credit to effect payment and arranges for foreign exchange settlements and payments to the domestic suppliers.

Import of Goods

The Group typically enters into import contracts with overseas suppliers to place orders with them. Upon receipt of a certain portion of or full payment of the import contract value from domestic customers, the Group arranges for letters of credit to be issued by banks and to be presented to the overseas suppliers to arrange for delivery of products. Upon arrival of the products from overseas, the Group arranges for clearance of the products by the PRC customs and excise and payments of customs duty and value added tax made by the domestic purchasers. The Group would inspect and perform quality control procedures on the products. The Group would then arrange for foreign exchange settlements and clearance with SAFE.

Sourcing

One of the services that the Group provides is to source suitable suppliers which can provide the requisite products with the level of quality and quantity demanded by its purchasers. For the Group's import of goods business, the Group provides sourcing of overseas suppliers for domestic purchasers or sourcing of domestic purchasers for overseas suppliers. For the Group's export of goods business, the Group provides sourcing of domestic suppliers for overseas buyers or sourcing of overseas purchasers for domestic suppliers.

The Group has an experienced and professional team with extensive knowledge of a variety of potential supply sources in Fujian and overseas, which enables the Group to better fulfil its customers' requirements in light of changing market trends.

Pricing

The price of products traded by the Group is generally determined by a combination of factors including the availability of and demand for the products in the market, market price, extent of value-added services provided by the Group, industry trend and other fees incurred when the Group conducts its import and export trading business.

Logistics Management

The Group engages third party logistics companies to provide logistics management and to handle logistics within Fujian in order to deliver the relevant goods from domestic suppliers to the relevant port for export or to collect them from the port and deliver to the customers for import.

PRC Customs and Excise

The Group is an authorised customs declaration agent and can handle PRC customs and excise declarations. The Group has extensive experience and is familiar with the relevant administrative processes and regulations which are required for a smooth and timely export or import of products.

Import and Export Agency Services

The Group provides import and export agency services to its customers in Fujian who wish to import products from overseas suppliers or export products to overseas purchasers.

Typically under an agency agreement, the Group's customer as consignor consigns the Group as consignee to import or export certain products of specified specifications, quantity and price. The Group enters into an import or export contract with the supplier or purchaser, which forms an integral part of the agency agreement such that the Group's rights and obligations under the import or export contract are the rights and obligations of its consignor customer under the agency agreement. The consignor is also responsible for all incidental costs pertaining to the import or export, such as customs duties and customs inspection fees. The Group obtains an agency fee from its customers with reference to the import or export contract value.

Domestic Trading

The Group conducts its domestic trading business primarily through the Issuer and a wholly-owned subsidiary, namely, Fujian Commerce and Trade.

Since 2009, the Group has been tasked with supplying major materials such as steel and cement for the Zhangzhou government municipal level investment projects. The Group primarily trades steel, cement, commercial concrete, steel billet, iron ore, coke, starch, waste paper, white goods, chemical products and wood. In 2020, the Issuer established a trade centre and expanded trade varieties to include alumina oxide, aluminum ingots, copper, stainless steel, rebar, corn, red beans, cotton, etc.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's domestic trading business amounted to approximately RMB4,189.1 million, RMB6,095,6 million and RMB21,588.6 million, respectively, representing approximately 53.7 per cent., 62.1 per cent. and 79.3 per cent. of the Group's operating revenue derived from its trading business segment, respectively.

Business Models

The Group's domestic trading business primarily operates under three business models, namely, (i) self-operated business model; (ii) agency services business model; and (iii) government unified procurement model.

For the Group's self-operated business model, the Group operates in accordance with market-oriented principles. The Group generally enters into agreements with suppliers and purchasers after negotiations and generates operating revenue from the difference between purchase price and selling price, which involves the sale of commodities, namely the non-ferrous metals such as alumina, aluminium ingot, copper, zinc ingot, and the agricultural products such as rice, corn and cotton and etc. For the Group's agency services business model, the Group generally enters into sales agency agreements with designated purchasers or procurement agency agreements with designated suppliers. The Group generally pays for the purchases with bank acceptance bills and the customers shall pay the relevant agreed contract amount before the maturity date of the relevant bank acceptance bills. The Group generally receives agency fees as income. For the Group's government unified procurement model, the relevant construction project owners or builders are responsible for determining the materials to be supplied and the Group is generally responsible for the selection of the suppliers for the relevant materials through public tenders or public selections.

Water Supply and Sewage Treatment Business Segment

The Group conducts its water supply and sewage treatment business primarily through a subsidiary of Zhangzhou Development, namely, Zhangzhou Water. As at 31 December 2021, Zhangzhou Water supplied water to over 90 per cent. of the water supply area in the urban area of Zhangzhou and operated and managed most of the water treatment plants in Zhangzhou.

Zhangzhou Water was established in 2008. It has an advanced management system and had obtained the ISO9001 quality management system, ISO14001 environmental management system and OHSAS18001 health and safety management system certificates. It also has an information centre and water quality monitoring station at a national level. From 2019 to 2021, Zhangzhou Water maintained a good condition rate for its water supply and pipe network facilities (供水和管網設備完好率) of 99 per cent. or above.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's water supply and sewage business amounted to approximately RMB207.4 million, RMB248.8 million and RMB287.8 million, respectively, representing approximately 2.1 per cent., 2.0 per cent. and 1.0 per cent. of the Group's total operating revenue, respectively.

Water Treatment Services and Distribution of Water

The business scope of Zhangzhou Water covers the extraction of raw water from water sources, treatment of raw water to produce tap water and distribution and sale of tap water to end-users.

Extraction of Raw Water

The west and north creeks of the Jiulong River (九龍江西溪和北溪) are Zhangzhou Water's primary sources of raw water. Zhangzhou Water's six water treatment plants directly extract water from the west and north creeks of the Jiulong River.

Zhangzhou Water pays water resources fees for the volume of water extracted by it on an annual basis. The water resources fee is regulated and determined by the Zhangzhou Government. Since 2015, the water resources fee has been set at RMB0.1 per tonne. For the years ended 31 December 2019, 2020 and 2021, the total volume of water purchased by Zhangzhou Water amounted to approximately 69.6 million tonnes, 52.4 million tonnes and 83.4 million tonnes, respectively, and the water resources fees paid by Zhangzhou Water were approximately RMB4.7 million, RMB3.4 million and RMB5.8 million, respectively.

Water Treatment

Water treatment generally involves the clarification, filtration and disinfection of water. Clarification refers to the separation of particles such as dirt from the raw water. The raw water is dosed with chemicals such as alum, hydrated lime and chlorine for coagulation and flocculation and is then passed to the clarifiers where settlement of impurities in the raw water will take place. The raw water would then flow into filters of sand, anthracite or activated carbon filters to remove smaller particles. Chemicals such as chlorine and hydrated lime are then added to the filtered water to disinfect and control the pH of the treated water. A small amount of chlorine is maintained in the treated water to prevent the growth of bacteria through the water supply network.

As at 31 December 2021, Zhangzhou Water had six water treatment plants with a total water treatment capacity of approximately 425,000 tonnes per day. The following table sets forth the water treatment capacity of each of the water treatment plants of Zhangzhou Water as at 31 March 2022:

Water treatment plant	**Water treatment capacity (tonnes per day)**
Zhangzhou Water – Water Treatment Plant No. 1	30,000
Zhangzhou Water – Water Treatment Plant No. 2	250,000
Zhangzhou Water – Water Treatment Plant No. 3	100,000
Zhangpu Development Water Co., Ltd. (漳浦發展水務有限公司)	100,000
Zhangzhou Jinfeng Tap Water Co., Ltd. (漳州金峰自來水有限公司)[(1)]	35,000
Zhangzhou Shangfeng Tap Water Co., Ltd (漳州上峰自來水有限公司)	10,000
Total	**525,000**

Note:

(1) The Jinfeng Water Treatment Plant was undergoing expansion construction as at 31 March 2022 and such expansion construction project involves a total estimated investment of approximately RMB6.6 million.

For the years ended 31 December 2019, 2020 and 2021, Zhangzhou Water processed a total of approximately 100.6 million tonnes, 105.6 million tonnes and 113.2 million tonnes of raw water respectively.

Water Distribution

As at 31 December 2021, the water pipeline networks in Zhangzhou covered an area of approximately 292.2 square kilometres and Zhangzhou Water operated a total of approximately 431 kilometres of water pipeline networks (DN100 or above). The water pipeline networks operated by Zhangzhou Water were primarily constructed in 1997 and have an average useful life of approximately 18 years.

Sales

Zhangzhou Water has a broad and diversified customer base covering residential, commercial and industrial sectors. For the years ended 31 December 2019, 2020 and 2021, Zhangzhou Water's total sales volume of tap water amounted to 71.8 million tonnes, 76.7 million tonnes and 83.4 million tonnes, respectively.

The following table sets forth a breakdown of the sales volume of tap water by user category for the periods indicated:

	For the year ended 31 December					
	2019		**2020**		**2021**	
	(RMB in millions)	*per cent.*	*(RMB in millions)*	*per cent.*	*(RMB in millions)*	*per cent.*
Residential	87.5	68.4	93.8	70.0	100.4	68.6
Commercial	4.0	3.1	3.2	2.4	3.7	2.5
Industrial	36.4	28.5	37.1	27.6	42.2	28.9
Total	**127.9**	**100.0**	**133.9**	**100.0**	**146.3**	**100.0**

Pricing

Water tariffs are determined by the Zhangzhou Government. Zhangzhou Water may apply to the Zhangzhou Government for a tariff increase according to increases in its operating costs. Upon receiving Zhangzhou Water's application for tariff increase, the Zhangzhou Government and the relevant pricing bureau would examine the operating situation of Zhangzhou Water, formulate a tariff adjustment scheme with the relevant departments and hold hearings to determine the tariff increase, if any.

Water tariffs vary between user categories. The following table sets forth the water tariffs paid by different users during the periods indicated:

User category	**As at 31 December 2021 (RMB per tonne)**
Residential (including residential water usage and public water usage)	1.6[(1)]
Special (including sauna, car wash, foot bath and clean water industries)	4.0
Others (which excludes residential and special users)	2.0

Note:

(1) Residential water tariffs are charged on a progressive basis, with the basic water tariff being RMB1.6 tonne.

Sewage Treatment

The Group conducts its sewage treatment business primarily through a subsidiary of Zhangzhou Development. As the primary platform via which the Zhangzhou Government provides sewage treatment services in Zhangzhou, the Group is responsible for treating substantially all of the domestic sewage in the urban area of Zhangzhou.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's sewage treatment business amounts to RMB80.4 million, RMB114.9 million and RMB123.3 million, respectively.

Sewage Treatment Plant

Current Sewage Treatment Plants

As at 31 December 2021, the Group had five sewage treatment plants in operation, namely, East Dun Sewage Treatment Plant (東墩污水處理廠), Pinghe No. 2 Sewage Treatment Plant (平和縣第二污水處理廠) Yunxiao Sewage Treatment Plant (雲霄污水處理廠), Nanjing County Sewage Treatment Plant (南靖污水處理廠) and Zhangpu Sewage Treatment Plant (漳浦污水處理廠). For the years ended 31 December 2019, 2020 and 2021, the Group had an annual sewage treatment capacity of approximately 61.9 million tonnes, 70.4 million tonnes and 95.7 million tonnes, respectively.

The following table sets forth of the sewage treatment fees charged by each sewage treatment plant as at 31 December 2021:

Sewage Treatment Plants	**Sewage Treatment Fees as at 31 December 2021 (RMB per cubic metre)**
East Dun Sewage Treatment Plant (東墩污水處理廠)	1.89
Pinghe No. 2 Sewage Treatment Plant (平和縣第二污水處理廠) . . .	1.10
Zhangpu Sewage Treatment Plant (漳浦污水處理廠)	1.35
Yunxiao Sewage Treatment Plant (雲霄污水處理廠)	2.90
Nanjing County Sewage Treatment Plant (南靖污水處理廠)	2.52

Pursuant to an agreement in June 2015 between the Group and the Zhangzhou Housing and Urban and Rural Construction Bureau (漳州市住房和城鄉建設局), the Group has obtained the franchise rights for the financing, construction, operation and maintenance of the East Dun Sewage Treatment Plant and such franchise rights will expire on 30 December 2044. After the concession period, the Group will transfer the East Dun Sewage Treatment Plant to the Zhangzhou Housing and Urban and Rural Construction Bureau.

Sewage Treatment Process

The sewage treatment process generally begins with the collection of waste water from discharge units and individuals through sewage pipeline networks. The waste water would then undergo a pre-treatment process in which large solid materials in the waste water would be removed. The waste water is then transferred to sedimentation tank where smaller solid waste and sludge are separated from the waste water by sedimentation. After that, the waste water is discharged into biochemical pools where oxidation ditches are used to introduce an optimal level of oxygen to encourage the growth of micro- organisms that consume organic pollutants in the waste water. Separation of sludge from waste water is then conducted at a secondary sedimentation stage. The treated waste water is disinfected to kill harmful micro-organisms before

being reintroduced into the environment or being otherwise reused. Some separated sludge flows back into the biochemical pool to maintain a sufficient level of micro-organisms, while the residual sludge from the treatment process is sent to sludge landfill sites for disposal.

Strategic Cooperation with Beijing Origin Water Technology Co., Ltd. (北京碧水源科技股份有限公司) ("Beijing Origin Water")

The Group cooperated with Beijing Origin Water, a company listed on the Shenzhen Stock Exchange (SHE: 300070) and established Fujian Zhangfa Origin Water Technology Co., Ltd. (福建漳發碧水源科技有限公司) to facilitate the development of its water-related businesses and improve the water environment of Zhangzhou, such as the improvement of Jiulong River.

Construction Business Segment

The Group conducts its construction business primarily through its wholly-owned subsidiary, namely, Zhanglong Construction and two of its indirect subsidiaries, namely, Da'nong Landscape and Zhangfa Construction. As at 31 December 2021, Da'nong Landscape was a wholly-owned subsidiary of Strait Biotechnology Co., Ltd. (海峽生物科技股份有限公司) and Zhangfa Construction was wholly-owned by Zhangzhou Development.

The Group's key construction projects include the Zhangzhou Country Park (漳州市郊野公園), which was awarded the National Model of Public Building and Ancient Building Landscape Projects (Innovation Cup) in 2012 (創新杯 • 2012年度全國公建、古建築景觀綠化優秀樣板工程). In addition, Da'nong Landscape has been recognised as the National Forestry Leading Enterprise (國家級林業重點龍頭企業), National Good Faith Management Model Market (國家級誠信示範市場), Provincial Agricultural Industrialization Leading Enterprise (省級農業產業化重點龍頭企業) and Provincial Enterprise of Trustworthiness (省級守合同重信用企業).

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's construction business segment amounted to approximately RMB990.8 million, RMB1,718.6 million and RMB1,108.9 million, respectively, representing approximately 9.9 per cent., 13.5 per cent. and 3.8 per cent. of the Group's total operating revenue, respectively.

The Group's construction business can be broadly divided into three sub-segments: (i) infrastructure construction; (ii) garden landscape construction; and (iii) water supply facilities construction.

The table below sets forth a breakdown of the Group's operating revenue derived from its construction business segment by construction type for the periods indicated:

	For the year ended 31 December					
Business Segment	**2019**		**2020**		**2021**	
	(RMB in millions)	*per cent.*	*(RMB in millions)*	*per cent.*	*(RMB in millions)*	*per cent.*
Infrastructure construction	441.8	44.6	691.0	40.2	321.9	29.0
Garden landscape construction	157.8	15.9	79.7	4.6	53.2	4.8
Water supply facilities construction .	391.2	39.5	947.9	55.2	733.8	66.2
Total operating revenue from construction business segment . .	**990.8**	**100.0**	**1,718.6**	**100.0**	**1,108.9**	**100.0**

Infrastructure Construction

The Group conducts its infrastructure construction business primarily through Zhanglong Construction. The Group acts as one of the platforms via which the Zhangzhou Government invests in, constructs, operates and manages infrastructure in Zhangzhou and has participated in a number of important infrastructure projects in Zhangzhou, such as the Xia-Zhang Sea-Crossing Bridge (廈漳跨海大橋), Zhangzhou War Preparation Bridge (漳州戰備大橋), Yingbin Road (迎賓路), Zhangzhou South River Riverside Road, Gu Wenchang Cadre College (Phase I) (谷文昌幹部學院(一期)) (where the project was awarded the "Year of 2018-2019 Luban Prize (2018-2019 年度魯班獎)" and was nationally recognised as outstanding construction work), Flora Expo Garden (花博園) and Gulei Land Reclamation Project (古雷填海造陸項目). In addition, the Group has participated in a number of expressway construction projects, including the Xia-Zhang Expressway (廈漳高速公路), Zhang-Yong Expressway (漳永高速公路), Xia-Cheng Expressway (廈成高速公路) and Zhang-Zhao Expressway (漳沼高速公路). The Group also undertakes "The Five-Centre Construction Projects (五館項目)", namely the construction of the museum, the art gallery, the urban planning exhibition centre, the library and the science museum in Zhangzhou.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's infrastructure construction business amounted to approximately RMB441.8 million, RMB691.0 million and RMB321.9 million, respectively, representing approximately 44.6 per cent., 40.2 per cent. and 29.0 per cent. of the Group's total operating revenue derived from its construction business segment, respectively.

Business Model

The Group's infrastructure construction projects are generally conducted under the BT model and agent construction model.

Under the BT model, the Group typically enters into a project construction and repurchase agreement with the Zhangzhou Government or other local government entities and agencies, which covers construction arrangements for the municipal infrastructure and other public facilities. Upon the completion of each project, relevant government authorities will repurchase the project from the Group at a pre-agreed rate considering the construction plans and payment arrangements for each project.

Under the agent construction model, the Group typically enters into an agent construction agreement with the Zhangzhou Government or other local government entities and agencies, pursuant to which the Group is primarily responsible for the construction of municipal infrastructure and other public facilities. Upon the completion of each project, the Group will be entitled to a sum of the total project cost incurred plus a premium, typically in an amount of five per cent. of the total investment for housing projects and 10 per cent. for municipal road projects.

Completed Infrastructure Construction Projects

The following table sets forth the major completed infrastructure construction projects by the Group as at 31 December 2021:

Project	**Completion Year**	**Total Investment**
		(RMB in millions)
Gulei Land Reclamation Project (古雷填海造陸項目) . . .	2021	3,470
Jiulongling Tunnel (九龍嶺隧道)	2020	1,141

Infrastructure Construction Projects under Construction

The following table sets forth the major infrastructure construction projects under construction by the Group as at 31 December 2021:

Project	Expected Year of Completion	Total Investment
		(RMB in millions)
Gu Wenchang Cadre College (Phase II) (谷文昌幹部學院 (二期))	2023	1,000
Zhangzhou Hospital (漳州市醫院)	2025	2,200
Jiangbin Road Construction in Zhao'An County (詔安縣江濱大道公路工程	2025	1,641
Training Base for Women's Volleyball Team at National Level (國家隊女排訓練基地)	2024	1,037

Garden Landscape Construction

The Group conducts its garden landscape construction business primarily through Da'nong Landscape.

The Group has a Quarantine Treatment Area for Foreign Landscape Plants (with soil) (進境景觀植物(帶土)檢疫除害處理區) (the "**Treatment Area**"), which has obtained the ISO9001 quality management system, ISO14001 environmental management system and OHSAS18001 health and safety management system certificates. As the China's third and Fujian Province's first treatment quarantine area of such kind, the Treatment Area provides support to the development of the Group's garden landscape business. In addition, Da'nong Landscape has obtained a number of qualifications, including the level one qualification for national urban garden greening and landscape project design (國家城市園林綠化景觀工程設計壹級), class B qualification for landscape and garden project design (風景園林工程設計專項乙級), grade three qualification for municipal public work construction general contractor (市政公用工程施工總承包三級), grade three qualification for garden and ancient building professional contractor (園林古建築專業承包三級). As at 31 December 2021, the Group had branches and offices in East China, South China and Southwest China.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's garden landscape construction business amounted to approximately RMB157.8 million, RMB79.7 million and RMB53.2 million, respectively, representing approximately 15.9 per cent., 4.6 per cent. and 4.8 per cent. of the Group's total operating revenue derived from its construction business segment, respectively.

Completed Garden Landscape Construction Projects

The following table sets forth the major garden landscape construction projects completed by the Group up to 31 December 2021:

Project	Year of Completion	Total Investment
		(RMB in millions)
Longwen section of Zhangzhou Country Park (漳州市郊野公園龍文段)	2013	232.7
Sightseeing Road of Jiao Park of Zhangzhou Linyutang Cultural Park (Phase I) (漳州林語堂文化園蕉園(一期)觀光棧道帶)	2013	31.4
Zhangzhou Jiaoye Park Xiangcheng Section Project (Phase I and Phase II) (漳州市郊野公園鄉城段項目(一期、二期))	2013	24.4
Minnan Culture and Environmental Channel Section Project (閩南文化生態走廊示範段建設工程)	2018	54.2
Yingbin Channel Yingqiao Florist View Project (迎賓大道英橋花海景觀項目工程)	2016	377.6

Water Supply Facilities Construction

The Group conducts its water supply facilities construction business primarily through Zhangfa Construction. The Group's water supply facilities construction business involves the construction, installation and maintenance of water pipelines and drainage systems.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's water supply facilities business amounted to approximately RMB207.4 million, RMB248.8 million and RMB287.8 million, respectively, representing approximately 2.1 per cent., 2.0 per cent. and 1.0 per cent. of the Group's total operating revenue derived from its construction business segment, respectively.

Construction of Water Pipelines and Drainage Systems

The Group provides property developers with designs and/or laying and installation of water pipeline networks and drainage systems. The Group prepares water pipeline network or drainage system designs according to customers' specifications. If the property developer has already laid and installed water pipelines or drainage according to the designs, the Group would carry out site inspections to ensure that the constructed pipelines or drainage conform to the layout plans and conduct testings to ensure that they function properly.

Other Business Segment

The Group is also engaged in other businesses such as primary land development, real estate and industrial park development.

For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's other business segment amounted to approximately RMB1,038.9 million, RMB954.9 million and RMB757.9 million, respectively, representing approximately 10.3 per cent., 7.5 per cent. and 2.6 per cent. of the Group's total operating revenue, respectively.

Land Development

The Group conducts its land development business primarily through three of its subsidiaries, namely, Zhangzhou Yuanshan Development Co., Ltd. (漳州圓山開發有限公司), Zhangzhou Shenglong Development Co., Ltd. (漳州晟龍開發有限公司) and Zhangzhou Puda Urban Construction Investment Development Co., Ltd. (漳州浦達城市建設投資開發有限公司). As at the date of this Offering Circular, the Group held 85.0 per cent. of the equity interests in Zhangzhou Yuanshan Development Co., Ltd.

Land development generally refers to the process of preparing land for public tender, auction and listing-forsale, and typically involves relocating existing business establishments and residents, demolishing existing buildings and other structures, clearing the site and installing the basic infrastructure for future property development. The Group generally enters into land development cooperation agreements with the relevant governments and urban investment companies. Pursuant to the agreements, the Group is generally responsible for the financing of the land development projects, and the relevant governments and urban investment companies are generally responsible for the actual land development activities.

For the years ended 31 December 2019, 2020, 2021, the operating revenue derived from the Group's land development business amounted to approximately RMB13.1 million, RMB9.5 million and RMB15.3 million, respectively.

Completed Land Development Projects

The following table sets forth the key completed land development projects as at 31 December 2021:

Project	**Total Investment**	**Area Developed**
	(RMB in millions)	*(acre)*
Ancillary Land of Longwen Section of Zhanghua Road (漳華路龍文段配套用地)	110	824
Right Bank of Nanjing County Boat Site Xijin West (南靖縣船場溪荊西右岸片區)	150	1,085
South Zone land in Zhao'an County Jiangbin New Area (詔安縣江濱新區南區土地)	320	1,322
Yuanshan Project (圓山項目)	2,145	3,605

Real Estate

The Group conducts its real estate business primarily through seven of its indirect subsidiaries, namely, Zhangzhou Development Real Estate Group Co., Ltd. (漳州發展地產集團有限公司), Zhangzhou Zhangfa Real Estate Co., Ltd. (漳州漳發地產有限公司), Zhangzhou Shengfa Real Estate Co., Ltd. (漳州市晟發房地產有限公司), Zhangzhou Shengda Real Estate Co., Ltd. (漳州晟達置業有限公司), Zhangzhou Shenghui Real Estate Co., Ltd. (漳州晟輝房地產有限公司), Zhangzhou Zhaofa Properties Co., Ltd. (漳州詔發置業有限公司) and Zhangzhou Juzheng Real Estate Development Co., Ltd. (漳州矩正房地產開發有限公司). The Group is primarily engaged in the construction of residential and commercial properties in Zhangzhou.

The Group primarily operates under two business models, namely, independent development and cooperative development. For the years ended 31 December 2019, 2020 and 2021, the operating revenue derived from the Group's real estate business amounted to approximately RMB567.1 million, RMB418.3 million and RMB303.8 million, respectively, representing 5.6 per cent., 3.3 per cent. and 1.0 per cent. of the Group's total operating revenue, respectively.

Completed Real Estate Projects

The following table sets forth the key real estate projects completed by the Group as of 31 December 2021:

Project	Responsible Company	Use	Total Investment	Completion Year	Percentage Sold
			(RMB in millions)		
Shangjiang Mingdu (上江名都) . .	Xin Bao Real Estate	Residential and commercial	577	2014	100.0
Shengfa Mingdu (Phase I and II) (晟發名都(一二期))	Shengfa Real Estate	Residential and commercial	200	2012	89.5
Shangshui Mingdu (尚水名都) . . .	Zhaofa Real Estate	Residential and commercial	796.1	2020	73.0

Real Estate Projects under Construction

The following table sets forth the key real estate projects under construction as at 31 December 2021:

Project	Gross Floor Area	Total Investment
	(square metre)	*(RMB in millions)*
Shengshui Mingdu (晟水名都)	306,400	920.0
Shengfa Mingdu (Phases III) (晟發名都(三期))	240,000	550.0
Zhangfa Mingdu (漳發名都)	35,064	212.9

Land Reserve

The following table sets forth the Group's key land reserve as at 31 December 2021:

Project	Area	Obtained Date	Obtained Method	Usage
Jiangbin New District, Zhao'an County (詔安縣江濱新區)	Approximately 43,403.8 sqm	December 2018	Tender	Commercial and residential
Plot No. Jing 2020P19, Nanjing County, Zhangzhou (漳州市南靖縣編號靖2020P19號地塊)	Approximately 30,449.6 sqm	January 2021	Tender	Commercial and residential

Property Development Process

The Group's property development process primarily comprises of (i) site assessment; (ii) land and project acquisition; (iii) permits and certificates; (iv) design; (v) subcontracting; (vi) monitoring and supervision; and (vii) sales and marketing.

Site Assessment

The Group firstly identifies and evaluates possible sites for new projects. The factors the Group takes into account in its site assessment primarily include:

- size and location of the land parcels;
- transportation access and infrastructure support;
- applicable zoning regulations;
- existing and future surrounding developments; and
- potential returns.

Land and Project Acquisition

The Group generally acquires land through participating in public tenders, auctions and listings for sale.

Permits, Certificates and Licenses

Once the Group has obtained the development rights to a parcel of land, the Group is generally required to pay land grant fees in accordance with relevant laws and regulations. The Group is also generally required to obtain a number of permits, certificates and licences from the relevant government authorities, primarily including:

- land use rights certificate, which is a transferable certification of the right of a party to use a parcel of land;
- construction land planning permit, which is a permit authorising a developer to begin the survey, planning and design of a parcel of land;
- construction works planning permit, which is a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction work commencement permit;
- construction work commencement permit, which is a permit required for commencement of construction; and
- pre-sale permit, which is a permit authorising a developer to start the pre-sale of property still under construction.

Design

The Group generally invites architects to tender via a concept-design competition. The Group would then analyse their architectural concepts and ideas with a view to determining whether they can be translated into commercially viable projects. The Group sets out the design criteria in light of market demand and relevant functional requirements, such as the ratio of residential and commercial space with an aim to maximise return. The selected architects would work closely with the Group's in-house design team to translate the design concept into detailed design and engineering maps.

At the construction stage, the architects and the Group's design team work closely to assist the Group's project engineers to provide continuous on-site supervision and project management.

Sales and Marketing

Each indirect subsidiary through which the Group conducts its real estate business has its own dedicated sales and marketing team. The sales and marketing teams are generally responsible for the advertising and sales plans of real estate projects. They may also engage an external sales and marketing company to provide advertising and marketing consultancy services.

For residential properties, the Group primarily targets middle and upper-middle income individual purchasers. For commercial properties, it primarily targets medium to high-end corporations.

Industrial Park Development

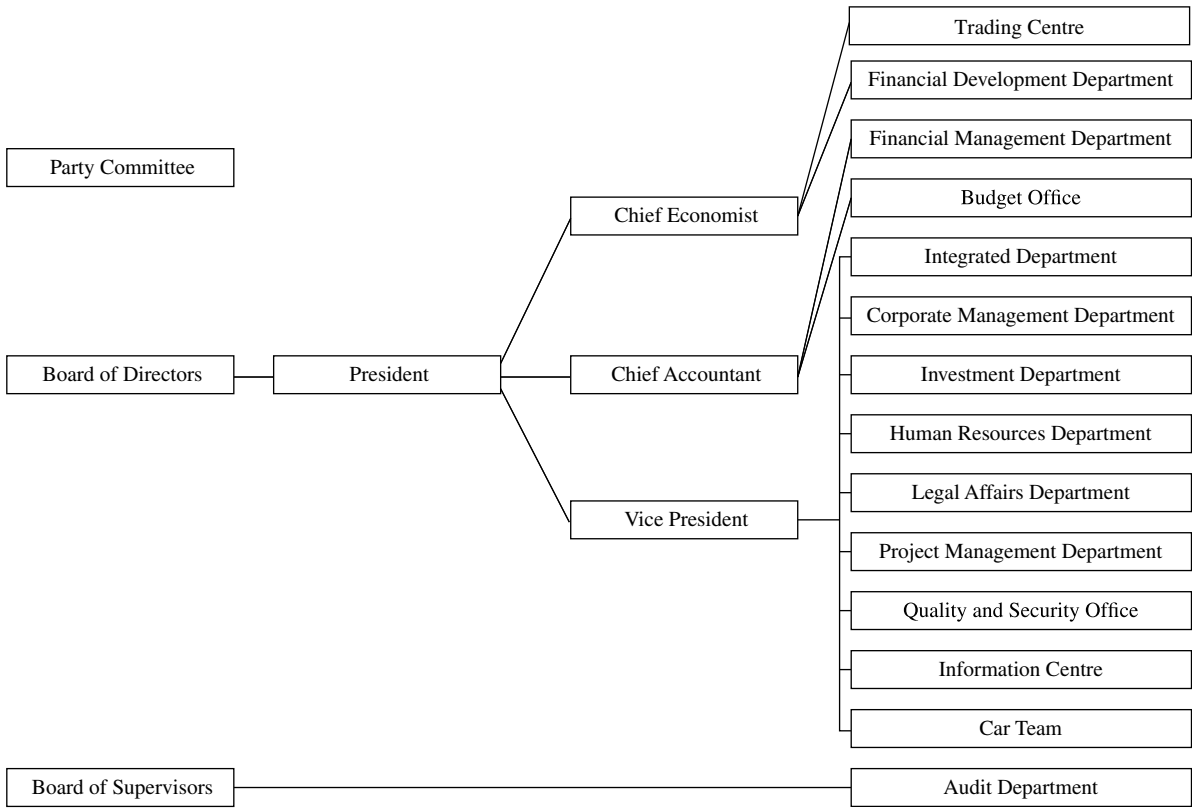
The Group engages in industrial park development business in Zhangzhou, which primarily involves the construction, operation and management of industrial parks, including logistics park and wood industrial park. The Group conducts its industrial park development business primarily through two of its subsidiaries, namely, Zhanglong Wood and Zhangzhou Zhanglong Logistics Park Development Co., Ltd. (漳州漳龍物流園區開發有限公司).

The Group's key industrial park development projects include Zhanglong Logistics Park (漳龍物流園) (the "**Logistic Park**"), which is one of the 12th Five-Year National Transport Hub Projects (國家貨運樞紐「十二•五項目」), one of the Key Project of Fujian Province (福建省重點項目) and the main comprehensive logistic park featuring land transport in Zhangzhou. The Logistic Park has a total planning area of approximately 1,659 mu and involves a total planned investment of approximately RMB3.0 billion. Situated in Jinfeng Economic Development Zone (金峰經濟開發區), the Logistic Park is located at the northwest of the intersection of Zhanghua Road (彰華路) and Zhanglong Expressway (West Zhangzhou) (漳龍高速公路(漳州西)). Benefiting from its logistically convenient location, the Logistic Park provides strong support to the development of the Group's trading business.

CORPORATE GOVERNANCE STRUCTURE

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

The following diagram sets forth the simplified corporate governance structure of the Group as at 31 December 2021:



GOVERNMENT REGULATIONS

The operations of the Group are subject to various laws and regulations relating to the industries in which it operates. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that it is in compliance with all material respects with applicable government regulations currently in effect. The Group is not aware of significant problems experienced by it or any other member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its properties or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its properties or operations.

ENVIRONMENT MATTERS

The Group's operations are subject to various environmental laws. Any non-compliance with such laws has not had, and, to the Group's knowledge after due and careful inquiry, is not expected to have, a material adverse effect upon the Group's capital expenditures, earnings or competitive position.

INTELLECTUAL PROPERTY RIGHTS

The Group's general policy is to seek intellectual property protection for those inventions and improvements likely to be utilised in its business activities or to give it a competitive advantage. The Group relies on a variety of patents, copyrights, trade secrets, trademarks and proprietary information to maintain and enhance its competitive position.

INSURANCE

The Group is covered by insurance policies which primarily cover fire, flood, other material damage to property and public liability. The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage, which are normal for the type and location of the properties to which they relate.

Notwithstanding such insurance coverage, damage to the vehicles, buildings, facilities, equipment or other properties as a result of occurrences such as fire, flood, water damage, explosion, power loss, typhoons and other natural disasters or terrorism, or any decline in the Group's business as a result of any threat of war, outbreak of disease or epidemic, may potentially have a material adverse effect on the Group's financial condition and results of operations. Please see "*Risk Factors – Risks relating to the Group's businesses – The Group may not have adequate insurance to cover all potential liabilities or losses*" in this Offering Circular for a discussion of the risks associated with the Group's insurance coverage.

EMPLOYEES

As at 31 December 2021, the Group had a total of approximately 3,072 employees, of which approximately 75.9 per cent. had post-secondary qualifications or above.

The Group's ability to attract, retain and motivate qualified personnel is critical to its success. The Group believes that it offers its employees competitive compensation and is able to attract and retain qualified personnel. Remuneration to employees is based on their respective performances, working experience, duties and the prevailing market rates.

Training is provided to new employees and existing employees in order to develop their technical and industry knowledge, awareness of work place safety standards and knowledge of the Group's corporate standards and culture.

All of the Group's management and key executives, and substantially all of the Group's other employees, have entered into employment agreements with the Group, which contain confidentiality and noncompetition provisions.

The Group maintains a good working relationship with its employees and as at the date of this Offering Circular, the Group has not experienced any labour disputes that could cause a material adverse effect to the operation and performance of the Group.

HEALTH AND SAFETY

The Group has adopted various policies and taken measures to prevent health and safety risks and hazards. As at the date of this Offering Circular, the Group has complied in all material respects with the PRC laws and regulations on workplace safety that are applicable to its operations and projects. The Group has not been subject to any fines or administrative action that has been filed at any PRC governmental authorities involving non-compliance with any relevant regulations that could cause a material adverse effect to the operation and performance of the Group, nor is it required to take any specific compliance measures.

LEGAL AND REGULATORY PROCEEDINGS

The Group is involved, from time to time, in legal proceedings arising in the ordinary course of its operations.

Except as disclosed in this Offering Circular, to the best of the knowledge of the Group, there are currently no litigation or arbitration proceedings and the Issuer is not aware of any such pending or threatened litigation or arbitration proceedings against the Group or any of its senior management team members as at the date of this Offering Circular that could have a material adverse effect on its business, financial condition and results of operations.

BOARD OF DIRECTORS

The following table sets forth the members of the board of directors of the Issuer as at the date of this Offering Circular*:

Name	Age	Position
Wu Ziyi (吳子毅)	42	Chairman
Chen Haibo (陳海波)	56	Deputy chairman
Ou Yang Liming (歐陽黎明)	52	Director and general manager
Zhuang Zhouwen (莊洲文)	55	Employee director
Lin Atou (林阿頭)	58	External director
Tian Mingsheng (田明生)	61	External director
Pan Qun (潘群)	58	External director

* Relevant registrations of the appointment of Chen Haibo, Ou Yang Liming, Lin Atou, Tian Mingsheng and Pan Qun are not yet completed as at the date of this Offering Circular.

Wu Ziyi

Mr. Wu is the chairman of the board of directors of the Issuer. Mr. Wu previously served as the deputy governor of Zhao'an County, Fujian Province (福建省詔安縣), a member of Standing Committee of Nanjing County, Fujian Province of Communist Party of PRC (中國共產黨福建省漳州市南靖縣委常委) and the chairman of the board of directors of Zhangzhou Agricultural Development Group Co., Ltd. (漳州農業發展集團有限公司). Mr. Wu holds a doctoral degree.

Chen Haibo

Mr. Chen is the deputy chairman of the board of directors of the Issuer. Mr. Chen previously served as the chief of the cadre supervision section of Nanjing County Office (南靖縣辦公室幹部監督科), a member of the Party Committee of Nankeng Town, Nanjing County (南靖縣南坑鎮黨委), a deputy secretary of Nanjing County Direct Agriculture, Forestry and Water System Committee (南靖縣直農林水系統委員會), a deputy chief of the secretarial section (秘書科), a deputy chief and the chief of the economics section (經濟科) of Zhangzhou Rural Economic Committee (漳州市農村經濟委員會), a deputy investigator of Zhangzhou Agricultural Bureau (漳州市農業局), a deputy investigator of Zhangzhou Municipal Bureau of Agriculture and Rural Affairs (漳州市農業農村局) and the general manager of Zhangzhou Agricultural Group Co., Ltd. (漳州農業集團有限公司). Mr. Chen holds an undergraduate degree.

Ou Yang Liming

Mr. Ou Yang is a director and the general manager of the Issuer. He held various positions in the Industrial and Commercial Bank of China, including a staff, deputy head of unit, head of unit and deputy director of the business department of the Longjiang sub-branch (龍江支行), a manager of the credit department and the head of the business department of the Zhangzhou branch (漳州市分行), the head of the Longhai sub-branch (龍海支行) and the head of the Zhao'an sub-branch (詔安支行). Mr. Ou Yang holds an undergraduate degree and is a senior economist.

Zhuang Zhouwen

Mr. Zhuang is a director of the Issuer. He is also a member of the Party Committee and the secretary of Discipline Inspection Commission of the Issuer. He had served as a deputy general manager of the Issuer between February 2008 and December 2015 and worked as an assistant to the general manager of the Issuer. Mr. Zhuang holds an undergraduate degree.

Lin Atou

Mr. Lin is an external director of the Issuer. Mr. Lin previously served as a factory director and party secretary of Fujian Province Zhangzhou Building Porcelain Factory (福建省漳州建築瓷廠), a director, general manager office director and assistant to general manager of Fujian Shuangling Group Co., Ltd. (福建雙菱集團股份有限公司), a deputy general manager, general manager office director and assistant to general manager of Fujian Minnan (Zhangzhou) Economic Development Co., Ltd. (福建閩南(漳州)經濟發展股份有限公司) and a director, general manager and deputy general manager of Zhangzhou Development. Mr. Lin holds an undergraduate degree.

Tian Mingsheng

Mr. Tian is an external director of the Issuer. Mr. Tian held various positions in Fujian Zhangzhou Construction Project Quality Supervision Station (福建省漳州市建設工程品質監督站), including assistant engineer, engineer, senior engineer, deputy station manager and station manager. Mr. Tian also previously served as an assistant engineer of Guangdong Yingde Water Cement Plant (廣東省英德水泥廠), a senior engineer and director of Fujian Provincial Garden Management Office (福建省園林管理處) and a deputy general manager of Fujian Zhangzhou Urban Investment Group Co., Ltd. (福建漳州城投集團有限公司). Mr. Tian holds an undergraduate degree.

Pan Qun

Mr. Pan is an external director of the Issuer. Mr. Pan held various positions in Zhangzhou SASAC, including section member, deputy director, deputy section chief and director section member. Mr. Pan also previously served as a member of Grain Bureau of Nanping City, Fujian Province (福建省南平市糧食局) and a section member of Economic and Trade Commission of Zhangzhou, Fujian Province (福建省漳州市經濟貿易委員會). Mr. Pan holds an undergraduate degree.

BOARD OF SUPERVISORS

The following table sets forth the members of the board of supervisors of the Issuer as at the date of this Offering Circular*:

Name	Age	Position
Zhuang Renlong (莊任龍)	45	Chairman
Cai Yanhui (蔡燕惠)	45	Supervisor
Zhang Guangyu (張廣宇)	44	Supervisor
Li Chuanhua (李傳華)	39	Supervisor
Zheng Qingyang (鄭清陽)	56	Supervisor

* Relevant registrations of the appointment of Zhuang Renlong, Zhang Guangyu, Li Chuanhua and Zheng Qingyang are not yet completed as at the date of this Offering Circular.

Zhuang Renlong

Mr. Zhuang is the chairman of the board of supervisors of the Issuer. He is also a vice secretary of Communist Party Committee of the Issuer. Mr. Zhuang previously served as a deputy general manager of Fujian Shengfa Pawn Co., Ltd. (福建晟發典當有限公司), a deputy manager of the corporate management department of Fujian Zhanglong Industrial Co., Ltd. (福建漳龍實業有限公司), a deputy general manager of Strait Biotechnology Co., Ltd. (海峽生物科技股份有限公司), a general manager and the legal representative of Minhe Flower Cooperation (Zhangzhou) Co., Ltd. (閩荷花卉合作(漳州)有限公司), a general manager of Fujian Da'nong Landscape Construction Co., Ltd. (福建大農景觀建設有限公司), a general manager of Zhangzhou Yuanshan Development Co., Ltd. (漳州圓山開發有限公司), a general manager of Zhangzhou Shengcheng Development Co., Ltd. (漳州市盛成開發有限公司), a member of the Party Committee and a deputy general manager of Fujian Zhangzhou Agricultural Development Group Co., Ltd. (福建省漳州農業發展集團有限公司). Mr. Zhuang holds an undergraduate degree.

Cai Yanhui

Ms. Cai is a supervisor of the Issuer. She also works in the general department (綜合部) of the Issuer. She worked in the Zhangzhou representative office of Zhanglong Industrial. Ms. Cai holds a post-secondary qualification.

Zhang Guangyu

Mr. Zhang is supervisor of the Issuer. Mr. Zhang previously served as an intern, sales department teller, sales department accounting operation manager and accounting operation manager of Jinshan Branch (金尚支行) of Bank of Communications, Xiamen Branch (交通銀行廈門市分行). Mr. Zhang also previously served as an account manager of Industrial Bank, Zhangzhou Branch (興業銀行漳州分行), a staff of finance department and deputy manager of financial development department of Fujian Zhanglong Industry Co., Ltd. (福建漳龍實業有限公司), a manager of financial development department of the Issuer and the executive director, general manager and legal representative of Fujian Zhanglong Fund Management Co., Ltd. (福建漳龍基金管理有限公司). Mr. Zhang holds an undergraduate degree.

Li Chuanhua

Mr. Li is supervisor of the Issuer. Mr. Li previously served as a staff and office director of Zhengxing Wheel Group Limited Zhangzhou Company (正興車輪集團有限公司漳州公司). Mr. Li also previously served as an assistant manager, deputy manager and manager of enterprise management department of the Issuer. Mr. Li holds an undergraduate degree.

Zheng Qingyang

Mr. Zheng is supervisor of the Issuer. Mr. Zheng previously served as an intern, technician, deputy director, assistant director of the main plant, director of the empty tank workshop and deputy plant manager of Zhangzhou Canned Food General Factory (漳州罐頭食品總廠). Mr. Zheng also previously served as a general manager of Zhangzhou Zhangguan Food Import & Export Co., Ltd. (漳州漳罐食品進出口有限公司), an assistant to the chairman of Zhangzhou Trade Group Co., Ltd. (漳州商貿集團有限公司), a general manager of Zhangzhou Trade Enterprise Asset Management and Operation Co., Ltd. (漳州商貿企業資產管理運營有限公司) and a director of supervisory board work office (supervisory office) of the Issuer. Mr. Zheng holds an undergraduate degree.

SENIOR MANAGEMENT

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

Name	Age	Position
Ou Yang Liming (歐陽黎明)	52	Director and general manager
Zhang Yibin (張毅賓)	56	Deputy general manager
Pan Peihong (潘培紅)	53	Chief economist
Hu Zhenfa (胡鎮發)	49	Chief engineer
Fang Zhiming (方智明)	45	Chief auditor

Ou Yang Liming

Please refer to the profile of Mr. Ou Yang in *"Directors, Supervisors and Senior Management – Board of Directors"* above.

Zhang Yibin

Mr. Zhang is a deputy general manager of the Issuer. He had previously worked at Zhangzhou Finance Bureau (漳州市財政局). Mr. Zhang has also previously served as a deputy general manager of Zhangzhou Development. Mr. Zhang also served as a director of the Issuer starting from December 2015 and ceased to act as such since May 2022. Mr. Zhang holds an undergraduate degree.

Pan Peihong

Ms. Pan is the chief economist of the Issuer. She worked in the Zhangzhou Economic and Technical Cooperation Corporation (漳州市經濟技術協作總公司), China Construction Bank Zhangzhou Yucheng Sub-branch (中國建設銀行漳州薌城區支行) and served as the deputy manager of the Finance Department (金融部), the manager of the Finance and Accounting Department (金融財務部), the vice chief financial officer and the vice chief finance (金融副總監) of the Issuer. Ms. Pan holds an undergraduate degree.

Hu Zhenfa

Mr. Hu is the chief engineer of the Issuer. Mr. Hu previously served as the manager of the engineering management department and the deputy chief engineer of the Issuer. Mr. Hu is a senior engineer and holds an undergraduate degree.

Fang Zhiming

Mr. Fang is the chief auditor of the Issuer. Mr. Fang previously served as a cadre, a staff, a deputy secretary of the Youth League Committee, a deputy director and the director of Changshan Overseas Chinese Economic Development Zone Finance Bureau (常山華僑經濟開發區財政局), a deputy director, a senior staff and the director of the Financial Statistics Office (財政統計辦公室), a deputy general manager of Zhangzhou Electronic Information Group Ltd. (漳州電子信息集團有限公司). Mr. Fang holds an undergraduate degree.

RECORD FILING AND REGISTRATION

The NDRC Circular relates to the matters as listed below:

- remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;

- before the issuance of foreign debts, enterprises shall first apply to NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within 10 working days of completion of each issuance;

- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;

- NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises within 7 working days of accepting the application and within the limit of the total size of foreign debts;

- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, NDRC shall make a public announcement and no longer accept applications for record-filing and registration;

- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record- filing and registration into the national credit information platform.

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

On 29 April 2016, the PBOC issued the Circular of the People's Bank of China on the Nationwide Implementation of the Macro-prudence Management of Cross-border Financing in Full Aperture (中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知), which came into effect on 3 May 2016 and was abolished on 12 January 2017. This circular has since been replaced by the Circular of the PBOC on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) which was issued by the PBOC on 12

January 2017 and came into effect on the same date (the "**PBOC Circular**"). The Issuer is also required to file the issue of the Notes with SAFE after the execution of the cross-border financing documents but no later than three working days before the funds withdrawal date in accordance with the PBOC Circular. The PBOC Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

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

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

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period. Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

RELATED PARTY DISCLOSURES

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

GOVERNMENT GRANT

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

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.

TAXATION

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

PRC

The following summary describes certain PRC tax consequences of ownership and disposition of the Notes by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, investors should consult their own 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.

INCOME TAX

Pursuant to the EIT Law and its implementation regulations and Individual Income Tax Law of the PRC, (the "**IIT Law**") which was last amended on August 2018 and took effect on January 2019, and its implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Noteholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals.

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

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "**non-resident enterprise**" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Notes by non-resident enterprise holders would be treated as incomes derived from sources within the PRC

and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days 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 Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

According to the Arrangement, the Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes if such capital gains are not connected with an office or establishment that the Note holders have in the PRC and all the other relevant conditions are satisfied.

VAT

On 23 March 2016, MOF and SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業税改徵增值税試點的通知》) (Caishui [2016] No. 36, "**Circular 36**") which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6% when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72%. Given that the Issuer pays interest income to Noteholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

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

Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law, the IIT Law and the VAT reform detailed above, the Company shall withhold EIT or IIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest

in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, IIT or VAT otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of the Notes – Condition 7 (Taxation)*".

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

HONG KONG

Withholding tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest with respect to the Notes or in respect of any capital gains arising from the sale of Notes.

Profits tax

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

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried out in Hong Kong in the following circumstances:

(a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

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

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

Sums derived from the sale, disposal or redemption of the Notes may 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.

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 Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a company, 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 Inland Revenue Ordinance) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax. The source of the sums will generally be determined by having regard to the manner in which

the Notes 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 for the issue and transfer of the Notes.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 13 July 2022 (the "Subscription Agreement"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for or to procure subscribers to subscribe and pay for, the Notes at an issue price of 99.601 per cent. of their principal amount indicated in the following table.

	Principal amount of the Notes
	U.S.$
Guotai Junan Securities (Hong Kong) Limited	220,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	220,000,000
CEB International Capital Corporation Limited	5,000,000
China International Capital Corporation Hong Kong Securities Limited	5,000,000
China Industrial Securities International Brokerage Limited	5,000,000
CLSA Limited	5,000,000
CMBC Securities Company Limited	5,000,000
CMB International Capital Limited	5,000,000
CNCB (Hong Kong) Capital Limited	5,000,000
DBS Bank Ltd.	5,000,000
Huatai Financial Holdings (Hong Kong) Limited	5,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	5,000,000
Luso International Banking Ltd.	5,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	5,000,000
Total	**500,000,000**

The Subscription Agreement provides that (1) the Joint Lead Managers and their respective affiliates, and their respective directors, officers, employees or agents will be indemnified against certain liabilities in connection with the offer and sale of the Notes; (2) the Issuer will pay each Joint Lead Manager a management and selling commission in respect of the Notes subscribed by it; and (3) the Issuer may pay certain third parties (such as Trustee and Agents) certain fees and expenses. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

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

In connection with the offering of the Notes, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Notes in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Notes for its

own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

No stabilisation will be performed by any Joint Lead Manager or any person acting on behalf of any Joint Lead Manager in connection with the offering of the Notes.

GENERAL

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

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Notes, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Notes or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes 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 Notes may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers. If a jurisdiction requires that an offering of Notes be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

UNITED STATES

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

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

UNITED KINGDOM

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

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

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

HONG KONG

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

THE PEOPLE'S REPUBLIC OF CHINA

Each of the Joint Lead Managers has represented, warranted and undertaken that the Notes 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 the securities laws of the PRC.

SINGAPORE

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (Revised Edition) 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 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

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

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

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

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

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

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to 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. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through Euroclear and Clearstream under the following securities codes:

   ISIN: XS2495307865.

   Common Code: 249530786.

2. **Legal Entity Identifier:** 300300NZQXHJOPFUGP79.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes and the entry into the transaction documents in connection with the Notes were authorised by resolutions of the board of directors of the Issuer on 27 September 2021 and by an approval of the Zhangzhou SASAC as shareholder of the Issuer on 29 October 2021.

4. **Registrations and Filings:** Pursuant to the NDRC Circular issued by NDRC on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with NDRC and obtained a certificate from NDRC on 23 December 2021 evidencing such registration and undertakes to provide the requisite information on the issuance of the Notes to NDRC within the prescribed timeframe after the Closing Date. Pursuant to the SAFE Measures issued by SAFE on 13 May 2013 which came into effect on the same day and the PBOC Circular issued by PBOC on 12 January 2017 which came into effect on the same day, the Issuer shall file or cause to be filed with the Zhangzhou Centre Sub-branch of SAFE the SAFE Foreign Debt Registration. Further, the Issuer shall use its best endeavours, to complete the SAFE Foreign Debt Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before 150 days after the Closing Date.

5. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, prospects or results of operations of the Issuer since 31 December 2021.

6. **Litigation:** Except as disclosed in this Offering Circular, to the best of the knowledge of the Group, there are currently no litigation or arbitration proceedings and the Issuer is not aware of any such pending or threatened litigation or arbitration proceedings against the Group or any of its senior management team members as at the date of this Offering Circular that could have a material adverse effect on its business, financial condition and results of operations.

7. **Available Documents:** Copies of the Audited Financial Statements, the Trust Deed and the Agency Agreement will be available for inspection upon prior written request and satisfactory proof of holding from the Closing Date at the Principal Paying Agent's principal office at One Canada Square, London E14 5AL, United Kingdom during normal business hours, so long as any of the Notes is outstanding.

8. **Financial Statements:** The 2020 Audited Financial Statements and the 2021 Audited Financial Statements, which have been audited by Mazars as stated in its report appearing therein, are included elsewhere in this Offering Circular. These consolidated financial statements of the Issuer are prepared in accordance with PRC GAAP. These consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions.

9. **Listing:** An application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that such permission will become effective on or around 21 July 2022.

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Audit Report for Financial Statements in Jan. to Dec. 2021

Of

Fujian Zhanglong Group Co., Ltd.

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AUDITOR'S REPORT

ZHSZ (2022) No. 3010023

To the shareholders of Fujian Zhanglong Group Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Fujian Zhanglong Group Co., Ltd. ("the Company"), which comprise the consolidated and parent company balance sheets as at 31, December 2021, and the consolidated and parent company income statements, the consolidated and parent company statements of cash flows and changes in equity for the twelve -month then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position as at 31 December 2021, and their financial performance and cash flows for the twelve -month then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 judgement and maintain professional scepticism 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 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 to expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we concluded 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 Company 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 representation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Mazars Certified Public Accountants LLP

Certified Public Accountant

Certified Public Accountant

Wuhan, the People's Republic of China

28 April 2022

Consolidated Balance Sheet (Assets)

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 1

CNY

Assets	Note	31Dec. 2021	1 Jan.2021	31 Dec. 2020
Current assets:				
Cash and cash equivalents	VIII 1	2,425,173,926.64	3,247,721,815.93	3,247,721,815.93
Financial assets held for trading	VIII 2	22,661,675.18	20,939,713.18	
Financial assets measured at fair value and changes are recorded into the current profits and losses	VIII 3			3,776,875.59
Derivative financial assets				
Notes receivable	VIII 4	64,479,491.28	87,937,657.38	62,487,657.38
Accounts receivable	VIII 5	7,786,496,456.98	6,783,739,420.62	6,794,058,863.29
Financing receivables				
Prepayment	VIII 6	2,722,334,534.77	2,401,340,602.78	2,404,129,553.34
Other receivables	VIII 7	6,598,073,833.45	4,837,824,890.12	4,837,824,890.12
Inventory	VIII 8	18,738,228,323.57	17,946,207,325.26	18,333,480,348.19
Contract assets	VIII 9	518,254,182.38	421,839,460.72	
Held-for-sale assets				
Non-current assets due within 1 year	VIII 10	71,424,074.05	59,901,741.39	59,901,741.39
Other current assets	VIII 11	598,085,902.19	738,394,181.71	761,929,602.18
Total current assets		39,545,212,400.49	36,545,846,809.09	36,505,311,347.41
Non-current assets:				
Debt investment	VIII 12	690,851,870.41	491,770,116.17	
Available-for-sale financial assets	VIII 13			1,397,022,115.45
Other debt investments				
Held-to-maturity investment	VIII 14			490,000,000.00
Long-term receivables	VIII 15	145,848,829.64	162,396,760.15	162,396,760.15
Long-term equity investment	VIII 16	10,770,708,838.14	10,314,802,974.50	9,987,627,105.18
Other equity instruments investments	VIII 17	770,901,726.21	877,659,650.45	
Other non-current financial assets	VIII 18	255,734,175.88	245,538,228.89	
Investment property	VIII 19	706,092,621.58	837,815,010.53	837,815,010.53
Fixed assets	VIII 20	2,138,896,178.17	1,600,845,239.49	1,600,845,239.49
Construction in progress	VIII 21	376,707,050.11	583,887,941.54	1,875,131,972.28
Bearer biological assets				
Oil and gas assets				
Right-of-use asset	VIII 22	177,412,048.53	129,013,287.30	
Intangible assets	VIII 23	4,858,852,301.50	3,781,709,520.20	4,042,275,571.03
Development expenditure				
Goodwill	VIII 24	1,900,000.00	1,900,000.00	1,900,000.00
Long-term deferred expenses	VIII 25	74,978,170.87	72,698,725.17	168,022,806.48
Deferred tax assets	VIII 26	99,621,166.45	98,606,579.45	78,908,897.74
Other non-current assets	VIII 27	3,780,154,387.58	3,206,901,455.85	1,612,318,368.61
Total non-current assets		24,848,659,365.07	22,405,545,489.69	22,254,263,846.94
Total assets		64,393,871,765.56	58,951,392,298.78	58,759,575,194.35

Legal Representative: 吴毅子印

Chief Financial Officer: 潘红培印

Chief Accountant: 陈龙建印

Consolidated Balance Sheet (Liabilities and Equity)

Consol. No. 1

Prepared by Fujian Zhanglong Group Co., Ltd. CNY

Liabilities and equity	Note	31Dec. 2021	1 Jan.2021	31 Dec. 2020
Current liabilities:				
Short-term borrowings	VIII 28	10,502,056,211.22	9,548,449,103.27	9,522,999,103.27
Financial liabilities held for trading				
Financial liabilities measured at fair value and changes are recorded into the current profits and losses				
Derivative financial liabilities				
Notes payable	VIII 29	1,696,605,868.88	1,537,346,039.44	1,537,346,039.44
Accounts payable	VIII 30	2,676,164,357.56	2,565,114,724.59	2,290,150,173.41
Advance from customers	VIII 31	6,398,642.82	2,718,502.45	1,650,044,011.64
Contract liabilities	VIII 32	1,378,685,540.76	1,541,953,753.51	
Payroll payable	VIII 33	70,096,132.42	70,649,921.29	70,649,921.29
Taxes payable	VIII 34	155,658,144.63	200,786,651.01	200,786,651.01
Other payables	VIII 35	736,573,322.91	1,205,245,335.97	1,207,397,657.46
Held-for-sale liabilities				
Non-current liabilities due within 1 year	VIII 36	7,809,390,078.08	3,872,477,013.40	3,861,530,390.82
Other current liabilities	VIII 37	7,041,183,007.53	6,401,454,583.30	6,276,788,469.96
Total current liabilities		32,072,811,306.81	26,946,195,628.23	26,617,692,418.30
Non-current liabilities:				
Long-term borrowings	VIII 38	3,949,326,597.98	3,132,460,000.00	3,132,460,000.00
Bonds payable	VIII 39	6,679,598,896.91	8,976,573,745.88	8,990,376,477.72
Lease liabilities	VIII 40	116,692,460.28	85,958,932.37	
Long-term payables	VIII 41	905,431,328.24	310,305,632.62	710,305,632.62
Long-term payroll payable				
Contingent liabilities				
Deferred income	VIII 42	492,431,044.11	456,667,923.25	456,667,923.25
Deferred tax liabilities	VIII 26	61,193,997.03	55,850,477.64	32,551,808.90
Other non-current liabilities	VIII 43	116,130,080.81	88,817,016.50	
Total non-current liabilities		12,320,804,405.36	13,106,633,728.26	13,322,361,842.49
Total liabilities		44,393,615,712.17	40,052,829,356.49	39,940,054,260.79
Equity:				
Paid-in capital	VIII 44	3,828,500,000.00	3,828,500,000.00	3,828,500,000.00
Other equity instruments	VIII 45	3,600,000,000.00	3,600,000,000.00	3,600,000,000.00
Including: Preferred shares				
Perpetual bonds		3,600,000,000.00	3,600,000,000.00	3,600,000,000.00
Capital reserve	VIII 46	5,844,227,774.82	5,652,393,795.41	5,641,114,522.14
Less: Treasury shares				
Other comprehensive income		-5,133,073.01	-3,427,302.11	-11,994,899.03
Special reserve				
Surplus reserve	VIII 47	471,456,703.77	443,085,907.17	441,374,961.92
Retained earnings	VIII 48	2,927,300,518.80	2,952,804,882.17	2,885,299,843.23
Total equity attributable to owners of the parent company		16,666,351,924.38	16,473,357,282.64	16,384,294,428.26
Minority interests		3,333,904,129.01	2,425,205,659.65	2,435,226,505.30
Total equity		20,000,256,053.39	18,898,562,942.29	18,819,520,933.56
Total liabilities & equity		64,393,871,765.56	58,951,392,298.78	58,759,575,194.35

Legal Representative: 吴毅印子

Chief Financial Officer: 潘培红印

Chief Accountant: 陈建龙印

Consolidated Income Statement

Prepared by: Fujian Zhanglong Group Co., Ltd.

Consol. No. 2

CNY

Item	Note	January to December 2021	January to December 2020
I.Total operating revenue		29,371,229,655.80	12,739,353,349.99
Including: Operating revenue	VIII 49	29,371,229,655.80	12,739,353,349.99
II.Total operating costs		29,123,510,866.07	12,210,718,196.29
Including: Operating costs	VIII 49	28,184,379,767.03	11,557,601,522.87
Taxes and surcharges		81,131,307.16	31,928,769.29
Selling expenses		242,391,378.54	225,232,962.76
Administrative expenses		404,116,546.33	312,824,316.89
R&D expenses		413,119.37	
Financial costs	VIII 50	211,078,747.64	83,130,624.48
Including: Interest expenses		575,755,928.42	604,809,618.17
Interest income		246,781,904.62	150,048,118.12
Other			
Add: Other income	VIII 51	14,487,059.79	12,785,447.62
Investment income ("-" means loss)	VIII 52	308,995,680.14	137,757,923.91
Including: income from investment in associates and joint ventures			
Gain from derecognition of financial assets measured at amortized cost			
Gains from currency exchange("-" means loss)			
Net exposure hedging gains("-" means loss)			
Gains from changes in fair value ("-" means loss)		1,754,637.33	683,934.35
Credit impairment loss("-" means loss)	VIII 53	-76,937,591.05	
Impairment loss on assets("-" means loss)	VIII 54	-32,342,972.75	-115,297,978.93
Gains from disposal of assets ("-"means loss)	VIII 55	-2,238,505.53	28,563,735.39
III. Operating profit ("-" means loss)		461,437,097.66	593,128,216.04
Add: Non-operating income	VIII 56	191,118,155.28	210,610,846.60
Less: Non-operating expense	VIII 57	6,447,376.62	3,212,652.08
IV. Total profit ("-" for losses)		646,107,876.32	800,526,410.56
Less: Income tax expense	VIII 58	137,194,995.21	90,976,875.79
V. Net profit ("-" for losses)		508,912,881.11	709,549,534.77
(I) Classification in accordance with attribution		508,912,881.11	709,549,534.77
1. Attributable to equity holders of the parent company		411,919,899.15	639,405,170.05
2. Minority interest		96,992,981.96	70,144,364.72
(II) Classification in accordance with going concern		508,912,881.11	709,549,534.77
1. Net profit from continuing operations		508,912,881.11	709,549,534.77
2. Net profit from discontinued operations			
VI. Other comprehensive income after tax		4,375,544.05	-16,325,342.71
Attributable to equity holders of the parent company		-1,705,770.90	-16,325,342.71
(I)Not reclassified subsequently to profit or loss		6,081,314.95	
1. Remeasure the amount of change sedated to set the benefit plan			
2. Other comprehensive gains and losses that cannot be converted under the equity method		6,187,042.42	
3. Changes in fair value of other equity instrument investments		-105,727.47	
4. Changes in fair value of enterprise's own credit risk			
5. Other			
(II) Reclassified subsequently to profit or loss		-7,787,085.85	-16,325,342.71
1. Other comprehensive gains and losses on convertible under the equity method		-76,195.56	
2. Changes in fair value of other debt investments			
3. Gains and losses from changes in fair value of available-for-sale financial assets			
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)			
8. Translation difference from foreign currency financial statements		-7,710,890.29	-16,325,342.71
9. Other			
Attributable to minority shareholders		6,081,314.95	
VII. Total comprehensive income		513,288,425.16	693,224,192.06
(I) Attributable to equity holders of the parent company		410,214,128.25	623,079,827.34
(II) Attributable to minority shareholders		103,074,296.91	70,144,364.72

Legal Representative: 吴毅印子

Chief Financial Officer: 潘培红印

Chief Accountant: 陈建龙印

Consolidated Statement of Cash Flows

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 3

CNY

Item	Note	January to December 2021	January to December 2020
I. Cash flows from operating activities:			
Cash received from sales and services		30,678,728,984.33	12,994,693,828.07
Tax refunds		76,468,777.99	52,209,594.08
Other cash receipts relating to operating activities		2,933,716,570.29	2,655,005,516.98
Sub-total cash inflows from operating activities		33,688,914,332.61	15,701,908,939.13
Cash paid for goods and services		31,455,788,078.00	16,055,610,235.27
Cash paid to and on behalf of employees		483,336,040.60	380,105,347.34
Payment of taxes and surcharges		473,007,355.49	321,443,264.25
Other cash payments relating to operating activities		2,697,250,760.12	2,460,630,454.44
Sub-total cash outflows from operating activities		35,109,382,234.21	19,217,789,301.30
Net cash flows from operating activities		-1,420,467,901.60	-3,515,880,362.17
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments		44,102,300.00	217,366,807.40
Cash received from investment income		107,140,798.68	121,075,158.38
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		340,322.30	27,955,132.88
Net cash received from disposal of subsidiaries and other business units		50,569,340.92	
Other cash receipts relating to investing activities		390,881,144.76	271,775,709.84
Sub-total cash inflows from investing activities		593,033,906.66	638,172,808.50
Cash paid for fixed assets, intangible assets and other long-term assets		326,476,379.30	1,458,972,043.16
Cash payments for investments		516,881,700.00	548,774,500.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		404,260,218.17	506,951,667.69
Sub-total cash outflows from investing activities		1,247,618,297.47	2,514,698,210.85
Net cash flows from investing activities		-654,584,390.81	-1,876,525,402.35
III. Cash flows from financing activities:			
Cash proceeds from investments by others		56,798,144.48	60,480,000.00
Including: Cash received by subsidiaries from minority shareholders' investments		67,903,500.00	
Cash received from borrowings		13,972,914,509.40	13,863,766,864.54
Cash received from issuing bonds		14,706,130,000.00	10,500,000,000.00
Other cash receipts relating to financing activities		935,267,923.04	670,937,048.46
Sub-total cash inflows from financing activities		29,671,110,576.92	25,095,183,913.00
Cash repayments for debts		25,346,692,344.05	18,621,901,009.38
Cash payments for distribution of dividends, profit and interest expenses		2,055,709,287.68	1,412,750,108.88
Other cash payments relating to financing activities		1,013,108,016.86	27,447,342.45
Sub-total cash outflows from financing activities		28,415,509,648.59	20,062,098,460.71
Net cash flows from financing activities		1,255,600,928.33	5,033,085,452.29
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-21,064,487.93	-29,096,706.64
V. Net increase in cash and cash equivalents		-840,515,852.01	-388,417,018.87
Add: Opening balance of cash and cash equivalents		2,634,670,188.61	3,023,087,207.48
VI. Closing balance of cash and cash equivalents		1,794,154,336.60	2,634,670,188.61

Legal Representative: 吴毅子印

Chief Financial Officer: 潘红培印

Chief Accountant: 陈龙建印

Consolidated Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 4

CNY

Item	January to December 2021									
	Equity attributable to the parent company									
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
		Perpetual bonds								
I. Balance at the end of the previous year	3,828,500,000.00	3,600,000,000.00	5,641,114,522.14		-11,994,899.03	441,374,961.92	2,885,299,843.23	16,384,294,428.26	2,435,226,505.30	18,819,520,933.56
Plus: Change in accounting policies			11,279,273.27		8,567,596.92	1,710,945.25	67,505,038.94	89,062,854.38	-10,020,845.65	79,042,008.73
Correction of errors in previous period										
Others										
II. Balance at the beginning of the year	3,828,500,000.00	3,600,000,000.00	5,652,393,795.41		-3,427,302.11	443,085,907.17	2,952,804,882.17	16,473,357,282.64	2,425,205,659.65	18,898,562,942.29
III. Increase/decrease during the financial year ("-" means decrease)			191,833,979.41		-1,705,770.90	28,370,796.60	-25,504,363.37	192,994,641.74	908,698,469.36	1,101,693,111.10
(I) Total comprehensive income					-1,705,770.90		411,919,899.15	410,214,128.25	96,992,981.96	507,207,110.21
(II) Contributions and decrease of capital			191,833,979.41					191,833,979.41	830,797,714.57	1,022,631,693.98
1. Capital contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Equity settled share-based payment										
4. Others			191,833,979.41					191,833,979.41	830,797,714.57	1,022,631,693.98
(III) Special reserve										
1. Special reserve accrued										
2. Special reserve used										
(IV) Profit distribution						28,370,796.60	-437,424,262.52	-409,053,465.92	-19,092,227.17	-428,145,693.09
1. Surplus reserve accrued						28,370,796.60	-28,370,796.60			
2. General risk preparation accrued										
3. Distribution to owners							-409,053,465.92	-409,053,465.92		-409,053,465.92
4. Others									-19,092,227.17	-19,092,227.17
(V) Transfer within equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Set the benefit plan change amount carry-over retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
IV. Closing balance	3,828,500,000.00	3,600,000,000.00	5,844,227,774.82		-5,133,073.01	471,456,703.77	2,927,300,518.80	16,666,351,924.38	3,333,904,129.01	20,000,256,053.39

Legal Representative: 吴子毅印

Chief Financial Officer: 潘培红印

Chief Accountant: 陈建龙印

Consolidated Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 4
CNY

Item	January to December 2020									
	Equity attributable to the parent company								Minority interests	Total equity
	Paid-in capital	Other equity instruments: Perpetual bonds	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Sub-total		
I. Balance at the end of the previous year	3,828,500,000.00	3,550,000,000.00	3,950,526,232.94		4,330,443.68	394,949,304.70	2,529,555,830.40	14,257,861,811.72	2,169,399,543.81	16,427,261,355.53
Plus: Change in accounting policies										
Correction of errors in previous period										
Others										
II. Balance at the beginning of the year	3,828,500,000.00	3,550,000,000.00	3,950,526,232.94		4,330,443.68	394,949,304.70	2,529,555,830.40	14,257,861,811.72	2,169,399,543.81	16,427,261,355.53
III. Increase/decrease during the financial year ("-" means decrease)		50,000,000.00	1,690,588,289.20		-16,325,342.71	46,425,657.22	355,744,012.83	2,126,432,616.54	265,826,961.49	2,392,259,578.03
(I) Total comprehensive income					-16,325,342.71		639,405,170.05	623,079,827.34	70,144,364.72	693,224,192.06
(II) Contributions and decrease of capital		50,000,000.00	1,690,588,289.20					1,740,588,289.20	4,651,000.00	1,745,239,289.20
1. Capital contributed by owners									4,651,000.00	4,651,000.00
2. Capital paid in by holders of other equity instruments		50,000,000.00						50,000,000.00		50,000,000.00
3. Equity settled share-based payment										
4. Others			1,690,588,289.20					1,690,588,289.20		1,690,588,289.20
(III) Special reserve										
1. Special reserve accrued										
2. Special reserve used										
(IV) Profit distribution						46,425,657.22	-283,661,157.22	-237,235,500.00	-3,258,932.06	-240,494,432.06
1. Surplus reserve accrued						46,425,657.22	-46,425,657.22			
2. General risk preparation accrued										
3. Distribution to owners							-237,235,500.00	-237,235,500.00	-3,258,932.06	-240,494,432.06
4. Others										
(V) Transfer within equity									194,290,528.83	194,290,528.83
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Set the benefit plan change amount carry-over retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others									194,290,528.83	194,290,528.83
IV. Closing balance	3,828,500,000.00	3,600,000,000.00	5,641,114,522.14		-11,994,899.03	441,374,961.92	2,885,299,843.23	16,384,294,428.26	2,435,226,505.30	18,819,520,933.56

Legal Representative: 吴子毅印

Chief Financial Officer: 潘培红印

Chief Accountant: 陈建龙印

Balance Sheet (Assets)

No. 1

Prepared by Fujian Zhanglong Group Co., Ltd.

CNY

Assets	Note	31Dec. 2021	1 Jan.2021	31 Dec. 2020
Current assets:				
Cash and cash equivalents		846,742,931.37	1,075,598,641.44	1,075,598,641.44
Financial assets held-for-trading			12,767.22	
Financial assets measured at fair value and changes are recorded into the current profits and losses				12,767.22
Derivative financial assets				
Notes receivable		23,481,425.56	25,450,000.00	
Accounts receivable	XIII 1	1,323,115,242.38	321,164,600.64	321,164,600.64
Financing receivables				
Prepayment	XIII 2	1,804,677,337.50	1,864,057,835.22	1,864,057,835.22
Other receivables	XIII 3	24,120,502,200.33	21,822,800,416.63	21,822,800,416.63
Inventory		809,900,356.90	1,163,379,537.12	1,163,379,537.12
Contract assets				
Held-for-sale assets				
Non-current assets due within 1 year				
Other current assets		54,827,746.86	114,352,797.11	114,352,797.11
Total current assets		28,983,247,240.90	26,386,816,595.38	26,361,366,595.38
Non-current assets:				
Debt investment		450,946,339.06	251,882,078.33	
Available-for-sale financial assets				643,988,190.96
Other debt investments				
Held-to-maturity investment				250,000,000.00
Long-term receivables		6,823,508.50	6,823,508.50	6,823,508.50
Long-term equity investment	XIII 4	14,901,122,205.45	14,344,258,339.88	14,300,936,316.05
Other equity instruments investments		520,004,490.96	485,004,490.96	
Other non-current financial assets		115,000,000.00	115,000,000.00	
Investment property		363,388.35	402,680.79	402,680.79
Fixed assets		9,202,331.44	10,292,595.38	10,292,595.38
Construction in progress		523,962.25	219,528.30	219,528.30
Bearer biological assets				
Oil and gas assets				
Right-of-use asset				
Intangible assets		1,292,090.27	1,752,063.09	1,752,063.09
Development expenditure				
Goodwill				
Long-term deferred expenses		1,486,269.60		
Deferred tax assets		18,691,476.70	20,337,254.21	20,337,254.21
Other non-current assets				
Total non-current assets		16,025,456,062.58	15,235,972,539.44	15,234,752,137.28
Total assets		45,008,703,303.48	41,622,789,134.82	41,596,118,732.66

Legal Representative: 吴子毅印

Chief Financial Officer: 潘培红印

Chief Accountant: 陈建龙印

Balance Sheet (Liabilities and Equity)

No. 1

Prepared by Fujian Zhanglong Group Co., Ltd. CNY

Liabilities and equity	Note	31Dec. 2021	1 Jan.2021	31 Dec. 2020
Current liabilities:				
Short-term borrowings		8,088,700,000.00	6,925,613,600.00	6,900,163,600.00
Financial liabilities held for trading				
Financial liabilities measured at fair value and changes are recorded into the current profits and losses				
Derivative financial liabilities				
Notes payable		708,165,000.00	235,785,000.00	235,785,000.00
Accounts payable		300,951,457.03	230,875,097.87	230,875,097.87
Advance from customers				636,695,303.16
Contract liabilities		445,888,468.82	564,096,679.75	
Payroll payable		3,325,692.86	3,252,729.72	3,252,729.72
Taxes payable		7,484,796.31	1,505,323.72	1,505,323.72
Other payables	XIII 5	1,258,794,157.33	4,897,230,643.33	4,897,230,643.33
Held-for-sale liabilities				
Non-current liabilities due within 1 year		7,306,126,146.42	780,001,827.61	780,000,000.00
Other current liabilities		6,748,439,736.88	6,071,128,141.96	6,000,617,664.65
Total current liabilities		24,867,875,455.65	19,709,489,043.96	19,686,125,362.45
Non-current liabilities:				
Long-term borrowings		649,000,000.00	89,000,000.00	89,000,000.00
Bonds payable		6,679,598,896.91	8,976,573,745.88	8,990,376,477.72
Including: Preferred shares				
Perpetual bonds				
Lease liabilities				
Long-term payables				
Long-term payroll payable				
Contingent liabilities				
Deferred income				
Deferred tax liabilities				
Other non-current liabilities				
Total non-current liabilities		7,328,598,896.91	9,065,573,745.88	9,079,376,477.72
Total liabilities		32,196,474,352.56	28,775,062,789.84	28,765,501,840.17
Equity:				
Paid-in capital		3,828,500,000.00	3,828,500,000.00	3,828,500,000.00
Other equity instruments		3,600,000,000.00	3,600,000,000.00	3,600,000,000.00
Including: Preferred shares				
Perpetual bonds		3,600,000,000.00	3,600,000,000.00	3,600,000,000.00
Capital reserve		4,638,758,694.71	4,554,427,460.90	4,554,427,460.90
Less: Treasury shares				
Other comprehensive income		5,516,872.01		
Special reserve				
Surplus reserve		471,456,703.77	443,085,907.17	441,374,961.92
Retained earnings		267,996,680.43	421,712,976.91	406,314,469.67
Total equity		12,812,228,950.92	12,847,726,344.98	12,830,616,892.49
Total liabilities & equity		45,008,703,303.48	41,622,789,134.82	41,596,118,732.66

Legal Representative: 吴毅子印 Chief Financial Officer: 潘培红印 Chief Accountant: 陈建龙印

Income Statement

Prepared by Fujian Zhanglong Group Co., Ltd.

No. 2

CNY

Item	Note	January to December 2021	January to December 2020
I. Operating revenue	XIII 6	17,348,994,480.59	2,120,502,826.11
Including: Operating revenue		17,348,994,480.59	2,120,502,826.11
II.Total operating costs		17,209,931,022.64	1,803,071,794.88
Including: Operating costs	XIII 6	17,186,392,878.24	2,118,124,612.43
Taxes and surcharges		14,198,002.65	3,290,975.80
Selling expenses		27,783,855.75	
Administrative expenses		40,214,362.84	32,479,184.87
R&D expenses			
Financial costs		-58,658,076.84	-350,822,978.22
Including: Interest expenses		956,860,193.08	1,203,562,654.66
Interest income		873,186,139.67	1,173,161,407.67
Other			
Add: Other income		6,431,296.61	634,016.94
Investment income ("-" means loss)	XIII 7	41,675,034.82	27,101,290.67
Including: income from investment in associates and joint ventures			
Gain from derecognition of financial assets measured at amortized cost			
Gains from currency exchange("-" means loss)			
Net exposure hedging gains("-" means loss)			
Gains from changes in fair value ("-" means loss)		15,951.35	1,839.21
Credit impairment loss("-" means loss)		6,583,110.00	
Impairment loss on assets("-" means loss)			-17,961,875.00
Gains from disposal of assets ("-" means loss)		103,563.63	
III. Operating profit ("-" means loss)		193,872,414.36	327,206,303.05
Add: Non-operating income		91,580,010.31	132,589,800.35
Less: Non-operating expense		98,681.12	30,000.00
IV. Total profit ("-" for losses)		285,353,743.55	459,766,103.40
Less: Income tax expense		1,645,777.51	-4,490,468.75
V. Net profit ("-" for losses)		283,707,966.04	464,256,572.15
(I) Classification in accordance with attribution			
1. Attributable to equity holders of the parent company			
2. Minority interest			
(II) Classification in accordance with going concern		283,707,966.04	464,256,572.15
1. Net profit from continuing operations		283,707,966.04	464,256,572.15
2. Net profit from discontinued operations			
VI. Other comprehensive income after tax		5,516,872.01	
Attributable to equity holders of the parent company		5,516,872.01	
(I)Not reclassified subsequently to profit or loss		6,157,042.42	
1. Remeasure the amount of change sedated to set the benefit plan			
2. Other comprehensive gains and losses that cannot be converted under the equity method		6,157,042.42	
3. Changes in fair value of other equity instrument investments			
4. Changes in fair value of enterprise's own credit risk			
5. Other			
(II) Reclassified subsequently to profit or loss		-640,170.41	
1. Other comprehensive gains and losses on convertible under the equity method		-640,170.41	
2. Changes in fair value of other debt investments			
3. Gains and losses from changes in fair value of available-for-sale financial assets			
4. Amount of financial assets reclassified into other comprehensive income			
5. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
6. Provision for credit impairment of other debt investments			
7. Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)			
8. Translation difference from foreign currency financial statements			
9. Other			
Attributable to minority shareholders			
VII. Total comprehensive income		289,224,838.05	464,256,572.15
Attributable to equity holders of the parent company		289,224,838.05	464,256,572.15

Legal Representative: 吴毅子印

Chief Financial Officer: 潘红培印

Chief Accountant: 陈建龙印

Statement of Cash Flows

Prepared by Fujian Zhanglong Group Co., Ltd.

No. 3

CNY

Item	Note	January to December 2021	January to December 2020
I. Cash flows from operating activities:			
Cash received from sales and services		17,966,637,098.84	2,991,688,451.71
Tax refunds			
Other cash receipts relating to operating activities		1,227,380,325.75	1,099,204,218.39
Sub-total cash inflows from operating activities		19,194,017,424.59	4,090,892,670.10
Cash paid for goods and services		17,498,074,686.51	4,970,030,148.30
Cash paid to and on behalf of employees		29,600,327.54	20,474,211.45
Payment of taxes and surcharges		62,072,811.02	58,171,022.30
Other cash payments relating to operating activities		395,651,398.81	122,335,886.59
Sub-total cash outflows from operating activities		17,985,399,223.88	5,171,011,268.64
Net cash flows from operating activities		1,208,618,200.71	-1,080,118,598.54
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments		6,700,000.00	59,816,184.35
Cash received from investment income		60,185,072.28	58,981,736.83
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		201,788.87	
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		5,211,560,293.71	5,736,376,794.42
Sub-total cash inflows from investing activities		5,278,647,154.86	5,855,174,715.60
Cash paid for fixed assets, intangible assets and other long-term assets		1,251,189.42	710,986.81
Cash payments for investments		728,880,755.52	437,170,000.00
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		7,868,430,533.06	6,662,864,900.22
Sub-total cash outflows from investing activities		8,598,562,478.00	7,100,745,887.03
Net cash flows from investing activities		-3,319,915,323.14	-1,245,571,171.43
III. Cash flows from financing activities:			
Cash proceeds from investments by others			
Cash received from borrowings		10,091,700,000.00	8,657,091,600.00
Cash received from issuing bonds		14,706,130,000.00	10,500,000,000.00
Other cash receipts relating to financing activities			
Sub-total cash inflows from financing activities		24,797,830,000.00	19,157,091,600.00
Cash repayments for debts		18,917,405,000.00	15,625,276,800.00
Cash payments for distribution of dividends, profit and interest expenses		1,593,219,847.93	1,370,717,828.20
Other cash payments relating to financing activities		2,549,391,887.95	21,044,968.58
Sub-total cash outflows from financing activities		23,060,016,735.88	17,017,039,596.78
Net cash flows from financing activities		1,737,813,264.12	2,140,052,003.22
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-4,885,851.76	-770,756.70
V. Net increase in cash and cash equivalents		-378,369,710.07	-186,408,523.45
Add: Opening balance of cash and cash equivalents		1,004,863,141.44	1,191,271,664.89
VI. Closing balance of cash and cash equivalents		626,493,431.37	1,004,863,141.44

Legal Representative: 吴毅子印

Chief Financial Officer: 潘红培印

Chief Accountant: 陈龙建印

Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

No. 4

CNY

Item	January to December 2021							
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
		Perpetual bonds						
I. Balance at the end of the previous year	3,828,500,000.00	3,600,000,000.00	4,554,427,460.90			441,374,961.92	406,314,469.67	12,830,616,892.49
Plus: Change in accounting policies						1,710,945.25	15,398,507.24	
Correction of errors in previous period								
Others								
II. Balance at the beginning of the year	3,828,500,000.00	3,600,000,000.00	4,554,427,460.90			443,085,907.17	421,712,976.91	10,752,084,486.18
III. Increase/decrease during the financial year ("-" means decrease)			84,331,233.81		5,516,872.01	28,370,796.60	-153,716,296.48	-35,497,394.06
(I) Total comprehensive income					5,516,872.01		283,707,966.04	289,224,838.05
(II) Contributions and decrease of capital			84,331,233.81					84,331,233.81
1. Capital contributed by owners								
2. Capital paid in by holders of other equity instruments								
3. Equity settled share-based payment								
4. Others			84,331,233.81					84,331,233.81
(III) Special reserve								
1. Special reserve accrued								
2. Special reserve used								
(IV) Profit distribution						28,370,796.60	-437,424,262.52	-409,053,465.92
1. Surplus reserve accrued						28,370,796.60	-28,370,796.60	
2. General risk preparation accrued								
3. Distribution to owners							-409,053,465.92	-409,053,465.92
4. Others								
(V) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Set the benefit plan change amount carry-over retained earnings								
5. Other comprehensive income transferred to retained earnings								
6. Others								
IV. Closing balance	3,828,500,000.00	3,600,000,000.00	4,638,758,694.71		5,516,872.01	471,456,703.77	267,996,680.43	12,812,228,950.92

Legal Representative: 吴毅子印

Chief Financial Officer: 潘红培印

Chief Accountant: 陈龙建印

Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

No. 4

CNY

Item	January to December 2020							
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
		Perpetual bonds						
I. Balance at the end of the previous year	3,828,500,000.00	3,550,000,000.00	2,853,094,232.98			394,949,304.70	225,719,054.74	10,852,262,592.42
Plus: Change in accounting policies								
Correction of errors in previous period								
Others								
II. Balance at the beginning of the year	3,828,500,000.00	3,550,000,000.00	2,853,094,232.98			394,949,304.70	225,719,054.74	10,852,262,592.42
III. Increase/decrease during the financial year ("-" means decrease)		50,000,000.00	1,701,333,227.92			46,425,657.22	180,595,414.93	1,978,354,300.07
(I) Total comprehensive income							464,256,572.15	464,256,572.15
(II) Contributions and decrease of capital		50,000,000.00	1,701,333,227.92					1,751,333,227.92
1. Capital contributed by owners								
2. Capital paid in by holders of other equity instruments		50,000,000.00						50,000,000.00
3. Equity settled share-based payment								
4. Others			1,701,333,227.92					1,701,333,227.92
(III) Special reserve								
1. Special reserve accrued								
2. Special reserve used								
(IV) Profit distribution						46,425,657.22	-283,661,157.22	-237,235,500.00
1. Surplus reserve accrued						46,425,657.22	-46,425,657.22	
2. General risk preparation accrued								
3. Distribution to owners							-237,235,500.00	-237,235,500.00
4. Others								
(V) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Set the benefit plan change amount carry-over retained earnings								
5. Other comprehensive income transferred to retained earnings								
6. Others								
IV. Closing balance	3,828,500,000.00	3,600,000,000.00	4,554,427,460.90			441,374,961.92	406,314,469.67	12,830,616,892.49

Legal Representative: 吴子毅印

Chief Financial Officer: 潘培红印

Chief Accountant: 陈建龙印

NOTES TO THE FINANCIAL STATEMENTS

For the twelve -month ended 31 December 2021

(All amounts in CNY unless otherwise stated)

Important Notes:
This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

I Company profile

Fujian Zhanglong Group Co., Ltd. (hereinafter referred to as "Company" or "the Company"), formerly known as Fujian Zhanglong Industry Co., Ltd., was established on 11 July 2001 in accordance with the "Approval of the Establishment of Fujian Zhanglong Industry Co., Ltd. Invested by Fujian Zhangzhou Building Porcelain Factory" (Zhang Cai Guo [2001] No. 24) issued by Zhangzhou Finance Bureau, and obtained the business license of enterprise legal person with registration number of 350600100018946. The Company is a wholly state-owned limited company with the registered capital of CNY 3,828,500,000.00, the legal representative is Wu Ziyi, and the address is 16th and 17th Floors, No. 3 Zhangzhou Development Plaza, Shengli East Road, Xiangcheng District, Zhangzhou, Fujian. The Company's business nature and main business activities are as follows: investment activities with its own funds; bidding agency services; project management services; production, sales, processing, transportation, storage and other related services of agricultural products; wholesale of hardware products; retail of hardware products; retail of household appliances; sales of household appliances; sales of mechanical and electrical equipment; sales of construction materials; sales of packaging materials and products; sales of construction Ceramic products sales; computer hardware and software and auxiliary equipment retail; computer hardware and software and auxiliary equipment wholesale; paper products sales; arts and crafts and collectibles wholesale (except ivory and its products); toys sales; gifts and flowers sales; sporting goods and equipment wholesale; lamps sales; animal husbandry and fishery feed sales; metal materials sales; non-ferrous metal alloy sales; gold and silver products sales; cement products sales. Sales of special chemical products (excluding dangerous chemicals); sales of lubricating oil; sales of non-metallic minerals and products; sales of chemical products (excluding licensed chemical products); coking; sales of petroleum products (excluding dangerous chemicals); sales of coal and products; sales of metal chains and other metal products; technical import and export; import and export agent; import and export of goods (except for items subject to approval according to law, with business license according to law) (except for items approved by law, with business license to carry out business activities independently)

II Basis of preparation

The financial statements have been prepared on the basis of going concern and actual transactions and events, in accordance with the Accounting Standards for Business Enterprises - basic guidelines (the Ministry of Finance order No.33, published; the Ministry of Finance order No.76, amended), 41 specific accounting standards, application guides and interpretations of enterprise accounting standards and other related as promulgated and amended on February 15, 2006.

III Representation of compliance with the Accounting Standards for Business Enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial positions of the Company and its operating results and cash flows and other relevant information.

IV Significant accounting policies and accounting estimates

1. Accounting period and operating cycle

The Company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a full fiscal year. The fiscal year adopted by the Company is the Gregorian calendar year, that is, from January 1 to December 31 every year.

2. Functional currency

Renminbi("CNY") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operates. The Company and its domestic subsidiaries use CNY as the recording currency. The financial statements of the Company are expressed in CNY.

3. Bookkeeping basis and pricing principles

According to the relevant provisions of the Accounting Standards for Enterprises, the Company applied accrual basis to record accounting. Except for certain financial instruments, the financial statements are measured at historical cost. In the event of impairment of an asset, the provision for impairment Losses shall be recognized according to relevant regulations.

4.Business combination

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

(1) Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For business combination under common control, the party that obtains the control over the other parties on the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquiring party effectively obtains the control over the party being acquired.

The assets and liabilities acquired by the combining party shall be measured at the book value of the combined party on the date of combination. The difference between the book value of the net assets acquired by the combining party and the book value of the combined consideration paid (or the total book value of the shares issued), adjusts the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The direct expenses incurred by the combining party for the business combination, are included in the current profit and loss when incurred.

(2) Enterprises merger not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For business combination not under common control, the party that obtains the control of the other parties at the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquirer effectively obtains control of the acquirees.

In business combination involving entities not under common control, the cost of combination shall be the assets paid, obligations incurred or assumed, and the fair value of the equity securities issued by the acquirer for obtaining control of the acquirees at the date of acquisition. Intermediary fees, such as audit, legal services, and valuation consultancy, and other management fees incurred for the purpose of a business combination are credited in profit or loss in the period when they occurred. Transaction fees for the equity securities or debt securities issued by the acquirer as combination consideration are included in the initial recognition amount of such equity securities or debt securities. Contingent consideration involved shall be

recorded as the combination cost based on its fair value on the acquisition date. Should any new or further evidence arise within 12 months after the acquisition date and makes it necessary to adjust the contingent consideration on the acquisition date, the goodwill arising from the business combination shall be amended accordingly.

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value on the acquisition date. Where the cost of the combination

exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is initially recognized in profit or loss for the current year after a review of computation for the identifiable assets, liabilities or fair value of contingent liabilities and combination cost, and where the combination cost is still lower than the fair value of the identifiable net assets of the transferor obtained during the course of combination, then the difference is recorded in the profit and loss.

If the acquirer obtains the temporary deductible difference of the acquiree but is not allowed to recognize the deferred tax assets for the reason that the acquirer fails to meet recognition condition of deferred tax assets on the acquisition date, the acquirer may recognize deferred tax assets within 12 months after the date of acquisition when new or further information obtained indicating relevant situation existed on acquisition date, and the economic benefits of acquiree's temporary deductible differences will realize. Meanwhile, the Company shall reduce goodwill. If the goodwill is insufficient to offset, the remaining shall be credited to current profit or loss. Except for the above situation, the deferred tax assets recognized due to the business combination shall be credited to the current profit and loss.

In business combination involving entities not under common control that is realized in phases through multiple exchange transactions, accounting treatments are different depending on whether the multiple transactions are "package transactions" according to the judgment criteria of package transactions from "Notice of the Ministry of Finance on Printing and Distributing the Interpretation No.5 of the Accounting Standards for Business Enterprises" (Caikuai [2012] No. 19) and Article 51 of "Accounting Standards for Business Enterprises No. 33-Consolidated Financial Statements" (refer to Note IV, (5) Methods for Preparation of Consolidated Financial Statements If the multiple transactions are package transactions, please refer to the previous descriptions in this section and Note IV, (14) Long-term equity investment, for accounting treatment; if the transactions are not package transactions, different accounting treatments should

be used for individual financial statements and consolidated financial statements:

In the individual financial statements, the initial investment cost is calculated according to the sum of the book value of the acquiree's equity investment held before the acquisition date and the new investment cost on the acquisition date; if the equity of the acquiree involving other comprehensive income before the acquisition date, the other comprehensive income is accounted for using the same basis as the acquiree directly disposal of relevant assets or liabilities when the investment disposed of (i.e., except for the corresponding share of the acquiree's changes from the re-measurement of the net assets or net liabilities of the defined benefit plan using the equity method, the remaining is transferred to the investment income for current period).

In the consolidated financial statement, the equity of the transferor held before the date of acquisition is re-measured at the fair value on the date of acquisition, and the difference between the fair value and book value is included in current investment income; where the equity of the acquiree held before the date of acquisition involves the other comprehensive income, the other comprehensive income is accounted for using the same basis as the acquiree directly disposal of relevant assets or liabilities (i.e. except for the corresponding share of the acquiree's changes from the re-measurement of the net assets or net liabilities of the defined benefit plan using the equity method, the remaining is transferred to the investment income for the period of acquisition date).。

5. Preparation of consolidated financial statements

(1) Scope of combination

The scope of consolidated financial statements is determined based on control. Control means that the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power on the investee to influence the amount of the return. The scope of consolidation includes the Company and its all subsidiaries. Subsidiaries refer to entities controlled by the Company.

Once changes in relevant facts and conditions lead to changes in the relevant elements required under the control definition above, the Company shall reassess.

(2) Methods for preparing consolidated financial statements

The subsidiaries shall be included in the scope of the consolidation on the date when the Company obtained the actual control of subsidiaries' net assets and production and management decisions; the subsidiaries shall

be excluded in the scope of consolidation on the date when the Company lost the actual control in subsidiaries. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately recorded in the consolidated income statement and the consolidate statement of cash flows. Moreover, there is no need to adjust the opening balance of the consolidated balance sheet in the case of the disposing subsidiaries in the current period.

Adjustments shall be made to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods if the accounting policies or accounting periods adopted by the subsidiaries and the Company are inconsistent. For subsidiaries acquired from business combinations not under common control, the financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date.

While preparing the consolidated financial statements, all significant intercourse funds balances, transactions and unrealized profits of the intragroup are offset.

The share of the subsidiary's owner's equity and current net profit or loss that is not attributable to the parent company is separately presented as non-controlling interests and attributable to non-controlling interests under the shareholders' equity item and the net profit item in the consolidated balance sheet. The portion of the subsidiary's current net profit or loss that belongs to minority shareholders' equity is presented as "attributable to non-controlling interests" under the net profit item in the consolidated income statement. If the current loss shared by the minority shareholders of the subsidiary exceeds the minority shareholder's share of the owner's equity at the beginning of the subsidiary, the balance will still reduce the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured according to its fair value on the date of loss of control. The portion that the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the share of the original subsidiary's net assets that have been continuously calculated from the date of purchase based on the original shareholding, is included in investment income in the current period of loss of control. Other comprehensive income related to the original subsidiary's equity investment is accounted for on the same basis as the original subsidiary's direct disposal of related assets or liabilities when the control lost. Then, the remaining equity shall be subsequently measured according to "Accounting Standards for Business Enterprises No. 2-Long-Term Equity Investments" or "Accounting Standards for Business Enterprises No. 22-the relevant provisions of the Financial Instruments Recognition

and Measurement". Please refer to the Note IV (14) long-term equity investments or Note IV (9) Financial Instruments.

When the Company losses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, it needs to distinguish whether the transactions associated with losses control on its subsidiaries due to disposal of equity investments belong to a package transaction. If the terms, conditions and economic impact of the various transactions dealing with the equity investment of the subsidiary satisfies one or more of the following situations, then it will indicate that the multiple transactions should be accounted for as a package transaction: ①these transactions are made at the same time or with consideration of each other's influence; ②these transactions as a whole can achieve a complete business result; ③the occurrence of a transaction depends on the occurrence of at least one other transaction; ④a transaction alone is uneconomical, but it is economical when considered together with other transactions. Accounting treatment for every transaction which is not a package transaction depends on circumstance respectively in accordance with the applicable principles of "part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries"(refer to Note IV (14) Long-term equity investment 2（4）) and "the control of the original subsidiary lost due to the disposal of part of the equity investment or other reasons" (see details to the previous paragraph)If the disposal of subsidiaries' equity investments until loss of control belongs to a package transaction, the transactions are treated as a transaction of disposing the subsidiary and losing control; however, before the loss of control, the difference between each disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss when the control is lost.

6. Classification of joint arrangement and accounting treatment for the joint operation

A joint arrangement is an arrangement that is jointly controlled by two or more parties. The Company classifies joint arrangements into joint operations and joint ventures by assessing the rights and obligations of the joint arrangements. A joint operation refers to the joint arrangement in which the joint party enjoys the assets and bears the liabilities related to the arrangement. A joint venture is a joint arrangement in which the joint party only has rights to the net assets of the arrangement.

The Company' investment in the joint venture is accounted by the equity method and the accounting treatment refers to IV (14) long-term equity investment 2（2） and "long-term equity investment accounted

for using the equity method"

The Company, as a joint party, shall recognize the following items related to the joint operation: recognizing the assets held separately and the debts bear separately, recognizing shared assets and liabilities, recognizing the proceeds from the sale of the share of the common operating output that it enjoys, recognizing the income from the sale of the joint operation according to its share, recognizing the costs incurred separately, and recognizing the expenses incurred by the joint operation based on its share.

When the Company, as a joint party, invests or sells assets to the joint operation (the assets cannot form a business, similarly hereinafter), or when the joint operation purchases the assets from the joint operation, the Company only confirms the portion of profit or loss arising from the transaction attributable to other participants in the joint operation before the assets are sold to the third party. If the assets invested or sold are subject to asset impairment losses in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company recognizes the full losses; however, if the purchased assets meet the asset impairment losses stipulated in the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company shall recognize the losses according to the share of the commitments.

7. Recognition of cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, deposits that can be used at any time for payment and investments held by the Company for a short period of time (usually due within three months from the date of purchase), high liquidity, easy conversion to known amounts of cash, and low risk of change in value.

8. Foreign currency transactions and translation

(1) Conversion method for foreign currency transactions

At the time of initial recognition of a foreign currency transaction, it is converted into the recording currency at the spot exchange rate (usually refers to the central rate of foreign exchange quoted on the day published by the People's Bank of China，similarly hereinafter) on the transaction date.

(2) Conversion method for foreign currency currency items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. All exchange differences of such a conversion shall be recorded into the current profits and losses except: ①those from foreign currency special borrowings related to the acquisition and

construction of assets eligible for capitalization that are treated based on the principle of capitalization of borrowing costs; ② those caused by changes in other book balances except for the amortization costs of the available-for-sale foreign currency monetary items which shall be recorded into other comprehensive incomes .

Foreign currency non-monetary items measured by historical cost shall still be measured by the recording currency converted according to the spot exchange rate at the transaction date. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rates at the date when the fair value is determined and the differences between the recording currency amount after the conversion and the original one shall be recorded into the current profits and losses or recognized as other comprehensive incomes as changes of fair value (including changes of exchange rate).

（3）Conversion method for foreign currency financial statements

The foreign currency financial statements of overseas operation shall be converted into recording currency according to following methods: assets and liabilities in balance sheet are translated at the spot exchange rate on the balance sheet date; Items of owner's equity except for "undistributed profits" are translated at the spot exchange rate on the transaction date.; Revenue and expense in the income statement are translated at the spot exchange rate on the transaction date; The closing balance of undistributed profits is presented based on the items of profit distribution after translation. Difference between assets after conversion and the sum of liabilities and equity after conversion is treated as difference arising from translation of foreign currency and it is included in other comprehensive income. When disposing overseas operations and losing control, the translation difference of the foreign currency financial statements related to the foreign operation listed in other comprehensive income in the balance sheet shall be transferred into the profit and loss of current period in whole or according to the proportion of disposal of the foreign operation.

Foreign currency cash flow is translated at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate. The impact of exchange rate changes on cash amount is reflected separately in the statement of cash flow.

Amounts at the beginning of the year and the actual amount of previous year shall be presented based on those of the converted financial statements of previous year.

When control of an overseas operation lost by disposing all or partial ompany's equity in the overseas operation or other reasons, the translation difference of the foreign currency financial statements related to the foreign operation listed in other comprehensive income in the balance sheet is transferred from the other

comprehensive income to the profit or loss for the period of disposal.

When a part of the equity investment disposed or other reasons, resulting in a decrease in the proportion of overseas business interests held but not losing control over overseas operations, the translation difference of foreign currency statement related to the disposal part of the foreign operation will be attributed to minority shareholders' equity and will not be transferred to the current profit or loss. When disposing of a part of the equity of an overseas associate or a joint venture, the translation difference of the foreign currency statement related to the foreign operation is transferred to the current profit or loss according to the proportion of disposal of the foreign operation.

If foreign currency monetary items substantially constitute net investment overseas, the exchange differences arising from the changes of exchange rate is "Exchange differences on translating foreign operation" and included in other comprehensive income in consolidated financial statement; the disposal of overseas operations shall be credited to the current profit and loss.

9. Financial instrument

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

1、Classification, recognition and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets into: Financial assets measured at amortized cost; Financial assets that are measured at fair value and whose changes are recorded into other comprehensive income; Financial assets measured at fair value and the changes recorded in current profits and losses.

Financial assets shall be measured at their fair value at the time of initial recognition. For financial assets measured at fair value and recorded in current profits and losses, relevant transaction costs are directly recorded in current profits and losses; For other classes of financial assets, the related transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services which do not contain or take into account significant financing component, the Company shall be entitled to collect the consideration amount as the initial recognition amount.

（1）Financial assets measured at amortized cost

The Company's business model of managing financial assets measured at amortized cost is aimed at

receiving contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, which means the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the Company adopts the effective interest method and carries out subsequent measurement based on amortized cost, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

（2）Financial assets measured at fair value and the changes recorded in other comprehensive income

The Company's business model for managing such financial assets is to both collect contractual cash flows and sell as the goal, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures such financial assets at fair value and its changes are included in other comprehensive income, but impairment loss or profit exchange gain or loss and interest income calculated according to the effective interest rate method are included in the current profit or loss. Besides, the Company designated some non-trading equity instrument investments as financial assets that are measured at fair value and whose changes are included in other comprehensive income Classification, recognition and measurement of financial assets. The Company includes the relevant dividend income of such financial assets into the current profit and loss, and the change in fair value into other comprehensive income. When the financial asset is terminated in recognition, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income to retained earnings and shall not be recorded in the current profit or loss.

（3）Financial assets measured at fair value through profit or loss for the current period

Except for the aforementioned financial assets measured at amortized cost and financial assets measured at fair value with changes included in other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value with changes included in current profits and losses. In addition, at the time of initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company designates part of the financial assets as financial assets measured at fair value and whose changes are included in the current profits and losses. For such financial assets, the Company adopts fair value for subsequent measurement, and changes in fair value are included in the current profit and loss.

2、Classification, recognition and measurement of financial liabilities

At the time of initial recognition, financial liabilities are classified into financial liabilities and other financial

liabilities measured at fair value and recorded into current profits and losses. For financial liabilities that are measured at fair value and whose changes are included in the current profit and loss, the relevant transaction costs are directly included in the current profit and loss, and the related transaction costs of other financial liabilities are included in the initial recognition amount.

（1）Financial liabilities measured at fair value and the change recorded in current profit and loss

Financial liabilities measured at fair value and whose changes are recorded in current profits and losses include trading financial liabilities (derivatives containing financial liabilities) and financial liabilities that are measured at fair value and whose changes are recorded in current profits and losses at the time of initial recognition.

Trading financial liabilities (derivatives containing financial liabilities) shall be subsequently measured according to their fair value. Except for those related to hedge accounting, changes in fair value shall be recorded into profits and losses of the current period.

Is designated as at fair value and whose fluctuations are included in the current profits and losses of the financial liabilities and the liabilities caused by changes in the group's own credit risk of the changes in fair value recorded in other comprehensive income, the liabilities, and terminated the recognition as included in other comprehensive income of their own credit risk changes caused by the changes in fair value of the total amount transferred to retained earnings. The remaining changes in fair value are included in the current profit and loss. If the impact of changes in the credit risk of these financial liabilities is dealt with in the above manner, which will cause or enlarge the accounting mismatch in the profits and losses, the Group shall have all the gains or losses of the financial liabilities (including the impact of changes in the company’s own credit risk Amount) included in the current profit and loss.

（2）Other financial liabilities

Except the financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets, other financial liabilities shall be classified as financial liabilities measured at the amortized cost, which shall be subsequently measured at the amortized cost, and the gains or losses arising from the termination of recognition or amortization shall be recorded into the current profit and loss.

3、 Impairment of financial asset

On the basis of expected credit loss, the Company accrues impairment provision and recognizes credit impairment loss for financial assets measured at amortized cost, debt instruments measured at fair value and

whose changes are included in other comprehensive income, financing receivables, lease receivables, contract assets and financial guarantee contracts.

Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the Company discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, the financial assets purchased or originated by the Company with credit impairment shall be discounted at the effective interest rate adjusted by the credit of the financial assets.

On each balance sheet date, the Company assesses whether the credit risk of financial assets has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration; If the credit risk does not increase significantly after initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss in the next 12 months. When evaluating expected credit losses, the Company considers all reasonable and based information, including forward-looking information.

For receivables without significant financing components, the Company uses simplified measurement method to measure loss reserves according to the expected credit loss amount equivalent to the whole duration. For financial instruments with low credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since initial recognition, and measures the loss reserve according to the expected credit loss in the next 12 months.

4、Recognition basis and measurement method of financial asset transfer

A financial asset that meets one of the following conditions shall be derecognized: ①The contractual right to receive the cash flow of the financial asset is terminated; ②The financial asset has been transferred, and almost all risks and rewards of the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has relinquished its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial asset, nor relinquish its control over the financial asset, the relevant financial asset shall be recognized according to the degree of its continuing involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial

asset refers to the level of risk faced by the enterprise by changes in the value of the financial asset.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the difference between the book value of the transferred financial assets and the consideration received due to the transfer and the sum of the accumulated fair value changes originally included in other comprehensive income shall be included in the current profit and loss.

If part of the transfer of financial assets meets the conditions for termination of confirmation, the book value of the transferred financial assets will be allocated between the derecognized and unterminated parts of the financial assets according to their relative fair value, and the consideration received due to the transfer shall be allocated The difference between the sum of the accumulated fair value changes originally included in other comprehensive income and the amortized book amount of the derecognized part is included in the current profit and loss.

The Company has to determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred for the financial assets sold with the right of recourse, or the financial assets held by the endorsement transfer. If almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the financial asset shall be terminated; If almost all the risks and rewards of the ownership of the financial asset have been retained, the recognition of the financial asset shall not be terminated; If almost all the risks and rewards of the ownership of the financial asset are neither transferred nor retained, then continue to determine whether the enterprise retains control of the asset, and conduct accounting treatment in accordance with the principles described in the preceding paragraphs.

5、Termination recognition of financial liabilities

Only when all or part of the current obligations of a financial liability have been discharged can the recognition of the financial liability or part of it be terminated. If the company (debtor) and the creditor sign an agreement to replace the existing financial liabilities by undertaking new financial liabilities, and the contract terms of the new financial liabilities and the existing financial liabilities are substantially different, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized at the same time.

If the financial liabilities are fully or partially derecognized, the difference between the book value of the derecognized part and the consideration paid (including non-cash assets transferred out or new financial liabilities assumed) is included in the current profit and loss.

6、Offsetting of financial assets and financial liabilities

When the Company has the statutory right to offset the confirmed financial assets and financial liabilities, and the statutory rights are currently enforceable, and the Company plans to settle the financial assets at the same time or realize the financial assets and pay off the financial liabilities at the same time, the financial assets and financial liabilities Financial liabilities are listed in the balance sheet at the amount after offsetting each other. In addition, financial assets and financial liabilities are listed separately in the balance sheet and are not offset against each other.

7、Equity instruments

An equity instrument is a contract certifying ownership of a residual interest in the Company's assets after all liabilities have been deducted. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments are treated as changes in equity. The Company does not recognize changes in the fair value of equity instruments. Transaction costs associated with equity transactions are deducted from equity.

Various distributions (excluding stock dividends) made by such companies to holders of equity instruments reduce shareholder equity. Such companies do not recognize changes in the fair value of equity instruments.

10. Impairment of financial asset

The financial assets that the company needs to recognize impairment losses are financial assets measured at amortized cost, debt instruments measured at fair value and whose changes are included in other comprehensive income, lease receivables, mainly including notes receivable, accounts receivable, accounts receivable financing, other receivables, creditor's rights investment, other creditor's rights investment, long-term receivables, etc. In addition, for contract assets and some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this part.

（1）Confirmation method of impairment provision

Based on the expected credit loss, the Company accrues the impairment provision and recognizes the credit impairment loss for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contract cash flows receivable under the contract and all cash flows expected to be received by the Company discounted at the original effective interest rate, that is, the present value of all cash shortages. Among them, the financial assets purchased or originated by the

company with credit impairment shall be discounted at the effective interest rate adjusted by the credit of the financial assets.

The general method of measuring the expected credit loss refers to that the Company assesses whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss in the whole duration; If the credit risk does not increase significantly after initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss in the next 12 months. When evaluating the expected credit loss, the Company considers all reasonable and based information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, assuming that their credit risk has not increased significantly since initial recognition, the Company chooses to measure the loss provision according to the expected credit loss in the next 12 months.

（2）Criteria for judging whether credit risk has increased significantly since initial recognition

If the probability of default of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the probability of default within the expected duration determined at initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole duration to determine whether the credit risk has increased significantly since initial recognition.

（3）A portfolio approach to assessing expected credit risk on a portfolio basis

The Company evaluates the credit risk of financial assets with significantly different credit risks, such as receivables in dispute with the other party or involving litigation and arbitration; receivables that have obvious signs that the debtor is likely to be unable to perform its repayment obligations.

In addition to the financial assets that individually assess the credit risk, the Company divides the financial assets into different groups based on the common risk characteristics, and evaluates the credit risk on the basis of combination.

（4）Accounting treatment of impairment of financial assets

At the end of the period, the Company calculates the expected credit loss of various financial assets. If the expected credit loss is greater than the book amount of its current impairment provision, the difference is recognized as impairment loss; If it is less than the carrying amount of the current impairment provision, the

difference is recognized as impairment gain.

（5）Determination method of credit loss of various financial assets

①Notes receivable

The Company measures the loss reserves for notes receivable according to the amount equivalent to the expected credit loss in the whole duration. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Item	Basis for determining combination
Bank acceptance bill	The acceptor is a bank with low credit risk.
Commercial acceptance bill	Classification based on acceptor's credit risk is the same as "accounts receivable" portfolio 1.

②Accounts receivable and contract assets

For receivables and contract assets without significant financing components, the Company measures the loss reserves according to the amount equivalent to the expected credit loss in the whole duration.

For receivables, contract assets and lease receivables with significant financing components, the Company chooses to always measure the loss reserves according to the amount equivalent to the expected credit loss during the duration.

In addition to the accounts receivable that are individually assessed for credit risk, they are divided into different combinations based on their credit risk characteristics:

Item	Basis for determining combination
Accounts receivable：	
Combination 1：Aging combination	The combination takes the aging of accounts receivable as the credit risk feature.
Combination 2：Specific project portfolio	The combination is the current accounts receivable from related parties, government agencies and subordinate units or enterprises; Various deposits, deposits and other receivables that should be collected in daily regular activities.
Combination 3：Commodity trade funds	The combination is accounts receivable within 1 year formed by bulk commodity sales.

③Accounts receivable financing

Accounts receivable financing that are measured at fair value and whose changes are included in other comprehensive income are presented as receivables financing if the maturity period is within one year (including one year) from the initial recognition date. The Company adopts the amount of expected credit loss for the whole duration to measure the impairment loss.

In addition to the accounts receivable investments that individually assess credit risk, they are divided into different combinations based on their credit risk characteristics:

Item	Basis for determining combination
Bank acceptance bill	The acceptor is a bank with low credit risk.

④Other receivables

The Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss according to whether the credit risk of other receivables has increased significantly since initial recognition. In addition to other receivables individually assessed for credit risk, they are divided into different combinations based on their credit risk characteristics:

Item	Basis for determining combination
Combination 1：Aging combination	The combination takes the aging of accounts receivable as the credit risk feature.
Combination 2：Specific project combination	The combination is the current accounts receivable from related parties, government agencies and subordinate units or enterprises; Various deposits, deposits and other receivables that should be collected in daily regular activities.

⑤ Debt Investment

Debt investment mainly accounts for bond investment measured at amortized cost. The Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss according to whether its credit risk has increased significantly since initial recognition.

⑥ Other debt Investments

Other debt investments are mainly accounted for bond investments measured at fair value and whose changes are included in other comprehensive income. The financing of receivables with a maturity of more than one year from the initial recognition date is also reported as other debt investments. For other debt investments (excluding receivables financing with significant financing components reported in other debt investments), the Company measures the impairment loss by using the amount equivalent to the expected credit loss in the next 12 months or the whole duration according to whether its credit risk has increased significantly since initial recognition. For receivables financing that does not contain significant financing components, the Company measures the loss reserves according to the amount equivalent to the expected credit loss in the whole duration.

⑦ Long-term receivables

Long term receivables formed by transactions regulated by accounting standards for < Accounting Standard

for Business Enterprises No. 14 - Revenue >, and without significant financing components, the Company shall measure the loss reserves according to the amount equivalent to the expected credit loss in the whole duration.

Long term receivables formed by transactions regulated by accounting standards for < Accounting Standard for Business Enterprises No. 14 - Revenue >, and containing significant financing components, the Company chooses to always measure the loss reserves according to the amount equivalent to the expected credit loss during the duration.

Financial lease receivables and operating lease receivables arising from transactions regulated by the accounting standards for < Accounting Standard for Business Enterprises No. 21 - Leases >, the Company chooses to always measure the loss reserve according to the amount equivalent to the expected credit loss during the duration.

For receivables that are not applicable or do not choose the simplified treatment method, the Company adopts the amount equivalent to the expected credit loss in the next 12 months or the whole duration to measure the impairment loss of long-term receivables according to whether its credit risk has increased significantly since initial recognition.

11. Financing Receivables

Notes and accounts receivable classified as measured at fair value and whose changes are included in other comprehensive income are listed as receivables financing if their maturity is within one year (including one year) from the date of initial recognition; If the maturity period is more than one year from the initial recognition date, it shall be listed as other debt investments. Refer to Note IV (9) "financial instruments" and Note IV (10) "impairment of financial assets" for relevant accounting policies.

12. Inventory

(1) Classification of inventory

Inventories mainly include raw materials, revolving materials, low value consumables, products in process, self-made semi-finished products, inventory commodities, development products, development costs, engineering construction, consumable biological assets, etc.

(2) Pricing method for inventory acquisition and inventory

Inventories are valued at actual cost when acquired. Inventory cost includes purchase cost, processing cost and other costs. The weighted average method shall be used for pricing when receiving and issuing.

(3) Recognition of net realizable value of inventories and withdrawal method of falling price reserves

Net realizable value refers to the amount of the estimated selling price of inventory minus the estimated cost to be incurred at the time of completion, estimated selling expenses and relevant taxes in daily activities. When determining the net realizable value of inventory, it shall be based on the conclusive evidence obtained, and consider the purpose of holding inventory and the impact of events after the balance sheet date.

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, the inventory falling price reserves shall be withdrawn. Inventory falling price reserves shall be withdrawn according to the difference between the cost of a single inventory item and its net realizable value.

After the provision for inventory falling price is made, if the influencing factors of the previous write down of inventory value have disappeared, resulting in the net realizable value of the inventory being higher than its book value, it shall be reversed from the amount of the original provision for inventory falling price, and the reversed amount shall be included in the current profit and loss.

(4) The inventory system of inventories is perpetual inventory system.

(5) Amortization method of low value consumables and packaging materials

Low value consumables are amortized by the one-off amortization method when they are received; Packaging materials shall be amortized by one-off amortization method at the time of receiving.

13. Contract assets

The Company lists as contract assets in the balance sheet the right that the customer has not paid the contract consideration, but the Company has performed the performance obligations according to the contract and does not belong to the unconditional (i.e. only depends on the passage of time) right to collect money from the customer. The contract assets and contract liabilities under the same contract are presented in net amount, and the contract assets and contract liabilities under different contracts are not offset.

For the determination method and accounting treatment method of expected credit loss of contract assets, refer to Note IV, (10), Impairment of Financial assets.

14. Long-term equity investment

The long-term equity investment referred to in this part refers to the long-term equity investment in which the Company has control, joint control or significant influence on the investee. The long-term equity

investment that the Company has no control, joint control or significant influence on the invested entity shall be accounted as available for sale financial assets. Refer Note IV (9) "Financial instruments" for its accounting policies.

Joint control refers to the Company's common control over an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement can only be decided after the unanimous consent of the participants sharing the control right. Significant impact means that the Company has the right to participate in the decision-making of the financial and operating policies of the invested entity, but cannot control or jointly control the formulation of these policies with other parties.

（1）Determination of investment cost

For the long-term equity investment obtained from business combination under the same control, the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the final controller shall be regarded as the initial investment cost of the long-term equity investment on the combination date. The capital reserve shall be adjusted for the difference between the initial investment cost of long-term equity investment and the book value of cash paid, non-cash assets transferred and debts assumed; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the issue of equity securities is taken as the merger consideration, on the merger date, the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the final controller shall be taken as the initial investment cost of the long-term equity investment, and the total face value of the issued shares shall be taken as the share capital. The difference between the initial investment cost of the long-term equity investment and the total face value of the issued shares, adjust capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party under the same control is obtained step by step through multiple transactions, and the business combination under the same control is finally formed, whether it belongs to a "package deal" shall be handled respectively：If it is a "package deal", each transaction shall be treated as a transaction that obtains control. If it is not a "package deal", the share of the book value of the owner's equity of the combined party in the consolidated financial statements of the final controller shall be regarded as the initial investment cost of the long-term equity investment on the combination date, The difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for the shares obtained on the merger date shall be adjusted to the capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. The

equity investment held before the merger date shall not be subject to accounting treatment temporarily because it is accounted with the equity method or other comprehensive income recognized for available for sale financial assets.

For the long-term equity investment obtained through business combination not under the same control, the merger cost shall be regarded as the initial investment cost of the long-term equity investment on the acquisition date. The merger cost includes the sum of the fair value of the assets paid, liabilities incurred or assumed and equity securities issued by the acquirer. If the equity of the acquiree is acquired step by step through multiple transactions and finally forms a business combination not under the same control, whether it belongs to a "package deal" shall be handled respectively: If it is a "package deal", each transaction shall be treated as a transaction that obtains control. If it is not a "package deal", the sum of the book value of the equity investment originally held by the acquiree plus the new investment cost shall be used as the initial investment cost of the long-term equity investment calculated by the cost method. If the originally held equity is accounted with the equity method, the relevant other comprehensive income will not be accounted for temporarily. If the originally held equity investment is an available for sale financial asset, the difference between its fair value and book value, as well as the cumulative changes in fair value originally included in other comprehensive income, shall be transferred to the current profit and loss.

The intermediary expenses such as audit, legal services, evaluation and consultation and other relevant management expenses incurred by the combining party or the purchaser for business combination shall be included in the current profits and losses when incurred.

Equity investment other than the long-term equity investment formed by business combination shall be initially measured at cost. Depending on the different acquisition methods of long-term equity investment, the cost is determined according to the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original book value of assets surrendered in non-monetary asset exchange transaction, the fair value of the long-term equity investment itself, etc. If the additional investment can have a significant impact on the investee or implement joint control but does not constitute control, the cost of long-term equity investment is the sum of the fair value of the original equity investment determined in accordance with <The Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments> plus the new investment cost.

（2）Subsequent measurement and profit and loss recognition method

The long-term equity investment that has joint control (excluding joint operators) or significant influence on the invested entity shall be accounted by the equity method. In addition, the Company's financial statements adopt the cost method to calculate the long-term equity investment that can control the invested unit.

i.Long-term equity investment measured by cost method

Long-term equity investments accounted for using the cost method are valued at the initial investment cost. Adding or withdrawing investment shall adjust the cost of long-term equity investment. Except for the actual price paid when the investment is obtained or the declared but undistributed cash dividends or profits included in the consideration, the current investment income shall be recognized in accordance with the cash dividends or profits declared to be distributed by the invested entity.

ii.Long-term equity investment measured by the equity method

If the initial investment cost of the long-term equity investment is greater than the fair value share of the identifiable net assets of the investee, the initial investment cost of the long-term equity investment shall not be adjusted. If the initial investment cost is less than the fair value share of the identifiable net assets of the investee at the time of investment, the difference shall be recorded into the profits and losses of the current period and the cost of long-term equity investment shall be adjusted at the same time.

When the equity method is adopted for measurement, the investment income and other comprehensive income shall be recognized according to the share of the net profit and loss realized by the invested entity and other comprehensive income that shall be enjoyed or shared, and the book value of the long-term equity investment shall be adjusted at the same time; the statement shall be declared according to the invested entity The portion that should be enjoyed in the calculation of distributed profits or cash dividends, and the book value of the long-term equity investment shall be reduced accordingly; for other changes in the owner’s equity other than the net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of the long-term equity investment shall be adjusted And included in the capital reserve. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and confirmed based on the fair value of the identifiable assets of the investee when the investment is obtained. If the accounting policy and accounting period adopted by the investee are inconsistent with the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policy and accounting period of the Company, and investment income and other comprehensive income shall be confirmed accordingly. For transactions between the Company and associates and joint ventures, if the invested or sold assets do not constitute a business, the unrealized

internal transaction gains and losses are calculated based on the share of the proportion attributable to the Company to be offset, on this basis confirm investment gains and losses. However, the unrealized internal transaction losses between the Company and the investee are not offset if they belong to the impairment loss of the transferred assets. If the assets invested by the Company in a joint venture or associated company constitute a business, and the investor obtains a long-term equity investment but has not obtained control, the fair value of the business invested shall be used as the initial investment cost of the new long-term equity investment. The difference between the cost and the book value of the investment business is fully included in the current profit and loss. If the assets sold by the Company to joint ventures or associates constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current profits and losses. If the assets purchased by the Company from associates and joint ventures constitute business, they shall be accounted for in accordance with the <Accounting Standards for Business Enterprises No. 20-Business Combinations>, and the gains or losses related to the transaction shall be fully recognized.

When the net loss incurred by the invested entity is recognized to be shared, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Company is obligated to bear additional losses to the invested entity, the expected liabilities will be recognized according to the expected obligations and recorded in the current investment loss. If the invested entity realizes net profits in the following period, the Company shall resume the recognition of the amount of income sharing after the amount of income sharing makes up for the unrecognized amount of loss sharing.

iii.Acquisition of minority stakes

When preparing the consolidated financial statements, the difference between the long-term equity investment newly added due to the purchase of a minority share and the share of the subsidiary’s net assets calculated on the basis of the newly increased shareholding ratio shall be adjusted continuously since the date of purchase (or merger date). If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

iv. Disposal of long-term equity investments

In the consolidated financial statements, the parent company shall partially dispose of the long-term equity investment in the subsidiary without losing the control right, and the difference between the disposal price and the long-term equity investment corresponding to the disposal of the subsidiary's net assets shall be

recorded into shareholders' equity; Where the parent company partially dispositions its long-term equity investment in its subsidiaries, resulting in the loss of control over its subsidiaries, it shall be treated in accordance with the relevant accounting policies described in Note IV, (5) "Methods for the Preparation of Consolidated Financial Statements" and 2.

For the disposal of long-term equity investments under other circumstances, the difference between the book value of the disposed equity and the actual purchase price shall be included in the current profit and loss.

If the long-term equity investment accounted for by the equity method is still accounted for by the equity method after the disposal of the remaining equity, the other comprehensive income originally included in the owner's equity shall be accounted for at the time of disposal according to the corresponding proportion on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity. The owners' equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current profit and loss on a pro rata basis.

If the remaining equity of the long-term equity investment calculated by the cost method is still calculated by the cost method after the disposal of the long-term equity investment, the other comprehensive income recognized by the equity method or financial instrument recognition and measurement standard accounting before obtaining control of the invested entity shall be used Perform accounting treatment on the same basis as the investee’s direct disposal of related assets or liabilities, and carry forward the current profits and losses on a pro rata basis; the net assets of the investee recognized as a result of the equity method are excluded from net profits and losses, other comprehensive income and profit distribution Other changes in owner’s equity are carried forward in proportion to the current profits and losses.

If the Company loses control of the investee due to the disposal of part of the equity investment, when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be calculated according to the equity method, and the remaining equity is deemed to be adjusted using the equity method when it is acquired; If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for in accordance with the relevant provisions of the financial instrument recognition and measurement standards. The difference between the fair value and the book value on the date when the control is lost Included in the current profit and loss. For other comprehensive income recognized by the equity method accounting or financial instrument recognition and measurement criterion accounting before

the Company obtains the control of the invested unit, the same basis as the direct disposal of relevant assets or liabilities shall be used for accounting treatment when the Company loses control of the invested unit. Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be transferred to the current profit and loss when the investee loses control. Among them, if the residual equity after disposal is accounted for by the equity method, other comprehensive income and other owners' equity shall be carried forward proportionately; If the residual equity after disposal is accounted for in accordance with the standards for recognition and measurement of financial instruments, all other comprehensive income and other owners' equity shall be carried forward.

If the Company loses joint control or significant influence on the investee due to the disposal of part of the equity investment, the remaining equity after the disposal shall be calculated according to the financial instrument recognition and measurement standards, and its fair value on the date of loss of joint control or significant influence The difference between the book value is included in the current profit and loss. The other comprehensive income recognized by the original equity investment due to the equity method is used for accounting treatment on the same basis as the investee’s direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity confirmed by other owner's equity changes other than the income and profit distribution shall be transferred to the current investment income when the equity method is terminated.

The Company disposes of equity investments in subsidiaries through multiple transactions until it loses control. If the above transactions are package transactions, each transaction is treated as a transaction that disposes of equity investments in subsidiaries and loses control. The difference between the price of each disposal before the right and the book value of the long-term equity investment corresponding to the equity disposed of is first recognized as other comprehensive income, and then transferred to the current profit and loss of the loss of control when the control is lost.

（3）Recognition standard and withdrawal method of impairment provision for long-term equity investment

For the recognition standards and withdrawal methods of impairment provisions for long-term equity investment, refer to Note IV (XXII) "Impairment of long-term assets".

15. Investment property

Investment real estate refers to the real estate held to earn rent or capital appreciation, or both. Including

leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings, etc. In addition, for vacant buildings held by the Company for business lease, if the board of directors (or similar institutions) makes a written resolution clearly indicating that they will be used for business lease and the holding intention will not change in the short term, they will also be presented as investment real estate.

The Company adopts the cost model for subsequent measurement of investment real estate.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits related to the asset are likely to flow in and its cost can be measured reliably. Other subsequent expenditures shall be included in the current profits and losses when incurred.

The Company adopts the cost model for subsequent measurement of investment real estate, and depreciates or amortizes it in accordance with the policies consistent with houses, buildings or land use rights.

For impairment test method and impairment provision method of investment real estate, refer to Note IV, (XXII), “Impairment of long-term assets”.

When self-use real estate or inventory is converted into investment real estate or investment real estate is converted into self-use real estate, the book value before conversion shall be taken as the entry value after conversion.

When the purpose of investment real estate is changed to self-use, the investment real estate shall be converted into fixed assets or intangible assets from the date of change. When the purpose of self-use real estate is changed to earn rent or capital appreciation, fixed assets or intangible assets shall be converted into investment real estate from the date of change. When conversion occurs, if the investment real estate is converted to the investment real estate measured by cost mode, the book value before conversion shall be taken as the entry value after conversion; If the investment real estate is converted into an investment real estate measured by the fair value model, the fair value on the conversion date shall be taken as the entry value after conversion.

When the investment real estate is disposed of or permanently withdrawn from use and it is not expected to obtain economic benefits from its disposal, the recognition of the investment real estate is terminated.

The disposal income from the sale, transfer, scrapping or damage of investment real estate shall be included in the current profit and loss after deducting its book value and relevant taxes.

16. Fixed assets

(1) Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a useful life of more than one year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the Company and their costs can be reliably measured. Fixed assets are initially measured at cost and taking into account the impact of expected abandonment expenses.

(2) Classification, valuation method and depreciation method of fixed assets

The depreciation of fixed assets shall be accrued within the service life from the next month when they reach the expected serviceable state. The service life, estimated net residual value, annual depreciation rate and depreciation method of various fixed assets are as follows:

Category	Estimated useful lives (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20-50	5	1.90-4.75
Machinery equipment	5-28	5	3.39-19.00
Transportation equipment	4-10	5	9.5-23.75
Office equipment	3-5	5	19.00-31.67
Farm facilities	5-20	5	4.75-19.00
Others (including pipe network)	15	5	6.33

The estimated net salvage value refers to the amount that the Company currently obtains from the disposal of the asset after deducting the estimated disposal expenses, assuming that the expected useful life of a fixed asset has expired and is at the end of its useful life.

(3) Impairment test method and impairment provision method for fixed assets

Refer to Note IV (XXII) “Impairment of long-term assets” for the method of impairment testing and provision for impairment of fixed assets.

(4) Other instructions

For subsequent expenditures related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and its cost can be measured reliably, they shall be included in the cost of fixed assets and the book value of the replaced part shall be derecognized. Other subsequent expenditures shall be included in the current profits and losses when incurred.

When the fixed assets are in the disposal state or it is expected that no economic benefits can be generated through use or disposal, the recognition of the fixed assets shall be terminated. The difference between the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes shall be included in the current profits and losses.

The Company shall review the service life, estimated net salvage value and depreciation method of fixed assets at least at the end of the year. If there is any change, it shall be treated as an accounting estimate change.

17. Construction in progress

The cost of construction in progress is determined based on actual project expenditures, including various project expenditures incurred during construction, capitalized borrowing costs before the project reaches its intended use status, and other related expenses. The construction in progress is carried forward to fixed assets after reaching the expected usable state.

Refer to Note IV (22) Impairment of long-term assets for the method of impairment test and provision for impairment of construction in progress.

18. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings. When some of the assets in the acquisition, construction or production of assets eligible for capitalization are completed and can be used separately, the capitalization of the borrowing costs of the assets for the separated part will cease.; other borrowing costs are recognized as expenses at the time of occurrence and are included in current profit and loss.

The interest expense of the special loan, after deducting the interest income from the unutilized borrowing funds deposited in the bank or the investment income obtained from the temporary investment. The amount of interest that should be capitalized for general borrowings is determined by multiplying the annualized weighted average of the accumulated asset expenditures over the special borrowings by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, all the exchange differences of special foreign currency borrowings shall be capitalized; the exchange differences of general foreign currency borrowings shall be credited to the

current profits and losses.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate and inventories that require a substantial period of acquisition, construction or production activities to achieve the intended use or sale status.

If the construction or production of assets eligible for capitalization is interrupted abnormally and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production of assets is resumed.

19. Right-of-use asset

For the determination method and accounting treatment method of right of use assets in 2021, refer to Note IV (32) "Lease".

20. Intangible assets

(1) Recognition and measurement of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Company and are without physical substance.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the Company and their costs can be reliably measured. Expenditures for other items other than this shall be included in the current profit and loss when incurred.

The acquired land use rights are usually accounted for as intangible assets. For self-development and construction of buildings and other buildings, related land use rights expenditures and building construction costs are accounted for as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price shall be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all shall be treated as fixed assets.

(2) Amortization of intangible assets

Intangible assets with a limited useful life shall be amortized evenly over the expected useful life using the straight-line method for the original value minus the estimated net residual value and the accumulated amount of provision for impairment from the time it becomes available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life will be rechecked. If there is any change, it will be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life is reviewed. If there is evidence that the term of the intangible assets bringing economic benefits to the enterprise is foreseeable, its service life is estimated and amortized in accordance with the amortization policy of intangible assets with limited service life.

(3) Research and development expenditure

The expenditure of the Company's internal research and development projects is divided into research expenditure and development expenditure. Among them, research refers to the original and planned investigation carried out for the acquisition and understanding of new scientific or technical knowledge, the activities carried out for the acquisition of knowledge, the application research, evaluation and final selection of research results or other knowledge, and the research on substitutes of materials, equipment, products, processes, systems or services. The formulation, design, evaluation and final selection of possible substitutes for new or improved materials, equipment, products, processes, systems or services; Development refers to the commercial production or use, apply findings or other knowledge to a plan or design, in order to produce something new or substantive improved materials, devices, products, etc., such as production or use before the prototype and model of the design, construction and test, have no commercial production economies of scale of the trial production facilities design, construction and operation, etc.

Expenditures in the research phase are included in the current profit and loss when incurred.

Expenditures in the development phase that meet the following conditions at the same time are recognized as intangible assets, and expenditures in the development phase that cannot meet the following conditions are included in the current profit and loss:

① It is technically feasible to complete the intangible asset to enable it to be used or sold;

② The Company has the intent to complete the intangible asset and use or sell it;

③ The way in which intangible assets generate economic benefits, including the ability to prove that a market for the products produced by the intangible assets exist or a market for the intangible assets exist, or the intangible assets will be used internally, and can be proved their usefulness;

④ There are sufficient technical, financial resources and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

⑤ Expenditure attributable to the development phase of the intangible asset can be reliably measured.

Where it is impossible to distinguish the expenditures in the research stage from those in the development stage, all the R&D expenditures incurred shall be recorded into the profits and losses of the current period. (4) Intangible assets impairment test method and impairment provision accrual method

Refer to Note IV (22) "Impairment of Non-current Non-Financial Assets" for the method of impairment testing and provision for impairment of intangible assets.

21. Long-term deferred expenses

Long-term deferred expenses refer to all expenses that have occurred but should be borne by the reporting period and subsequent periods with a amortization period of more than one year.

The long-term unamortized expenses of the Company are averagely amortized during the benefit period. For long-term deferred expense items that cannot benefit future accounting periods, the amortized value shall be included in the current profit and loss.

22. Impairment of long-term assets

For the impairment of long term equity investment in subsidiaries, associates and joint ventures, and investment real estate, fixed assets, construction in progress, right-of-use asset, intangible assets, goodwill, etc. measured by the cost method, the Company will judge whether there is any indication that the asset may be impaired on the balance sheet date, and there is an indication of impairment, the Company will estimate the recoverable amount and conduct an impairment test. Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached the usable condition are tested for impairment annually, regardless of whether there is any indication of impairment.

If the result of impairment test shows that the recoverable amount of an asset is lower than its book value, the provision for impairment shall be withdrawn according to the difference and included in the impairment loss. The recoverable amount is determined based on the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flows of the assets. The fair value of the asset is determined according to the price of the sales agreement in the fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined according to the bid of the buyer of the asset; If there is no sales agreement or asset active market, the fair value of the asset shall be estimated based on the best information available. Disposal expenses include legal expenses related to the disposal of assets, relevant taxes, handling expenses and direct expenses incurred to make the assets

marketable. The present value of the expected future cash flow of the asset shall be determined according to the expected future cash flow generated in the process of continuous use and final disposal of the asset, and the appropriate discount rate shall be selected to discount the amount. The provision for impairment of assets is calculated and recognized on the basis of single assets. If there are signs of impairment in long-term assets, the recoverable amount is estimated on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, then determine the recoverable amount of the asset group on the basis of the asset group belonging to the asset. Cash generating units is the smallest group that can generate cash inflow independently.

For the goodwill separately presented in the financial statements, during the impairment test, the book value of goodwill shall be apportioned to the asset group or group of asset groups expected to benefit from the synergistic effect of business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the apportioned goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss first offsets the book value of goodwill allocated to the asset group or combination of asset groups, and then offsets the book value of other assets in proportion according to the proportion of the book value of other assets other than goodwill in the asset group or combination of asset groups.

Once the impairment loss of the above-mentioned assets is recognized, it will not be reversed in the future.

23. Contract liabilities

Contract liabilities refer to the obligations of the Company to transfer goods to customers for the consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company will list the received or receivable as contract liabilities at the earlier of the actual payment and due payment by the customer. The contract assets and contract liabilities under the same contract are presented in net amount, and the contract assets and contract liabilities under different contracts are not offset.

24. Employee benefits

The employee compensation of the Company mainly includes short-term employee compensation, post-employment benefits, dismissal benefits and other long-term employee benefits. Of which:

Short term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, trade union funds, employee education funds, non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company recognizes the actual short-term employee compensation as liabilities and records it into the current profits and losses or relevant asset costs. Non- monetary welfare is measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance, and annuity. The post-employment benefit plan includes a defined contribution plan. If a defined contribution plan is adopted, the corresponding deposit amount shall be included in the relevant asset cost or current profit and loss when incurred. Terminate the labor relationship with the employee before the expiration of the employee labor contract, or put forward a proposal for compensation to encourage the employee to voluntarily accept the layoff, whichever is earlier when the Company cannot unilaterally withdraw the dismissal benefits provided by the plan for terminating the labor relationship or the layoff proposal, or when the Company confirms the costs related to the restructuring involving the payment of dismissal benefits, the employee compensation liabilities arising from dismissal welfare shall be recognized and included in the current profits and losses. However, if the dismissal welfare cannot be fully paid within 12 months after the end of the annual reporting period, it shall be treated as other long-term employee remuneration. The internal retirement plan of employees shall be handled in the same principle as the above dismissal benefits. The Company will include the wages and social insurance premiums of early retirees to be paid from the date when the employees stop providing services to the normal retirement date into the current profits and losses (dismissal welfare) when they meet the recognition conditions of estimated liabilities.

Other long-term employee benefits provided by the Company to employees that meet the defined contribution plan shall be accounted for according to the defined contribution plan. In addition, they shall be accounted for according to the defined benefit plan.

25. Lease liabilities

For the determination method and accounting treatment method of lease liabilities in 2021, refer to Note IV (32) "Lease".

26. Accrued liabilities

Obligations related to contingencies are recognized as estimated liabilities when they meet the following conditions: (1) the obligation is the current obligation undertaken by the Company; (2) The performance of this obligation is likely to lead to the outflow of economic benefits; (3) The amount of the obligation can be measured reliably.

On the balance sheet date, taking into account the risks, uncertainties, time value of money and other factors related to contingencies, the estimated liabilities are measured according to the best estimate of the expenses required to perform relevant current obligations.

If all or part of the expenses required to pay off the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized separately as an asset when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

27. Preferred stocks,perpetual bonds and other financial instrument

1、Preferred stocks and perpetual bonds

Financial instruments such as perpetual bonds and preferred shares issued by the group are used as equity instruments and meet the following conditions:

（1）Financial instrument excluded a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable.

（2）If it is necessary or available to settle the financial instrument with the enterprise's own equity instrument in the future, and the financial instrument is a non-derivative instrument, the financial instrument does not include the contractual obligation to deliver a variable number of its own equity instruments for settlement.t; If it is a derivative instrument, the group can only settle the financial instrument by exchanging a fixed amount of cash or other financial assets with a fixed number of its own equity instruments.

The financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the group shall be classified as financial liabilities.

If the financial instrument issued by the group is a compound financial instrument, it shall be recognized as a liability according to the fair value of the liability component. The amount after deducting the fair value of the liability component from the amount actually received shall be recognized as “other equity instrument”. The transaction expenses incurred in the issuance of composite financial instruments shall be apportioned

between the liability component and the equity component according to their respective proportion to the total issuance price.

2、Accounting treatment of perpetual debt and preferred stock

The interest, dividend, gain or loss related to the perpetual debt and preferred stock and other financial instruments classified as financial liabilities, as well as the gain or loss arising from redemption or refinancing, are included in the current profit and loss, except for the borrowing costs meeting the capitalization conditions (see Note. IV (18) borrowing costs).

For the perpetual bonds, preferred shares and other financial instruments classified as equity instruments, when they are issued (including refinancing), repurchased, sold or written off, the group will treat them as changes in equity, and the relevant transaction costs will also be deducted from equity. The group's distribution to the holders of equity instruments is treated as profit distribution.

The compony does not recognize changes in fair value of equity instruments.

28. Revenue

1、 Principles of revenue recognition

When the contract between the company and the customer meets the following conditions simultaneously,revenue is recognized when the customer obtains control of the relevant commodities: The parties to the contract have approved the contract and promised to fulfill their obligations;The contract clarifies the rights and obligations of the parties to the contract in relation to the transferred goods or the provision of labor services; The contract has clear payment terms related to the transferred goods; The contract is of a commercial nature, i.e. the performance of the contract will change the risk, timing distribution or amount of the Company's future cash flows; Consideration to which the Company is entitled as a result of the transfer of goods to the customer is likely to be recovered.

On the commencement date of the contract, the Company identifies each individual performance obligation in the contract, and allocates the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the influence of factors such as variable consideration, major financing components in the contract, non-cash consideration, and consideration payable to customers are considered.

For each individual performance obligation under the contract, if one of the following conditions is met, the

Company will recognize the transaction price allocated to the individual performance obligation as revenue within the relevant performance period according to the progress of performance：The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance; Customers can control the products under construction in the Company's performance process; The goods produced by the Company during the performance of the Contract are for irreplaceable purposes and the Company is entitled to collect payment for the accumulated performance to date throughout the contract period. The performance progress shall be determined by the input method or the output method according to the nature of the goods transferred. If the performance progress cannot be reasonably determined, and the costs incurred by the Company are expected to be compensated, the income shall be recognized according to the amount of costs incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Company will apportion the transaction price recognition income of the individual performance obligation at the time when the customer obtains control of the relevant commodity. In determining whether the customer has acquired control of the goods, the Company considers the following indications: The enterprise has a current payment right with respect to the goods, that is, the customer has a current payment obligation with respect to the goods; The enterprise has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods; The enterprise has transferred the commodity to the customer, that is, the customer has physical possession of the commodity; The Company has transferred the main risks and rewards of the ownership of the product to the customer, that is, the customer has obtained the major risks and rewards of the ownership of the product; The customer has accepted the goods; Other indications that the customer has taken control of the goods.

2、 The specific method of revenue recognition

（1）Principles and Methods of Recognition of Real Estate Sales Revenue

The Company's real estate sales revenue mainly includes the sales revenue of real estate development products and rental revenue. The revenue recognition principle is as follows：

1）Real estate development products recognize revenue when the following conditions are met:

① The buyer and the seller sign the sales contract and file it with the real estate management department;

② Real estate development products have been completed and accepted;

③ The Company receives or has the right to collect the full amount paid by the customer (e.g. a written undertaking from the bank agreeing to release the mortgage payment);

④ Commodity control transfer, that is, the customer completes the inspection and acceptance of the sold real estate, and the purchaser and the seller complete the house transfer procedure.

2）Lease income: lease income of investment real estate shall be recognized as lease income in line with the rent agreed in the contract or agreement during each period of the lease term.

（2）Principles and Methods of Recognition of Sales Revenue of Automobile Trade Segment

The Company's auto trade segment sales revenue mainly includes new car sales revenue, auto boutique sales revenue, and auto maintenance revenue. The revenue recognition principles are as follows:

1）New car sales revenue is recognized when the following conditions are met:

① The buyer and the seller sign a new car sales contract;

② The Company receives or is entitled to receive the full amount of the customer's purchase of the car (e.g. a written undertaking from the bank agreeing to release the mortgage payment);

③ Issuing regular invoices (uniform invoices for motor vehicle sales or special invoices for value-added tax).

④Commodity control transfer, that is, the customer obtains the delivered vehicle and completes the receipt confirmation.

2）Auto boutique sales income: after the Company receives the customer's purchase money or has actually obtained the right to purchase money, it will issue the corresponding invoice (VAT special invoice or VAT ordinary invoice) and confirm the income when the goods are delivered.

3）Auto maintenance income: the Company will issue corresponding invoices (VAT special invoices or VAT ordinary invoices) after receiving the maintenance payment from the customer or having actually obtained the right to pay the maintenance payment, and transfer the service control right after the maintenance service is confirmed by the customer, so as to meet the income recognition conditions.

（3）Recognition principles and methods of income from the water segment

The income of the Company's water business segment mainly includes water fee income, construction and installation income, fee income, water quality inspection income and other income.

1）Principles for Recognition of Water Fee Revenue

①The customer applies for water and signs a water agreement. The installation and acceptance of water meter are completed;

②The water meter is installed and accepted. The water meter measures the water consumption;

③According to the water supply system (monthly data) from 1st to 15th of the month, the monthly meter reading number, monthly receivable water fee, arrears and paid water fee shall be calculated, and the tonnage of water supply system shall be taken as the basis for the transfer of control right of water sale business.

④For areas not covered by some water supply systems, the customer management office of the Company's business department read the water meters of the city's water users from the 1st to the 15th of the month.

2）Construction and installation revenue recognition principle: According to the contract or agreement, the provision of pipe network installation or one household one meter renovation service shall confirm the current revenue according to the completion progress.

3）Recognition principle of fee income

①Collect sewage treatment fee and garbage treatment fee according to entrustment agreement;

②Pay the financial account monthly fees and confirm the commission income in accordance with the agreed proportion.

4）Quality inspection revenue recognition principle

①Accept customer commissioned inspection and testing of water quality;

②Water quality inspection and testing completed to form a special report;

③Obtain the right to collect user inspection fees.

（4）Principles for the recognition of electricity income: when the electricity is supplied to the customer, that is, the ownership related to the product has been transferred to the buyer, the income shall be recognized, and the electricity shall be settled and sold at the end of the month according to the instrument measurement statistics agreed by both parties.

（5）The recognition principle of the Company's trade business income: the commodity ownership has been transferred and the evidence of the transfer of the commodity ownership has been obtained. When the relevant income has been obtained or the evidence of collection has been obtained, it is regarded as the transfer of the control of the commodity and the sales income is confirmed.

（6）Construction revenue recognition principle: Since the client can control the projects under construction in the performance process of the Company, the Company will regard them as performance obligations to be performed within a certain period of time and recognize revenue according to the progress

of performance, except where the degree of performance cannot be reasonably determined. The company determines the performance schedule of the services provided according to the output method. If the performance progress cannot be reasonably determined and the costs incurred by the Company are expected to be compensated, the revenue shall be recognized according to the amount of costs incurred until the performance progress can be reasonably determined; Costs that have been incurred are not expected to be reimbursed.

29. Constract cost

The incremental cost incurred by the Company in obtaining the contract, which is expected to be recovered, shall be recognized as an asset as the cost of obtaining the contract. However, if the amortization period of the asset does not exceed one year, the current profit or loss is recorded at the time of occurrence.

The cost incurred to perform the contract is recognized as an asset if it does not fall within the standard scope of accounting standards for enterprises other than Accounting Standards for Business Enterprises No. 14 - Revenue (revised in 2017) and simultaneously satisfies the following conditions:①The cost is directly related to a current or prospective contract, including direct labor, direct materials, manufacturing costs (or similar), costs expressly borne by the customer and other costs incurred solely as a result of the contract;② The cost increases the Company's resources for future performance obligations;③The cost is expected to be recovered.

Assets related to contract costs are amortized on the same basis as commodity revenue recognition related to the assets and recorded in current profit and loss.

30. Government grants

Government grants refers to the monetary assets and non-monetary assets obtained free of charge by the Group from the government, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government grants are divided into the government grants related to assets and the government grants y related to income. If the government grant is monetary asset, it shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. The government grants measured in accordance with the nominal amount shall be directly recorded into the current profits and losses.

The government grants related to the assets are recognized as deferred income and recorded into the current profits and losses by stages in a reasonable and systematic way during the service life of the relevant assets. If the government grant related to the income is used to compensate the relevant cost, expense or loss in the future period, it shall be recognized as deferred income and recorded into the current profit and loss during the period when the relevant cost, expense or loss is recognized; Those used to compensate the related costs or losses incurred shall be directly recorded into the current profit and loss.

The government grant which includes both the part related to assets and the part related to income should be accounted for separately. If it is difficult to distinguish, it is classified as a whole as government grants related to benefits.

Government grants related to the daily activities of the Group are included in other income according to the nature of economic business; government grants not related to daily activities are included in non-operating income and expenditure.

When the confirmed government grants need to be returned, if there is a balance of relevant deferred income, the balance of relevant deferred income book shall be written off, and the excess part shall be recorded into current profits and losses; Belong to other circumstances, directly included in the current profit and loss.

31. Deferred tax assets and deferred tax liabilities

As for the difference between the book value and its tax basis of assets and liabilities of certain projects and the temporary differences arising from the difference between the book value of the project which hasn't been recognized as an asset or liability but its tax basis can be determined in accordance with the provisions of the tax law, liability method of balance sheet is adopted to recognize deferred income tax assets and deferred income tax liabilities.

As for taxable temporary differences related to initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are not related to enterprise consolidation and do not affect the accounting profit and taxable income (or deductible losses), related deferred tax liabilities shall not be recognized. In addition, as for the temporary differences of the investment of subsidiaries, associated enterprises and joint ventures, if the Group is able to control the reversal time of the temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future, related deferred tax liabilities shall not be recognized as well. In addition to the above exceptions, the Group recognizes all other deferred income tax liabilities arising from taxable temporary differences. As for taxable temporary

differences related to the initial recognition of assets or liabilities arising from transactions that are not related to enterprise consolidation and do not affect the accounting profit and taxable income (or deductible losses), related deferred tax assets shall not be recognized. In addition, as for deductible temporary differences of the investment of subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future or it is not likely to get taxable income to offset the deductible temporary differences in the future, related deferred tax assets shall not be recognized. In addition to the above exceptions, the Group is likely to recognize deferred income tax assets arising from other deductible temporary differences according to taxable income which can offset deductible temporary differences.

As for deductible losses and tax credits which can be transferred to the future years, the corresponding deferred income tax assets shall be recognized according to future taxable income which can be used for deducting deductible losses and tax credits.

According to the tax law, at the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be calculated in accordance with the applicable tax rate adopted when related assets is expected to be recovered or related liabilities is expected to be settled.

The book value of deferred income tax assets shall be rechecked at the balance sheet date. If it is unlikely to obtain sufficient taxable income to offset profits of deferred income tax assets in the future, reduce the deferred income tax assets. When sufficient taxable income it is probably to be obtained, the reduced amount shall be reversed.

32. Lease

A lease is a contract in which the Company assigns or acquires the right to control the use of one or more identified assets for a specified period of time in exchange for or payment of consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or includes a lease.

1、The Company as the leases

（1）Initial measurement

On the commencement date of the lease term, the Company recognizes the right to use the leased assets during the lease term as the right to use the leased assets and recognizes the present value of the outstanding lease payments as the lease liabilities, except for short-term leases and leases of low-value assets. When calculating the present value of the lease payment, the Company adopts the lease embedded interest rate as

the discount rate. If the inherent interest rate cannot be determined, the incremental interest rate of the lessee shall be used as the discount rate.

（2）Subsequent measurement

The Company shall calculate depreciation of the right to use assets according to the relevant provisions of accounting Standards for Business Enterprises No. 4 - Fixed Assets (see Note 4, (16) fixed Assets). If it can reasonably determine the ownership of the leased assets at the end of the lease term, depreciation shall be calculated during the remaining service life of the leased assets. Where it is not reasonably certain that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be calculated and withdrawn during the period during which the lease term and the remaining service life of the leased asset are shorter.

For the leased liabilities, the Company calculates the interest expense for each period of the lease term according to the fixed periodic interest rate and records it into the profit and loss of the current period or into the cost of related assets. Variable lease payments not included in the measurement of lease liabilities are included in current profit and loss or the cost of related assets when actually incurred.

Lease term began, in the future when substantial changes occurred in the fixed payment, the guaranteed residual value is expected to cope with the amount of change, is used to determine the lease payment ratio index or change, call options, renewal options or terminate the option evaluation results or the actual exercise changes, the Company in accordance with the changes of the lease the present value of the payments to lease liability of measurement, And adjust the book value of the right assets accordingly. If the book value of the right assets has been reduced to zero, but the lease liabilities still need to be further reduced, the remaining amount shall be recorded into the current profit and loss.

（3）Short-term leases and low-value asset leases

For short-term leases (leases whose lease term does not exceed 12 months on the lease start date) and low-value asset leases, the Company adopts a simplified approach, does not recognize the right-of-use assets and lease liabilities, and uses the straight-line method during each period of the lease term Or other systematic and reasonable methods to include the lease payment in the relevant asset cost or current profit and loss.

3、 The Company as the lessor

On the lease commencement date, the Company divides the lease into finance lease and operating lease based on the essence of the transaction. Finance lease is a lease that transfers virtually all the risks and

rewards associated with the ownership of the leased asset. Operating lease refers to lease other than finance lease.

（1）Operating lease

The Company adopts the straight-line method to recognize the rental income of operating lease as the rental income of each period during the lease term. Variable lease payments related to operating leases that are not included in lease receipts shall be included in current profits and losses when actually incurred.

（2）Financing lease

On the lease commencement date, the Company recognizes the finance lease payment receivable and terminates the recognition of finance lease assets. Finance lease receivables are initially measured on the basis of the net lease investment (the sum of the unguaranteed residual value and the lease receipts not received on the beginning date of the lease term according to the present value of the discounted interest rate contained in the lease term), and the interest income during the lease term is calculated and recognized according to the fixed periodic interest rate. The variable lease payments obtained by the Company, which are not included in the net lease investment measurement, shall be included in the current profit and loss when actually incurred

33. Hold for sale

If the Company recovers the carrying value of a non-current asset primarily through sales (including exchange of non-monetary assets of commercial substance, the same below) rather than through the ongoing use of a non-current asset or disposal group, it is classified as held for sale. The criteria are as follows: a non-current asset or disposal group can be sold immediately in its current condition in accordance with the practice of selling such asset or disposal group in similar transactions; The Company has made a resolution on the sale plan and has received a firm purchase commitment; The sale is expected to close within a year. A disposal group is a group of assets disposed of together as a whole by sale or otherwise in a transaction, and liabilities directly related to these assets transferred in the transaction. If the asset group or asset group combination to which the disposal group belongs has apportion the goodwill acquired in the enterprise merger in accordance with accounting Standards for Business Enterprises No. 8 - Impairment of Assets, the disposal group shall include the goodwill apportion to the disposal group.

On the balance sheet date of the Company or initial measurement to measure classified as held for sale of non-current assets and disposal group, its book value is higher than the fair value minus the net amount after

sale cost, book value will be down to the fair value minus the net amount after selling fees, the amount of writedowns confirm for asset impairment loss, included in the current profits and losses, At the same time, provision for the impairment of assets held for sale. For treatment group, confirmed by the asset impairment loss to offset the book value of the goodwill in the treatment group, and in proportion to offset the treatment groups within the applicable to the accounting standards for enterprises no. 42 - hold illiquid assets for sale, disposal and termination of business "(hereinafter referred to as the" guidelines "holds for sale) measurement of the book value of the non-current assets. Following the balance sheet date of the fair value minus the disposal group holds for sale after sale cost a net increase of write-down amount shall be reinstated, before and after the classified as held for sale category rule holds for sale measurement provisions shall be applicable to the asset impairment loss amount of non-current assets converted back and return amount is recorded into the profits and losses of the current, And increase its book value in proportion to the proportion of the book value of each non-current asset in the disposal group that is measured according to the holding for sale criterion except goodwill; The impairment loss of assets recognized prior to the classification of the non-current assets as held for sale as measured by the applicable holding for sale criterion shall not be reversed.

Non-current assets held for sale or in the disposal group are not depreciated or amortized, and interest and other expenses on liabilities held for sale in the disposal group continue to be recognized.

When the non-current assets or disposal group no longer meets the classification conditions of the held-for-sale category, the Company no longer classifies them as the held-for-sale category or removes the non-current assets from the held-for-sale disposal group. And according to the lower of the following two measurement:（1）The book value before it is classified as held for sale, and the amount adjusted for depreciation, amortization or impairment that should have been recognized under the assumption that it is not classified as held for sale;（2）Recoverable amount.

34. Asset securitization business

In applying accounting policies for securitized financial assets, the Company has taken into account the degree of risk and reward transfer of assets transferred to other entities and the extent to which the Company exercises control over such entities:

When the Company has transferred almost all the risks and rewards in the ownership of the financial asset, the Company shall terminate the recognition of the financial asset; While the Company retains almost all the

risks and rewards in the ownership of the financial asset, the Company continues to recognize the financial asset; If the Company does not transfer or retain almost all the risks and rewards associated with ownership of the financial asset, the Company considers whether it has control over the financial asset. If the Company does not retain control, the Company shall terminate the recognition of the financial asset and recognize the rights and obligations arising or retained in the transfer as assets or liabilities respectively. If the Company retains control, the financial assets are recognized based on their continued involvement.

V Changes in significant accounting policies and accounting estimates

1、Changes in significant accounting policies

（1）Accounting policy changes resulting from the implementation of new standards

1）In 2017, the Ministry of Finance promulgated the revised Accounting Standards for Business Enterprises No. 14 - Revenue (hereinafter referred to as the "New Revenue Standards"). The Company will implement the new revenue standard and notice on January 1, 2021 to adjust the relevant content of the accounting policy.

The new revenue standards replaced the "Accounting Standards for Business Enterprises No. 14-Revenue" and "Accounting Standards for Business Enterprises No. 15-Construction Contracts" (collectively referred to as the "original revenue standards") promulgated by the Ministry of Finance in 2006. Under the original revenue standard, the Company used the transfer of risk rewards as the judgment standard for the timing of revenue recognition. The new revenue standard introduces the “five-step method” of revenue recognition and measurement, and provides more guidance for specific transactions or events. Under the new revenue standard, the Company uses the transfer of control as the judgment standard for revenue recognition. For the accounting policies for revenue recognition and measurement, please refer to Note IV (28).

2） In 2017, the Ministry of Finance issued the revised 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 No. -- Presentation of Financial Instruments (hereinafter referred to as the "New Financial Instruments Standards"). The Company will implement the new Financial Instrument Standards and notice on January 1, 2021 to adjust the relevant content of the accounting policy.

The new financial instrument standards divide financial assets into three categories: (1) Financial assets

measured at amortized cost; (2) Financial assets measured at fair value with changes included in other comprehensive income; (3) At fair value Financial assets that are measured and whose changes are included in the current profit and loss. Under the new financial instrument standards, the classification of financial assets is determined based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the assets. The new financial instrument standards abolished the three categories of held-to-maturity investments, loans and receivables, and available-for-sale financial assets stipulated in the original financial instrument standards. The new financial instrument standard replaces the "incurred loss" model in the original financial instrument standard with the "expected credit loss" model. Under the new financial instrument standards, please refer to Note IV (9) for the specific accounting policies of the Company.

3）On December 7, 2018, the Ministry of Finance issued accounting Standards for Business Enterprises No. 21 -- Leasing (2018 Revision) (Accounting and Accounting [2018] No. 35) (hereinafter referred to as the "new leasing standards"). The Company will implement the aforementioned new lease standards on January 1, 2021, and make changes to the relevant accounting policies in accordance with the provisions of the new lease standards.

In accordance with the new lease guidelines, the Company elects not to re-evaluate existing contracts as leases or inclusive leases for the first time.

The Company has chosen to adjust only the cumulative impact of leases outstanding on January 1, 2021. Cumulative impact amount adjusted for first execution Retained earnings and other relevant items in the financial statements at the beginning of the first execution period (i.e., January 1, 2021) will not be adjusted for comparable period information.

On the first implementation date of the new lease standard (ie January 1, 2021), the Company's specific connection processing and its impact are as follows：

① The Company as the lessee

For the finance lease on the first execution date, the Company, as the lessee, measures the right to use assets and lease liabilities respectively according to the original book value of the assets leased and the finance lease payable. For the operating lease on the first execution date, the lease liability shall be measured as the present value discounted by the incremental borrowing rate on the first execution date according to the remaining lease payment; The unpaid rent accrued under the original lease criteria on an accrual basis shall be included in the remaining lease payments.

The Company does not recognize the right-of-use assets and lease liabilities for operating leases where the leased assets before the first implementation date are low-value assets. For operating leases other than low-value leases on the first execution date, the Company adopts one or more of the following simplified treatments according to each lease:

- Leases that will be completed within 12 months from the date of first implementation are treated as short-term leases.
- When measuring lease liabilities, leases with similar characteristics use the same discount rate.
- If there is an option to renew or terminate the lease, the Company shall determine the lease term based on the actual exercise of the option prior to the first exercise date and other up-to-date circumstances.
- As an alternative to the impairment test of the right to use assets, the Company evaluates whether a contract containing a lease is a loss contract prior to the first execution date in accordance with accounting Standards for Business Enterprises No. 13 - Contingencies, and adjusts the right-to-use assets based on the amount of loss provisions recorded in the balance sheet prior to the first execution date.
- If lease change occurs before the first execution date, the Company will make accounting treatment according to the final arrangement of lease change.

② The Company as lessor

For subleases classified as operating leases before the first execution date and still existing after the first execution date, the Company, as the sublease lessor, will re-evaluate and classify them on the first execution date based on the remaining contract terms and terms of the original lease and sublease. If it is reclassified as a financial lease, it will be treated as a new financial lease for accounting treatment.

4）In January 2021, the Ministry of Finance issued Interpretation No. 14 of Accounting Standards for Business Enterprises (Caihui [2021] No. 1) ("Interpretation No. 14") and the Company implemented Interpretation No. 14 effective January 1, 2021. Interpretation No. 14 requires that the cumulative effect of the first-time implementation of the Interpretation be adjusted to the amount of retained earnings and other related items in the financial statements as of the beginning of the year of first-time implementation (i.e. January 1, 2021), without adjusting the information for comparable periods.

The impact of the Company's implementation of the new guidelines on the merger and items on the parent's balance sheet as of January 1, 2021 is summarized below:

① Consolidated statement of financial position

Consolidate balance sheet items	Balance as of December 31, 2020 before the accounting policy change	Impact of the new standard	Balance as of January 1, 2021 after the accounting policy change
assets：			
Financial assets held for trading		20,939,713.18	20,939,713.18
Financial assets measured at fair value and changes are recorded into the current profits and losses	3,776,875.59	-3,776,875.59	
Notes receivable	62,487,657.38	25,450,000.00	87,937,657.38
Accounts receivable	6,794,058,863.29	-10,319,442.67	6,783,739,420.62
Prepayment	2,404,129,553.34	-2,788,950.56	2,401,340,602.78
Inventory	18,333,480,348.19	-387,273,022.93	17,946,207,325.26
Contract assets		421,839,460.72	421,839,460.72
Other current assets	761,929,602.18	-23,535,420.47	738,394,181.71
Debt investment		491,770,116.17	491,770,116.17
Available-for-sale financial assets	1,397,022,115.45	-1,397,022,115.45	
Held-to-maturity investment	490,000,000.00	-490,000,000.00	
Long-term equity investment	9,987,627,105.18	327,175,869.32	10,314,802,974.50
Other equity instruments investments		877,659,650.45	877,659,650.45
Other non-current financial assets		245,538,228.89	245,538,228.89
Construction in progress	1,875,131,972.28	-1,291,244,030.74	583,887,941.54
Right-of-use asset		129,013,287.30	129,013,287.30
Intangible assets	4,042,275,571.03	-260,566,050.83	3,781,709,520.20
Long-term deferred expenses	168,022,806.48	-95,324,081.31	72,698,725.17
Deferred tax assets	78,908,897.74	19,697,681.71	98,606,579.45
Other non-current assets	1,612,318,368.61	1,594,583,087.24	3,206,901,455.85
liabilities：			
Short-term borrowings	9,522,999,103.27	25,450,000.00	9,548,449,103.27
Accounts payable	2,290,150,173.41	274,964,551.18	2,565,114,724.59

Consolidate balance sheet items	Balance as of December 31, 2020 before the accounting policy change	Impact of the new standard	Balance as of January 1, 2021 after the accounting policy change
Advance from customers	1,650,044,011.64	-1,647,325,509.19	2,718,502.45
Contract liabilities		1,541,953,753.51	1,541,953,753.51
Other payables	1,207,397,657.46	-2,152,321.49	1,205,245,335.97
Non-current liabilities due within 1 year	3,861,530,390.82	10,946,622.58	3,872,477,013.40
Other current liabilities	6,276,788,469.96	124,666,113.34	6,401,454,583.30
Bonds payable	8,990,376,477.72	-13,802,731.84	8,976,573,745.88
Lease liabilities		85,958,932.37	85,958,932.37
Long-term payables	710,305,632.62	-400,000,000.00	310,305,632.62
Deferred tax liabilities	32,551,808.90	23,298,668.74	55,850,477.64
Other non-current liabilities		88,817,016.50	88,817,016.50
Equity：			
Capital reserve	5,641,114,522.14	11,279,273.27	5,652,393,795.41
Other comprehensive income	-11,994,899.03	8,567,596.92	-3,427,302.11
Surplus reserve	441,374,961.92	1,710,945.25	443,085,907.17
Retained profits	2,885,299,843.23	67,505,038.94	2,952,804,882.17

② Company statement of financial position

Parent company balance sheet items	Balance as of December 31, 2020 before the accounting policy change	Impact of the new standard	Balance as of January 1, 2021 after the accounting policy change
assets：			
Financial assets held for trading		12,767.22	12,767.22
Financial assets measured at fair value and changes are recorded into the current profits and losses	12,767.22	-12,767.22	
Notes receivable		25,450,000.00	25,450,000.00
Debt investment		251,882,078.33	251,882,078.33
Available-for-sale financial assets	643,988,190.96	-643,988,190.96	
Held-to-maturity investment	250,000,000.00	-250,000,000.00	
Long-term equity investment	14,300,936,316.05	43,322,023.83	14,344,258,339.88

Parent company balance sheet items	Balance as of December 31, 2020 before the accounting policy change	Impact of the new standard	Balance as of January 1, 2021 after the accounting policy change
Other equity instruments investments		485,004,490.96	485,004,490.96
Other non-current financial assets		115,000,000.00	115,000,000.00
liabilities：			
Short-term borrowings	6,900,163,600.00	25,450,000.00	6,925,613,600.00
Advance from customers	636,695,303.16	-636,695,303.16	
Contract liabilities		564,096,679.75	564,096,679.75
Non-current liabilities due within 1 year	780,000,000.00	1,827.61	780,001,827.61
Other current liabilities	6,000,617,664.65	70,510,477.31	6,071,128,141.96
Bonds payable	8,990,376,477.72	-13,802,731.84	8,976,573,745.88
Equity：			
Surplus reserve	441,374,961.92	1,710,945.25	443,085,907.17
Retained profits	406,314,469.67	15,398,507.24	421,712,976.91

2. Other changes in accounting policies

During the reporting period, the Company has no other accounting policy changes that should be disclosed.

2、Changes in accounting estimates

There are no changes in the accounting estimates for the reporting period.

3、Explanation of correction of previous errors

There is no explanation of correction of previous errors.

VI Taxation

1. Main tax categories and tax rates

Tax categories	Tax rates
Value-added tax	Taxable income is calculated at a rate of 13% ,9%,6%,5%,3%and is taxed on the difference after deducting the amount of purchase tax allowed for the current period.
Urban maintenance and construction tax	Payment at 7% ,5%of the turnover tax actually paid.
Educational surcharge	Payment at 3% of the turnover tax actually paid.

Tax categories	Tax rates
Local educational surcharge	Payment at 2% of the turnover tax actually paid.
Corporate income tax	25 %,20% of taxable income.

Note 1:According to the “Notice Concerning the Simplification of Value-Added Tax Collection Rate Policies” issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2014] No. 57), it is stipulated that starting from July 1, 2014, the current 6% and 4% The value-added tax collection rate was uniformly adjusted to 3%, and the water sales business such as Zhangzhou Development Water Group Co., Ltd. changed from the original 6% tax rate to a 3% value-added tax rate.

After the VAT reform on May 1, 2016, the Company’s real estate enterprises and construction and installation enterprises’ new projects will be levied at a value-added tax rate of 11%. Old projects use simple taxation methods. The rate is calculated and levied value-added tax; 11% and 5% (simple collection) tax rates are applicable to real estate operating lease business, and 6% tax rate is applicable to agency service fee business.

According to the relevant documents of the State Administration of Taxation, starting from May 1, 2018, taxpayers who engage in VAT taxable sales or import goods, originally applicable to 17% and 11% tax rates, will be adjusted to 16% and 10% respectively. On April 1, 2019, the State Administration of Taxation adjusted the tax rate to 13% for the original 16% tax rate; for the 10% tax rate, the tax rate was adjusted to 9%. At present, the Company's subordinate car 4S stores are subject to the above-mentioned 13% value-added tax rate for car sales and maintenance.

Note 2:The urban construction tax of Zhangzhou Shangfeng Water Supply Company, Zhangpu Development Water Co., Ltd., Zhangzhou Zhaofa Real Estate Co., Ltd., etc. is paid at 5% of the value-added tax payable in counties and towns, and 7% of the value-added tax payable by other companies.

Note 3：According to the "Notice on Implementing the Inclusive Tax Relief Policy for Small and Micro Enterprises" (Caishui [2019] No. 13) issued by the Ministry of Finance and the State Administration of Taxation, the State Administration of Taxation issued the "Announcement on Implementing the Inclusive Income Tax Relief Policy for Small and Micro-profit Enterprises" Announcement of the State Administration of Taxation (Announcement No. 2 of 2019) and the State Administration of Taxation issued the Announcement on Issues Concerning the Collection and Administration of Small-scale Taxpayers Exemption from Value-Added Tax (Announcement No. 4 of the State Administration of Taxation) The part of the Company’s annual taxable income that does not exceed 1 million yuan is included in the taxable

income at a reduced rate of 25%, and the corporate income tax is paid at a tax rate of 20%; for the annual taxable income that exceeds 1 million yuan but not more than 3 million yuan The part that is reduced by 50% is included in the taxable income, and the corporate income tax is paid at a tax rate of 20%. The Company's subsidiaries, Fujian Bojia Information Technology Co., Ltd., and Fujian Zhangfa Automobile Insurance Agency Co., Ltd. meet the requirements of "being engaged in national non-restricted and prohibited industries, and at the same time, the annual taxable income does not exceed 3 million yuan, and the number of employees does not exceed 300 people, total assets of not more than 50 million yuan and other three conditions "small low-profit enterprise conditions", enjoy the 20% income tax rate preferential for small and low-profit enterprises.

2. Tax preference

(1) Fujian Zhangzhou Development Co., Ltd.

1) According to the "Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (State Council Decree [2007] No. 512), income from public sewage and garbage treatment shall be exempted from the corporate income tax from the first year to the third year, and reduced by half from the fourth year to the sixth year, starting from the tax year in which the project obtains the first production and operation income. Zhangzhou Dongdun Sewage Treatment Co., Ltd. and Pinghe Development Water Co., Ltd. started the production in 2016 and the current period is the sixth year of the preferential period. Najing Development Water Co., Ltd. started the production in 2019 and the current period is the third year of the preferential period. Zhangpu Wangan Sewage Treatment Co., Ltd. started the production in 2021 and the current period is the first year of the preferential period.

2) According to the "Notice on Printing and Distributing the Preferential Catalogue of Value-added Tax for Products and Labor Services of Comprehensive Utilization of Resources" (Cai Shui [2015] No. 78) jointly issued by the Ministry of Finance and the State Administration of Taxation, from 1 July 2015, Zhangzhou Minnan Sewage Treatment Co., Ltd. and Zhangpu Development Water Co., Ltd. started to enjoy the preferential treatment of tax refund upon collection according to the 70% tax refund ratio of VAT for labor services of sewage and garbage treatment. From January 2016, Zhangzhou Dongdun Sewage Treatment Co., Ltd. started to enjoy the preferential treatment of tax refund upon collection according to the 70% tax refund ratio of VAT for labor services of sewage treatment. From May 2018, Pinghe Development Water Co., Ltd. started to enjoy the preferential treatment of tax refund upon collection according to the 70% tax refund ratio of VAT for labor services of sewage treatment.

3) According to the provisions of the State Administration of Taxation's April 23, 2020 announcement on the clear second-hand car distribution and other issues of value-added tax collection and management (State Administration of Taxation Announcement No. 9 of 2020), taxpayers are entrusted with the specialized treatment of waste, sludge, sewage, exhaust gas and other waste, the trustee is to provide "professional and technical services", the treatment fee charged by the applicable 6% VAT rate, from May 1, 2020, the provision of sewage treatment services by the subsidiary company The tax rate was changed to 6 %.

4)According to the “Environmental Protection Tax Law of the People’s Republic of China”, the environmental protection tax has been levied since 1 January 2018. If the Company operates centralized sewage treatment projects in urban and rural areas to discharge corresponding taxable pollutants, which do not exceed the discharge standards stipulated by the State and local governments, the environmental protection tax shall be temporarily exempted.

4) According to the “Environmental Protection Tax Law of the People’s Republic of China”, the environmental protection tax has been levied since 1 January 2018. If the Company operates centralized sewage treatment projects in urban and rural areas to discharge corresponding taxable pollutants, which do not exceed the discharge standards stipulated by the State and local governments, the environmental protection tax shall be temporarily exempted.

VII Business consolidation and consolidated financial statements

1. Basic information on subsidiaries included in the scope of consolidated statements

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY ‘0000)	Shareholding proportion (%)
First level	1	Fujian Zhangzhou Development Co., Ltd.	Zhangzhou	Investment and development of roads and highways; Urban infrastructure development and construction; Investment and management of municipal engineering; Real estate development and management; Sales of metal products, hardware, electrical and mechanical equipment, communication equipment, building materials, ceramics, computers and accessories, paper products, toys, fitness equipment, lamps, daily necessities, feed, flowers, and primary agricultural products.	99,148.11	37.1543

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
First level	2	Haixia Biological Technology Co., Ltd.	Zhangpu	Research, development, transfer and consulting services of agricultural biotechnology; Cultivation, sales and technical services of horticultural plants; Greening construction; Sales of horticultural equipment; Import and export of goods and technology (Except goods or technologies prohibited or restricted by the Government); Operation of feed processing and "three to one supplement" business; Property services; Domestic cargo transport agents, warehousing (Except hazardous chemicals); Development and infrastructure construction of agricultural park land; Ecological agriculture tourism services.	7,000.00	77.14
Second level	2-1	Fujian Danong Landscape Construction Co., Ltd.	Zhangzhou	Design, construction and maintenance of the landscaping engineering projects for the first-tier cities; Flower planting; Interior decoration; Afforestation project construction; Road cleaning; Environmental sanitation and cleaning; General contractor of municipal public construction work; Professional contractor of earth and stone engineering projects; Garden ancient building engineering construction; Professional contractor of environmental protection engineering projects; Professional contractor of sports facilities engineering projects; Professional contractor of urban and road lighting engineering projects; Professional contractor of steel structure engineering projects; Project cost consulting; Planning urban and rural units; Professional contractor of road traffic engineering projects; General contractor of housing construction.	10,600.00	100.00
Second level	2-2	Minhe Flower Cooperation (Zhangzhou) Co.,	Zhangzhou	Cooperation and exchange with Dutch flower economic technology, Research,	4,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Ltd.		development and consultation of agricultural science and technology; Horticultural planting; Greening construction; Afforestation; Sales of flowers, garden machinery and utensils, timber and building materials; Import and export of goods produced or agency goods, and technology (Except pre-licensing approval projects, national restricted operations and goods and technology that are prohibited from importing and exporting), operation of incoming processing and "three to one supplement" business.		
Second level	2-3	Zhangzhou Xinzhenyu Biotechnology Co., Ltd.	Zhangpu	Research, development, transfer and consulting services of agricultural biotechnology; Research, development and product sales of flowers, fruits and vegetables, edible fungi new varieties, planting techniques; Cultivation, sales and planting technology research and services of horticultural plants; Greening engineering services; Sales of gardening equipment; sale of Medium- and low-toxic pesticides (Except rodenticides) and fertilizers.	2,600.00	70.00
Third level	2-3-1	Qingzhou Haixia Seedling Technology Co., Ltd.	Qingzhou	Sales of seedlings and flowers	600.00	51.00
Second level	2-4	Haixia (Fujian) Flower Import and Export Service Co., Ltd.	Zhangpu	Construction of inspection and quarantine areas, isolation areas, and bonded areas for flower import and export, and providing related supporting services; Cultivation, sales and pest detection of flowers, seedlings, fruits and vegetables; Import and export of various commodities and technologies produced or as an agent; Operation of incoming processing and "one to one supplement" business.	2,000.00	100.00
Second level	2-5	Zhangzhou Xinzhenyu Biotechnology	Shenyang	Research, development, transfer and consulting services of agricultural	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		(Shenyang) Co., Ltd.		biotechnology; Cultivation, sales and planting technology research and services of horticultural plants; Landscaping engineering design and construction; Sales of horticultural equipment; Planting and sales of landscaping seedlings, flowers, bonsai green plants, lawn.		
First level	3	Fujian Zhanglong Trade Group Co., Ltd.	Zhangzhou	Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State); Wholesale and retail of hardware, household appliances, electromechanical equipment, communication equipment (Except radio transmitting equipment and satellite ground receiving equipment), building materials and packaging materials (Except hazardous chemicals), wooden products, ceramics, computers and accessories, paper products, arts and crafts, toys, flowers, fitness equipment, lamps, daily necessities, feed, steel, billet, non-ferrous metals and products, cement, non-edible starch, mineral products (Except projects subject to pre-licensing approval), lubricants, metallurgical furnaces and chemical products (Except precursor chemicals and hazardous chemicals), coke, coal, gold and silver products and precious metals (Except projects subject to pre-licensing approval), asphalt, power transmission and transformation equipment, lighting products, polyvinyl chloride, catalytic oil slurry; wholesale and retail of prepackaged food; cargo storage.	85,000.00	100.00
Second level	3-1	Fujian Zhanglong Sanbao import and Export Co., Ltd.	Zhangzhou	Import and export of self-operated and agent goods and technology (Except	20,000.00	51.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State); Wholesale and retail of hardware, household appliances, electromechanical equipment, building materials and packaging materials (Except hazardous chemicals), ceramic products, computers and accessories, paper products, arts and crafts, toys, fitness equipment, lamps, steel, billets, non-ferrous metals and products, cement, mineral products (Except projects subject to pre-licensing approval), metallurgical charge and chemical products (Except precursor chemicals and hazardous chemicals), coke, coal, gold and silver products and precious metals (Except projects subject to pre-licensing approval).		
Second level	3-2	Fujian Zhanglong Supply Chain Co., Ltd.	Zhangzhou	Supply chain management services; Sales of primary agricultural products, prepackaged foods, textiles, clothing, general merchandise, stationery and equipment, over-the-counter medicines, medical equipment, mineral products, building materials (Except hazardous chemicals), chemical products (Except hazardous chemicals)), metal products, plastic products, machinery and equipment, hardware, electricity, furniture, household appliances, communications and electronic products, paper products, lubricants; Loading and unloading, handling services; Warehousing services (Except projects subject to pre-licensing approval, such as toxic drugs dangerous chemicals; Re-recycling and disposal of renewable resources; Cargo transportation and agency; Import and export of self-operated and agent goods and technology. (Projects subject to approval as required by law may be operated after	3,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				approved by relevant departments).		
Second level	3-3	Zhangzhou Longrui Trade Co., Ltd.	Zhangzhou	Sales of hardware and electricity products, mechanical and electrical equipment, cement, steel, building materials, packaging materials, ceramic products, paper products, handicrafts, toys, fitness equipment, lamps, asphalt, power transmission and transformation equipment, lighting products, raw cattle.	3,000.00	100.00
Second level	3-4	Xiamen Zhangshang Trade Co., Ltd.	Xiamen	Wholesale of cereals, beans and potatoes; Wholesale of feed; Wholesale of other agricultural and livestock products; Wholesale of aquatic products; Wholesale of textiles, knitwear and raw materials; Wholesale of clothing; Wholesale of cosmetics and hygiene products; Wholesale of household appliances; Wholesale of other household goods; Wholesale of stationery; Wholesale of sports goods and equipment (Except crossbow); Wholesale of jewelry, handicrafts and collectibles (Except cultural relics); Wholesale of other cultural goods; Wholesale of coal and coal products (Except hazardous chemicals and monitoring chemicals); Wholesale of petroleum products (Except refined oil, hazardous chemicals and monitoring chemicals); Wholesale of metal and metal ore (Except hazardous chemicals and monitoring chemicals); Wholesale of building materials; Wholesale of other chemical products (Except hazardous chemicals and monitoring chemicals); Wholesale of hardware products; Wholesale of other mechanical equipment and electronic products; Other unspecified wholesale business (Except business projects subject to licensing approval); Import and export of various commodities and technologies (not to attach the	5,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				import and export catalogues separately), but except goods and technology that are restricted to operate or prohibited from import and export by the state.		
Second level	3-5	Fujian Zhanglong Construction Machinery Co., Ltd.	Zhangzhou	Manufacturing, sales and leasing of construction machinery, elevators, escalators and lifts; Provision of construction equipment services; Wholesale and retail of machinery and electronic products; Import and export of self-operated and agent goods and technology.	2,000.00	55.00
First level	4	Fujian Zhanglong Construction Investment Group Co., Ltd.	Zhangzhou	General contractor of building construction projects, municipal public construction works, highway engineering projects; Professional contractor of foundation and foundation engineering projects, building decoration engineering projects, mechanical and electrical equipment installation engineering projects, urban and road lighting engineering projects, earth and stone engineering projects, bridge engineering projects; Investment, construction, operation and management of urban infrastructure and municipal public works; Investment and management of agriculture, industry, transportation, education, cultural industry and tourism; Contraction, design, construction, consulting, testing and examination of construction projects; Production and sales of building materials; Mechanical equipment leasing; Development and consolidation of land in the early stage; Real estate development and management; The operational projects to be chosen independently as long as there is no permission as required by the laws and regulations.	71,000.00	100.00
Second level	4-1	Zhangzhou Shuangling Building Materials	Zhangzhou	Sales of building materials (Except hazardous chemicals); Equipment rental, decoration	10,100.00	99.90

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Co., Ltd.		and road construction.		
Second level	4-2	Zhangzhou Traffic Development Co., Ltd.	Zhangzhou	Investment in roads, bridges, and harbor infrastructure; Investment in the construction industry; Road maintenance; Design, production and distribution of domestic advertising business.	10,000.00	100.00
Second level	4-3	Zhangzhou Expressway Investment Co., Ltd.	Zhangzhou	Investment in expressway construction; Collection of tolls from vehicles using expressways as approved by the provincial government; Responsible for the management and maintenance of roads and transportation facilities (Except projects subject to licensing approval); Road industry information consulting services.	2,600.00	100.00
Second level	4-4	Zhangzhou Taida Development Co., Ltd.	Zhangzhou	Investment in urban construction projects; Development and consolidation of land in the early stage.	5,000.00	100.00
Second level	4-5	Shengzhou Shengcheng Development Co., Ltd.	Zhangzhou	Development, investment and management of cultural industries; Investment and management of urban infrastructure; Municipal engineering construction, and development and utilization of municipal facilities; Investment and management of agriculture, industry and transportation; Investment and management of education industry; Investment and management of tourism; Land storage, and development and consolidation of land in the early stage.	1,000.00	85.00
Second level	4-6	Zhangzhou Gonglu Traffic Industry Corporation	Zhangzhou	Investment, construction and management of urban infrastructure; Contraction, design, construction, consulting, testing and examination of construction projects; Production and sales of building materials; Development and consolidation of land in the early stage.	6,200.00	100.00
Third	4-6-1	Zhangzhou Pantuo Lingdi'er Tunnel	Zhangzhou	Operation and management of roads, bridges, tunnels and	2,500.00	70.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
level		Investment Development Co., Ltd.		their supporting facilities.		
Third level	4-6-2	Zhangzhou Luheng Traffic Development Co., Ltd.	Zhangzhou	Construction of roads, bridges and ancillary facilities (to be operated with qualification certificates); Undertaking projects commissioned by the municipal government (Except projects restricted and prohibited by the State).	100.00	95.00
Third level	4-6-3	Dongshan Haite Land Development Co., Ltd.	Dongshan	Construction of municipal facilities, land consolidation, and demolition and renovation of old cities.	400.00	100.00
Second level	4-7	Zhangzhou Longhua Investment Co., Ltd.	Zhangzhou	Investment in the construction industry; General contractor of highway engineering projects within the contraction scope of corresponding qualification level; Professional contractor of bridge engineering projects within the contraction scope of corresponding qualification level; General contractor of municipal public works within the contraction scope of corresponding qualification level; General contractor of urban and road lighting engineering projects within the contraction scope of corresponding qualification level.	4,000.00	75.00
Second level	4-8	Fujian Shengcheng New Building Materials Co., Ltd.	Nanjing	Production and sales of new environmentally-friendly block bricks (sintered porous bricks, antique bricks, wall bricks), municipal road bricks, landscape bricks, granite, sandstone, decorative materials and other building materials; Research and development, installation and sales of LED products and solar photovoltaic products; Import and export of self-operated and agent goods and technology.	3,000.00	100.00
Third level	4-8-1	Fujian Zhanglong Pipe Industry Technology Co., Ltd.	Longhai	Research and development, production and sales of pipeline fittings; Design and construction technical services of pipeline systems; Import and export of self-operated and agent goods and	2,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				technology; and laws and regulations that do not stipulate permits to operate independently.		
Second level	4-9	Zhangzhou Longsheng Development Co., Ltd.	Zhangzhou	Comprehensive land development; Urban infrastructure development and construction; Cargo transportation agency.	5,000.00	100.00
Second level	4-10	Zhangzhou Zhaosheng Development Co., Ltd.	Zhao'an	Comprehensive land development; Urban infrastructure development and construction; Cargo transportation agency.	6,000.00	100.00
Second level	4-11	Zhangzhou Jinfa Development and Construction Co., Ltd.	Nanjing	Comprehensive land development; Urban infrastructure development and construction; Cargo transportation agency.	3,000.00	100.00
Second level	4-12	Zhangzhou Gulei New Habour Urban Construction Co., Ltd.	Zhangpu	Investment, construction and management of urban infrastructure and public facilities, and land development.	5,000.00	100.00
Second level	4-13	Zhangzhou Changfu Construction and Development Co., Ltd	Zhangzhou	General contracting for housing construction and municipal infrastructure projects; real estate development and operation (projects subject to approval according to law may be carried out only after approval by the relevant departments, and the specific business projects shall be subject to the approval documents or permits of the relevant departments)	1,000.00	100.00
First level	5	Zhangzhou Commercial Enterprise Assets Management and Operation Co., Ltd.	Zhangzhou	Engaged in the operations of enterprise asset management authorized by Fujian Zhanglong Group Co., Ltd.	500.00	100.00
Second level	5-1	Zhangzhou Zhanglong Property Service Co., Ltd.	Zhangzhou	Property services and related ancillary services; Domestic labor dispatch business; Sales of commercial housing; Provision of mechanical equipment rental services; Engaged in the operations of enterprise asset management authorized by Zhangzhou Business Group Co., Ltd.	250.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
Third level	5-1-1	Zhangzhou Bluefield Enterprise Services Co., Ltd.	Zhangzhou	Licensed items: labor dispatch services; Human resources services (excluding professional intermediary activities, labor dispatch services); professional intermediary activities (projects subject to approval according to law, approved by the relevant departments before carrying out business activities, the specific business projects are subject to the approval documents or licenses of the relevant departments). General items: property management; office services; security system monitoring services; park management services; labor services (excluding labor dispatch); conference and exhibition services; building cleaning services; professional cleaning, cleaning and disinfection services. Real estate brokerage; real estate consulting; non-residential real estate leasing; hotel management; catering management (carrying out business activities independently in accordance with the law with a business license, except for projects subject that must be approvedaccording to law).	200.00	51.00
Second level	5-2	Zhangzhou Zhanglong Enterprise Assets Transfer Management Co., Ltd.	Zhangzhou	Engaged in the management of the transferred enterprise asset, which is authorized by Zhangzhou Commercial Enterprise Assets Management and Operation Co., Ltd.	100.00	100.00
Second level	5-3	Zhangzhou Huajun Fuyuan Automotive Sales Service Co., Ltd.	Zhangzhou	Sales of Chang'an Ford and imported Ford brand cars; Passenger car maintenance; Concurrent agency of auto insurance business (operating period ended as at 07 August 2018); Car display; Automotive business consulting and coordination; Sales of auto parts; Car rental services; Real estate development and management; Property services.	1,800.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
First level	6	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Zhangzhou	Foreign trade; Wholesale of forest products; Wholesale of fruits; Wholesale of vegetables; Wholesale of aquatic products; Wholesale of textiles, knitwear and raw materials; Wholesale of household groceries; Wholesale of household appliances; Wholesale of jewelry and handicrafts (Except ivory and its products) and collectibles; Wholesale of other metal and metal ore; Wholesale of building materials; Wholesale of hardware products; Wholesale of computer, software and auxiliary equipment; Sales of network and information security hardware; Sales of livestock and fishery feed.	40,000.00	100.00
Second level	6-1	Fujian Zhanglong Zhangzhouwei Management Co., Ltd.	Zhangzhou	Construction and operation of industrial public service platform; Computer software development and sales; Development of network technology; Network system integration; Sales of tea, pre-packaged food, household appliances, jewelry, nine-dragon-wall tiles, arts and crafts, lighting products, cosmetics, proprietary Chinese medicine, watches, sports goods and flowers; Publicizing advertisement through own media; Exhibition services; Market information consultation and investigation services; Import and export of goods and technology; Enterprise management consulting, and investment consulting services; Corporate image planning; Marketing planning; Information service business in value-added telecommunications services; Cargo warehousing services; Stadium management operations; Venue leasing; Store leasing.	1,000.00	100.00
Second level	6-2	Fujian Shengfa Import and Export Co., Ltd	Zhangzhou	Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval,	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				operations restricted and goods and technology prohibited from import and export by the State); Wholesale and retail of metal products, hardware, electromechanical equipment, communication equipment (Except radio, satellite for transmitting and receiving equipment), building materials and packaging materials (Except hazardous chemicals), household appliances, instrumentation, wooden products, ceramic products, computers and accessories, paper products, arts and crafts, toys, flowers, fitness equipment, lamps, daily necessities, feed, steel, billets, non-ferrous metals and products, cement, non-edible starch, minerals, lubricants, metallurgical furnaces and chemical products (Except precursor chemicals and hazardous chemicals), coke, coal, gold silver products (Except projects subject to pre-licensing approval), fuel oil, fresh aquatic products, fresh vegetables, textiles, plastic products, fertilizers, pre-packaged foods.		
Third level	6-2-1	Shengfa (Nanjing) Trading Co., Ltd.	Nanjing	Wholesale and retail of metal products, hardware, electromechanical equipment, communication equipment (Except radio and satellite for transmitting and receiving equipment), building materials and packaging materials (Except dangerous chemicals), ceramic products, computers and accessories, paper products, handicrafts, toys , fitness equipment, lamps, daily necessities, feed, flowers, fresh aquatic products, fresh vegetables; Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State).	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
Third level	6-2-2	Minhe Flower United Arab Emirates Limited Liability Company	Dubai	Flower, plant seed trade	300 thousand dirham	100.00
Third level	6-2-3	Minhe Flower Cooperation (Holland) Co., Ltd.	Amsterdam	Sales of seedlings and flower	90.06	100.00
Second level	6-3	Zhangzhou Shengfa Trading Co., Ltd.	Zhangzhou	Wholesale and retail of household appliances, instrumentation, wooden products, ceramics, metal products, hardware, electromechanical equipment, communication equipment (Except radio and satellite for transmitting and receiving equipment), building materials (Except dangerous chemicals), computers and accessories, paper products, art crafts, toys, flowers, fitness equipment, lamps, daily necessities, feed, non-edible starch, minerals, lubricants, chemical products (Except precursor chemicals and dangerous chemicals), coke, coal, gold and silver products (Except projects subject to pre-licensing approval), fresh aquatic products, fresh vegetables, textiles, plastic products, fertilizers, pre-packaged foods; Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State).	17,000.00	100.00
Second level	6-4	Zhangzhou Longjiang Import & Export Co., Ltd.	Zhangzhou	Import and export of self-operated and agent goods and technology; sales of chemical products (Except hazardous chemicals), arts and crafts, textiles, clothing, building materials (Except hazardous chemicals), aquatic products, hardware products, communication equipment, electronic products; Rental services of commercial properties owned by the company; Cargo warehousing services. (Projects subject to approval as required by law may be operated after	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				approved by relevant departments).		
First level	7	Fujian Zhanglong Wood Industry Technology Co., Ltd.	Zhangzhou	Research and development of timber processing technology, production of wood-based panel; Import and export of logs and timber products; Planting, harvesting, storage and storage of timber; Manufacturing and sales of wood machinery and equipment; Investment in industry, agriculture and services (Except financial investment, futures, and securities); Investment, construction, operation and management of infrastructure and municipal utilities; Land consolidation, land acquisition and land development; Internet information services; Logistics and warehousing services. (Projects subject to approval as required by law may be operated after approved by relevant departments).	10,000.00	100.00
Second level	7-1	Fujian zhanglong forest storage co. Ltd	Zhangzhou	Forest management and maintenance; Engaging in guarantee business permitted by laws and regulations (excluding financing guarantees); Forest park management; investment in forestry; Asset appraisal; Forest seedling; Other professional consultation; Afforestation services(Projects subject to approval as required by law may be operated after approved by relevant departments).	10,000.00	100.00
Second level	7-2	Fujian zhanglong carbon asset management co. Ltd	Zhangzhou	Carbon asset operation (excluding projects subject to approval); Forest carbon sequestration services (excluding projects subject to approval); Grain and oil retail (excluding frontier ports); Environmental protection consultation; Environmental protection technology extension services; Contract energy management; Sales of ecological environment materials; Introduction of new technologies and varieties;	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Developing technical exchanges and consulting service; Exhibition stand design service; Investment in forestry; Computer science and technology research service; Retail of fruits and vegetables; Information technology consulting service; Environmental science and technology research service; Research and development of technology for harmless utilization of agricultural and forestry waste resources; Design management and consultation; Organization service of large-scale activities; Basic software development; Application software development; Cloud software services; Timber harvesting and transportation; Timber management in forest areas; Professional design services; Investment advisory services (excluding securities, futures and insurance); Energy-saving technology promotion services; Fruit wholesale; Vegetable wholesale; Online energy measurement technology research and development; Online energy monitoring technology research and development; Natural ecosystem protection and management; Sewage treatment and recycling; Water pollution control; Air pollution control. (Projects subject to approval as required by law may be operated after approved by relevant departments).		
First level	8	Fujian Zhanglong Investment Co., Ltd.	Zhangzhou	Investment in banking, securities, commerce, industry, agriculture, forestry, mining, construction, and real estate; Investment in venture capital firms and national strategic emerging industries; Investment in microfinance industry, pawn industry, financial leasing industry, and financing guarantee industry; Investment in investment consulting industry and financial consulting industry; Asset management.	36,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
Second level	8-1	Zhangzhou Zhanglong Fund Management Co., Ltd	Zhangzhou	General projects: Private equity fund management services (business activities can only be carried out after record registration with AMAC); Equity investment, investment management, asset management and other activities with private equity funds (business activities shall be conducted only after the record and registration of the AMAC is completed) (Except for the projects that are subject to approval according to law, independent business activities shall be conducted according to law with the business license)	1,000.00	100.00
Second level	8-2	Zhangzhou Zhanglong No.1 New Energy Investment Partnership (Limited Partnership)	Zhangzhou	Investment activities with own funds (except for projects subject to approval according to law, with business license to carry out business activities independently according to law)	1200.00	83.33
First level	9	Zhangzhou Haimen Island Management Co., Ltd.	Longhai	Real estate development and management; Tourism scenic area management; Cultural event planning; Exhibition planning; Conference planning; Sales of tourist souvenirs, daily necessities, and food; Provision of accommodation and catering services; Advertising business; The operational projects to be chosen independently as long as there is no permission as required by the laws and regulations.	900.00	100.00
First level	10	Mintai Business Co., Ltd.	Kaohsiung	Wholesale and retail of aquatic products, flowers; Wholesale of vegetables and fruits; Wholesale and retail of automobiles and their spare parts; Sewage treatment.	USD8 million	100.00
First level	11	Fujian Zhangzhou Dafang Farm	Zhangzhou	Cultivation of cereals and other crops; Cultivation of vegetables, fruits, and edible fungi; Freshwater fish farming; Manufacturing bricks by machine.	219.51	100.00
Second level	11-1	Zhangzhou High Tech Zone Dafang Assets Operation	Zhangzhou	Asset management services for investment of own funds; investment activities with own	200.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Co., Ltd.		funds; undertaking engineering construction business of the head office; foreign contracting works; construction of landscaping works; construction of earthwork; domestic freight transportation agency; general cargo storage services (excluding hazardous chemicals and other items requiring license approval); loading and unloading and transportation agency (excluding air passenger and freight agency services); property management; land Property management; land use rights leasing; housekeeping services; municipal facilities management; public utility management services (except for projects subject to approval in accordance with the law, with business licenses to carry out business activities independently in accordance with the law) Permitted projects: various types of engineering construction activities; residential interior decoration; building demolition operations (except blasting operations); road cargo transportation (excluding dangerous goods); catering services; real estate development operations		
First level	12	Zhanglong Industrial Co., Ltd.	Hong Kong	Mainly engaged in the services to attract foreign investment for the Zhangzhou Municipal Government in Hong Kong and promotion of the friendship among the people in Hong Kong who were originally from Zhangzhou; Investment and financing of infrastructure construction in the Mainland (Zhangzhou area); Import and export trade of Chinese patent medicines and raw materials, and the entrepot trade business.	HKD9,000.00 million	100.00
First level	13	Zhangzhou Building Porcelain Factory	Zhangzhou	For the company to clear the creditor's rights and debts only.	200.00	100.00
First level	14	Zhangzhou	Nanjing	Investment and management	30,000.00	85.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Yuanshan Development Co., Ltd.		of urban infrastructure and municipal projects; Land acquisition and storage, land consolidation in the early stage; Sales of building materials (Except hazardous chemicals); Engaged in cargo warehousing (Except hazardous chemicals); Transit of goods and transportation, and logistics distribution based on warehousing (Except cargo transportation).		
First level	15	Zhangzhou Zhanglong Logistics Park Development Co., Ltd.	Zhangzhou	Development of logistics park projects (Including development and sales of commodity plants); Warehousing services (Except dangerous chemicals and precursor products); General cargo transportation agents; Property services; Accepting outsourcing services commissioned by financial institutions to engage in financial information technology services and financial business processes; Provision of application software management and applicable technology services; Concurrently acting as an insurance agent for vehicles, accidents, liability, and freight.	36,000.00	82.17
First level	16	Zhangzhou Haiwei Construction Development Co., Ltd.	Zhangzhou	Construction and management of Zhangzhou section of Xiamen-Yunnan Expressway and the approved related supporting business.	34,000.00	60.00
First level	17	Fujian Zhanglong Construction Drawing Review Co., Ltd.	Zhangzhou	Review and consultation of construction drawing design documents for properties construction (Except buildings with over-limit heights).	1,000.00	100.00
First level	18	Full Dragon（Hong Kong） International development limited	Hong Kong	Horticultural plant cultivation; Sales and technical services; Import and export trade.	USD650 thousand	100.00
First level	19	Xiamen Zhanglong Jinyuan Finance Leasing Co., Ltd.	Xiamen	Financial leasing business; Leasing business; Purchase of leased property from domestic and foreign companies; Residual value processing and maintenance of leased properties; Leasing	USD3million	65.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				transaction consulting and guarantee, and other financial leasing business approved by the relevant departments.		
First level	20	Fujian Zhangzhou Architectural Design Co., Ltd.	Zhangzhou	Building construction engineering design services; Engineering geological survey services; Comprehensive assessment services for geotechnical engineering survey; Engineering survey and design services; Residential building engineering design services; Commercial building construction engineering design services; Public utility building engineering design services; Electricity engineering design services; Mechanical engineering design services; Commercial, warehousing, food engineering design services; Electronic engineering design services; Communications engineering design services; Radio and television engineering design services; Light industrial engineering design services; Building materials engineering design services; Road engineering design services; Civil aviation engineering design services; Municipal engineering design services; River integration engineering design services, and urban flood control engineering design services; Sports, leisure and entertainment engineering design services; Interior decoration design services; Architectural intelligent system special design services, building curtain wall engineering special design services, light steel structures engineering special design services, special design services for landscape architecture projects, special design services for fire protection facilities, special design services for environmental engineering, special design services for lighting projects, civil engineering design services; Urban and rural areas transmission services; Urban	5,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				planning; Municipal landscape planning services; Scenic spots planning services; Nature reserve planning services; Residential district planning and design; Landscape engineering design.		
Second level	20-1	Zhangzhou City Zhanglong Archives Services Co., Ltd	Zhangzhou	General items: filing service; Information technology consulting services; Data processing and storage support services; Office service; Graphic design and production; Typewriting and photocopying (except for projects that need to be approved according to law, independently carry out business activities according to law with business license).	200.00	100.00
First level	21	Zhangzhou Agricultural Development Group Co., Ltd	Zhangzhou	General items: grain cultivation; vegetable cultivation; edible fungus cultivation; flower cultivation; fruit cultivation; tea cultivation; crop seed management (only for packaged seeds that are not repackaged); comprehensive utilization of agricultural, forestry and fishery waste; intelligent agricultural management; forest administration and protection ; Animal husbandry and fishery feed sales; agricultural and by-product sales; Internet sales (except for the sale of goods requiring permission); domestic freight transport agents; leisure and tourism activities; investment activities with own funds (except for projects subject to approval by law), License items: edible fungus	50,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				production; animal breeding; aquaculture; food production; feed production; fertilizer production; food business; poultry slaughtering; livestock slaughtering; urban distribution and transportation services (excluding dangerous goods); quality and safety inspection of agricultural products; water conservancy project construction supervision; hydropower generation; all kinds of engineering construction activities (projects that must be approved according to law can be operated only after being approved by relevant departments, and the specific business projects shall be subject to the approval documents or licenses of relevant departments)		
Second level	21-1	ZhangzhouTeng Nong Shuili Group Co., Ltd	Zhangzhou	General projects: water resources management; water conservancy-related advisory services; hydrological services; building materials sales; cement products sales; engineering management services; investment activities with their own funds (except for projects subject to approval according to law, independent business activities according to business license) licensed projects: water conservancy project construction	10,000.00	96.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				supervision; construction engineering design; construction project supervision; construction engineering survey; mapping services; engineering cost consulting business; various types of engineering construction activities; hydropower production and supply of tap water (projects subject to approval according to law may only be carried out after approval by the relevant departments, and specific business projects shall be subject to the approval documents or licenses of the relevant departments)		
Third level	21-1-1	Zhangzhou Water Conservancy and Hydropower Survey and Design Co., Ltd.	Zhangzhou	Water conservancy and hydropower project survey and design and construction; municipal public utilities, electric power engineering, landscaping project design; engineering and technical consulting services; engineering survey; real estate survey; engineering survey; hydrology, water resources survey and evaluation; water resources demonstration of construction projects; water conservation programming for production and construction projects; construction engineering design and construction. (Projects subject to approval in accordance with the law may only be carried out after approval by the relevant departments)	2,900.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
Third level	21-1-2	Zhangzhou Nanyi Reservoir Operation Center	Nanjing	Responsible for managing the operation of hydraulic construction, flood control facilities and power station units of Nanyi Reservoir Dam; To undertake the task of flood control and flood control and power generation production in the Xixi Basin of the Jiulong River	8,601.75	100.00
Third level	21-1-3	Zhangzhou City Fengtou Reservoir Operation Center	Zhangzhou	To undertake the tasks of managing the safe operation of reservoir dams, hydraulic construction, water conservancy facilities and power stations, regulating flood control and flood control, and comprehensive development.	4,743.00	100.00
Second level	21-2	Zhangzhou Shangnon Investment Group Co., Ltd	Zhangzhou	General projects: to engage in investment activities with self-owned funds; Sales of agricultural and sideline products; Internet sales (except sales of goods requiring licensing); Animal husbandry fishery feed sales; Sales of forestry products; Leisure and sightseeing activities; Grain farming; Vegetable planting; Cultivation of edible fungi; Flower planting; Gardening of horticultural products; Fruit cultivation; Tea planting; Crop seed business (only packaged seeds no longer packaged); Comprehensive utilization of agricultural, forestry, animal husbandry and fishery wastes; Intelligent	10,000.00	49.8742

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				agricultural management; Park management service; Forest management and management (except for the projects that must be approved according to law, independent business activities can be carried out according to law with the business license) Permitted items: Edible fungus species management; Animal feeding; Aquaculture; Food production; Feed production; Fertilizer production; Food management; Quality and safety testing of agricultural products; Poultry slaughter; Slaughtering of livestock (for projects that are subject to approval according to law, business activities can only be carried out after approval by relevant departments. Specific business items shall be subject to approval documents or permits of relevant departments)		
Third level	21-2-1	Fujian Wufeng Farm	Zhangzhou	Planting grain, fruits, vegetables, flowers, tea, bonsai, flowers and trees; Undertaking the design and construction of urban garden landscape.	139.00	100.00
Third level	21-2-2	Zhangzhou New Kinetic Energy Edible Fungi Industrial Park Co. Ltd	Zhangzhou	Licensed projects: Edible Fungi Seed Operation; Edible fungus production; Food production (for projects that are subject to approval according to law, business activities can only be carried out with the approval of relevant departments. Specific	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				business projects shall be subject to the approval documents or licenses of relevant departments) General items: Park management services; Cultivation of edible fungi; Intelligent agricultural management; Supply chain management services; Sales of agricultural and sideline products; Internet sales (except sales of goods requiring licensing); Leisure and sightseeing activities; Engage in investment activities with self-owned funds (except for projects subject to approval according to law, independently carry out business activities according to law with business licenses)		
Third level	21-2-3	Zhangzhou Houfang Farm	Zhangzhou	Fruit cultivation; aquaculture. (The above business scope involves licensed items, should obtain permission from the relevant departments before operating)	143.00	100.00
Second level	21-3	Zhangzhou Run Nong Trading Group Co., Ltd	Zhangzhou	Licensed projects: food management; edible fungal species management; crop seed import and export; edible bacteria import and export; aquatic seed import and export; forest seed import and export; grass seed import and export; food import and export; crop seed management; urban distribution and transportation services (excluding dangerous goods) (projects subject to approval according to law, after approval by the relevant departments can carry out business activities, specific business projects subject to the approval documents or licenses of the relevant departments) general projects:	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				forestry products sales; livestock sales Internet sales (except for the sale of goods requiring permission); wholesale of edible agricultural products; acquisition of primary agricultural products; retailing of edible agricultural products; sale of fertilizer; domestic freight transport agents; investment activities with their own funds (except for projects subject to approval in accordance with the law, independent business activities carried out in accordance with the law with a business license)		
Second level	21-4	Zhangzhou New Energy Aonong Investment and Construction Co., Ltd.	Zhangzhou	General projects: investment activities with its own funds; engineering and technology research and experimental development; livestock sales; fertilizer sales; meat products and by-products processing (except for 3,000 tons/year and below of Western-style meat processing projects); bio-organic fertilizer research and development; fruit cultivation; vegetable cultivation; science and technology promotion and application services; technology services, technology development, technology consulting, technology exchange, technology transfer, the Technology promotion; technology promotion services (except for projects subject to approval in accordance with the law, with business license to carry out business activities independently in accordance with the law) Permitted projects: livestock breeding; food production; fertilizer production (projects subject to approval in accordance with the law, subject to approval by the relevant departments before operating activities, specific business projects subject to the relevant departmental approval documents or license documents)	2,500.00	60.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
First level	22	Zhangzhou Xiangtai Food Co., Ltd	Zhangzhou	Slaughter, acquisition and wholesale of pigs, cattle and sheep; wholesale and retail of prepackaged food, meat products, aquatic products, vegetables, fruits, poultry, edible agricultural products; road transport of ordinary goods; road transport of refrigerated trucks; freight transport agent; and other enterprise management services not listed. (Projects subject to approval in accordance with the law may only be carried out after approval by the relevant departments)	300.00	100.00
Second level	22-1	Zhengzhou Food Meat Joint Co., Ltd.	Zhangzhou	Wholesale and retail prepackaged food and bulk food.	170.00	100.00
First level	23	Zhanglong Dongshan Development Group Co., Ltd	Zhangzhou	Licensed projects: all kinds of construction activities; general contracting of housing construction and municipal infrastructure projects; real estate development and management; mining of mineral resources (non-coal mines) (projects subject to approval according to law, approved by the relevant departments before carrying out business activities, specific business projects subject to the approval documents or licenses of the relevant departments) General projects: municipal facilities management; landscaping project construction; urban greening management; rural folk crafts and products, leisure agriculture and rural tourism resources development and management; The management of tourist attractions (except for projects subject to approval in accordance with the law, independent business activities shall be carried out in accordance with the law on the basis of business license)	24,000.00	70.00
Second level	23-1	Dongshan Longfa Real Estate Co., Ltd.	Zhangzhou	various types of engineering construction activities; real estate development and operation (projects subject to	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				approval in accordance with the law, approved by the relevant departments before operating activities, specific business projects to the relevant department approval documents or permits shall prevail) general projects are as follows: property management; non-residential real estate leasing; land use rights leasing; to undertake the construction business of the head office; housing rental (except for projects subject to approval in accordance with the law, with business license to carry out business activities independently in accordance with the law)		

2. Changes in the consolidated scope of financial statements

（1）According to the spirit of No.017 Document of Zhangguo ZiFaGai (2021), Fujian Zhangzhou Architectural Design Co., Ltd., the first-level wholly-owned subsidiary of the Company, invested CNY 10,000,000.00 to establish Zhangzhou City Zhanglong Archives Services Co., Ltd., which has become the second-level wholly-owned subsidiary of the Company；

（2）According to the spirit of Document No. 9 of Zhangguo Asset Rights (2021), Fujian Zhanglong Investment Co., LTD., the first-level wholly-owned subsidiary of the Company, will transfer 51% equity of Nanjing Jingjiang Development Co., LTD to Nanjing Jingjiang State-owned Asset Investment Co., LTD.

（3）In March 2021, the Company cancelled Zhangzhou Puda Urban Construction Investment Development Co., Ltd；

（4）Zhangzhou Dafang Farm, a first-class wholly-owned subsidiary of the Company, invested RMB2,000,000.00 in Fujian Province Zhangzhou Dafang Farm and newly established Zhangzhou High-tech Zone Dafang Asset Operation Co;

（5）According to the spirit of Zhang Weifa (2021) No. 1 document, Zhangzhou Agricultural Development Group Co., Ltd. (hereinafter referred to as "Agricultural Development Group"), a first-level subsidiary of the Company, and Fujian Aonong Biotechnology Group Co., Ltd. established a joint venture company, Zhangzhou New Kinetic Energy Ao Agricultural Investment and Construction Co., Ltd., Agricultural

Development Group invested 15,000,000.00 yuan in monetary funds, holding 60.00% of the shares, and became a secondary subsidiary of the company;

（6）Fujian Zhanglong Dongshan Development Group Co., Ltd., a first-level subsidiary of the Company, invested RMB 100,000,000.00 to newly establish Dongshan Longfa Real Estate Co., Ltd. and became a second-level wholly-owned subsidiary of the Company;

（7）Fujian Zhanglong Investment Co., Ltd. (hereinafter referred to as "Zhanglong Investment"), a first-level wholly-owned subsidiary of the Company, Zhangzhou Zhanglong Venture Capital Fund Management Co., Ltd. (hereinafter referred to as "Fund Management"), a second-level wholly-owned subsidiary of the Company, and Zhangzhou Dragon Wen Development Co., Ltd. established a partnership enterprise Zhangzhou Zhanglong No. 1 New Energy Investment Partnership (Limited Partnership), Zhanglong Investment invested 8,000,000.00 yuan, holding 66.66% of the shares, and fund management contributed 2,000,000.00 yuan, holding 16.67% of the shares, becoming the company's secondary subsidiary;

（8）According to the spirit of Zhangguo Assets Quan (2021) No. 65 document, the transportation group used the Zhangzhou Houfang Farm land and housing assets held by Zhangzhou Shangnong Investment Group Co., Ltd. at a price. Group Co., Ltd. 49.8742%, Zhangzhou Houfang Farm became the third-level subsidiary of the company.

VIII Notes to the consolidated financial statements (Currency: CNY)

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	18,621.42	20,743.98
Bank deposits	1,797,754,278.93	2,619,697,029.61
Other cash and cash equivalents	627,401,026.29	628,004,042.34
Total	2,425,173,926.64	3,247,721,815.93

Note: Other cash and cash equivalents are mainly margin deposits for the opening of bank acceptance bills, letters of credit. At the end of the period, the use-restricted amount of other restricted cash and cash equivalents is CNY 631,019,590.04, which consists of margin deposits and guarantees.

2. Financial assets held for trading

Item	Closing balance	Opening balance
Financial assets measured at fair value and changes are recorded into the current profits and losses	22,661,675.18	

Item	Closing balance	Opening balance
Including: Investment in debt instruments	17,606,161.58	
Others	5,055,513.60	
Total	22,661,675.18	

3. Financial assets measured at fair value and changes are recorded into the current profits and losses

Item	Closing balance	Opening balance
Financial assets held for trading		3,776,875.59
Total		3,776,875.59

4. Notes receivable

Category	Closing balance	Opening balance
Bank acceptance bill	64,479,491.28	62,487,657.38
Total	64,479,491.28	62,487,657.38

5. Accounts receivable

(1) Disclosure of accounts receivable by age

Category	Closing balance	Opening balance
Within 1 year	3,097,561,878.33	1,949,630,990.01
1-2 years	1,139,574,593.51	2,472,941,650.25
2-3 years	1,420,249,955.01	2,091,939,387.50
Over 3 years	2,345,686,010.91	469,022,101.39
subtotal	8,003,072,437.76	6,983,534,129.15
Less: Provision for bad debts	216,575,980.78	189,475,265.86
Total	7,786,496,456.98	6,794,058,863.29

(2) Disclosure of accounts receivable by bad debt provision method

Category	Closing balance				
	Balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant in amount and provided for bad debt separately	243,792,251.52	3.05	126,804,597.50	52.01	116,987,654.02
Receivables provided for bad debt on the portfolio basis	7,759,280,186.24	96.95	89,771,383.28	1.16	7,669,508,802.96
Including: Portfolio by ageing	774,755,440.75	9.68	89,771,383.28	11.59	684,984,057.47
Specific portfolio	4,856,477,644.88	60.68			4,856,477,644.88
Commodity trade	2,128,047,100.61	26.59			2,128,047,100.61

Category	Closing balance				
	Balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Total	8,003,072,437.76	100.00	216,575,980.78	2.71	7,786,496,456.98

(Continued)

Category	Opening balance				
	Balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant in amount and provided for bad debt separately	215,495,376.56	3.09	132,835,894.87	61.64	82,659,481.69
Receivables provided for bad debt on the portfolio basis	6,768,038,752.59	96.91	56,639,370.99	0.84	6,711,399,381.60
Including: Portfolio by ageing	702,238,969.60	10.06	56,639,370.99	8.07	645,599,598.61
Specific portfolio	4,635,800,197.67	66.38			4,635,800,197.67
Commodity trade	1,429,999,585.32	20.47			1,429,999,585.32
Total	6,983,534,129.15	100.00	189,475,265.86	2.71	6,794,058,863.29

(3) In the portfolio, accounts receivable with provision for bad debts based on the ageing portfolio

Ageing	Closing balance		
	Balance	Provision for bad debts	Proportion (%)
Within 1 year	455,671,624.21	22,784,758.38	5.00
1-2 years	220,851,556.14	22,161,686.41	10.03
2-3 years	7,227,576.19	1,647,968.54	22.80
Over 3 years	91,004,684.21	43,176,969.95	47.44
Total	774,755,440.75	89,771,383.28	11.59

(4) Top five accounts receivable based on debtors

Name	Ageing	Amount	Proportion（%）
Zhangzhou High-tech Industrial Development Zone Management Committee	Within 1 year 1-2 years 2-3 years Over 3 years	342,433,025.81 705,560,923.00 841,552,594.39 2,012,839,536.42	48.76
Fujian Sanbao Steel Co., Ltd.	Within 1 year	631,761,597.46	7.89
Xi'an OAK Investment Development Co., Ltd.	Within 1 year	429,484,534.30	5.37
Shanxi Jianlong Industrial Co., Ltd	Within 1 year	370,523,492.18	4.63
Longhai Urban Construction Investment Development Co., Ltd.	Over 3 years	236,303,174.44	2.95
Total		5,570,458,878.00	69.60

6. Prepayment

(1) Prepayment classified by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	2,678,629,160.77	98.39	2,329,300,561.07	96.89
1-2 years	10,494,899.90	0.39	33,480,780.77	1.39
2-3 years	6,790,688.75	0.25	17,149,210.87	0.71
Over 3 years	26,419,785.35	0.97	24,199,000.63	1.01
Total	2,722,334,534.77	100.00	2,404,129,553.34	100.00

(2) Top five Prepayment based on debtors

Name	Ageing	Amount	Proportion（%）
Anhui Shoukuang Dachang Metal Material Co., Ltd.	Within 1 year	509,585,830.96	18.72
Hangzhou Zhengcai Holdings Group Co., Ltd.	Within 1 year	329,944,000.00	12.12
Wu'an Yuhua Steel Co., Ltd.	Within 1 year	288,380,230.00	10.59
Jinan Steel International Logistics Co., Ltd.	Within 1 year	137,530,081.00	5.05
Tangshan Donghua Iron & Steel Enterprise Group Co., Ltd.	Within 1 year	93,356,383.54	3.43
Total		1,358,796,525.50	49.91

7. Other receivables

Category	Closing balance	Opening balance
Interests receivable	795,782,162.27	681,630,390.79
Dividends receivable	7,197,916.67	32,780,000.00
Other receivables	6,034,605,051.20	4,311,972,133.34
Less: Provision for bad debts	239,511,296.69	188,557,634.01
Total	6,598,073,833.45	4,837,824,890.12

(1) Interests receivable

Item	Closing balance	Opening balance
Interests receivable	795,782,162.27	681,630,390.79
Total	795,782,162.27	681,630,390.79

Note: The interests receivable is CNY795,782,162.27, Details are as follows:

1) The interests due to the Company by Zhangzhou Dongnan Huadu Co., Ltd. is CNY682,474,951.87;

2) The interests due to the Company by Longhai State-owned Assets Investment and Management Co., Ltd. is CNY11,342,465.76;

3) The interests due to the Company by Fujian Xiamen-Zhangzhou Bridge Co., Ltd. is CNY1,763,283.00;

4) The interests due to the Company by Hua'an County Huagong Investment Management Co., Ltd. is CNY4,536,986.30;

5) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhao'an County Highway Construction and Development Corporation is

CNY65,734,187.82;

6) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhangzhou Dongnan Huadu Real Estate Co., Ltd. is CNY6,970,139.96;

7) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhangzhou Minhua Real Estate Development Co., Ltd. is CNY2,752,636.70;

8) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Investment Co., Ltd. by Zhangzhou Jingyuan Development Co., Ltd is CNY19,466,666.67;

9) The interests due to a second-level holding subsidiary, Fujian Shengcheng New Building Materials Co., Ltd. by Zhangzhou Shenyun Decorative Materials Co., Ltd. is CNY740,844.19.

(2) Dividends receivable

Item	Closing balance	Opening balance
Nanjing Jingjiang Development Co. Ltd	7,197,916.67	
Fujian Province Zhangzhou Expressway Co., Ltd		32,780,000.00
Total	7,197,916.67	32,780,000.00

(3) Other receivables

1) Disclosure of other receivables by age

Category	Closing balance	Opening balance
Within 1 year	2,528,076,123.25	866,735,605.03
1-2 years	903,357,864.28	827,202,065.26
2-3 years	271,877,220.30	224,092,944.25
Over 3 years	2,331,293,843.37	2,393,941,518.80
subtotal	6,034,605,051.20	4,311,972,133.34
Less: Provision for bad debts	239,511,296.69	188,557,634.01
Total	5,795,093,754.51	4,123,414,499.33

2) Details of bad debt provision

Bad debt provision	stage I	stage II	stage III	Total
	12month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Opening balance	69,273,266.02	71,424,546.26	47,859,821.73	188,557,634.01
Opening balance in current period：				
——Transfer to stage II	-2,344,977.69	2,344,977.69		
——Transfer to stage III	-14,160,000.00	-534,562.82	14,694,562.82	
——Reverse to stage II				
——Reverse to stage I				

Bad debt provision	stage I	stage II	stage III	Total
	12month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Provision	9,381,626.41	21,398,743.86	21,641,581.06	52,421,951.33
Reversal	839,364.38	289,702.67	372,310.27	1,501,377.32
Elimination				
Write-off			50,496.99	50,496.99
Other changes	-83,585.66			-83,585.66
Closing balance	61,248,726.00	94,344,002.34	83,918,568.35	239,511,296.69

3) Top five other receivables based on debtors

Name	Ageing	Amount	Proportion (%)
Zhangzhou Housing and Urban-Rural Construction Bureau	Within 1 year	1,141,505,010.00	19.31
	1-2 years	23,956,829.59	
Zhangzhou Dongnan Huadu Co., Ltd.	2-3 years	80,000,000.00	18.89
	Over 3 years	1,059,922,628.45	
Zhangzhou Municipal Finance Bureau	Within 1 year	15,080,000.00	10.99
	1-2 years	28,182,750.00	
	Over 3 years	620,000,000.00	
the project management department for Zhangzhou Olympic Sports Center of Fujian Qijian Group Co., Ltd.	Over 3 years	419,480,000.00	6.95
Fujian Minnan Flower Co., Ltd.	Over 3 years	363,622,249.09	6.03
Total		3,751,749,467.13	62.17

8. Inventory

Item	Closing balance		
	Balance	Impairment provision	Net amount
Goods in stock	976,972,583.11	4,357,798.84	972,614,784.27
Raw materials	17,698,941.24	845,550.62	16,853,390.62
Development products	314,127,381.44	34,035,853.51	280,091,527.93
Development costs	16,922,317,664.19		16,922,317,664.19
Engineering construction			
Consumable biological assets	80,720,748.00	11,089,839.05	69,630,908.95
Dispatched goods	173,661,605.37		173,661,605.37
Products in progress	4,236,098.09		4,236,098.09
Low value consumables	5,974.60		5,974.60
Revolving materials			
Contract performance costs	298,816,369.55		298,816,369.55
Total	18,788,557,365.59	50,329,042.02	18,738,228,323.57

(Continued)

Item	Opening balance		
	Opening balance	Impairment provision	Net amount
Goods in stock	1,503,870,037.40	8,242,510.77	1,495,627,526.63
Raw materials	15,658,241.25	747,530.36	14,910,710.89
Development products	235,929,693.98	15,690,584.83	220,239,109.15
Development costs	15,880,958,497.40		15,880,958,497.40
Engineering construction	616,467,790.14	9,010,587.17	607,457,202.97
Consumable biological assets	86,957,341.56	9,802,159.21	77,155,182.35
Dispatched goods	31,127,930.24		31,127,930.24
Products in progress	5,762,197.24		5,762,197.24
Low value consumables	6,556.00		6,556.00
Revolving materials	235,435.32		235,435.32
Total	18,376,973,720.53	43,493,372.34	18,333,480,348.19

Note 1: Development products categorized by project:

Company Name	Project	Completion Date	Opening balance	Increase	Decrease	Closing balance
Fujian Zhangzhou Development Co., Ltd.	Xinjiang Yuejing	December 2013	1,976,213.77		1,976,213.77	
	Shengfa Mingdu	September 2016	33,536,086.87	1,171,442.74	363,919.79	34,343,609.82
	Shengshui Mingdu	July 2019	58,821,358.99	-2,271,971.18	5,790,084.30	50,759,303.51
	ShangshuiMingdu	June 2018	141,596,034.35	-4,673,827.71	40,977,355.61	95,944,851.03
	ZhangfaMingdu	September 2021		256,149,646.42	123,070,029.34	133,079,617.08
Total			235,929,693.98	250,375,290.27	172,177,602.81	314,127,381.44

Note 2: Development costs of the closing balance mainly include:

Company name	Projects developed	Closing balance
Fujian Zhanglong Group Co., Ltd.	Facade remediation and environmental upgrading projects	196,215,327.37
	Forest landscape improvement project on both sides of the road of the north high-speed exit connection line in Zhangzhou	14,133,079.45
Subtotal		210,348,406.82

Company name	Projects developed	Closing balance
Fujian Zhangzhou Development Co., Ltd.	Shengfa Mingdu(Phase II、III)	157,357,903.95
	Shengshui Mingdu (Phase II)	166,449,276.43
	Shanshui Mingdu	572,605,074.60
	Lan Xiang on the mansion	149,092,162.15
Subtotal		1,045,504,417.13
Fujian Zhanglong Dongshan Development Group Co., Ltd.	Dongshan Development square (Phase II)	53,593,888.52
Subtotal		53,593,888.52
Fujian Zhanglong Wood Industry Technology Co., Ltd.	Zhanglong Forestry Circular Economy Industrial Park	134,206,037.33
Subtotal		134,206,037.33
Zhangzhou Haimen Island Operations Co., Ltd.	Island Land Development	454,170.00
Subtotal		454,170.00
Zhangzhou Gonglu Traffic Industry Corporation	The project of Xiamen Tongcheng Avenue - Yuanshan section	1,047,624,710.73
	Coastal Grand Channel project	955,527,721.92
	Maluan Bay Tourism comprehensive project	170,000,000.00
Subtotal		2,173,152,432.65
Zhangzhou Longhua Investment Co., Ltd.	Highway from Shangping Tulou to Dadi Tulouqun	241,935,553.41
Subtotal		241,935,553.41
Zhangzhou Taida Development Co., Ltd.	Changtai County cultural and sports center project	114,840,966.95
Subtotal		114,840,966.95
Zhangzhou Shengcheng Development Co., Ltd.	Zhangzhou Art College new campus project	122,000.00
Subtotal		122,000.00
Zhangzhou Zhaosheng Development Co., Ltd.	First-level development of land in Jiangbin South District, Zhao'an County	200,000,000.00
Subtotal		200,000,000.00
Zhangzhou Jinfa Development and Construction Co., Ltd.	First-level development of Nanjing Jiangbin Xicheng Land	4,000,000.00
Subtotal		4,000,000.00
Zhangzhou Gulei New Habour Urban Construction Co., Ltd.	Reclamation land reconstruction project of Zhangzhou Gulei Petrochemical Park (North District)	2,268,646,815.77
Subtotal		2,268,646,815.77
Zhangzhou Changfu Construction and Development Co., Ltd	Zhangzhou city Changfu housing project.	778,410,399.29
Subtotal		778,410,399.29

Company name	Projects developed	Closing balance
Fujian Zhanglong Construction Investment Group Co., Ltd.	Nanjiangbin project	4,311,388,691.44
	Shantytown renovation project of Changfu shanty area	1,488,995,836.19
	Jiulongling tunnel project	1,169,970,354.78
	Gu Wenchang Cadre College, Zhangzhou City	800,787,254.44
	Zhangzhou City Opera Works	378,666,749.29
	JiantouZhao'an Jiangbin Avenue project	279,691,775.96
	Construction projects such as Dongnan Huadu Hot Spring Resort-Motel, VIP holiday villa area, roads outside hot spring park, hot spring restaurant, etc.	195,517,334.24
	Road project of Zhangpu Changqiao Town Forestry Circular Economy Industrial Park (Phase I)	166,149,814.86
	South Riverside Greening Upgrade Project	109,851,737.57
	Gu Wenchang Cadre College, Zhangzhou City (Phase II)	106,938,621.98
	Zhangzhou Southeastern Huadu Hot Springs Mountain Resort - Hot Spring Park various soup pool areas, water terraces, outdoor swimming pools, cisterns, hot spring park road works	98,957,042.16
	Comprehensive service centre of Zhangzhou Dongnan Huadu Hot Spring Resort	79,286,701.92
	Engineering project of Smart Home Flexible Manufacturing Zone	76,005,990.44
	Zhanglong Intelligent Assembly Industry Exhibition Center	70,749,815.80
	Zhangzhou City Museum, Art Museum and Planning Exhibition Hall Project	67,333,671.05
	Resettlement housing project of Nanxing Community	61,366,386.24
	Zhao'an Bay super bridge project	45,756,832.25
	Zhangzhou City Library, Science and Technology Museum Project	32,476,311.62
	Three supporting municipal road projects around the Zhangzhou City Museum, Art Museum and Planning Exhibition Hall	30,186,524.55
	Orchid World Greenhouse project	29,012,049.23
	Pipeline extension project of Southern District Sewage Treatment Plant	22,229,004.81
	Flower breeding greenhouse project of Zhangzhou Distribution Centre	15,925,235.08
	Reconstruction project of Dongshan Financial Training Center	15,673,897.01
	Road engineering project around the Olympic Sports Center of Zhangzhou City	13,813,981.56
	Zhangzhou City Hospital High-tech District Branch	8,590,478.43

Company name	Projects developed	Closing balance
	The new museum project of the Archives of Zhangzhou City and Xiangcheng City.	6,681,629.32
	Xiangtai integrated development project	5,246,332.66
	Renovation works at the new campus of Zhangzhou Art School	2,605,067.42
	Zhangzhou Dongshan Financial Training Center 4, 5 buildings and commercial training center renovation works.	2,398,185.64
	Fujian Zhangzhou Caoban food reserve storage project	1,630,701.29
	A new power distribution project has been built at the Straits Flower Distribution Center.	1,533,832.62
	Zhangzhou City Square Cabin Hospital renovation and construction project	1,236,151.95
	Phase I of the supporting roads for the western group of Yuanshan New Town	443,728.15
	Peking University Medical Zhangzhou Hospital Project.	4,854.37
Subtotal		9,697,102,576.32
Total		16,922,317,664.19

9. Contract assets

Project	Closing balance			Opening balance		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Project contract assets	540,997,074.90	22,742,892.52	518,254,182.38			
Total	540,997,074.90	22,742,892.52	518,254,182.38			

10. Non-current assets due within 1 year

Category	Closing balance	Opening balance
Long-term receivables due within 1 year	71,424,074.05	59,901,741.39
Total	71,424,074.05	59,901,741.39

Details of long-term receivables due within 1 year are as follows.

Item	Closing balance	Opening balance
Zhangzhou City Construction Investment and Development Co., Ltd.	37,341,767.91	35,031,905.32
Zhangzhou Environmental Group Co., Ltd.	26,702,718.96	24,869,836.07
Dongshan City Investment Environment Co., Ltd	4,325,119.80	
Sales of goods in installments	3,054,467.38	
Total	71,424,074.05	59,901,741.39

11. Other current assets

Item	Closing balance	Opening balance
Input tax to be deducted	322,933,284.17	384,412,009.19
VAT input tax to be verified	36,494,595.17	24,633,104.80
Value-added tax credit	47,488,172.64	44,004,325.05
Prepaid VAT	114,386,374.82	233,830,713.86
Treasury bond reverse repurchase	72,400,000.00	50,700,000.00
Financial products		17,000,000.00
Deferred expenses	1,711,243.32	2,558,690.71
Contract acquisition cost	2,140,133.29	
Others	532,098.78	4,790,758.57
Total	598,085,902.19	761,929,602.18

12. Debt investment

Item	Closing balance		
	Book balance	Book balance	Book balance
Project cooperation fee	690,851,870.41		690,851,870.41
Including: Jingcheng Integrated CircuitIndustry Transition Park project	239,905,531.35		239,905,531.35
Haimen Island is included in the 2nd phase of the Nantaiwu Development Zone Project	250,980,979.55		250,980,979.55
Area development of Hua'an Economic Development Zone	199,965,359.51		199,965,359.51
合　计	690,851,870.41		690,851,870.41

13. Available-for-sale financial assets

(1) Categories of available-for-sale financial assets

Item	Closing balance	Opening balance
Available-for-sale equity instruments		1,397,022,115.45
Including: instruments measured at cost		1,404,572,115.45
Impairment preparation		7,550,000.00
Total		1,397,022,115.45

(2) Available-for-sale financial assets measured at cost

Investee	Balance			
	Opening balance	Increase	Decrease	Closing balance
Xiamen International Bank Co., Ltd.	105,000,000.00		105,000,000.00	
Fujian Haixia Equity Exchange Co., Ltd.	10,000,000.00		10,000,000.00	
Zhangzhou Zhanglong Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)	13,983,700.00		13,983,700.00	
Zhangzhou Gulei Public Utility	480,004,490.96		480,004,490.96	

Investee	Balance			
	Opening balance	Increase	Decrease	Closing balance
Development Co., Ltd.				
Fujian Changtai County Huaxing Small Loan Co., Ltd.	15,000,000.00		15,000,000.00	
Zhangzhou Forest Products Industry Company	4,963,295.57		4,963,295.57	
Zhangzhou Linye Industry&Trade Manager Department	7,197,125.20		7,197,125.20	
Zhangzhou Forestry Science Research Institute	582,352.84		582,352.84	
Fujian Zhangzhou Timber Company	32,651,429.65		32,651,429.65	
Zhangzhou Wood Supplies Company	12,166,822.06		12,166,822.06	
Zhangzhou Wood Supplies Company Wooden Products Factory	8,663.94		8,663.94	
Zhangzhou Fuel General Company	29,250,900.00		29,250,900.00	
Zhangzhou Refrigeration Co., Ltd.	39,294,000.00		39,294,000.00	
Zhangzhou Forestry Center Nursery	169,335,900.00		169,335,900.00	
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.	15,000,000.00		15,000,000.00	
Zhangzhou Arts & Crafts Import and Export Corporation	462,100.00		462,100.00	
Nongken Dasha	50,000.00		50,000.00	
Nongken Joint Development Company	30,000.00		30,000.00	
Zhangzhou Tiantong Real Estate Co., Ltd.	38,000,000.00		38,000,000.00	
Zhangzhou Ludao Highway Traffic Construction Development Co., Ltd.	14,300,000.00		14,300,000.00	
Zhangzhou Material Recycling and Utilization Company	24,182,796.16		24,182,796.16	
Zhangzhou Scrap Cars Recycling Disassemble Co., Ltd.	1,506,982.61		1,506,982.61	
Zhangzhou Xingzheng Pianzaihuang Equity Investment Partnership (Limited Partnership)	31,164,315.76		31,164,315.76	
Xiamen Zhanglong Haitou Emerging Industry Equity Investment Partnership (Limited Partnership)	52,000,000.00		52,000,000.00	
Quanzhou Rural Commercial Bank	205,200,000.00		205,200,000.00	
Portfolio investment	2,985,850.63		2,985,850.63	

Investee	Balance			
	Opening balance	Increase	Decrease	Closing balance
Zhangzhou Development Zone Zhaoke Innovation Ecological Intelligence Venture Capital Fund Partnership (Limited Partnership)	36,000,000.00		36,000,000.00	
Haixia Liang'an (Zhangzhou) Agricultural Fine Variety Introduction and Breeding Center	1,000,000.00		1,000,000.00	
Fujian Tendering Co., Ltd.	56,451,390.07		56,451,390.07	
Zhangzhou Talent Development Group Co., Ltd	5,000,000.00		5,000,000.00	
Graphite electrode factory	1,800,000.00		1,800,000.00	
Total	1,404,572,115.45		1,404,572,115.45	

14. Held-to-maturity investment

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision
Project cooperation fee			490,000,000.00	
Total			490,000,000.00	

15. Long-term receivables

(1) Long-term receivables

Item	Closing balance		
	Balance	Provision for bad debts	Net amount
Sales of goods in installments	55,375,212.54		55,375,212.54
Zhangzhou Environmental Group Co., Ltd. / Lease receivables from sale and leaseback financing lease	76,749,722.10	383,748.61	76,365,973.49
Dongshan City Investment Environment Co., Ltd / Lease receivables from sale and leaseback financing lease	7,320,738.80	36,603.69	7,284,135.11
Zhangzhou Xiangcheng Industrial Processing Zone Development Corporation/the resettlement housing project of Jinhu Garden in Xiangcheng District, Zhangzhou (Phase I)	6,823,508.50		6,823,508.50
Total	146,269,181.94	420,352.30	145,848,829.64

(Continued)

Item	Opening balance		
	Balance	Provision for bad debts	Net amount

Item	Opening balance		
	Balance	Provision for bad debts	Net amount
Zhangzhou City Construction Investment and Development Co., Ltd. / Lease receivables from sale and leaseback financing lease	37,529,414.98	362,806.60	37,166,608.38
Zhangzhou Environmental Group Co., Ltd. / Lease receivables from sale and leaseback financing lease	103,586,625.58	642,282.31	102,944,343.27
Dongshan City Investment Environment Co., Ltd / Lease receivables from sale and leaseback financing lease	15,540,000.00	77,700.00	15,462,300.00
Zhangzhou Xiangcheng Industrial Processing Zone Development Corporation/the resettlement housing project of Jinhu Garden in Xiangcheng District, Zhangzhou (Phase I)	6,823,508.50		6,823,508.50
Total	163,479,549.06	1,082,788.91	162,396,760.15

16. Long-term equity investment

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision
Investments in associates	10,774,997,380.17	4,288,542.03	9,991,915,647.21	4,288,542.03
Total	10,774,997,380.17	4,288,542.03	9,991,915,647.21	4,288,542.03

Including: investments in associates

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
FujianHuaxing ZhangfaVenture Investment and Development Co., Ltd.	54.17	10,292,065.57	-2,645.26		10,289,420.31	Equity method
Fujian xinhe Real Estate Development Co., Ltd.	43.00	251,787,733.41	8,200,324.13		259,988,057.54	Equity method
FujianDongnan Huadu Real Estate Co., Ltd.	10.00	43,035,562.64	-212,759.97		42,822,802.67	Equity method
FujianProvince, Longcheng Construction Industry Co., Ltd.	20.00	89,886,117.26	2,683,418.94		92,569,536.20	Equity method
FujianWater Development Co., Ltd., Zhangzhou, Fujian Province	34.00	33,991,634.29	-30,452.88		33,961,181.41	Equity method
Fujian Province Zhanxin Equity Investment Partnership (Limited	4.00	1,000,029.66		1,000,029.66		Equity method

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Partnership)						
Fujian Zhaofa Real Estate Co., Ltd.	30.00	236,556,656.92	34,083,373.82		270,640,030.74	Equity method
FujianProvince Zhangzhou ExpresswayCo., Ltd.	28.33	2,656,853,240.42	166,334,205.23		2,823,187,445.65	Equity method
Zhangzhou YingzhiConstruction Development Co., Ltd.	40.00	258,102,372.62	76,408,577.02		334,510,949.64	Equity method
ZhangzhouShenhai Complex ExpresswayCo., Ltd.	35.50	2,015,794,076.51	26,687,013.40		2,042,481,089.91	Equity method
FujianZhukang Construction And Development Co., Ltd.	44.00	199,951,591.03	409.37		199,952,000.40	Equity method
Guangzhou United HuayunHualei Marketing Co., Ltd.	20.00	131,151.35		131,151.35		Equity method
Fujian ZhanglongSanjun Venture Capital Co., Ltd.	25.00	2,578,778.01	89,078.54		2,667,856.55	Equity method
ZhangpuXinyuan Modern Agricultural Development Co., Ltd.	22.03	4,353,646.59	-88,133.05		4,265,513.54	Equity method
FujianMinnan Hualei Co., Ltd.	21.24	3,925,054.65	-56,146.09		3,868,908.56	Equity method
Zhangzhou Economic Development Group Co., Ltd.	40.00	2,780,226,603.70	34,107,095.88		2,814,333,699.58	Equity method
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	320,037,462.15	45,966,912.50	13,306,217.16	352,698,157.49	Equity method
FujianXiazhang Bridge Co., Ltd.	20.00	241,921,505.37	-29,481,506.35		212,439,999.02	Equity method
Zhangzhou City Tourism Investment Group Co., Ltd.	27.50	619,710,096.41	-59,468,788.26		560,241,308.15	Equity method
FujianMinxinan City Collaborative Development Group Co., Ltd.	20.00	204,553,009.21	3,197,702.18		207,750,711.39	Equity method

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Zhangzhou Urban Development Parent Fund Partnership (Limited Partnership)	99.97	10,002,074.64	91,039,189.19		101,041,263.83	Equity method
Fujian Changtai County Huaxing Small Loan Co., Ltd.	10.00		16,093,712.81	300,000.00	15,793,712.81	Equity method
Zhangzhou Zhanglong Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)	36.17		11,182,170.92		11,182,170.92	Equity method
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.	10.00		16,238,307.50	450,000.00	15,788,307.50	Equity method
Quanzhou Rural Commercial Bank	5.54		253,785,796.76	4,500,000.00	249,285,796.76	Equity method
Xiamen Zhanglong Haifa Venture Capital Partnership (Limited Partnership)	32.91		50,881,142.06	26,000,000.00	24,881,142.06	Equity method
Dongshan Shenghui Real Estate Development Co., Ltd.	15.00		44,067,775.51		44,067,775.51	Equity method
Fujian Xiazhang Water Resources Development Co., Ltd.	40.00		40,000,000.00		40,000,000.00	Equity method
Other		2,936,642.77		2,936,642.77		Equity method
Total	——	9,987,627,105.18	831,705,773.90	48,624,040.94	10,770,708,838.14	

17. Other equity instruments investments

Item	Closing balance	Opening balance
Zhangzhou Forestry Center Nursery	85,830,692.11	
Zhangzhou Forestry Science Research Institute	94,087,560.73	
Haixia Liang'an (Zhangzhou) Agricultural Fine Variety Introduction and Breeding	1,031,918.42	

Item	Closing balance	Opening balance
Center		
Zhangzhou Gulei Public Utility Development Co., Ltd.	480,004,490.96	
Zhangzhou Talent Development Group Co., Ltd.	41,161,114.23	
Zhangzhou Ludao Highway Traffic Construction Development Co., Ltd.	8,580,000.00	
Zhangzhou Tiantong Real Estate Co., Ltd.	60,125,949.76	
Nongken Dasha	50,000.00	
Nongken Joint Development Company	30,000.00	
Total	770,901,726.21	

18. Other non-current financial assets

Item	Closing balance	Opening balance
Unlisted trust products and funds	68,160,292.41	
Unlisted equity instrument investment	181,651,390.07	
Portfolio investment	5,922,493.40	
Total	255,734,175.88	

19. Investment property

Item	Opening balance	Increase	Decrease	Closing balance
I. Cost	955,566,438.88	391,457.00	116,111,121.42	839,846,774.46
1. Houses and buildings	899,519,000.50	391,457.00	116,111,121.42	783,799,336.08
2. Land use rights	56,047,438.38			56,047,438.38
II. Accumulated depreciation and amortization	117,751,428.35	27,600,089.99	11,597,365.46	133,754,152.88
1. Houses and buildings	113,211,043.74	26,375,377.91	11,597,365.46	127,989,056.19
2. Land use rights	4,540,384.61	1,224,712.08		5,765,096.69
III. Net value	837,815,010.53	—	—	706,092,621.58
1. Houses and buildings	786,307,956.76	—	—	655,810,279.89
2. Land use rights	51,507,053.77	—	—	50,282,341.69
IV. Impairment provision				
1. Houses and buildings				
2. Land use rights				
V. Book value	837,815,010.53	—	—	706,092,621.58
1. Houses and buildings	786,307,956.76	—	—	655,810,279.89
2. Land use rights	51,507,053.77	—	—	50,282,341.69

20. Fixed assets

Item	Closing balance	Opening balance

Fixed assets	2,137,002,580.81	1,600,231,258.55
Disposal of fixed assets	1,893,597.36	613,980.94
Total	2,138,896,178.17	1,600,845,239.49

(1) Fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
I. Cost	2,508,044,607.92	640,930,838.78	25,689,016.87	3,123,286,429.83
Houses and buildings	1,534,531,714.97	342,875,234.53	3,195,722.71	1,874,211,226.79
Machinery equipment	503,603,960.54	96,255,513.71	1,084,746.84	598,774,727.41
Transportation equipment	59,067,345.64	20,557,695.29	19,805,041.18	59,819,999.75
Office equipment	66,093,180.34	20,903,341.22	391,917.93	86,604,603.63
Farm facility	4,811,117.00		3,878.00	4,807,239.00
Others (including pipe network)	339,937,289.43	160,339,054.03	1,207,710.21	499,068,633.25
II. Accumulated depreciation	906,361,428.89	101,194,041.09	22,723,541.44	984,831,928.54
Houses and buildings	355,991,129.61	48,942,247.15	10,454,665.20	394,478,711.56
Machinery equipment	282,950,565.82	28,254,814.87	1,063,785.29	310,141,595.40
Transportation equipment	30,175,295.06	7,711,439.72	8,533,706.21	29,353,028.57
Office equipment	38,330,007.53	8,149,780.72	1,389,521.20	45,090,267.05
Farm facility	2,640,739.76	365,916.30		3,006,656.06
Pipe Network	196,273,691.11	7,769,842.33	1,281,863.54	202,761,669.90
III. Net value	1,601,683,179.03	—	—	2,138,454,501.29
Houses and buildings	1,178,540,585.36	—	—	1,479,732,515.23
Machinery equipment	220,653,394.72	—	—	288,633,132.01
Transportation equipment	28,892,050.58	—	—	30,466,971.18
Office equipment	27,763,172.81	—	—	41,514,336.58
Farm facility	2,170,377.24	—	—	1,800,582.94
Pipe Network	143,663,598.32	—	—	296,306,963.35
IV. Impairment provision	1,451,920.48	—	—	1,451,920.48
Houses and buildings		—	—	
Machinery equipment	132,531.15	—	—	132,531.15
Transportation equipment		—	—	
Office equipment		—	—	
Farm facility		—	—	
Pipe Network	1,319,389.33	—	—	1,319,389.33
V. Book value	1,600,231,258.55	—	—	2,137,002,580.81
Houses and buildings	1,178,540,585.36	—	—	1,479,732,515.23
Machinery equipment	220,520,863.57	—	—	288,500,600.86
Transportation equipment	28,892,050.58	—	—	30,466,971.18
Office equipment	27,763,172.81	—	—	41,514,336.58
Farm facility	2,170,377.24	—	—	1,800,582.94
Pipe Network	142,344,208.99	—	—	294,987,574.02

Note: For details of fixed assets with restricted ownership such as mortgaged and pledged, please refer to Note VIII (61) Assets with restricted ownership and use rights.

(2) Disposal of fixed assets

Item	Closing balance	Opening balance
Houses and buildings	1,893,597.36	217,522.23
Machinery equipment		329,781.78
Transportation equipment		6,619.00
Office equipment		41,974.31
Other		18,083.62
Total	1,893,597.36	613,980.94

21. Construction in progress

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Zhangzhou Zhanglong logistics park	288,344,127.74		288,344,127.74	258,163,723.46		258,163,723.46
Distribution center project	21,282,947.71		21,282,947.71	20,600,964.65		20,600,964.65
Dongshan County Hemingway Resort 1-4 building renovation	15,217,654.54		15,217,654.54	15,217,654.54		15,217,654.54
Fengtou reservoir water source safety guarantee standard construction	10,380,977.49		10,380,977.49	7,342,779.12		7,342,779.12
Zhangzhou Old Community Water Supply Reconstruction Project (Phase III)	7,198,793.50		7,198,793.50	4,722,511.57		4,722,511.57
Lin Yutang Cultural Park	6,834,242.93		6,834,242.93	6,834,242.93		6,834,242.93
Expansion project of Zhangzhou	4,529,166.15		4,529,166.15	14,627,615.15		14,627,615.15

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Jinfeng Water Plant (Phase I) Dafang farm infrastructure	3,986,998.96		3,986,998.96	5,479,240.16		5,479,240.16
Zhangpu County Second Water Plant Supporting Project - Sludge Treatment Project	3,423,201.32		3,423,201.32	1,242,049.15		1,242,049.15
Nanyi Reservoir's water source area safety assurance standard construction	2,924,168.21		2,924,168.21	2,473,786.45		2,473,786.45
Dongshan Development square (Phase I)	1,537,835.87		1,537,835.87			
Zhangzhou City Food Company Lushan Road 5 staff quarters dangerous room remediation project	1,335,396.16		1,335,396.16			
Wancheng plant fire protection transformation	1,307,661.18		1,307,661.18			
Nanjing Longshan Ecological Circulation Pig Farm Standardized Breeding Project of 100,000 Live Pigs	867,406.41		867,406.41			
Zhangzhou	812,512.34		812,512.34	321,688.59		321,688.59

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Ancient City Protection Municipal Water Supply Pipeline Project						
Jinyuan New Village Water Supply Improvement Project	740,160.28		740,160.28			
Old Community (Phase IV)	674,786.89		674,786.89			
Xiuwen Road (Xinhua South Road to Qingnian Road) Municipal Water Supply Pipe Reconstruction Project	576,452.68		576,452.68	431,667.4		431,667.4
Reconstruction Project of Intake Pump of Intake Port of Second Water Plant	575,896.31		575,896.31			
Zhangfa Automobile: renovation and renovation project	481,275.89	481,275.89		481,275.89	481,275.89	
Urban river improvement				1,005,235,297.61		1,005,235,297.61
Zhangzhou No. 3 Waterworks Project(Phase I)				192,270,433.05		192,270,433.05
PPP project of sewage treatment facilities				163,486,010.57		163,486,010.57

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
construction in Nanjing rural areas						
No.1 factory project of Zhangzhou Mazhou Sewage Treatment Plant				122,463,253.68		122,463,253.68
Water Supply Reconstruction Project of old districts in Zhangzhou City (Phase II)				42,678,821.98		42,678,821.98
Dongdun sewage investment renovation				59,468.88		59,468.88
water supply project of Jinfeng Development Zone north area				5,756,891.25		5,756,891.25
Zhangpu County old municipal pipe network renovation project				1,138,389.94		1,138,389.94
In 2019, the old district pipe network transformation project in Lupu County				87,360.00		87,360.00
Jinfeng water supply pressurized pumping station construction project				85,574.00		85,574.00

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Oriental Fortune Center 13th floor office decoration project				1,068,228.36		1,068,228.36
Others	4,156,663.44		4,156,663.44	3,344,319.79		3,344,319.79
Total	377,188,326.00	481,275.89	376,707,050.11	1,875,613,248.17	481,275.89	1,875,131,972.28

22. Right-of-use asset

Item	Opening balance	Increase	Decrease	Closing balance
I.Cost	130,325,708.62	70,138,476.36	1,615,758.54	198,848,426.44
Including: Houses and buildings	117,504,439.11	49,153,058.83	1,615,758.54	165,041,739.40
Land use rights	12,612,612.60	20,315,417.53		32,928,030.13
Machinery equipment	208,656.91			208,656.91
Others		670,000.00		670,000.00
II.Accumulated depreciation	1,312,421.32	20,123,956.59		21,436,377.91
Including: Houses and buildings	75,890.82	19,148,139.20		19,224,030.02
Land use rights	1,236,530.50	801,385.15		2,037,915.65
Machinery equipment		54,432.24		54,432.24
Others		120,000.00		120,000.00
III.Net value	129,013,287.30	—	—	177,412,048.53
Including: Houses and buildings	117,428,548.29	—	—	145,817,709.38
Land use rights	11,376,082.10	—	—	30,890,114.48
Machinery equipment	208,656.91	—	—	154,224.67
Others		—	—	550,000.00
IV.Impairment provision				
Including: Houses and buildings				
Land use rights				
Machinery equipment				
Others				
V.Book value	129,013,287.30	—	—	177,412,048.53
Including: Houses and buildings	117,428,548.29	—	—	145,817,709.38
Land use rights	11,376,082.10	—	—	30,890,114.48
Machinery equipment	208,656.91	—	—	154,224.67
Others		—	—	550,000.00

23. Intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
I. Cost	4,082,350,475.73	1,195,516,409.69	153,979,824.94	5,123,887,060.48

Item	Opening balance	Increase	Decrease	Closing balance
Land use rights	3,435,022,006.71	1,046,766,795.48	979,824.94	4,480,808,977.25
Franchise right of use	633,302,355.26	147,786,435.42	153,000,000.00	628,088,790.68
Software	14,026,113.76	963,178.79		14,989,292.55
II. Accumulated amortization	294,549,288.75	49,173,801.32	84,779,997.87	258,943,092.20
Land use rights	200,279,205.75	20,805,231.69	311,248.40	220,773,189.04
Franchise right of use	85,616,796.76	26,964,154.19	84,468,749.47	28,112,201.48
Software	8,653,286.24	1,404,415.44		10,057,701.68
III. Net value	3,787,801,186.98	—	—	4,864,943,968.28
Land use rights	3,234,742,800.96	—	—	4,260,035,788.21
Franchise right of use	547,685,558.50	—	—	599,976,589.20
Software	5,372,827.52	—	—	4,931,590.87
IV. Impairment provision	6,091,666.78			6,091,666.78
Land use rights				
Franchise right of use	6,091,666.78			6,091,666.78
Software				
V. Book value	3,781,709,520.20	—	—	4,858,852,301.50
Land use rights	3,234,742,800.96	—	—	4,260,035,788.21
Franchise right of use	541,593,891.72	—	—	593,884,922.42
Software	5,372,827.52	—	—	4,931,590.87

Note：For details of intangible assets with restricted ownership, such as mortgaged and pledged, see Note 8.

(61) Assets with restricted ownership and use rights.

24. Goodwill

(1) Goodwill impairment pro

Investee	Opening balance	Increase	Decrease	Closing balance
Zhangzhou Jinfeng Water Supply Company	18,207,864.29			18,207,864.29
Fujian Huajun Automotive Sales Service Co., Ltd.	391,220.26			391,220.26
Xiamen Dongnan Automobile Sales and Service Co., Ltd.	933,425.59			933,425.59
Final settlement payable of the overall asset transfer of Zhangzhou City Water Company	7,986,018.64			7,986,018.64
Fujian Zhangfa Construction Co., Ltd.	1,900,000.00			1,900,000.00
Minhe Flower Cooperation (Zhangzhou) Co., Ltd.	2,571,831.94			2,571,831.94
Total	31,990,360.72			31,990,360.72

(2) Goodwill impairment provisions

Investee	Opening balance	Increase	Decrease	Closing balance
Zhangzhou Jinfeng Water Supply Company	18,207,864.29			18,207,864.29

Investee	Opening balance	Increase	Decrease	Closing balance
Fujian Huajun Automotive Sales Service Co., Ltd.	391,220.26			391,220.26
Xiamen Dongnan Automobile Sales and Service Co., Ltd.	933,425.59			933,425.59
Final settlement payable of the overall asset transfer of Zhangzhou City Water Company	7,986,018.64			7,986,018.64
Fujian Zhangfa Construction Co., Ltd.				
Minhe Flower Cooperation (Zhangzhou) Co., Ltd.	2,571,831.94			2,571,831.94
Total	30,090,360.72			30,090,360.72

25. Long-term deferred expenses

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Rent	3,158,082.03		22,487.50	3,135,594.53	
Decoration costs	53,800,233.94	14,457,548.67	12,135,268.71	92,549.66	56,029,964.24
Land amortization of Orchid World	9,245,145.00		218,820.00		9,026,325.00
Others	6,495,264.20	6,139,783.77	2,713,166.34		9,921,881.63
Total	72,698,725.17	20,597,332.44	15,089,742.55	3,228,144.19	74,978,170.87

26. Deferred income tax assets and deferred income tax liabilities

Item	Closing balance		Opening balance	
	Deferred income tax assets / liabilities	Deductible / taxable temporary difference	Deferred income tax assets / liabilities	Deductible / taxable temporary difference
Deferred income tax assets:				
Impairment of assets	89,766,041.16	359,326,199.64	78,326,181.33	352,296,543.07
Net operating loss	1,816,678.01	8,880,158.75	582,716.41	2,330,865.62
Changes in fair value of transactional financial assets	4,703,406.41	18,813,625.59		
Unrealized profit on internal transactions	3,335,040.87	13,340,163.47		
Sub-total	99,621,166.45	400,360,147.45	78,908,897.74	354,627,408.69
Deferred income tax liabilities:				
Tax base difference of E-commerce platform	453,895.01	1,815,580.04	635,452.85	2,541,811.40
Long-term equity investment measured at fair value	26,346,401.79	105,385,607.16	30,369,850.83	121,479,403.32
PPP Project Tax Differences	32,405,624.65	129,622,498.62		
Others	1,988,075.58	9,848,678.54	1,546,505.22	7,639,387.17
Sub-total	61,193,997.03	246,672,364.36	32,551,808.90	131,660,601.89

27. Other non-current assets

Item	Closing balance		
	Balance	Impairment	Net amount

Item	Closing balance		
		provision	
Prepaid engineering projects, equipment and other long-term assets	235,204,125.17	2,196,667.87	233,007,457.30
Highway assets	1,444,553,643.82		1,444,553,643.82
Pantuoling No.2 tunnel	29,700,022.98		29,700,022.98
Contract assets	2,101,941,324.87	29,048,061.39	2,072,893,263.48
Total	3,811,399,116.84	31,244,729.26	3,780,154,387.58

(Continued)

Item	Opening balance		
	Balance	Impairment provision	Net amount
Prepaid engineering projects, equipment and other long-term assets	140,902,921.02	2,838,219.21	138,064,701.81
Highway assets	1,444,553,643.82		1,444,553,643.82
Pantuoling No.2 tunnel	29,700,022.98		29,700,022.98
Total	1,615,156,587.82	2,838,219.21	1,612,318,368.61

28. Short-term borrowings

Category	Closing balance	Opening balance
Pledged loan	26,966,552.53	40,667,850.61
Mortgage loan	16,000,000.00	15,000,000.00
Guaranteed loan	6,858,656,669.00	6,730,201,832.30
Credit loan	3,591,732,989.69	2,737,129,420.36
Discounted notes receivable that have not been terminated	8,700,000.00	
Total	10,502,056,211.22	9,522,999,103.27

Note: (1) Details of pledged loan: Zhangzhou Development Co., Ltd. has pledge loans of CNY 26,966,552.53 Details are as follows.

1) Fujian Huajun Automotive Sales Service Co., Ltd. borrowed CNY8,439,644.55 from Chang'an Automobile Finance Co., Ltd. with the new vehicle certificate as a pledge.

2) Fujian Huajun Automotive Sales Service Co., Ltd. borrowed CNY164,039.38 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

3) Fujian Huajun Tianyuan Automotive Sales Service Co., Ltd. borrowed CNY2,378,812.00 from GMAC-SAIC Automotive Finance Company, Ltd. with the new vehicle certificate as a pledge.

4) Sanming Huajun Automobile Sales and Service Co., Ltd. borrowed CNY4,363,668.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

5) Sanming Huajun Tianyuan Automobile Sales and Service Co., Ltd. borrowed CNY3,276,748.60 from GMAC-SAIC Automotive Finance Company, Ltd. with the new vehicle certificate as a pledge.

6) Zhangzhou Huajun Tianyuan Automobile Sales and Service Co., Ltd. borrowed CNY2,334,208.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

7) Nanping Huajun Automobile Sales and Service Co., Ltd. borrowed CNY2,931,672.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

8) Xiamen Southeast Automobile Trading Co., Ltd. borrowed CNY3,077,760.00 from Gac Huili Automobile Finance Co., Ltd. with the new vehicle certificate as a pledge.

(2) Details of mortgage loan: Zhangzhou Development Co., Ltd. has a mortgage loan of CNY 16,000,000.00. Details are as follows.

1) Sanming Jiujiu Toyota Motor Sales and Service Co., Ltd. borrowed CNY8,000,000.00 from Sanming City Branch of Bank of China Limited with its houses and buildings, and land use right certificate as collaterals.

2) Sanming Huajun Automobile Sales Services Co., Ltd. borrowed CNY8,000,000.00 from Bank of China Sanming Branch with its own property land mortgage.

29. Notes payable

Category	Closing balance	Opening balance
Notes payable	1,696,605,868.88	1,537,346,039.44
Total	1,696,605,868.88	1,537,346,039.44

30. Accounts payable

(1) Accounts payable

1) Accounts payable classified by ageing

Ageing	Closing balance	Opening balance
Within 1 year	1,838,306,422.39	1,516,447,524.97
1-2 years	310,608,941.72	330,440,801.65
2-3 years	144,370,255.11	190,520,438.21
Over 3 years	382,878,738.34	252,741,408.58
Total	2,676,164,357.56	2,290,150,173.41

2) Top 5 of accounts payable based on the closing balance

Name	Amount	Proportion (%)
China Construction Co., Ltd	348,329,657.25	13.02
Xiamen Xiangyu Logistics Group Corporation	181,012,483.00	6.76
China Electric Construction Group Chengdu Survey and Design Research Institute Co., Ltd	145,741,938.22	5.45
Fujian Province, Longcheng Construction Group Co., Ltd	98,933,667.27	3.70

Name	Amount	Proportion (%)
China Railway 14 Bureau Group Co., Ltd.	96,031,119.95	3.59
Total	870,048,865.69	32.51

31. Advance from customers

Ageing	Closing balance	Opening balance
Within 1 year	5,486,644.95	1,186,190,811.39
1-2 years	823,547.61	450,434,860.55
2-3 years	30,826.00	6,995,691.74
Over 3 years	57,624.26	6,422,647.96
Total	6,398,642.82	1,650,044,011.64

32. Contract liabilities

Item	Closing balance	Opening balance
Advance payment for merchandise	789,805,674.73	
Advance payment for house sales	261,070,997.43	
Advance payment for engineering	302,271,577.90	
Advance payment for after-sales boutique maintenance	8,259,100.95	
Others	17,278,189.75	
Total	1,378,685,540.76	

33. Payroll payable

(1) Payroll payable by category

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	69,186,090.64	427,820,011.26	428,809,717.93	68,196,383.97
2. Post-employment benefits-defined contribution plans	1,463,830.65	50,582,101.14	51,221,154.34	824,777.45
3. Dismissal benefits		1,206,290.22	131,319.22	1,074,971.00
4. Other benefits due within 1 year				
5. Others				
Total	70,649,921.29	479,608,402.62	480,162,191.49	70,096,132.42

(2) Details of short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, and subsidy	65,154,488.44	359,662,456.81	360,644,312.29	64,172,632.96
2. Employee welfare	104,173.12	14,520,315.05	14,588,059.02	36,429.15
3. Social insurance	634,938.23	19,394,405.62	19,824,935.97	204,407.88
Including: Medical insurance premiums	589,500.35	16,998,851.75	17,395,144.83	193,207.27
Work-related injury insurance	19,897.98	1,111,723.74	1,126,079.90	5,541.82
Maternity insurance	25,539.90	1,283,830.13	1,303,711.24	5,658.79

Item	Opening balance	Increase	Decrease	Closing balance
Others				
4. Housing fund	227,792.22	25,960,440.82	26,078,657.06	109,575.98
5. Union funds and employee education expenses	3,064,698.63	8,176,228.18	7,673,753.59	3,567,173.22
6. Short-term paid leave				
7. Short-term profit-sharing plan				
8.Others		106,164.78		106,164.78
Total	69,186,090.64	427,820,011.26	428,809,717.93	68,196,383.97

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance	1,174,548.91	35,699,792.27	36,115,486.50	758,854.68
2. Unemployment insurance	11,517.04	1,075,990.97	1,083,402.30	4,105.71
3. Enterprise Pension	277,764.70	13,806,317.90	14,022,265.54	61,817.06
Total	1,463,830.65	50,582,101.14	51,221,154.34	824,777.45

34. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	26,900,312.68	40,563,617.58
Corporate income tax	85,287,800.66	125,839,232.85
Urban maintenance and construction tax	5,271,361.60	5,773,016.01
Property tax	5,366,257.73	3,871,143.86
Land use tax	8,250,569.77	1,327,658.24
Personal income tax	1,003,103.25	867,307.30
Educational surcharge	4,824,796.82	5,333,216.07
Stamp duty	2,978,977.62	3,099,226.16
Land-value increment tax	10,482,753.22	10,162,364.77
Flood protection fee	3,308,360.49	1,352,603.19
Resource tax	774,683.82	835,543.12
Others	1,209,166.97	1,761,721.86
Total	155,658,144.63	200,786,651.01

35. Other payables

Category	Closing balance	Opening balance
Interests payable		390,019,820.20
Dividends payable	110,941.54	110,941.54
Other payables	736,462,381.37	817,266,895.72
Total	736,573,322.91	1,207,397,657.46

(1) Interests payable

Item	Closing balance	Opening balance
Interests on long-term borrowings by		1,540,172.12

Item	Closing balance	Opening balance
installments at maturity		
Interests on bonds payable		384,855,623.28
Interests payable on short-term borrowings		724,357.63
Other interests		2,899,667.17
Total		390,019,820.20

(2) Dividends payable

Name	Closing balance	Opening balance
Fujian Transportation Construction Investment Co., Ltd.	110,941.54	110,941.54
Total	110,941.54	110,941.54

(3) Other payables

1) Other payables classified by ageing

Ageing	Closing balance	Opening balance
Within 1 year	272,764,447.30	343,434,574.90
1-2 years	228,794,403.82	274,336,428.05
2-3 years	178,853,993.80	123,728,529.28
Over 3 years	56,049,536.45	75,767,363.49
Total	736,462,381.37	817,266,895.72

2) Details of companies with large closing balances of other payables

Name	Amount	Proportion (%)
Fujian Zhaofa Real Estate Co., Ltd	264,000,000.00	35.85
Zhangzhou Municipal Finance Bureau	92,132,600.00	12.51
Zhangzhou Tiantong Real Estate Co., Ltd.	66,904,930.00	9.08
Zhangzhou Xiangcheng Municipal Finance Bureau	49,141,900.00	6.67
Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	37,139,004.09	5.04
Total	509,318,434.09	69.15

36. Non-current liabilities due within 1 year

Category	Closing balance	Opening balance
Long-term borrowings due within 1 year	291,392,506.10	160,398,800.00
Bonds payable due within 1 year	7,306,126,146.42	3,388,036,661.23
Long-term payables due within 1 year	198,197,389.82	313,094,929.59
Lease liabilities due within 1 year	13,674,035.74	
Total	7,809,390,078.08	3,861,530,390.82

(1) Details of long-term borrowings due within 1 year

Item	Closing balance	Opening balance

Item	Closing balance	Opening balance
Bank of Communications Zhangzhou Branch	160,000,000.00	20,000,000.00
Bank of Communications Qianpu Branch	33,060,000.00	49,590,000.00
People's Insurance Capital Investment Management Co., Ltd.	32,000,000.00	24,000,000.00
Bank of China Zhangzhou Yuanguang Road Branch	16,339,285.74	31,625,000.00
Zhangzhou Branch of China Post Savings Bank	13,993,220.36	10,320,000.00
Fuzhou Branch of The China Development Bank	10,500,000.00	9,500,000.00
Branch of the Agricultural Development Bank of China in Ping'he County	10,500,000.00	
Branch of the Agricultural Development Bank of China in Zhao'an County	10,000,000.00	10,000,000.00
Xiamen Haicang Sub Branch of Huaxia Bank Co., Ltd.	5,000,000.00	
Huaxia Bank Xiamen Branch		5,000,000.00
Zhangzhou Municipal Finance Bureau		363,800.00
Total	291,392,506.10	160,398,800.00

(2) Details of bonds payable due within 1 year

①Domestic CNY bonds due within 1 year

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
2015 Fujian Zhanglong Group Co., Ltd. corporate bonds	240,000,000.00	2015/8/7	7年	240,000,000.00	4.99%		239,567,559.85		313,823.14	120,000,000.00	119,881,382.99
Fujian Zhanglong Group Co., Ltd.2016 non-public issuance of corporate bonds (first issue)	780,000,000.00	2016/4/20	5年	780,000,000.00	4.65%	780,001,827.61			-1,827.61	780,000,000.00	
Fujian Zhanglong Group Co., Ltd.2019 non-public issuance of corporate bonds (first issue)	600,000,000.00	2019/3/27	3年	600,000,000.00	5.00%		598,471,775.03		1,247,642.42		599,719,417.45
Fujian Zhanglong Group Co., Ltd.2019 non-public issuance of corporate bonds (Second issue)	1,400,000,000.00	2019/4/15	3年	1,400,000,000.00	5.15%		1,396,280,834.73		2,906,280.38		1,399,187,115.11
Fujian Zhanglong Group Co., Ltd.2019 non-public issuance of corporate bonds (Third issue)	600,000,000.00	2019/8/9	3年	600,000,000.00	4.70%		599,308,023.39		427,694.65		599,735,718.04
Fujian Zhanglong Group Co., Ltd.2019 non-public issuance of corporate bonds (Fourth issue)	400,000,000.00	2019/9/16	3年	400,000,000.00	4.60%		399,509,464.86		283,647.49		399,793,112.35
Fujian Zhanglong Group Co., Ltd.2021 non-public issuance of short-term corporate bonds (First issue)	1,000,000,000.00	2021/12/15	1年	1,000,000,000.00	3.28%		1,000,000,000.00		-572,057.21		999,427,942.79

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
Total	3,020,000,000.00	——		3,020,000,000.00	——	780,001,827.61	4,233,137,657.86		4,605,203.26	900,000,000.00	4,117,744,688.73

②foreign US dollar bonds due within 1 year

Bond name	Par value (USD)	Issue amount	Par rate	Proposed issuance (USD)	Opening balance (USD)	Opening Exc. Rate	Opening balance (CNY)	Actual issuance in the current period (USD)	Interests calculated at par value (USD)	Amortization of premium or discount (USD)	Current repay (USD)	Closing balance (USD)	USD / CNY Exc. Rate	CNY converted
(First issue in 2018)	100	3 million	5.60%	300,000,000.00	299,838,087.52	6.5249	1,956,413,537.26			161,912.48	300,000,000.00			
(Second issue in 2018)	100	1 million	5.60%	100,000,000.00	99,867,143.40	6.5249	651,623,123.97			132,856.60	100,000,000.00			
Project Dragon (First issue in 2019)）	100	5 million	5.875%	500,000,000.00				498,149,623.40		1,933,733.36		500,083,356.76	6.3757	3,188,381,457.69
Total	——	——	——	900,000,000.00	399,705,230.92		2,608,036,661.23	498,149,623.40		2,228,502.44	400,000,000.00	500,083,356.76	——	3,188,381,457.69

37. Other current liabilities

Item	Closing balance	Opening balance
Short-term financing bonds payable	5,798,249,385.78	6,000,000,000.00
Corporate asset-backed securities	465,914,975.30	
Notes receivable endorsed and not terminated	23,481,425.56	
Tax amount to be resold	341,268,218.08	276,772,583.95
Accrued expenses	25,968.26	15,886.01
Accrued interest on short-term borrowings	1,306,542.94	
Accrued interest on short-term financing instruments	88,960,164.39	
Accrued interest on asset-backed securities	15,956,606.03	
Accrued interest on long-term loans	2,283,207.33	
Accrued interest on bonds payable	298,027,959.16	
Accrued interest on finance lease	5,708,554.70	
Total	7,041,183,007.53	6,276,788,469.96

1、 Details of short-term financing bonds payable：

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
Fujian Zhanglong Group Co., Ltd. 2020 first issue of short-term financing bonds	600,000,000.00	2020/2/26	366days	600,000,000.00	2.95%	599,918,258.93			81,741.07	600,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2020 second issue of short-term financing bonds	1,000,000,000.00	2020/3/26	365days	1,000,000,000.00	2.78%	999,795,518.94			204,481.06	1,000,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2020 third issue of short-term financing bonds	1,000,000,000.00	2020/8/24	365days	1,000,000,000.00	3.25%	999,427,077.56			572,922.44	1,000,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2021 first issue of short-term financing bonds	800,000,000.00	2021/2/8	350days	800,000,000.00	3.67%		800,000,000.00		-46,546.35		799,953,453.65
Fujian Zhanglong Group Co., Ltd. 2021 second issue of short-term financing bonds	800,000,000.00	2021/4/2	365days	800,000,000.00	3.50%		800,000,000.00		-177,494.66		799,822,505.34
Fujian Zhanglong Group Co., Ltd. 2021 third issue of short-term financing bonds	800,000,000.00	2021/7/9	365days	800,000,000.00	2.97%		800,000,000.00		-367,511.39		799,632,488.61
Fujian Zhanglong Group Co., Ltd. 2021 fourth issue of short-term financing bonds	1,000,000,000.00	2021/10/13	365days	1,000,000,000.00	3.05%		1,000,000,000.00		-694,923.19		999,305,076.81
Fujian Zhanglong Group Co., Ltd. 2020 second issue of	1,000,000,000.00	2020/4/24	270days	1,000,000,000.00	2.05%	999,960,775.64			39,224.36	1,000,000,000.00	

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
ultra-short-term financing bonds											
Fujian Zhanglong Group Co., Ltd. 2020 third issue of ultra-short-term financing bonds	700,000,000.00	2020/5/27	245days	700,000,000.00	2.04%	699,959,902.93			40,097.07	700,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2020 fourth issue of ultra-short-term financing bonds	800,000,000.00	2020/7/22	269days	800,000,000.00	3.20%	799,813,787.48			186,212.52	800,000,000.00	
Fujian Zhanglong Group Co., Ltd. in 2020 the fifth issue of ultra-short-term financing bonds	900,000,000.00	2020/12/16	210days	900,000,000.00	3.68%	899,616,837.85			383,162.15	900,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2021 first issue of ultra-short-term financing bonds	700,000,000.00	2021/1/22	270days	700,000,000.00	3.35%		700,000,000.00			700,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2021 second issue of ultra-short-term financing bonds	1,000,000,000.00	2021/3/19	231days	1,000,000,000.00	3.50%		1,000,000,000.00			1,000,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2021 third issue of ultra-short-term financing	800,000,000.00	2021/7/29	176days	800,000,000.00	2.82%		800,000,000.00		-34,350.31		799,965,649.69

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
bonds											
Fujian Zhanglong Group Co., Ltd. 2021 fourth issue of ultra-short-term financing bonds	900,000,000.00	2021/8/12	230days	900,000,000.00	2.79%		900,000,000.00		-173,248.61		899,826,751.39
Fujian Zhanglong Group Co., Ltd. in 2021 the fifth issue of ultra-short-term financing bonds	700,000,000.00	2021/10/22	238days	700,000,000.00	3.00%		700,000,000.00		-256,539.71		699,743,460.29
Total	11,800,000,000.00	——	——	11,800,000,000.00	——	5,998,492,159.33	7,500,000,000.00		-242,773.55	7,700,000,000.00	5,798,249,385.78

2、 Details of enterprise asset-backed securities:

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
Pingan-zhanglong Supply Chain Finance Phase 1 Asset Support Special Plan	466,000,000.00	2021/3/8	325 days	466,000,000.00	4.18%		466,000,000.00		-85,024.70		465,914,975.30
Total	466,000,000.00			466,000,000.00			466,000,000.00		-85,024.70		465,914,975.30

Note：Pingan-zhanglong Supply Chain Finance Phase 1 Asset Support Special Plan is the asset-backed securities issued by the Company, which is divided into priority and secondary. The total issuance size of the asset-backed securities shall not exceed CNY 3.0 billion, including CNY 466 million to be issued for the first time, CNY 465 million for senior asset-backed securities, and CNY 100.00 million for subordinated asset-backed securities. The issuance date is March 8, 2021, and the latest maturity date is January 27, 2022.

38. Long-term borrowings

Category	Closing balance	Opening balance
Pledged loan	2,487,326,597.98	1,960,430,000.00
Mortgage loan	49,000,000.00	49,000,000.00
Guaranteed loan	812,000,000.00	1,122,030,000.00
Credit loan	601,000,000.00	1,000,000.00
Total	3,949,326,597.98	3,132,460,000.00

Note: （1）As of December 31, 2021, the final amount of the pledge loan amount is CNY2,487,326,597.98, as detailed below:：

1）The pledge loan of Zhangzhou Development Co., Ltd., the first level subsidiary of the Company, is CNY1,242,326,597.98, as detailed below：

①Guaranteed by Fujian Zhangzhou Development Co.,Ltd, Zhangzhou Zhangzhou Water Group Co., Ltd. borrowed CNY66.00 million from Bank of China Zhangzhou Branch with the charging rights and interests of the Third Water Plant as pledge, with a period of 156 months. CNY4.7143 million has been paid back and CNY4.7143 million should be paid back. List the non-current liabilities that are reclassified and mature within one year, and the balance of long-term loans at the end of the period is CNY56.5714 million.

②Guaranteed by the Company's first-level subsidiary zhangzhou Water Development Group Co., LTD., Yunxiao Water Development Co., Ltd. borrowed CNY92.00 million from Zhao 'an Sub-branch of Agricultural Development Bank of China with the government payment under THE PPP project as pledge, with a period of 12 years. CNY10.00 million has been repaid and CNY10.00 million should be repaid. List the non-current liabilities that are reclassified and mature within one year, and the balance of long-term loans at the end of the period is CNY72.00 million.

③Guaranteed by Fujian Zhangzhou Development Co.,Ltd, Zhangzhou Dongdun Sewage Treatment Co., Ltd. borrowed CNY124.00 million from Bank of China Zhangzhou Branch with project charging rights as pledge. The term is 115 months.CNY23.25 million has been paid back, and CNY11.6250 million should be paid back. List the non-current liabilities that are reclassified and mature within one year, and the balance of long-term loans at the end of the period is CNY89.1250 million.

④Guaranteed by Fujian Zhangzhou Development Co.,Ltd, Zhangzhou Dongdun Sewage Treatment Co.,Ltd borrowed CNY200.00 million from Zhangzhou Branch of Postal Savings Bank of China Co.,Ltd with the right to charge sewage treatment service fee of Dongdun Phase II as pledge, with a period of 12 years. CNY6.9966 million has been paid back and CNY13.9932 million should be paid back. List the non-current liabilities that are reclassified and mature within one year, and the balance of long-term loans at the end of the period is CNY179.0102 million.

⑤According to the guarantee of the share ratio after penetration, Fujian Zhangzhou Development Co.,Ltd

and Beijing Original Water Technology Co.,Ltd., a first-level subsidiary of the Company, will borrow CNY180.00 million from Pinghe County Branch of Agricultural Development Bank of China with the receivables under PPP project as pledge, with a period of 18 years. CNY10.50 million should be paid back. List the non-current liabilities that are reclassified and mature within one year, and the balance of long-term loans at the end of the period is CNY169.50 million.

⑥Guaranteed by the company's first-level subsidiary Fujian Zhangzhou Development Co., Ltd. on the basis of shareholding ratio, Zhangzhou Zhanyuan Environmental Technology Co., Ltd. borrowed CNY595.00 million from Zhangzhou Branch of the Agricultural Development Bank of China with the pledge of accounts receivable under the PPP project for a period of 15 years；

⑦Guaranteed by the Company's first-level subsidiary Fujian Zhangzhou Development Co., Ltd., Zhangzhou Mazhou Sewage Treatment Co., Ltd. pledged the right to charge sewage treatment service fees in the PPP project contract to borrow CNY81.12 million yuan from China Postal Savings Bank Co., Ltd. Zhangzhou Branch For 15 years.

2）The pledge loan of Fujian Zhanglong Construction Investment Group Co., Ltd., the first level subsidiary of the Company, is CNY1,245,000,000.00, as detailed below：

①Fujian Zhanglong Construction Investment Group Co., Ltd. pledged the accounts receivable under the government purchase service agreement of Zhangzhou Changfu shantytown reconstruction project, with a loan of CNY1,045,000,000.00；

②The Company's second-tier subsidiary Luzhou Longhua Investment Co., Ltd. pledged the government payment under the PPP project of Shangping Tulou group to Dadi Tulou group highway project of "town trunk line" in Hua'an County, and borrowed CNY180,000,000.00；

③The pledge loan is a loan agreement signed between the Company and Zhangzhou Branch of Agricultural Development Bank of China. The loan is pledged with the government payment under the Fixed Assets Loan Contract, and the loan is CNY20,000,000.00.

（2）As of December 31, 2020, the closing amount of the mortgage loan amounted to CNY49,000,000.00, as detailed below:

1) Fujian Zhanglong Group Co., Ltd. borrowed CNY150,000,000.00 from the China Development Bank with the logistics park land certificate as a collateral. As of 31 December 2020, the repayment was accumulated to CNY101,000,000.00.

39. Bonds payable

（1）Bonds payable

Item	Closing balance	Opening balance
Domestic CNY bonds	7,612,338,608.96	6,520,000,000.00

Item	Closing balance	Opening balance
Foreign U.S. dollar bonds	6,373,386,434.37	5,858,413,138.95
subtotal	13,985,725,043.33	12,378,413,138.95
less：Bonds payable due within 1 year	7,306,126,146.42	3,388,036,661.23
Total	6,679,598,896.91	8,990,376,477.72

1、Details of domestic CNY bonds：

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
2015 Fujian Zhanglong Group Co., Ltd. corporate bonds	240,000,000.00	2015/8/7	7 years	240,000,000.00	4.99%	239,567,559.85			313,823.14	120,000,000.00	119,881,382.99
Fujian Zhanglong Group Co., Ltd. 2016 non-public issuance of corporate bonds (first issue)	780,000,000.00	2016/4/20	5 years	780,000,000.00	4.65%	780,001,827.61			-1,827.61	780,000,000.00	
Fujian Zhanglong Group Co., Ltd. 2019 non-public issuance of corporate bonds (first issue)	600,000,000.00	2019/3/27	3 years	600,000,000.00	5.00%	598,471,775.03			1,247,642.42		599,719,417.45
Fujian Zhanglong Group Co., Ltd. 2019 non-public issuance of corporate bonds (second issue)	1,400,000,000.00	2019/4/15	3years	1,400,000,000.00	5.15%	1,396,280,834.73			2,906,280.38		1,399,187,115.11
Fujian Zhanglong Group Co., Ltd. 2019 non-public issuance of corporate bonds (third issue)	600,000,000.00	2019/8/9	3 years	600,000,000.00	4.70%	599,308,023.39			427,694.65		599,735,718.04

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
Fujian Zhanglong Group Co., Ltd. 2019 non-public issuance of corporate bonds (fourth issue)	400,000,000.00	2019/9/16	3 years	400,000,000.00	4.60%	399,509,464.86			283,647.49		399,793,112.35
Fujian Zhanglong Group Co., Ltd. 2020 non-public issuance of corporate bonds (first issue)	1,000,000,000.00	2020/11/5	3 years	1,000,000,000.00	4.47%	998,432,114.41			529,540.18		998,961,654.59
Fujian Zhanglong Group Co., Ltd. 2021 non-public issuance of corporate bonds (first issue)	1,000,000,000.00	2021/4/9	3 years	1,000,000,000.00	4.30%		1,000,000,000.00		-1,260,607.57		998,739,392.43
Fujian Zhanglong Group Co., Ltd.2021 non-public issuance of short-term corporate bonds (First issue)	1,000,000,000.00	2021/12/25	1 year	1,000,000,000.00	3.28%		1,000,000,000.00		-572,057.21		999,427,942.79
Fujian Zhanglong Group Co., Ltd. 2018 first issue of medium-term notes	500,000,000.00	2018/10/29	5 years	500,000,000.00	5.28%	497,713,903.00			771,534.46		498,485,437.46
Fujian Zhanglong Group Co., Ltd. 2020 first	1,000,000,000.00	2020/1/9	3 years	1,000,000,000.00	4.40%	996,913,592.89			1,493,842.86		998,407,435.75

Bond name	Par value	Issue date	Maturity of bond	Issue amount	Par rate	2021/1/1	Issued in the current period	Interests calculated at par value	Amortization of premium or discount	Current repay	2021/12/31
non-public targeted debt financing instrument											
subtotal	7,520,000,000.00	——	——	7,520,000,000.00	——	6,506,199,095.77	2,000,000,000.00		6,139,513.19	900,000,000.00	7,612,338,608.96
less：Bonds payable due within 1 year	3,020,000,000.00	——	——	3,020,000,000.00	——	780,001,827.61	1,000,000,000.00		4,605,203.26	900,000,000.00	4,117,744,688.73
Total	4,500,000,000.00	——	——	4,500,000,000.00	——	5,726,197,268.16	2,000,000,000.00		1,534,309.93		3,494,593,920.23

2、Details of foreign US dollar bonds：

As of December 31, 2021, the balance of outstanding foreign bonds issued by the Company was USD 499,553,770.83, or CNY3,185,004,976.68, as follows:

Bond name	Par value (USD)	Issue amount	Par rate	Proposed issuance (USD)	Opening balance (USD)	Opening Exc. Rate	Opening balance (CNY)	Actual issuance in the current period (USD)	Interests calculated at par value (USD)	Amortization of premium or discount (USD)	Current repay (USD)	Closing balance (USD)	USD / CNY Exc. Rate	CNY converted
(First issue in 2018)	100	3 million	5.60%	300,000,000.00	299,838,087.52	6.5249	1,956,413,537.26			161,912.48	300,000,000.00			
(Second issue in 2018)	100	1 million	5.60%	100,000,000.00	99,867,143.40	6.5249	651,623,123.97			132,856.60	100,000,000.00			
Project Dragon (First issue in 2019)	100	5 million	5.875%	500,000,000.00	498,149,623.40	6.5249	3,250,376,477.72			1,933,733.36		500,083,356.76	6.3757	3,188,381,457.69
Project Dragon (First issue in 2021)	100	4 million	3.45%	400,000,000.00				400,000,000.00		-665,625.63		399,334,374.37	6.3757	2,546,036,170.67
Project Dragon (Second issue in 2021)	100	1 million	3.45%	100,000,000.00				100,000,000.00		219,396.46		100,219,396.46	6.3757	638,968,806.01
subtotal	——	——	——	1,400,000,000.00	897,854,854.32	——	5,858,413,138.95	500,000,000.00		1,782,273.27	400,000,000.00	999,637,127.59	——	6,373,386,434.37
less：Bonds payable due within 1 year	——	——	——	400,000,000.00	399,705,230.92	——	2,608,036,661.23			2,228,502.44	400,000,000.00	500,083,356.76	——	3,188,381,457.69
Total	——	——	——	1,000,000,000.00	498,149,623.40	——	3,250,376,477.72	500,000,000.00		-446,229.17		499,553,770.83	——	3,185,004,976.68

40. Lease liabilities

Item	Closing balance	Opening balance
Rental payments	156,936,111.58	
Unacknowledged financial charges	-26,569,615.56	
subtotal	130,366,496.02	
Less: Lease liabilities due within 1 year	13,674,035.74	
Total	116,692,460.28	

41. Long-term payables

Category	Closing balance	Opening balance
Long-term payables	860,288,445.07	263,804,763.79
Special payables	45,142,883.17	446,500,868.83
Total	905,431,328.24	710,305,632.62

(1) Long-term payables

Item	Closing balance	Opening balance
Zhaoyin Financial Leasing Co., Ltd	172,496,235.96	252,208,333.34
Xiamen Jinyuan Finance Leasing Co., Ltd.		11,596,430.45
Zhangzhou Housing and Urban-Rural Construction Bureau	490,292,209.11	
Industrial Bank Financial Leasing Co.,Ltd.	197,500,000.00	
Total	860,288,445.07	263,804,763.79

(2) Special payables

Item	Opening balance	Increase	Decrease	Closing balance
Project subsidies	46,500,868.83	11,682,490.26	13,040,475.92	45,142,883.17
Total	46,500,868.83	11,682,490.26	13,040,475.92	45,142,883.17

42. Deferred income

Item	Opening balance	Increase	Decrease	Closing balance	Reasons
Provincial highway supplementary fund (Jiulong Project)	340,380,000.00			340,380,000.00	Government special subsidy
Gu Wenchang Cadre College Project Subsidy Construction Fund	80,000,000.00	40,000,000.00		120,000,000.00	Government special subsidy
Subsidy for the greening project with expropriation of green lands by Zhangzhou Dongdun Sewages Treatment Plant	5,965,628.04		245,162.76	5,720,465.28	Government special subsidy
Subsidy for the water supply pipe network expansion project in the western urban area of Xiangcheng District,	5,386,056.38		466,666.68	4,919,389.70	Government special subsidy

Item	Opening balance	Increase	Decrease	Closing balance	Reasons
Zhangzhou Subsidy for Zhangzhou Yingbin Road water pipe network	4,611,110.84		666,666.72	3,944,444.12	Government special subsidy
Subsidy for the water supply pipe network expansion project (Phase I) in the eastern part of Zhangzhou City	4,417,778.21		533,333.28	3,884,444.93	Government special subsidy
Subsidy for the City and urban agglomeration distribution service platform project	3,712,500.00		225,000.00	3,487,500.00	Government special subsidy
Subsidy for the expansion project of Zhangpu County No.2 Water Supply Plant	3,481,218.69		289,291.68	3,191,927.01	Government special subsidy
Water supply project construction funds of Jinfeng Development Zone northern area	3,500,000.00		3,500,000.00		Government special subsidy
Subsidy for listed land use index	3,218,240.17		232,417.25	2,985,822.92	Government special subsidy
Completion acceptance of Zhailin Reservoir reinforcement project	1,912,500.00		112,500.00	1,800,000.00	Government special subsidy
Forestry financial special funds at the municipal level	82,890.92			82,890.92	Government special subsidy
Zhangpu sewage plant level A expansion and upgrading project subsidies		2,050,000.00	15,840.77	2,034,159.23	Government special subsidy
Total	456,667,923.25	42,050,000.00	6,286,879.14	492,431,044.11	

43. Other non-current liabilities

Item	Closing balance	Opening balance
Tax amount to be resold	116,130,080.81	
Total	116,130,080.81	

44. Paid-in capital

Investor	Closing balance	Opening balance
State-owned Assets Supervision and Administration Commission of Zhangzhou Municipal People's Government	3,445,650,000.00	3,828,500,000.00
Fujian Provincial Department of Finance	382,850,000.00	
Total	3,828,500,000.00	3,828,500,000.00

Note: "According to the spirit of the document "Fujian Provincial Department of Finance, Fujian Provincial Department of Human Resources and Social Security, Fujian Provincial People's Government State-owned Assets Supervision and Administration Commission on Matters Relating to the Transfer of Part of State-owned Capital" (Min Cai Enterprise [2020] No.), the Zhangzhou Municipal State-owned Assets Supervision and Administration Commission agreed to transfer its 10.00% equity interest in the Company to the Fujian Provincial Department of Finance in one go; after the completion of the registration of the change of state-owned property rights, the Fujian Provincial Department of Finance enjoys the right to income of the transferred state-owned equity in the capacity

of financial investor in accordance with the "Notice of Fujian Provincial People's Government on the Issuance of the Implementation Plan for the Transfer of Part of State-owned Capital to Enrich Social Security Fund in Fujian Province" (Min Zheng [2020] No. 6) and other relevant provisions, and this transfer has not changed the original state-owned capital management system of the Company.

45. Other equity instruments

Equity instruments issued	Opening balance	Increase	Decrease	Closing balance
Perpetual bonds	3,600,000,000.00	1,500,000,000.00	1,500,000,000.00	3,600,000,000.00
Total	3,600,000,000.00	1,500,000,000.00	1,500,000,000.00	3,600,000,000.00

Note:

(1) According to the document of Zhang Guo Zi Property Right (2016), it was agreed that the Company would apply to the China Interbank Market Dealers Association for the issuance of medium-term notes (perpetual bonds) of not more than CNY1 billion with a term of 5 + N years. The issue would be based on the Company's own capital needs and market conditions, and CNY1 billion was issued in August 2017. It is perpetual until the issuer redeems in accordance with the terms of the issuance.

(2) According to document No. 51 of the Asset Rights of Yanguo (2019), the Company has agreed to apply to the China Interbank Market Dealers Association for the issuance of medium-term notes (sustainable bonds) of not more than CNY2 billion for a period of not more than 5 years. According to the Company's own capital needs and market conditions, the Company issued CNY600 million of medium-term notes in October 2020 for a period of 2+N years, long-term and sustainable before the issuer redeems them in accordance with the terms of the offering.

(3) In December 2020, the Company issued the Perpetual Trust "Yunnan Trust - Caiyun and Rui 12" CNY500 million.

(4) Boshi Capital Management Co., Ltd. signed the "Perpetual Bond Investment Contract" with the Company and agreed to pay the Company a one-time payment of CNY300 million for perpetual debt investment.

(5) According to Document No. 51 of Zhangguo Asset Rights (2019), it agrees that the Company applies to China Association of Interbank Market Dealers to issue medium-term notes (perpetual bonds) of no more than CNY2.00 billion with a maturity of no more than 5+N years. According to the Company's own capital needs and market conditions, the Company will issue CNY400 million of medium-term notes in February 2021 with a term of 2+N years, which will be long-term and sustainable until redeemed by the issuer in accordance with the terms of the issue.

(6) In March 2021, the Company will issue the sustainable trust "Xiamen Trust -- Xingzhang No.1 Single Fund Trust" of CNY450 million and "Xiamen Trust -- Xingzhang No.2 Single Fund Trust" of CNY 50 million.

(7) In Octoberr 2021, the Company issued the Perpetual Trust "Yunnan Trust - Caiyun and Rui 113" CNY300 million.

46. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Donated assets accepted	4,888,459.95			4,888,459.95
Equity premium	60,195,909.06			60,195,909.06
Other capital reserve	5,587,309,426.40	197,809,543.22	5,975,563.81	5,779,143,405.81
Total	5,652,393,795.41	197,809,543.22	5,975,563.81	5,844,227,774.82

Note:

（1） The main reason for the change in the capital reserve in the current period was the equity investment "Quanzhou Rural Commercial Bank Co., Ltd." from July 1, 2018 to December 31, 2021. The non-performing loan was recovered and stripped of CNY279,251,670.73. The Company's equity investment in Quanzhou Rural Commercial Bank Co., Ltd. is accounted for by the equity method, and other capital reserves are increased by CNY15,470,542.57 corresponding to the shareholding ratio.

（2） In accordance with the spirit of document Zhang Guozhi Property Rights (2021) No. 38, 93 assets such as land and housing assets of 11 enterprises including Zhangzhou Hongan Grain and Oil Transportation Company and housing shared by administrative and public institutions were injected into the Company in the form of increased state capital, resulting in an increase in capital surplus of RMB84,331,233.81.

（3） In accordance with the spirit of document No. 65 of Zhang Guozhi Property Rights (2021), the Transportation Group bought shares in Zhangzhou Shangyong Investment Group Co., Ltd. at the price of the land and housing assets held by Zhangzhou Houfang Farm, resulting in an increase in capital surplus of RMB97,996,452.34.

（4） According to the spirit of document Zhang Cai Guo Zi (2017) No. 80, the assets of office premises for administrative and public institutions originally transferred to Zhangzhou Business Enterprise Asset Management and Operation Co., Ltd. were recovered from key state-owned enterprises under the city, and the change of ownership and transfer of assets

were completed during the period, resulting in a decrease in capital surplus of RMB3,595,949.52.

（5） In accordance with the spirit of the minutes of the board of directors' meeting (2021) No. 11 of Fujian Zhanglong Group Co., Ltd., the Company increased its holding of 6,520,209.00 shares in its first-tier subsidiary, Fujian Zhangzhou Development Co., Ltd. resulting in a decrease in capital surplus of $2,229,102.50.

47. Surplus reserve

Item	2021/1/1	Increase	Decrease	2021/12/31
Statutory surplus reserve	443,085,907.17	28,370,796.60		471,456,703.77
Total	443,085,907.17	28,370,796.60		471,456,703.77

48. Retained earnings

Retained earnings Item	Closing balance	
	Amount	Proportion withdrawn or distributed
Opening balance of retained earnings before adjustment	2,885,299,843.23	
Adjustment of the opening balance of retained earnings (‘+’ for increase, ‘-’ for decrease)	67,505,038.94	
Opening balance of retained earnings after adjustment	2,952,804,882.17	
Add: Net profit attributable to the parent Company for the current period	411,919,899.15	——
Less: Withdrawal of statutory surplus reserve	28,370,796.60	10%
Withdrawal of discretionary surplus reserve		
Common stock dividends payable	409,053,465.92	
Common stock dividends converted to equity		
Distribution to the owner		
Other profits distributed to investors		
Closing balance of retained earnings	2,927,300,518.80	

(Continued)

Item	Opening balance	
	Amount	Proportion withdrawn or distributed
Opening balance of retained earnings before adjustment	2,529,555,830.40	
Adjustment of the opening balance of retained earnings (‘+’ for increase, ‘-’ for decrease)		
Opening balance of retained earnings after adjustment		
Add: Net profit attributable to the parent company for the current period	639,405,170.05	——
Less: Withdrawal of statutory surplus reserve	46,425,657.22	10%
Withdrawal of discretionary surplus reserve		
Common stock dividends payable	237,235,500.00	
Common stock dividends converted to equity		

Item	Opening balance	
	Amount	Proportion withdrawn or distributed
Distribution to the owner		
Other profits distributed to investors		
Closing balance of retained earnings	2,885,299,843.23	

49. Operating revenue and operating costs

Item	Current Period Occurrence		Prior Period Occurrence	
	Revenue	Costs	Revenue	Costs
Goods sales revenue	27,216,644,758.96	26,781,571,144.97	9,816,991,103.42	9,587,506,473.74
Rental income	48,221,658.16	30,397,001.39	36,159,230.29	33,108,101.42
Water revenue	287,749,084.76	159,690,895.24	248,831,013.92	131,921,612.62
Land development income	15,273,500.00	5,186,972.51	9,519,600.00	3,142,516.68
Engineering construction income	1,108,903,896.97	933,377,097.04	1,718,636,444.07	1,390,466,931.30
Real estate development income	303,826,030.41	161,894,572.04	418,326,270.99	259,330,722.18
Services rendered	85,051,403.68	71,210,720.84	59,472,807.24	41,756,367.43
Other income	204,341,181.51	14,477,862.67	336,000,856.81	69,374,331.77
Sub-total	29,270,011,514.45	28,157,806,266.70	12,643,937,326.74	11,516,607,057.14
Other income	101,218,141.35	26,573,500.33	95,416,023.25	40,994,465.73
Sub-total	101,218,141.35	26,573,500.33	95,416,023.25	40,994,465.73
Total	29,371,229,655.80	28,184,379,767.03	12,739,353,349.99	11,557,601,522.87

50. Financial costs

Item	Current Period Occurrence	Prior Period Occurrence
Interest expenses	575,755,928.42	604,809,618.17
Less:Interest income	246,781,904.62	150,048,118.12
Banking charges	-144,640,283.11	-402,389,828.14
Exchange gains and losses	13,985,177.52	9,685,731.65
Financing issuance fees	6,498,680.28	12,944,237.99
Others	6,261,149.15	8,128,982.93
Total	211,078,747.64	83,130,624.48

51. Other income

Item	Current Period Occurrence	Prior Period Occurrence
Subsidized subsidies for urban projects in southwest Fujian	5,472,200.00	
The government allocates a subsidy for operating expenses	1,500,000.00	
County-level incentives for enterprise listing	1,200,000.00	
Withholding tax fee return	1,021,022.81	187,961.82

Item	Current Period Occurrence	Prior Period Occurrence
Subsidies for the water pipe network on Welcome Road, Zhangzhou City	666,666.72	666,666.72
Subsidies for the expansion of water supply network in the eastern part of Zhangzhou City (phase 1)	533,333.28	533,333.28
Steady-job subsidy	479,920.22	3,114,135.49
Subsidies for the expansion of water supply pipe network in the western city of Zhangzhou City	466,666.68	466,666.68
Positive incentive incentive funds for technological transformation investment of industrial enterprises	341,300.00	
Auto show subsidies	307,650.00	265,000.00
Subsidies for the expansion of the second waterplant in Zhangpu County	289,291.68	289,291.68
VAT is levied or refunded	257,437.13	420,245.40
Subsidies for greening projects in Dongdun sewage plant in Zhangzhou	245,162.76	245,162.76
Subsidies for listed land indicators	232,417.25	177,700.62
City and City Group Distribution Service Platform Project Subsidy	225,000.00	225,000.00
Export credit grant	205,522.50	1,396,867.57
Input plus and minus	188,849.00	153,729.42
Twelve incentives for upgrading and developing the service industry	180,000.00	140,000.00
Expand special action subsidy funds for consumer demand	150,000.00	
Subsidies for training workers	60,500.00	187,500.00
Business development funds		1,093,000.00
Trade fair subsidies		631,900.00
Others are foreign trade subsidies during the epidemic		435,463.00
Total annual investment in the construction of key e-commerce carriers at the municipal level		435,000.00
Increase production efficiency rewards		242,419.00
Trade subsidies		150,000.00
Originally included in the limits of statistical pure e-commerce enterprises		150,000.00
Subsidies for enterprises with temporary production and operation difficulties		128,988.00
Special funds for trade promotion		117,642.00
Xiamen Free Trade Zone encourages financial (financial) institutions to increase credit delivery incentives		113,426.10
Other	464,119.76	818,348.08
Total	14,487,059.79	12,785,447.62

52. Investment income

Item	Current Period Occurrence	Prior Period Occurrence
Long-term equity investment income accounted for under equity method	228,229,673.30	24,038,109.08
Investment income from disposal of Long-term equity investment	8,489,268.69	-3,546,782.14
Investment income obtained during holding trading financial assets	-270,000.58	45,414.27

Item	Current Period Occurrence	Prior Period Occurrence
Investment income from disposal of transactional financial assets	201,387.81	1,019,621.53
Held-to-maturity investment		56,162,887.91
Investment income from available for sale financial assets during the holding period		55,860,000.07
Investment income from disposal of available for sale financial assets		3,081,100.97
Interest income from holding debt investments	58,775,110.12	
Income from reverse repurchase of treasury bonds	625,583.94	1,097,572.22
Dividend income from holding investments in other equity instruments	11,400,000.00	
Investment income from other non-current financial assets during the holding period	1,240,323.53	
Income from financial products	304,333.33	
Total	308,995,680.14	137,757,923.91

(1) Details of long-term equity investment income accounted for under equity method

Investee	Shareholding proportion (%)	Investment income recognized for the current period
Fujian Huaxing Zhangfa Venture Capital Development Co., Ltd.	54.17	-2,645.26
Fujian Xinhe Real Estate Development Co., Ltd.	43.00	8,200,324.13
Fujian Dongnan Huadu Real Estate Co., Ltd.	10.00	-212,759.97
Fujian Longcheng Construction Industry Co., Ltd.	20.00	2,683,418.94
Fujian Zhangzhou Fuhua Shuiwu Development Co., Ltd	34.00	-30,452.88
Fujian Zhaofa Real Estate Co., Ltd.	30.00	34,083,373.82
Fujian Zhangzhou Expressway Co., Ltd.	28.33	166,334,205.23
Zhangzhou Yingzhi Construction and Development Co., Ltd	40.00	24,408,577.02
Zhangzhou Shenhai Double Line Expressway Co., Ltd.	35.50	-6,092,986.60
Fujian Zhanglong Sanjun Venture Capital Co., Ltd.	25.00	89,078.54
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	22.03	-88,133.05
Fujian Minnan Flower Co., Ltd.	21.24	-56,146.09
Zhangzhou Economic Development Co., Ltd.	40.00	34,107,095.88
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	39,809,870.08
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	20.00	-29,481,506.35
Zhangzhou Tourism Investment Group Co., Ltd.	27.50	-59,468,788.26
Fujian Southwestern City Collaborative Development Group Co.,Ltd	20.00	3,197,702.18
Zhangzhou Urban Development Parent Fund Partnership (Limited Partnership)	99.97	-1,661,210.81
Fujian Changtai County Huaxing Small Loan Co., Ltd.	10.00	570,828.31
Zhangzhou Zhanglong Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)	36.17	-193,115.50
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.	10.00	454,625.00
Quanzhou Rural Commercial Bank	5.54	12,066,069.78
Xiamen Zhanglong Haifa Venture Capital Partnership (Limited Partnership)	32.91	-444,621.22
Fujian Zhukang Construction And Development Co., Ltd.	44.00	409.37

Investee	Shareholding proportion (%)	Investment income recognized for the current period
Dongshan Shenghui Real Estate Development Co., Ltd.	15.00	-32,224.49
Total	——	228,240,987.80

53. Credit impairment loss

Item	Current Period Occurrence	Prior Period Occurrence
Bad debt losses	-76,937,591.05	
Total	-76,937,591.05	

【Note: In the above table, losses are listed with "-".】

54. Impairment loss on assets

Item	Current Period Occurrence	Prior Period Occurrence
Bad debt losses		-79,466,120.78
Loss on inventory valuation	-21,765,295.38	-35,831,858.15
Impairment loss of contract assets	-10,577,677.37	
Total	-32,342,972.75	-115,297,978.93

【Note: In the above table, losses are listed with "-".】

55. Gains from disposals of assets

Item	Current Period Occurrence	Prior Period Occurrence
Gains from disposal of non-current assets	-2,238,505.53	28,563,735.39
Total	-2,238,505.53	28,563,735.39

56. Non-operating income

Item	Current Period Occurrence	Prior Period Occurrence
Gains from disposal of non-current assets	3,331.06	226,877.36
Government subsidies	182,567,877.72	201,178,197.54
Fines, liquidated damages and compensation income	4,096,192.95	1,661,543.36
Debt write-off	843,408.93	2,563,739.37
Others	3,607,344.62	4,980,488.97
Total	191,118,155.28	210,610,846.60

Details of government subsidies

Item	Current Period Occurrence	Prior Period Occurrence
Subsidy for highway construction project	89,580,000.00	89,580,000.00
Requisition compensation	89,469,011.92	68,527,897.54
Subsidy for Xiazhang cross-sea bridge		40,000,000.00
Others	3,518,865.80	3,070,300.00
Total	182,567,877.72	201,178,197.54

Note: According to the Municipal Finance Bureau document "Notice on the Issuing the Annual Subsidy Plan for Highway Construction Investment in Zhangzhou City", the Company received a subsidy of CNY89,580,000.00 for highway construction projects.

57. Non-operating expenses

Item	Current Period Occurrence	Prior Period Occurrence
Loss on disposal of non-current assets	523,803.79	172,468.03
Fines, liquidated damages and compensation expenses	4,905,209.39	621,470.61
External donation	252,885.96	171,158.00
Others	765,477.48	2,247,555.44
Total	6,447,376.62	3,212,652.08

58. Income tax expenses

Item	Current Period Occurrence	Prior Period Occurrence
Current income tax expenses	132,887,507.22	108,166,437.77
Deferred income tax	4,307,487.99	-17,189,561.98
Total	137,194,995.21	90,976,875.79

59. Consolidated statement of cash flows

1、Information on adjusting net profit to cash flow from operating activities according to the indirect method

Item	Current Period Occurrence	Prior Period Occurrence
1. Reconciliation between net profit and net cash flows generated from operations:	—	—
Net profits	508,912,881.11	709,549,534.77
Add: Impairment provision on assets	32,342,972.75	115,297,978.93
Credit impairment losses	76,937,591.05	
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	128,794,131.08	285,128,887.72
Amortization of right-of-use assets	20,123,956.59	
Amortization of intangible assets	49,173,801.32	48,541,440.87
Amortization of long-term deferred expense	15,089,742.55	36,404,119.10
Losses/gains on disposal of fixed assets, intangible asset and other long-term assets (gains: “-”)	2,238,505.53	-28,790,612.75
Losses on scrapped fixed assets (gains: “-”)	520,472.73	172,468.03
Loss on changes in fair value (gains: “-”)	-1,754,637.33	-683,934.35
Financial costs (income: “-”)	443,875,474.74	215,364,028.02
Investment losses (gains: “-”)	-308,995,680.14	-137,757,923.91
Decrease in deferred tax assets (increase: “-”)	-20,712,268.71	-15,343,858.42
Increase in deferred tax liabilities (decrease: “-”)	28,642,188.13	-1,939,483.23
Decrease in inventory (increase: “-”)	-411,583,645.06	-1,767,290,085.53

Item	Current Period Occurrence	Prior Period Occurrence
Decrease in receivables from operating activities (increase: "-")	-1,330,496,517.07	-485,342,348.64
Increase in payables from operating activities (decrease: "-")	-653,576,870.87	-2,489,190,572.78
Others		
Net cash flows generated from operating activities	-1,420,467,901.60	-3,515,880,362.17
2. Significant investing and financing activities without involvement of cash receipts and payments	—	—
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Change of cash and cash equivalent:	—	—
Closing balance of cash	1,794,154,336.60	2,634,670,188.61
Less: Opening balance of cash	2,634,670,188.61	3,023,087,207.48
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-840,515,852.01	-388,417,018.87

2、Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	1,794,154,336.60	2,634,670,188.61
Including: Cash on hand	18,621.42	20,743.98
Bank deposits available for immediate payments	1,790,274,656.52	2,619,697,029.61
Other cash and cash equivalents available for immediate use	3,861,058.66	14,952,415.02
II. Cash equivalents		
Including: Investments in bonds maturing in three months		
III. Closing balance of cash and cash equivalents	1,794,154,336.60	2,634,670,188.61

60. Assets with restricted ownership and use rights

Item	Year-end book value	Reasons for restriction
Cash and cash equivalents	631,019,590.04	Details refer to Cash and Cash equivalents
Fixed assets	246,339,148.12	Borrowing CNY8 million from Bank Of China with property as collateral; Borrowing CNY8 million from Bank Of China with property as collateral
Intangible assets	51,557,291.87	Borrowing CNY8 million from Bank of China ; Borrowing CNY8 million from Bank of China ; Borrowing CNY150 million from China Development Bank with land use right as collateral

Note: Mortgaged assets

(1) The Company's second-tier subsidiary, Sanming Jiujiu Toyota, used housing land as collateral to apply to the Bank of China for CNY 8 million, and Sanming Huajun Automobile Sales Service Co., Ltd., a second-tier subsidiary of the Company, applied to bank china for CNY 8 million in CNY loans with housing land as collateral. Zhangzhou Development Water Group Co., Ltd., a

secondary subsidiary of the Company, signed a financial lease contract with Xingye Financial Leasing Co., Ltd. Benren Company for the expansion of the second water plant, machinery, equipment and pipeline network, and borrowed RMB 200 million. The balance of the loan at the end of the reporting period 203.8063 million yuan.

(2) The Company borrowed CNY150,000,000.00 from the China Development Bank with the logistics park land certificate as collateral. As of the end of the reporting period, it had accumulatively repaid with CNY101,000,000.00.

IX Related party relationships and transactions

1. Related parties with control relationships

For details of related parties with control relationships, please refer to Note VII.1, "Basic information on subsidiaries included in the scope of consolidated statements".

2. Related parties without control relationships

Investee	Relationship with the Company
Fujian Dongnan Huadu Real Estate Co., Ltd.	Joint stock company
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	Joint stock company
Fujian Minnan Flower Co., Ltd.	Joint stock company
Fujian Zhangzhou Timber Company	Joint stock company
Zhangzhou Wood Supplies Company	Joint stock company
Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	Joint stock company
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	Joint stock company
Zhangzhou Dongnan Huadu Travel Co., Ltd.	Joint stock company
Zhangzhou Dongnan Huadu Club Co., Ltd	Joint stock company
Zhangzhou Dongnan Huadu Co., Ltd.	Joint stock company
FujianProvince Zhangzhou ExpresswayCo., Ltd.	Joint stock company
Zhangzhou City Zhanglong Forestry Center Nursery Co., Ltd	Joint stock company
Zhangzhou Shuangling Ceramics Management Company	Joint stock company
FujianProvince, Longcheng Construction Industry Co., Ltd.	Joint stock company
Fujian xinhe Real Estate Development Co., Ltd.	Joint stock company
Fujian Zhaofa Real Estate Co., Ltd.	Joint stock company
Zhangzhou Tiantong Real Estate Co., Ltd.	Joint stock company
Zhangzhou Tongda Daolu Development Co., Ltd.	Joint stock company

3. Amounts due from / to related parties:

GL Account	Related party	Closing balance
Other receivables	Zhangzhou Dongnan Huadu Co., Ltd.	1,139,922,628.45

GL Account	Related party	Closing balance
Other receivables	Fujian Minnan Flower Co., Ltd.	363,622,249.09
Other receivables	Fujian Xiamen-Zhangzhou Bridge Co., Ltd	142,410,000.00
Other receivables	Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	127,478,538.30
Other receivables	Fujian Xinhe Real Estate Development Co., Ltd	65,703,094.95
Other receivables	Fujian Province Zhangzhou Expressway Co., Ltd	63,948,566.60
Other receivables	Fujian Dongnan Huadu Real Estate Co., Ltd.	49,512,487.50
Other receivables	Fujian Zhangzhou Timber Company	21,553,340.50
Other receivables	Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	4,704,800.00
Other receivables	Zhangzhou Dongnan Huadu Travel Co., Ltd.	2,777,118.00
Other receivables	Zhangzhou Tongda Daolu Development Co., Ltd.	701,990.00
Other receivables	Fujian Zhaofa Real Estate Co., Ltd.	278,787.26
Other receivables	Fujian Longcheng Construction Industry Co., Ltd.	274,605.07
Other receivables	Zhangzhou Shuangling Ceramics Management Company	244,479.30
Other receivables	Zhangzhou Dongnan Huadu Club Co., Ltd	98,800.00
Other payables	Fujian Zhaofa Real Estate Co., Ltd.	264,000,000.00
Other payables	Zhangzhou Tiantong Real Estate Co., Ltd.	66,904,930.00
Other payables	Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	37,139,004.09
Other payables	Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	19,680,000.00
Other payables	Zhangzhou Wood Supplies Company	18,649,849.41
Other payables	Zhangzhou Shuangling Ceramics Management Company	13,813,123.54
Other payables	Fujian Zhangzhou Timber Company	2,662,906.79
Other payables	Fujian Minnan Flower Co., Ltd.	952,446.00
Other payables	Fujian Longcheng Construction Industry Co., Ltd.	200,000.00
Other payables	Zhangzhou Tongda Daolu Development Co., Ltd.	50,000.00
Accounts receivable	Fujian Xinhe Real Estate Development Co., Ltd	75,591,348.02
Accounts receivable	Zhangzhou City Zhanglong Forestry Center Nursery Co., Ltd.	19,842,500.00
Accounts receivable	Zhangzhou Dongnan Huadu Co., Ltd.	468796.35
Accounts receivable	Fujian Dongnan Huadu Real Estate Co., Ltd.	330,000.00
Accounts receivable	Fujian Province, Longcheng Construction Industry Co., Ltd.	0.30
Contract assets	Fujian Xinhe Real Estate Development Co., Ltd	16,082,788.37
Contract liabilities	Fujian Zhaofa Real Estate Co., Ltd.	1,064,689.90
Contract liabilities	Zhangzhou Dongnan Huadu Co., Ltd.	1,003,537.50
Accounts payable	Fujian Longcheng Construction Industry Co., Ltd.	11,168,238.82
Accounts payable	Fujian Xiamen-Zhangzhou Bridge Co., Ltd	66,209.57
Accounts payable	Fujian Minnan Flower Co., Ltd.	9,345.00
Interests receivable	Zhangzhou Dongnan Huadu Co., Ltd.	682,474,951.87
Interests receivable	Fujian Dongnan Huadu Real Estate Co., Ltd.	6,970,139.96
Interests receivable	Fujian Xiamen-Zhangzhou Bridge Co., Ltd	1,763,283.00

X Contingent liabilities

A. Contingent liabilities arising from pending litigation and arbitration and their financial implications

1. Fujian Zhangzhou Development Co., Ltd.

（1）In November 2017, the Company signed “Fujian Southeast Huadu Real Estate Co., Ltd.’s Equity Transfer Contract” with Anhui Jingde Real Estate Development Co., Ltd. to transfer 50% of shareholdings and debt rights of Fujian Southeast Huadu Real Estate Co., Ltd. held by the Company to Anhui Jingde Real Estate Development Co., Ltd. In June 2019, Anhui Jingde Real Estate Development Co., Ltd. sued the Company for disputes over equity transfer, and requested to refund the amounts of equity transfer and debt transfer, and interest fees, and pay auction agency fees and legal expenses, etc. The amount of litigation was CNY507,089,700. In July 2019, the Company filed a counterclaim against Kingtech Real Estate for termination of the contract without cause, demanding Kingtech Real Estate to pay liquidated damages, loss of attorney's fees, etc.

On September 25, 2020, the Provincial High Court made a judgment of first instance, rejecting the other party's lawsuit request, and the Company won the lawsuit. On January 21, 2021, the Company received the appeal letter from the other party sent by the Provincial High People's Court. The other party filed an appeal, and the Company actively responded to the appeal. The second trial of the case was held in Nanjing Sanxun Court of the Supreme People's Court on June 17. In October 2021, the Company received a civil judgment served by the Supreme People's Court with the following verdict: "The appeal is rejected and the original judgment is affirmed. The case acceptance fee of RMB2,596,684.26 for the second trial shall be borne by the appellant, Anhui Jingde Real Estate Development Co. This judgment is final."

（2）Xiamen Xinjingxiang Network Technology Co., Ltd. (hereinafter referred to as "Xinjingxiang Company") signed a "lease contract" with the Company on December 8, 2017, by which it leases our office buildings and parking spaces located in Xiamen Yingling Center, the lease period from March 1, 2018 to February 28, 2023.

Due to the long-term default of Xinjingxiang Company in payment of rent, property management fee, water and electricity fee, etc., the Company filed a lawsuit to The People's Court of Huli District, Xiamen City in June 2020 in accordance with relevant laws and contract provisions, requesting the termination of the Lease Contract and requiring Xinjingxiang Company to assume relevant liability for breach of contract. The first instance judgment of Huli District People's Court supported part of our

company's lawsuit. Both our company and Xinjingxiang Company have filed an appeal to Xiamen Intermediate People's Court, the case went to the second trial. The second trial was decided in November 2021, and most of our claims were upheld by the Xiamen Central Court. The case is final.

（3）In April 2021, Zhangzhou Bihai Environmental Engineering Co., Ltd. filed an administrative lawsuit as the plaintiff for the compensation for the early termination of the franchise of the Zhangzhou East District Sewage Treatment Plant, suing the Zhangzhou Housing and Urban-Rural Development Bureau, and the company's subsidiary Zhangzhou Minnan Sewage Treatment Co., Ltd. as the plaintiff. The third person, the amount involved is 119 million yuan; in July 2021, Minnan Sewage received a ruling: the court ruled to dismiss the plaintiff's lawsuit.

In December 2021, Zhangzhou Bihai Environmental Engineering Co., Ltd. filed a lawsuit with the Xiangcheng District Court for the compensation for the early termination of the franchise of the Zhangzhou East District Sewage Treatment Plant, and sued the company's subsidiary Zhangzhou Minnan Sewage Treatment Co., Ltd. The amount involved was 6.833 million yuan; the company An objection to jurisdiction was filed, and in February 2022, the Xiangcheng District Court made a ruling to transfer the case to the Longwen District Court for trial. Not yet in court.

（4）In November 2021, due to a contract dispute, Xiamen Lianfa (Group) Real Estate Co., Ltd. and Fujian Lancheng Town Construction Co., Ltd. sued the company, requesting the company to return 1 million yuan of intentional money for participating in the bidding for a 50% equity project in Huadu in 2017. The case has not yet opened.

B. financial impact

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Trade Group Co., Ltd.	Fujian Shengfa Import and Export Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	40,140,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Shengfa Import and Export Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Shengfa Import and Export Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	1,427,540.20	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	18,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology	23,500,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
		Co., Ltd.		
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	23,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Pipe Technology Co., Ltd.	Subsidiary of Zhanglong Construction Investment Group Co., Ltd.	4,790,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	160,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	18,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	110,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	377,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	23,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	23,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	81,920,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	300,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	Subsidiary of Fujian Zhanglong Trade Group Co., Ltd.	30,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	Subsidiary of Fujian Zhanglong Trade Group Co., Ltd.	137,216,729.85	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	61,981,028.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	9,619,964.20	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	100,422,766.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	56,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	12,112,800.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	44,691,762.50	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	257,700.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	65,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	30,656,200.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	80,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	84,140,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	63,995,121.94	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	127,094,119.05	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Haixia Biological Technology Co., Ltd.	Subsidiary of the Company	27,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Haixia Biological Technology Co., Ltd.	Subsidiary of the Company	28,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Minhe Flower Cooperation (Zhangzhou) Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	9,500,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	66,670,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	115,247,900.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	240,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	20,525,548.49	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	61,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Gonglu Traffic Industry Corporation	Subsidiary of Zhanglong Construction Investment Group Co., Ltd.	19,886,857.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Longhua Investment Co., Ltd.	Subsidiary of Zhanglong Construction Investment Group Co., Ltd.	135,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Longjiang IMP.&EXP. Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	4,196,182.44	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Longjiang IMP.&EXP. Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	61,920,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Xinzhenyu Biotechnology Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	5,000,000.00	Unexpired
Zhangzhou Development Co., Ltd.	Fujian Zhangzhou Fuhua Water Development Co., Ltd.	Subsidiary of Fujian Zhangzhou Development Co., Ltd.	24,430,836.00	Unexpired
Zhangzhou Development Co., Ltd.	Fujian Zhangzhou Fuhua Water Development Co., Ltd.	Subsidiary of Fujian Zhangzhou Development Co., Ltd.	7,145,882.00	Unexpired
Zhangzhou Gonglu Traffic Industry Corporation	Zhangzhou Development Co., Ltd.	The Company	3,913,700,000.00	Unexpired
Zhanglong Construction Investment Group Co., Ltd.	Zhangzhou Development Co., Ltd.	The Company	498,000,000.00	Unexpired

XI Events after the balance sheet date

As of the approval date of this report, there are no subsequent events that need to be disclosed after the

balance sheet date.

XII Other matters

1、Fujian Zhanglong Trade Group Co., Ltd.

(1) On October 17, 2012, the Company signed a domestic procurement cooperation agreement (no. ZZSM20131018B-1) and "Commissioned" with Juxiang (Xiamen) Starch Co., Ltd. (hereinafter referred to as Juxiang Starch Company) Import Cooperation Agreement (no. ZZSM20131018B-2), the contract agreed by the Company entrusted by Juxiang starch company from domestic and foreign batches for its purchase of related starch, Juxiang starch company should pay the purchase price on schedule.

On October 18, 2013, the Company signed a Guarantee Contract (No. ZZSM20131018A) with Juxiang Starch Co., Ltd., Juxiang (Xiamen) Food Co., Ltd., Juxiang (Daejeon) Biotech Co., Ltd. and related individuals.

Since July 23, 2013, Juxiang Starch Company has failed to pay the purchase price on time, and on June 13, 2014, the Company filed a lawsuit with the Luzhou Intermediate People's Court. On December 18, 2014, the court has mediated (mediation book number: 2014 Minchu No. 221), according to the mediation letter, Juxiang Starch Company has paid the money involved in the litigation. Xiamen Central Court ruled that Juxiang Starch Company entered into bankruptcy liquidation (Judgment No. (2018) No. 02, the Company has declared claims to the administrator, as of December 31, 2021, the Company's accounts receivable to Juxiang Starch Company amounted to CNY30,562,269.72, the withdrawal of bad debt provisions of CNY21,393,588.80.

(2) On November 1, 2014, the Company and Fujian Reliance Energy Saving Lighting Co., Ltd. (hereinafter referred to as Reliance Company) signed a "cooperation agreement", agreed by Reliance Company to the Company to purchase related raw materials, Division I supply according to the contract, Reliance Company should unconditionally transfer the full payment to the Company, if not paid on time, should bear the corresponding breach of contract liability. On the same day, division I and Reliance Company, Fujian Meibao Optoelectronics Co., Ltd., Jiangxi Xiangda Optoelectronics Group Co., Ltd. and related individuals signed a "guarantee contract", the above-mentioned legal persons and individuals together as guarantors of Reliance Company in the "Cooperation Agreement" and other contracts occurred in the principal of the purchase price, breach of contract and other obligations to assume joint and several liability guarantees, the guarantee period for the debt performance period of two years from the date of completion. At the same time, Reliance provided the state-owned land use rights in its name (Yunguo (2010) No. 6026273) as collateral. Reliance company and the Company signed a "maximum mortgage contract", agreed that Reliance company to provide its

own production equipment for its obligations in the above-mentioned "cooperation agreement" and other contracts to set a mortgage to our division, and the relevant industrial and commercial departments for the registration of movable property mortgage.

From January 10, 2015, Reliance failed to pay the Company the full amount of the purchase price in accordance with the contract, the Company filed a lawsuit with the Luzhou Intermediate People's Court on February 5, 2015, the division of its related assets to take litigation preservation. On October 26, 2015, the Luzhou Intermediate People's Court ruled in favor of our case (2015 Min's first word No. 119 civil judgment), reliance company should return the arrears within the prescribed time. As of December 31, 2021, the Company's accounts receivable to Reliance Company amounted to CNY14,884,215.08 and the provision for bad debts was CNY8,600,000.00.

XIII Notes to the financial statements of the parent company

1. Accounts receivable

(1) Disclosure of accounts receivable by age

Category	Closing balance	Opening balance
Within 1 year	1,323,115,242.33	321,164,600.64
1-2 years		
2-3 years		
Over 3 years	48,009,375.05	63,009,375.00
subtotal	1,371,124,617.38	384,173,975.64
Less: Provision for bad debts	48,009,375.00	63,009,375.00
Total	1,323,115,242.38	321,164,600.64

(2) Disclosure of accounts receivable by bad debt provision method

Category	Closing balance				
	Balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant in amount and provided for bad debt separately	48,009,375.00	3.50	48,009,375.00	100.00	
Receivables provided for bad debt on the portfolio basis	1,323,115,242.38	96.50			1,323,115,242.38
Including:					
Portfolio by ageing					
Specific portfolio					
Commodity trade	1,323,115,242.38	96.50			1,323,115,242.38
Total	1,371,124,617.38	100.00	48,009,375.00		1,323,115,242.38

(Continued)

Category	Opening balance

	Balance		Provision for bad debts		Book balance
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables that are individually significant in amount and provided for bad debt separately	63,009,375.00	16.40	63,009,375.00	100.00	
Receivables provided for bad debt on the portfolio basis	321,164,600.64	83.60			321,164,600.64
Including:					
Portfolio by ageing					
Specific portfolio					
Commodity trade	321,164,600.64	83.60			321,164,600.64
Total	384,173,975.64	100.00	63,009,375.00	16.40	321,164,600.64

(3) Accounts receivable for bad debt provisions at the end of the period

Accounts receivable (by unit)	Closing balance			
	Balance	Provision for bad debts	Proportion（%）	Reasons are given
Fujian Tianyida Import and Export Trading Co., Ltd	34,434,937.50	34,434,937.50	100.00	Expected uncollectible
Fujian Baohengtong Trading Co., Ltd	13,574,437.50	13,574,437.50	100.00	Expected uncollectible
Total	48,009,375.00	48,009,375.00	——	——

(4) Top five accounts receivable based on debtors

Name	Closing balance	Category	Proportion（%）	The closing balance of the bad debt preparation period
Xi`an OAK Investment Development Limited Liability Company	429,484,534.30	Within 1 year	31.32	
Shanxi Jianlong Industrial Co., Ltd	370,523,492.18	Within 1 year	27.02	
Heilongjiang Huamao Leo Industrial Co., Ltd.	212,750,743.15	Within 1 year	15.52	
Zhejiang Lineng Mining Co., Ltd.	172,473,500.00	Within 1 year	12.58	
Heilongjiang Jingu Grain Group Co., Ltd.	102,502,500.00	Within 1 year	7.48	
合计	1,287,734,769.63		93.92	

2. Prepayment

(1) Prepayment classified by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	1,793,735,205.76	99.39	1,854,582,870.71	99.49
1-2 years	1,631,594.56	0.09	59,427.33	0.01
2-3 years	45,000.00	0.01	2,666,181.12	0.14
Over 3 years	9,265,537.18	0.51	6,749,356.06	0.36

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Total	1,804,677,337.50	100.00	1,864,057,835.22	100.00

(2) Top 5 of prepayments based on closing balances

Name	Ageing	Amount	Proportion (%)
Anhui Shoukuang Dachang Metal Material Co., Ltd.	Within 1 year	509,585,830.96	28.24
Hangzhou Zhengcai Holdings Group Co., Ltd	Within 1 year	329,944,000.00	18.28
Wu'an Yuhua Steel Co., Ltd	Within 1 year	288,380,230.00	15.98
Jinan Steel International Logistics Co., Ltd.	Within 1 year	137,530,081.00	7.62
Tangshan Donghua Iron & Steel Enterprise Group Co., Ltd.	Within 1 year	93,356,383.54	5.17
Total		1,358,796,525.50	75.29

3. Other receivables

Category	Closing balance	Opening balance
Interests receivable	1,764,760,794.58	1,583,432,328.27
Dividends receivable		
Other receivables	22,382,497,937.55	20,257,707,730.16
Less: Provision for bad debts	26,756,531.80	18,339,641.80
Total	24,120,502,200.33	21,822,800,416.63

(1) Interests receivable

Item	Closing balance	Opening balance
Others	1,764,760,794.58	1,583,432,328.27
Total	1,764,760,794.58	1,583,432,328.27

Details of interests receivable are as follows.

Name	Closing balance
Zhanglong Construction Investment Group Co., Ltd.	769,749,198.88
Zhangzhou Dongnan Huadu Travel Co., Ltd.	682,474,951.87
Zhangzhou Yuanshan Development Co., Ltd	119,640,004.71
Zhangzhou Road Transportation Industry Co., Ltd	117,806,741.52
Dongshan Haite Land Development Co., Ltd	13,775,140.98
Longhai State-owned Assets Investment and Management Co., Ltd.	11,342,465.76
Zhangzhou Zhaosheng Development Co., Ltd.	9,904,112.56
Haixia Biological Technology Co., Ltd.	7,854,166.67
Zhangzhou Zhanglong Logistics Park Development Co., Ltd	7,672,723.44
Fujian Zhanglong Wood Industry Technology Co., Ltd.	6,306,027.50
Hua'an County Huagong Investment Management Co., Ltd.	4,536,986.30

Name	Closing balance
Zhangzhou Taida Development Co., Ltd.	4,359,480.06
Fujian Zhanglong Investment Co., Ltd	4,010,416.67
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	1,763,283.00
Fujian Shengcheng New Building Materials Co., Ltd.	1,521,242.37
Fujian Zhanglong Foreign Trade Group Co., Ltd.	904,109.59
Zhangzhou Shengcheng Development Co., Ltd.	818,909.37
Minhe Flower Cooperation (Zhangzhou) Co., Ltd.	320,833.33
Total	1,764,760,794.58

(2) Other receivables

1) Disclosure of other receivables by age

Category	Closing balance	Opening balance
Within 1 year	10,440,426,867.56	11,163,512,478.27
1-2 years	4,630,011,949.48	3,063,376,054.11
2-3 years	1,917,147,258.62	1,296,333,885.10
Over 3 years	5,394,911,861.89	4,734,485,312.68
subtotal	22,382,497,937.55	20,257,707,730.16
Less: Provision for bad debts	26,756,531.80	18,339,641.80
Total	22,355,741,405.75	20,239,368,088.36

2) Details of bad debt provision

Bad debt provision	stage I	stage II	stage III	Total
	12month ECL	Lifetime ECL (not impaired)	Lifetime ECL (impaired)	
Opening balance	18,339,641.80			18,339,641.80
Opening balance in current period：	-14,160,000.00		14,160,000.00	
——Transfer to stage II				
——Transfer to stage III	-14,160,000.00		14,160,000.00	
——Reverse to stage II				
——Reverse to stage I				
Provision			8,416,890.00	8,416,890.00
Reversal				
Elimination				
Write-off				
Other changes				
Closing balance	4,179,641.80		22,576,890.00	26,756,531.80

3) Top five other receivables based on debtors

Name	Ageing	Amount	Proportion (%)
Fujian Zhanglong Construction Investment Group Co., Ltd.	Within 1 year	7,640,702,085.28	48.66
	1-2 years	3,250,118,991.59	
Zhangzhou Traffic Development Co., Ltd.	Within 1 year	1,400,000.00	10.40
	1-2 years	234,000,000.00	
	2-3years	887,388,200.00	
	Over 3 years	1,203,886,234.46	
Zhangzhou Yuanshan Development Co., Ltd.	Within 1 year	353,550,648.88	10.05
	1-2 years	354,979,004.02	
	2-3years	528,435,767.38	
	Over 3 years	1,013,151,312.15	
Zhangzhou Gonglu Traffic Industry Corporation	Within 1 year	1,036,895,533.97	7.40
	1-2 years	446,600,032.20	
	2-3years	172,216,061.06	
Zhangzhou Dongnan Huadu Co., Ltd.	2-3 years	80,000,000.00	5.05
	Over 3 years	1,049,947,438.85	
Total		18,253,271,309.84	81.55

4. Long-term equity investment

(1) Classification of long-term equity investmen

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision
Investment in subsidiaries	10,522,702,552.66		10,037,190,963.33	
Investments in associates	4,378,419,652.79		4,263,745,352.72	
Total	14,901,122,205.45		14,300,936,316.05	

(2)Investment in subsidiaries

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Fujian Zhanglong Trade Group Co., Ltd.	100.00	844,201,749.80			844,201,749.80	Cost method
Mintai Business Co., Ltd.	100.00	3,003,454.89			3,003,454.89	Cost method
Zhangzhou Xiangtai Food Co., Ltd	100.00	12,262,400.00			12,262,400.00	
Haixia Biological Technology Co., Ltd.	77.14	181,700,000.00			181,700,000.00	Cost method
Fujian Zhangzhou Development Co., Ltd.	37.1543	792,006,585.73	19,330,355.52		811,336,941.25	Cost method
Zhangzhou Zhanglong Logistics Park Development Co., Ltd.	82.16667	79,800,000.00	216,000,000.00		295,800,000.00	Cost method

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Zhangzhou Shenglong Development Co., Ltd.	85.00	255,000,000.00			255,000,000.00	Cost method
Zhangzhou Commercial Enterprise Assets Management and Operation Co., Ltd.	100.00	899,224,246.96	236,015,349.00	151,684,115.19	983,555,480.77	Cost method
Zhangzhou Haimen Island Management Co., Ltd.	100.00	9,000,000.00			9,000,000.00	Cost method
Zhangzhou Building Porcelain Factory	100.00	2,000,000.00			2,000,000.00	Cost method
Zhangzhou Haiwei Construction Development Co., Ltd.	40.00	136,000,000.00			136,000,000.00	Cost method
Fujian Zhangzhou Dafang Farm	100.00	642,512,549.87			642,512,549.87	Cost method
FULL DRAGON INTERNATIONAL DEVELOPMENT LIMITED	50.00	1,982,662.50			1,982,662.50	Cost method
Fujian Zhanglong Wood Industry Technology Co., Ltd.	100.00	104,917,386.73			104,917,386.73	Cost method
Fujian Zhanglong Investment Co., Ltd.	100.00	360,000,000.00			360,000,000.00	Cost method
Fujian Zhanglong Construction Drawing Review Co., Ltd.	100.00	5,100,000.00			5,100,000.00	Cost method
Fujian Zhanglong Construction Investment Group Co., Ltd.	100.00	2,386,366,616.63			2,386,366,616.63	Cost method
Zhanglong Industrial Co., Ltd.	100.00	158,089,816.00			158,089,816.00	Cost method
Xiamen Zhanglong Jinyuan Finance Leasing Co., Ltd.	65.00	132,736,500.00			132,736,500.00	Cost method
Fujian Zhangzhou Architectural Design Co., Ltd.	100.00	76,410,976.38			76,410,976.38	Cost method
Fujian Zhanglong Foreign Trade Group Co., Ltd.	100.00	568,141,608.94			568,141,608.94	Cost method
Zhangzhou Agricultural Development Group Co., Ltd	100.00	2,364,564,408.90	70,000,000.00		2,434,564,408.90	Cost method
Fujian Zhanglong Dongshan Development Group Co. Ltd	70.00	22,170,000.00	95,850,000.00		118,020,000.00	Cost method
Total	——	10,037,190,963.33	637,195,704.52	151,684,115.19	10,522,702,552.66	

(3)Investments in associates

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	22.03	4,353,646.59	-88,133.05		4,265,513.54	Equity method
Fujian Minnan Flower Co., Ltd.	21.24	3,925,054.65	-56,146.09		3,868,908.56	Equity method
Zhangzhou Economic Development Co., Ltd.	40.00	2,780,226,603.70	34,107,095.88		2,814,333,699.58	Equity method
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	399,053,362.15	45,966,912.50	13,306,217.16	431,714,057.49	Equity method

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	20.00	241,921,505.37	-29,481,506.35		212,439,999.02	Equity method
Zhangzhou Tourism Investment Group Co., Ltd.	27.50	619,710,096.41	-59,468,788.26		560,241,308.15	Equity method
Fujian Southwest City Collaborative Development Group Co., Ltd.	20.00	204,553,009.21	3,197,702.18		207,750,711.39	Equity method
Zhangzhou Urban Development Parent Fund Partnership (Limited Partnership)	99.97	10,002,074.64	91,039,189.19		101,041,263.83	Equity method
Fujian Changtai County Huaxing Small Loan Co., Ltd.	10.00		16,093,712.81	300,000.00	15,793,712.81	Equity method
Zhangzhou Zhanglong Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)	36.17		11,182,170.92		11,182,170.92	Equity method
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.	10.00		16,238,307.50	450,000.00	15,788,307.50	Equity method
Total	——	4,263,745,352.72	128,730,517.23	14,056,217.16	4,378,419,652.79	

5. Other payables

Category	Closing balance	Opening balance
Interests payable		404,280,200.72
Accrued interest	14,028,333.29	
Dividends payable		
Other payables	1,244,765,824.04	4,492,950,442.61
Total	1,258,794,157.33	4,897,230,643.33

(1) Interests payable

Item	Closing balance	Opening balance
Interests on bonds payable		328,016,494.40
Other interests		76,263,706.32
Total		404,280,200.72

(2) Accrued interest

Item	Closing balance	Opening balance
Fujian Zhanglong Trade Group Co., Ltd.	14,028,333.29	
Total	14,028,333.29	

(3) Other payables

1) Other payables classified by ageing

Ageing	Closing balance	Opening balance
	Amount	Amount
Within 1 year	833,258,642.90	1,272,428,880.40

Ageing	Closing balance	Opening balance
	Amount	Amount
1-2 years	38,130,777.41	254,112,835.46
2-3 years	31,992,392.76	2,480,792,754.48
Over 3 years	341,384,010.97	485,615,972.27
Total	1,244,765,824.04	4,492,950,442.61

2) Details of companies with large closing balances of other payables

Name	Amount	Proportion (%)
Fujian Zhanglong Foreign Trade Group Co., Ltd.	239,484,104.95	19.24
Fujian Zhanglong Trade Group Co., Ltd.	236,384,555.02	18.99
Fujian Zhanglong Sanbao import and Export Co., Ltd.	142,473,212.77	11.45
Zhangzhou Longsheng Development Co., Ltd.	107,209,082.19	8.61
Zhangzhou Changfu Construction Development Co., Ltd.	71,152,209.11	5.72
Total	796,703,164.04	64.01

6. Operating revenue and operating costs

Item	January to December 2021		January to December 2020	
	Revenue	Costs	Revenue	Costs
Main business	17,348,994,480.59	17,186,353,585.80	2,120,502,826.11	2,118,085,319.99
Including: Goods sales revenue	17,348,994,480.59	17,186,353,585.80	2,120,502,826.11	2,118,085,319.99
Other business		39,292.44		39,292.44
Total	17,348,994,480.59	17,186,392,878.24	2,120,502,826.11	2,118,124,612.43

7. Investment income

Item	January to December 2021	January to December 2020
Long-term equity investment income accounted for under cost method	13,966,801.29	5,446,269.15
Investment income from disposal of Long-term equity investment	-12,808,778.61	-21,244,567.30
Long-term equity investment income accounted for under equity method		3,878,588.51
Investment income from holding held-for-trading financial assets		358,238.81
Investment income from disposal of held-for-trading financial assets	83,227.67	92,834.94
Held-to-maturity investment		33,835,749.14
Interest income from holding debt investments	39,808,200.53	
Investment income from available for sale financial assets during the holding period		1,110,000.00
Investment income from disposal of available for sale financial assets		3,081,100.97
Income from reverse repurchase of treasury bonds	625,583.94	543,076.45
Total	41,675,034.82	27,101,290.67

(1) Details of Long-term equity investment income accounted for under equity method

Investee	Shareholding proportion (%)	Investment income recognized for the current period
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	22.03	-88,133.05
Fujian Minnan Flower Co., Ltd.	21.24	-56,146.09
Zhangzhou Economic Development Co., Ltd.	40.00	34,107,095.88
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	39,809,870.08
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	20.00	-29,481,506.35
Zhangzhou Tourism Investment Group Co., Ltd.	25.50	-59,468,788.26
Fujian Southwest City Collaborative Development Group Co., Ltd	20.00	3,197,702.18
Zhangzhou Urban Development Parent Fund Partnership (Limited Partnership)	99.97	-1,661,210.81
Fujian Changtai County Huaxing Small Loan Co., Ltd.	10.00	570,828.31
Zhangzhou Zhanglong Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)	31.31	-193,115.50
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.	10.00	454,625.00
Total	——	-12,808,778.61

XIV Non-recurring gains and losses

Item	Closing balance
Gains/losses from the disposal of non-current assets (including the offset part of asset impairment provisions)	-2,734,973.38
Tax return or reduction with approval by overstepping authority, or without formal approval document or with occurrence	
Government subsidy recognized in current gain and loss (excluding those closely related to the Company's business and granted under the state's policies according to certain quota of amount or volume)	180,495,789.82
Fund occupancy fee received from non-financial institutions recognized in current profit and loss	114,361,237.33
Income from costs of investments in subsidiaries, associates and joint ventures less than the fair value of the entitled recognizable net assets of the investees at the time of the acquisitions	36,793.15
Exchange gains/losses from non-monetary assets	
Gains/losses from entrusted investment or asset management	-2,645.26
Provisions for impairment of various assets arising from force majeure, such as natural disasters	
Gains/losses from debt restructuring	
Enterprise reorganization fee, such as expenses for arrangement for employees, integration fee, etc.	
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	
Net gain and loss of the subsidiary under the common control and emerged from enterprise consolidation from the beginning of the period to the consolidation date	
Gains/losses arising from contingent matters irrelevant with the Company's normal business	
Gain and loss from change of the fair value arising from transactional financial assets, transactional financial liabilities and the investment income arising from disposal of the transactional financial assets, transactional financial liabilities, available-for-sale financial assets excluding the effective hedging transaction in connection with the Company's normal business	61,116,822.01
Reversal of the provision for impairment of accounts receivable tested for impairment individually	15,000.00

Item	Closing balance
Gains/losses from external entrusted loans	
Gains/losses arising from change of the fair value of investment properties measured afterwards at fair value model	
Influence upon current gain and loss from the one-off adjustments over the current gain and loss according to the taxation and accounting laws and regulations	
Income from trustee fee obtained from entrusted operations	
Non-operating income and expenses excluding the aforesaid items	2,676,355.03
Other gains/losses in compliance with the definition of extraordinary gain/loss	17,185,084.55
Sub-total	373,149,463.25
Less: Amount affected by the income tax of extraordinary gain/loss	91,251,852.28
Amount affected by minority interests	528,461.70
Total	281,369,149.27

Note: the number "+" in the non-recurring profit and loss items indicates gains and income, and "-" indicates losses or expenses.

The Company's confirmation of non-recurring profit and loss items shall be implemented in accordance with the "Explanatory Announcement No. 1 on Information Disclosure of Companies Publicly Issuing Securities-Non-recurring Profits and Losses" (CSRC Announcement [2008] No. 43).

XV Approval of the financial statements

The financial statements have been approved by the Board of Directors of Fujian Zhanglong Group Co., Ltd.

Legal Representative：　　Chief Financial Officer:　　Chief Accountant:

Fujian Zhanglong Group Co., Ltd

AUDITOR'S REPORT

31 December 2020

Audit Report for Financial Statements in Jan. to Dec. 2020

Of

Fujian Zhanglong Group Co., Ltd.

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AUDITOR'S REPORT

ZHSZ (2021) No. 300022

To the shareholders of Fujian Zhanglong Group Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Fujian Zhanglong Group Co., Ltd. ("the Company"), which comprise the consolidated and parent company balance sheets as at 31,December 2020, and the consolidated and parent company income statements, the consolidated and parent company statements of cash flows and changes in equity for the twelve-month then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company's financial position as at 31,December 2020, and their financial performance and cash flows for the twelve-month then ended in accordance with Accounting Standards for Business Enterprises.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 judgement and maintain professional scepticism 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 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 to expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we concluded 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 Company 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 representation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

Mazars Certified Public Accountants LLP

Certified Public Accountant

Certified Public Accountant

Wuhan, the People's Republic of China

29 April 2021

Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Fujian Zhanglong Group Co., Ltd.

CNY

Assets	Note	31 Dec. 2020	31 Dec. 2019
Current assets:			
Cash and cash equivalents	VI 1	3,247,721,815.93	3,519,582,867.63
Financial assets measured at fair value and changes are recorded into the current profits and losses	VI 2	3,776,875.59	1,955,138.68
Derivative financial assets			
Notes receivable	VI 3	62,487,657.38	18,395,669.57
Accounts receivable	VI 4	6,794,058,863.29	4,896,241,797.24
Prepayment	VI 5	2,404,129,553.34	482,482,731.74
Other receivables	VI 6	4,837,824,890.12	4,498,350,413.52
Inventory	VI 7	18,333,480,348.19	16,593,767,183.57
Held-for-sale assets			
Non-current assets due within 1 year	VI 8	59,901,741.39	32,700,600.06
Other current assets	VI 9	761,929,602.18	465,974,141.97
Total current assets		36,505,311,347.41	30,509,450,543.98
Non-current assets:			
Available-for-sale financial assets	VI 10	1,397,022,115.45	1,421,887,799.69
Held-to-maturity investment	VI 11	490,000,000.00	570,000,000.00
Long-term receivables	VI 12	162,396,760.15	79,384,828.80
Long-term equity investment	VI 13	9,987,627,105.18	9,573,345,810.38
Investment property	VI 14	837,815,010.53	836,067,438.79
Fixed assets	VI 15	1,600,845,239.49	950,893,034.20
Construction in progress	VI 16	1,875,131,972.28	771,788,190.37
Bearer biological assets			
Oil and gas assets			
Intangible assets	VI 17	4,042,275,571.03	2,238,420,448.21
Development expenditure			
Goodwill	VI 18	1,900,000.00	1,900,000.00
Long-term deferred expenses	VI 19	168,022,806.48	158,818,796.68
Deferred tax assets	VI 20	78,908,897.74	63,565,039.32
Other non-current assets	VI 21	1,612,318,368.61	1,627,498,835.34
Total non-current assets		22,254,263,846.94	18,293,570,221.78
Total assets		58,759,575,194.35	48,803,020,765.76

Legal Representative: 赖雄绍印

Chief Financial Officer: 周辉泽印

Chief Accountant: 陈龙建印

Consolidated Balance Sheet (Liabilities and Equity)

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 1

CNY

Liabilities and equity	Note	31 Dec. 2020	31 Dec. 2019
Current liabilities:			
Short-term borrowings	VI 22	9,522,999,103.27	5,039,427,349.41
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable	VI 23	1,537,346,039.44	1,208,722,978.00
Accounts payable	VI 24	2,290,150,173.41	1,692,571,746.80
Advance from customers	VI 25	1,650,044,011.64	1,169,403,885.89
Payroll payable	VI 26	70,649,921.29	65,836,234.49
Taxes payable	VI 27	200,786,651.01	181,703,517.78
Other payables	VI 28	1,207,397,657.46	1,522,073,515.16
Held-for-sale liabilities			
Non-current liabilities due within 1 year	VI 29	3,861,530,390.82	4,043,494,785.81
Other current liabilities	VI 30	6,276,788,469.96	4,122,598,235.85
Total current liabilities		26,617,692,418.30	19,045,832,249.19
Non-current liabilities:			
Long-term borrowings	VI 31	3,132,460,000.00	1,635,363,800.00
Bonds payable	VI 32	8,990,376,477.72	10,874,621,224.99
Long-term payables	VI 33	710,305,632.62	463,336,184.03
Long-term payroll payable			
Contingent liabilities			258,488.38
Deferred income	VI 34	456,667,923.25	321,856,171.51
Deferred tax liabilities	VI 20	32,551,808.90	34,491,292.13
Other non-current liabilities			
Total non-current liabilities		13,322,361,842.49	13,329,927,161.04
Total liabilities		39,940,054,260.79	32,375,759,410.23
Equity:			
Paid-in capital	VI 35	3,828,500,000.00	3,828,500,000.00
Other equity instruments	VI 36	3,600,000,000.00	3,550,000,000.00
Including: Preferred shares			
Perpetual bonds		3,600,000,000.00	3,550,000,000.00
Capital reserve	VI 37	5,641,114,522.14	3,950,526,232.94
Less: Treasury shares			
Other comprehensive income		-11,994,899.03	4,330,443.68
Special reserve			
Surplus reserve	VI 38	441,374,961.92	394,949,304.70
General Risk Preparation			
Retained earnings	VI 39	2,885,299,843.23	2,529,555,830.40
Total equity attributable to owners of the parent company		16,384,294,428.26	14,257,861,811.72
Minority interests		2,435,226,505.30	2,169,399,543.81
Total equity		18,819,520,933.56	16,427,261,355.53
Total liabilities & equity		58,759,575,194.35	48,803,020,765.76

Legal Representative: 赖绍雄印

Chief Financial Officer: 周辉泽印

Chief Accountant: 陈建龙印

Consolidated Income Statement

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 2

CNY

Item	Note	January to December 2020	January to December 2019
I.Total operating revenue		12,739,353,349.99	10,038,101,567.47
Including: Operating revenue	VI 40	12,739,353,349.99	10,038,101,567.47
II.Total operating costs		12,210,718,196.29	10,113,603,249.13
Including: Operating costs	VI 40	11,557,601,522.87	8,923,991,915.61
Taxes and surcharges		31,928,769.29	57,411,260.09
Selling expenses		225,232,962.76	234,503,759.25
Administrative expenses		312,824,316.89	360,006,322.45
R&D expenses			
Financial costs	VI 41	83,130,624.48	537,689,991.73
Including: Interest expenses		604,809,618.17	599,147,206.50
Interest income		150,048,118.12	138,384,037.26
Add: Other income	VI 42	12,785,447.62	6,627,536.16
Investment income ("-" means loss)	VI 43	137,757,923.91	288,747,369.38
Including: income from investment in associates and joint ventures			
Gains from changes in fair value ("-" means loss)		683,934.35	-534,880.52
Impairment loss on assets("-" means loss)	VI 44	-115,297,978.93	-45,568,356.05
Gains from disposal of assets ("-"means loss)	VI 45	28,563,735.39	38,702,138.66
III. Operating profit ("-" means loss)		593,128,216.04	212,472,125.97
Add: Non-operating income	VI 46	210,610,846.60	146,765,970.62
Less: Non-operating expense	VI 47	3,212,652.08	4,049,096.76
IV. Total profit ("-" for losses)		800,526,410.56	355,188,999.83
Less: Income tax expense	VI 48	90,976,875.79	155,852,438.16
V. Net profit ("-" for losses)		709,549,534.77	199,336,561.67
(I) Classification in accordance with going concern		709,549,534.77	199,336,561.67
1. Net profit from continuing operations ("-" means loss)		709,549,534.77	199,336,561.67
2. Net profit from discontinued operations ("-" means loss)			
(II) Classification in accordance with attribution		709,549,534.77	199,336,561.67
1. Attributable to equity holders of the parent company ("-" means net loss)		639,405,170.05	125,412,330.59
2. Minority interest ("-" means net loss)		70,144,364.72	73,924,231.08
VI. Other comprehensive income after tax		-16,325,342.71	4,189,949.97
(I) Attributable to equity holders of the parent company		-16,325,342.71	4,189,949.97
A. Not reclassified subsequently to profit or loss			
1. Remeasure the amount of change sedated to set the benefit plan			
2. Other comprehensive gains and losses that cannot be converted under the equity method			
B. Reclassified subsequently to profit or loss		-16,325,342.71	4,189,949.97
1. Other comprehensive gains and losses on convertible under the equity method			
2. Gains and losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
4. The effective part of profit and loss from the cash flow hedging			
5. Translation difference from foreign currency financial statements		-16,325,342.71	4,189,949.97
6. The conversion of self-use real estate or inventory to the portion of investment real estate conversion date that is measured on a fair value model is greater than the book value			
(II) Attributable to minority shareholders			
VII. Total comprehensive income		693,224,192.06	203,526,511.64
(I) Attributable to equity holders of the parent company		623,079,827.34	129,602,280.56
(II) Attributable to minority shareholders		70,144,364.72	73,924,231.08

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈建龙印

Consolidated Statement of Cash Flows

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 3

CNY

Item	Note	January to December 2020	January to December 2019
I. Cash flows from operating activities:			
Cash received from sales and services		12,994,693,828.07	12,205,823,173.63
Tax refunds		52,209,594.08	29,289,351.53
Other cash receipts relating to operating activities		2,655,005,516.98	3,168,131,005.66
Sub-total cash inflows from operating activities		15,701,908,939.13	15,403,243,530.82
Cash paid for goods and services		16,055,610,235.27	11,828,345,051.49
Cash paid to and on behalf of employees		380,105,347.34	411,304,888.50
Payment of taxes and surcharges		321,443,264.25	442,965,323.03
Other cash payments relating to operating activities		2,460,630,454.44	2,572,997,927.95
Sub-total cash outflows from operating activities		19,217,789,301.30	15,255,613,190.97
Net cash flows from operating activities		-3,515,880,362.17	147,630,339.85
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments		217,366,807.40	1,001,139,911.85
Cash received from investment income		121,075,158.38	277,286,239.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		27,955,132.88	57,413,762.48
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		271,775,709.84	888,745,351.10
Sub-total cash inflows from investing activities		638,172,808.50	2,224,585,264.85
Cash paid for fixed assets, intangible assets and other long-term assets		1,458,972,043.16	498,096,726.02
Cash payments for investments		548,774,500.00	2,004,861,927.74
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		506,951,667.69	524,387,865.14
Sub-total cash outflows from investing activities		2,514,698,210.85	3,027,346,518.90
Net cash flows from investing activities		-1,876,525,402.35	-802,761,254.05
III. Cash flows from financing activities:			
Cash proceeds from investments by others		60,480,000.00	578,909,859.69
Including: Cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		13,863,766,864.54	7,067,311,839.97
Cash received from issuing bonds		10,500,000,000.00	13,028,500,000.00
Other cash receipts relating to financing activities		670,937,048.46	39,297,789.27
Sub-total cash inflows from financing activities		25,095,183,913.00	20,714,019,488.93
Cash repayments for debts		18,621,901,009.38	18,387,477,146.90
Cash payments for distribution of dividends, profit and interest expenses		1,412,750,108.88	1,523,974,490.45
Other cash payments relating to financing activities		27,447,342.45	605,124,457.62
Sub-total cash outflows from financing activities		20,062,098,460.71	20,516,576,094.97
Net cash flows from financing activities		5,033,085,452.29	197,443,393.96
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-29,096,706.64	52,442,518.97
V. Net increase in cash and cash equivalents		-388,417,018.87	-405,245,001.27
Add: Opening balance of cash and cash equivalents		3,023,087,207.48	3,428,332,208.75
VI. Closing balance of cash and cash equivalents		2,634,670,188.61	3,023,087,207.48

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈龙建印

Consolidated Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 4

CNY

Item	January to December 2020								
	Equity attributable to the parent company							Minority interests	Total equity
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings		
		Perpetual bonds							
I. Balance at the end of the previous year	3,828,500,000.00	3,550,000,000.00	3,950,526,232.94		4,330,443.68	394,949,304.70	2,529,555,830.40	2,169,399,543.81	16,427,261,355.53
Plus: Change in accounting policies									
Correction of errors in previous period									
Business combination under the common control									
Others									
II. Balance at the beginning of the year	3,828,500,000.00	3,550,000,000.00	3,950,526,232.94		4,330,443.68	394,949,304.70	2,529,555,830.40	2,169,399,543.81	16,427,261,355.53
III. Increase/decrease during the financial year ("-" means decrease)		50,000,000.00	1,690,588,289.20		-16,325,342.71	46,425,657.22	355,744,012.83	265,826,961.49	2,392,259,578.03
(I) Total comprehensive income					-16,325,342.71		639,405,170.05	70,144,364.72	693,224,192.06
(II) Contributions and decrease of capital		50,000,000.00	1,690,588,289.20					4,651,000.00	1,745,239,289.20
1. Capital contributed by owners								4,651,000.00	4,651,000.00
2. Capital paid in by holders of other equity instruments		50,000,000.00							50,000,000.00
3. Equity settled share-based payment									
4. Others			1,690,588,289.20						1,690,588,289.20
(III) Profit distribution						46,425,657.22	-283,661,157.22	-3,258,932.06	-240,494,432.06
1. Surplus reserve accrued						46,425,657.22	-46,425,657.22		
2. General risk preparation accrued									
3. Distribution to owners							-237,235,500.00	-3,258,932.06	-240,494,432.06
4. Others									
(IV) Transfer within equity								194,290,528.83	194,290,528.83
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Set the benefit plan change amount carry-over retained earnings									
5. Others								194,290,528.83	194,290,528.83
(V) Special reserve									
1. Special reserve accrued									
2. Special reserve used									
(VI) Others									
IV. Closing balance	3,828,500,000.00	3,600,000,000.00	5,641,114,522.14		-11,994,899.03	441,374,961.92	2,885,299,843.23	2,435,226,505.30	18,819,520,933.56

Legal Representative: 赖绍雄印

Chief Financial Officer: 周辉泽印

Chief Accountant: 陈建龙印

Consolidated Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

Consol. No. 4

CNY

Item	January to December 2019								
	Equity attributable to the parent company							Minority interests	Total equity
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings		
		Perpetual bonds							
I. Balance at the end of the previous year	3,828,500,000.00	3,000,000,000.00	4,020,705,332.79		140,493.71	392,085,164.25	2,655,453,940.26	2,228,248,544.10	16,125,133,475.11
Plus: Change in accounting policies									
Correction of errors in previous period									
Business combination under common control									
Others									
II. Balance at the beginning of the year	3,828,500,000.00	3,000,000,000.00	4,020,705,332.79		140,493.71	392,085,164.25	2,655,453,940.26	2,228,248,544.10	16,125,133,475.11
III. Increase/decrease during the financial year ("-" means decrease)		550,000,000.00	-70,179,099.85		4,189,949.97	2,864,140.45	-125,898,109.86	-58,849,000.29	302,127,880.42
(I) Total comprehensive income					4,189,949.97		125,412,330.59	73,924,231.08	203,526,511.64
(II) Contributions and decrease of capital		550,000,000.00	4,917,386.73					-92,349,874.01	462,567,512.72
1. Capital contributed by owners									
2. Capital paid in by holders of other equity instruments		550,000,000.00							550,000,000.00
3. Equity settled share-based payment									
4. Others			4,917,386.73					-92,349,874.01	-87,432,487.28
(III) Profit distribution						2,864,140.45	-251,310,440.45	-22,694,533.81	-271,140,833.81
1. Surplus reserve accrued						2,864,140.45	-2,864,140.45		
2. General risk preparation accrued									
3. Distribution to owners							-248,446,300.00	-22,694,533.81	-271,140,833.81
4. Others									
(IV) Transfer within equity			-75,096,486.58					-17,728,823.55	-92,825,310.13
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Set the benefit plan change amount carry-over retained earnings									
5. Others			-75,096,486.58					-17,728,823.55	-92,825,310.13
(V) Special reserve									
1. Special reserve accrued									
2. Special reserve used									
(VI) Others									
IV. Closing balance	3,828,500,000.00	3,550,000,000.00	3,950,526,232.94		4,330,443.68	394,949,304.70	2,529,555,830.40	2,169,399,543.81	16,427,261,355.53

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈建龙印

Balance Sheet (Assets)

Prepared by Fujian Zhanglong Group Co., Ltd

No. 1

CNY

Assets	Note	31 Dec. 2020	31 Dec. 2019
Current assets:			
Cash and cash equivalents		1,075,598,641.44	1,316,851,064.89
Financial assets measured at fair value and changes are recorded into the current profits and losses		12,767.22	8,121.49
Derivative financial assets			
Notes receivable			
Accounts receivable	XII 1	321,164,600.64	324,265,011.40
Prepayment	XII 2	1,864,057,835.22	9,865,165.40
Other receivables	XII 3	21,822,800,416.63	19,767,919,837.11
Inventory		1,163,379,537.12	210,240,076.15
Held-for-sale assets			
Non-current assets due within 1 year			
Other current assets		114,352,797.11	24,210,424.91
Total current assets		26,361,366,595.38	21,653,359,701.35
Non-current assets:			
Available-for-sale financial assets		643,988,190.96	688,988,190.96
Held-to-maturity investment		250,000,000.00	250,000,000.00
Long-term receivables		6,823,508.50	6,823,508.50
Long-term equity investment	XII 4	14,300,936,316.05	12,214,601,575.45
Investment property		402,680.79	441,973.23
Fixed assets		10,292,595.38	11,123,046.25
Construction in progress		219,528.30	16,698.11
Bearer biological assets			
Oil and gas assets			
Intangible assets		1,752,063.09	2,438,895.33
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets		20,337,254.21	15,846,785.46
Other non-current assets			
Total non-current assets		15,234,752,137.28	13,190,280,673.29
Total assets		41,596,118,732.66	34,843,640,374.64

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈建龙印

Balance Sheet (Liabilities and Equity)

Prepared by Fujian Zhanglong Group Co., Ltd. No. 1

CNY

Liabilities and equity	Note	31 Dec. 2020	31 Dec. 2019
Current liabilities:			
Short-term borrowings		6,900,163,600.00	3,869,000,000.00
Financial liabilities measured at fair value and changes are recorded into the current profits and losses			
Derivative financial liabilities			
Notes payable		235,785,000.00	307,873,000.00
Accounts payable		230,875,097.87	512,379.27
Advance from customers		636,695,303.16	20,206,928.22
Payroll payable		3,252,729.72	4,616,118.13
Taxes payable		1,505,323.72	793,256.39
Other payables	XII 5	4,897,230,643.33	4,314,101,435.79
Held-for-sale liabilities			
Non-current liabilities due within 1 year		780,000,000.00	3,280,000,000.00
Other current liabilities		6,000,617,664.65	4,000,617,664.65
Total current liabilities		19,686,125,362.45	15,797,720,782.45
Non-current liabilities:			
Long-term borrowings		89,000,000.00	89,000,000.00
Bonds payable		8,990,376,477.72	8,104,656,999.77
Including: Preferred shares			
Perpetual bonds			
Long-term payables			
Long-term payroll payable			
Contingent liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		9,079,376,477.72	8,193,656,999.77
Total liabilities		28,765,501,840.17	23,991,377,782.22
Equity:			
Paid-in capital		3,828,500,000.00	3,828,500,000.00
Other equity instruments		3,600,000,000.00	3,550,000,000.00
Including: Preferred shares			
Perpetual bonds		3,600,000,000.00	3,550,000,000.00
Capital reserve		4,554,427,460.90	2,853,094,232.98
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		441,374,961.92	394,949,304.70
General Risk Preparation			
Retained earnings		406,314,469.67	225,719,054.74
Total equity		12,830,616,892.49	10,852,262,592.42
Total liabilities & equity		41,596,118,732.66	34,843,640,374.64

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈建龙印

Income Statement

Prepared by Fujian Zhanglong Group Co., Ltd. No. 2

CNY

Item	Note	January to December 2020	January to December 2019
I. Operating revenue	XII 6	2,120,502,826.11	924,222,996.23
Less: Operating costs	XII 6	2,118,124,612.43	912,851,285.68
Taxes and surcharges		3,290,975.80	2,603,190.88
Selling expenses			
Administrative expenses		32,479,184.87	48,559,007.53
R&D expenses			
Financial costs		-350,822,978.22	253,394,382.29
Including: Interest expenses		1,203,562,654.66	1,206,346,009.69
Interest income		1,173,161,407.67	1,013,948,622.52
Add: Other income		634,016.94	
Investment income ("-" means loss)	XII 7	27,101,290.67	198,586,122.32
Including: income from investment in associates and joint ventures			
Gains from changes in fair value ("-" means loss)		1,839.21	2,946.30
Impairment loss on assets		-17,961,875.00	-2,679,998.83
Gains from disposal of assets ("-" means loss)			349,666.10
II. Operating profit ("-" means loss)		327,206,303.05	-96,926,134.26
Add: Non-operating income		132,589,800.35	130,430,000.00
Less: Non-operating expense		30,000.00	5,532,460.96
III. Total profit ("-" for losses)		459,766,103.40	27,971,404.78
Less: Income tax expense		-4,490,468.75	-669,999.71
IV. Net profit ("-" for losses)		464,256,572.15	28,641,404.49
(I) Net profit from continuing operations ("-" means loss)		464,256,572.15	28,641,404.49
(II) Net profit from discontinued operations ("-" means loss)			
V. Other comprehensive income after tax			
(I) Not reclassified subsequently to profit or loss			
1. Remeasure the amount of change sedated to set the benefit plan			
2. Other comprehensive gains and losses that cannot be converted under the equity method			
(II) Reclassified subsequently to profit or loss			
1. Other comprehensive gains and losses on convertible under the equity method			
2. Gains or losses from changes in fair value of available-for-sale financial assets			
3. Profit or loss from reclassification held-to-maturity investment to available-for-sale financial assets			
4. The effective part of profit and loss from the cash flow hedging			
5. Translation difference from foreign currency financial statements			
6. The conversion of self-use real estate or inventory to the portion of investment real estate conversion date that is measured on a fair value model is greater than the book value			
VI. Total comprehensive income		464,256,572.15	28,641,404.49

Legal Representative: Chief Financial Officer: Chief Accountant:

Statement of Cash Flows

Prepared by Fujian Zhanglong Group Co., Ltd.

No. 3

CNY

Item	Note	January to December 2020	January to December 2019
I. Cash flows from operating activities:			
Cash received from sales and services		2,991,688,451.71	948,427,934.73
Tax refunds			
Other cash receipts relating to operating activities		1,099,204,218.39	1,186,836,175.79
Sub-total cash inflows from operating activities		4,090,892,670.10	2,135,264,110.52
Cash paid for goods and services		4,970,030,148.30	933,793,749.20
Cash paid to and on behalf of employees		20,474,211.45	35,021,738.78
Payment of taxes and surcharges		58,171,022.30	28,535,292.10
Other cash payments relating to operating activities		122,335,886.59	476,933,470.19
Sub-total cash outflows from operating activities		5,171,011,268.64	1,474,284,250.27
Net cash flows from operating activities		-1,080,118,598.54	660,979,860.25
II. Cash flows from investing activities:			
Cash receipts from withdraw of investments		59,816,184.35	903,570,733.21
Cash received from investment income		58,981,736.83	263,966,498.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			693,550.00
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		5,736,376,794.42	5,769,411,480.42
Sub-total cash inflows from investing activities		5,855,174,715.60	6,937,642,262.43
Cash paid for fixed assets, intangible assets and other long-term assets		710,986.81	1,921,140.01
Cash payments for investments		437,170,000.00	816,849,027.74
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities		6,662,864,900.22	8,654,222,295.54
Sub-total cash outflows from investing activities		7,100,745,887.03	9,472,992,463.29
Net cash flows from investing activities		-1,245,571,171.43	-2,535,350,200.86
III. Cash flows from financing activities:			
Cash proceeds from investments by others			550,000,000.00
Cash received from borrowings		8,657,091,600.00	4,269,000,000.00
Cash received from issuing bonds		10,500,000,000.00	13,028,500,000.00
Other cash receipts relating to financing activities			
Sub-total cash inflows from financing activities		19,157,091,600.00	17,847,500,000.00
Cash repayments for debts		15,625,276,800.00	15,253,974,840.00
Cash payments for distribution of dividends, profit and interest expenses		1,370,717,828.20	1,331,974,914.69
Other cash payments relating to financing activities		21,044,968.58	71,114,354.55
Sub-total cash outflows from financing activities		17,017,039,596.78	16,657,064,109.24
Net cash flows from financing activities		2,140,052,003.22	1,190,435,890.76
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-770,756.70	51,534,564.52
V. Net increase in cash and cash equivalents		-186,408,523.45	-632,399,885.33
Add: Opening balance of cash and cash equivalents		1,191,271,664.89	1,823,671,550.22
VI. Closing balance of cash and cash equivalents		1,004,863,141.44	1,191,271,664.89

Legal Representative: 赖绍雄印

Chief Financial Officer: 周辉泽印

Chief Accountant: 陈龙建印

Statement of Changes in Equity

Prepared by Fujian Zhanglong Group Co., Ltd.

No. 4

CNY

Item	January to December 2020							
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
		Perpetual bonds						
I. Balance at the end of the previous year	3,828,500,000.00	3,550,000,000.00	2,853,094,232.98			394,949,304.70	225,719,054.74	10,852,262,592.42
Plus: Change in accounting policies								
Correction of errors in previous period								
Others								
II. Balance at the beginning of the year	3,828,500,000.00	3,550,000,000.00	2,853,094,232.98			394,949,304.70	225,719,054.74	10,852,262,592.42
III. Increase/decrease during the financial year ("-" means decrease)		50,000,000.00	1,701,333,227.92			46,425,657.22	180,595,414.93	1,978,354,300.07
(I) Total comprehensive income							464,256,572.15	464,256,572.15
(II) Contributions and decrease of capital		50,000,000.00	1,701,333,227.92					1,751,333,227.92
1. Capital contributed by owners								
2. Capital paid in by holders of other equity instruments		50,000,000.00						50,000,000.00
3. Equity settled share-based payment								
4. Others			1,701,333,227.92					1,701,333,227.92
(III) Profit distribution						46,425,657.22	-283,661,157.22	-237,235,500.00
1. Surplus reserve accrued						46,425,657.22	-46,425,657.22	
2. General risk preparation accrued								
2. Distribution to owners							-237,235,500.00	-237,235,500.00
3. Others								
(IV) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Set the benefit plan change amount carry-over retained earnings								
5. Others								
(V) Special reserve								
1. Special reserve accrued								
2. Special reserve used								
(VI) Others								
IV. Closing balance	3,828,500,000.00	3,600,000,000.00	4,554,427,460.90			441,374,961.92	406,314,469.67	12,830,616,892.49

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈建龙印

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No. 4

CNY

Item	January to December 2019							
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total equity
		Perpetual bonds						
I. Balance at the end of the previous year	3,828,500,000.00	3,000,000,000.00	2,850,876,846.25			392,085,164.25	448,388,090.70	10,519,850,101.20
Plus: Change in accounting policies								
Correction of errors in previous period								
Others								
II. Balance at the beginning of the year	3,828,500,000.00	3,000,000,000.00	2,850,876,846.25			392,085,164.25	448,388,090.70	10,519,850,101.20
III. Increase/decrease during the financial year ("-" means decrease)		550,000,000.00	2,217,386.73			2,864,140.45	-222,669,035.96	332,412,491.22
(I) Total comprehensive income							28,641,404.49	28,641,404.49
(II) Contributions and decrease of capital		550,000,000.00	2,217,386.73					552,217,386.73
1. Capital contributed by owners								
2. Capital paid in by holders of other equity instruments		550,000,000.00						550,000,000.00
3. Equity settled share-based payment								
4. Others			2,217,386.73					2,217,386.73
(III)Profit distribution						2,864,140.45	-251,310,440.45	-248,446,300.00
1. Surplus reserve accrued						2,864,140.45	-2,864,140.45	
2. General risk preparation accrued								
3. Distribution to owners							-248,446,300.00	-248,446,300.00
4. Others								
(IV) Transfer within equity								
1. Capital reserve transferred to capital								
2. Surplus reserve transferred to capital								
3. Surplus reserve offsetting losses								
4. Set the benefit plan change amount carry-over retained earnings								
5. Others								
(V) Special reserve								
1. Special reserve accrued								
2. Special reserve used								
(VI) Others								
IV. Closing balance	3,828,500,000.00	3,550,000,000.00	2,853,094,232.98			394,949,304.70	225,719,054.74	10,852,262,592.42

Legal Representative: 赖绍雄印

Chief Financial Officer: 周泽辉印

Chief Accountant: 陈建龙印

NOTES TO THE FINANCIAL STATEMENTS

For the twelve-month ended 31 December 2020

(All amounts in CNY unless otherwise stated)

Important Notes:
This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

I Company profile

Fujian Zhanglong Group Co., Ltd. (hereinafter referred to as "Company" or "the Company")was established on 11 July 2001 in accordance with the "Approval of the Establishment of Fujian Zhanglong Industry Co., Ltd. Invested by Fujian Zhangzhou Building Porcelain Factory" (Zhang Cai Guo [2001] No. 24) issued by Zhangzhou Finance Bureau, and obtained the business license of enterprise legal person with registration number of 350600100018946. The Company is a wholly state-owned limited company with the registered capital of CNY3,828,500,000.00, the legal representative is Lai Shaoxiong, and the address is 16th and 17th Floors, No. 3 Zhangzhou Development Plaza, Shengli East Road, Xiangcheng District, Zhangzhou, Fujian. The business scope includes: Operation and management of state-owned assets which the ownership is authorized by State-owned Assets Supervision and Administration Commission of People's Government of Zhangzhou Municipality; Import and export of self-operated and agent commodities and technologies (except those involving pre-licensed items, commodities and technologies with restricted operations and commodities and technologies whose import and export are prohibited by the State); Wholesale and retail of hardware & electric materials, household appliances, electromechanical equipment, building materials and packaging materials (except dangerous chemicals), ceramics, computers and computer accessories, paper products, arts and crafts, toys, flowers and plants, fitness equipment, lamps and lanterns, feedstuffs, steel products, non-ferrous metals and products, cement, non-edible starch, minerals (except those involving pre-licensed items), lubricating oil, metallurgical furnaces and chemical products (except precursor chemicals and dangerous chemicals), coke, coal, gold and silver products and precious metals (except those involving pre-licensed items). (The projects that need to be approved according to the law shall be approved by the relevant departments before the operation)

On 15 September 2006, according to the "Notice on the Publication of the List of the First Batch of Enterprises To Perform the Responsibilities of the Investor by the State-owned Assets Supervision and Administration Commission of People's Government of Zhangzhou Municipality" (Zhang Zheng [2006] Zong

No. 10) issued by the People's Government of Zhangzhou Municipality, State-owned Assets Supervision and Administration Commission of People's Government of Zhangzhou Municipality became the sole investor of the Company.

II Significant accounting policies and accounting estimates

1. Basis of preparation

The financial statements have been prepared on the basis of going concern and actual transactions and events, in accordance with the Accounting Standards for Business Enterprises - basic guidelines (the Ministry of Finance order No.33, published; the Ministry of Finance order No.76, amended), 42 specific accounting standards, application guides and interpretations of enterprise accounting standards and other related as promulgated and amended on February 15, 2006.

2. Representation of compliance with the Accounting Standards for Business Enterprises

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial positions of the Company and its operating results and cash flows and other relevant information.

3. Accounting period and operating cycle

The Company's accounting period is divided into annual and interim periods. Interim accounting period refers to a reporting period shorter than a full fiscal year. The fiscal year adopted by the Company is the Gregorian calendar year, that is, from January 1 to December 31 every year.

4. Functional currency

Renminbi("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operates. The Company and its domestic subsidiaries use RMB as the recording currency. The financial statements of the Company are expressed in RMB.

5. Bookkeeping basis and pricing principles

According to the relevant provisions of the Accounting Standards for Enterprises, the Company applied accrual basis to record accounting. Except for certain financial instruments, the financial statements are measured at historical cost. In the event of impairment of an asset, the provision for impairment Losses shall be recognized according to relevant regulations.

6.Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations under common control and business combinations not under common control.

(1) Business combinations under common control

A business combination under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For business combination under common control, the party that obtains the control over the other parties on the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquiring party effectively obtains the control over the party being acquired.

The assets and liabilities acquired by the combining party shall be measured at the book value of the combined party on the date of combination. The difference between the book value of the net assets acquired by the combining party and the book value of the combined consideration paid (or the total book value of the shares issued), adjusts the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The direct expenses incurred by the combining party for the business combination, are included in the current profit and loss when incurred.

(2) Enterprises merger not under common control

A business combination not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For business combination not under common control, the party that obtains the control of the other parties at the combination date is the acquirer, and other parties involving in the business combination are the acquirees. The combination date is the date on which the acquirer effectively obtains control of the acquirees.

In business combination involving entities not under common control, the cost of combination shall be the assets paid, obligations incurred or assumed, and the fair value of the equity securities issued by the acquirer for obtaining control of the acquirees at the date of acquisition. Intermediary fees, such as audit, legal services, and valuation consultancy, and other management fees incurred for the purpose of a business combination are credited in profit or loss in the period when they occurred. Transaction fees for

the equity securities or debt securities issued by the acquirer as combination consideration are included in the initial recognition amount of such equity securities or debt securities. Contingent consideration involved shall be recorded as the combination cost based on its fair value on the acquisition date. Should any new or further evidence arise within 12 months after the acquisition date and makes it necessary to adjust the contingent consideration on the acquisition date, the goodwill arising from the business combination shall be amended accordingly.

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value on the acquisition date. Where the cost of the combination

exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is initially recognized in profit or loss for the current year after a review of computation for the identifiable assets, liabilities or fair value of contingent liabilities and combination cost, and where the combination cost is still lower than the fair value of the identifiable net assets of the transferor obtained during the course of combination, then the difference is recorded in the profit and loss.

If the acquirer obtains the temporary deductible difference of the acquiree but is not allowed to recognize the deferred tax assets for the reason that the acquirer fails to meet recognition condition of deferred tax assets on the acquisition date, the acquirer may recognize deferred tax assets within 12 months after the date of acquisition when new or further information obtained indicating relevant situation existed on acquisition date, and the economic benefits of acquiree's temporary deductible differences will realize. Meanwhile, the Group shall reduce goodwill. If the goodwill is insufficient to offset, the remaining shall be credited to current profit or loss. Except for the above situation, the deferred tax assets recognized due to the business combination shall be credited to the current profit and loss.

In business combination involving entities not under common control that is realized in phases through multiple exchange transactions, accounting treatments are different depending on whether the multiple transactions are "package transactions" according to the judgment criteria of package transactions from "Notice of the Ministry of Finance on Printing and Distributing the Interpretation No.5 of the Accounting Standards for Business Enterprises" (Caikuai [2012] No. 19) and Article 51 of "Accounting Standards for Business Enterprises No. 33-Consolidated Financial Statements" (refer to Note IV, (5) Methods for Preparation of Consolidated Financial Statements If the multiple transactions are package transactions,

please refer to the previous descriptions in this section and Note IV, (14) Long-term equity investment, for accounting treatment; if the transactions are not package transactions, different accounting treatments should be used for individual financial statements and consolidated financial statements:

In the individual financial statements, the initial investment cost is calculated according to the sum of the book value of the acquiree's equity investment held before the acquisition date and the new investment cost on the acquisition date; if the equity of the acquiree involving other comprehensive income before the acquisition date, the other comprehensive income is accounted for using the same basis as the acquiree directly disposal of relevant assets or liabilities when the investment disposed of (i.e., except for the corresponding share of the acquiree's changes from the re-measurement of the net assets or net liabilities of the defined benefit plan using the equity method, the remaining is transferred to the investment income for current period).

In the consolidated financial statement, the equity of the transferor held before the date of acquisition is re-measured at the fair value on the date of acquisition, and the difference between the fair value and book value is included in current investment income; where the equity of the acquiree held before the date of acquisition involves the other comprehensive income, the other comprehensive income is accounted for using the same basis as the acquiree directly disposal of relevant assets or liabilities (i.e. except for the corresponding share of the acquiree's changes from the re-measurement of the net assets or net liabilities of the defined benefit plan using the equity method, the remaining is transferred to the investment income for the period of acquisition date).

7. Preparation of consolidated financial statements

(1) Scope of combination

The scope of consolidated financial statements is determined based on control. Control means that the investor has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power on the investee to influence the amount of the return. The scope of consolidation includes the Company and its all subsidiaries. Subsidiaries refer to entities controlled by the Group.

Once changes in relevant facts and conditions lead to changes in the relevant elements required under the control definition above, the Group shall reassess.

(2) Methods for preparing consolidated financial statements

The subsidiaries shall be included in the scope of the consolidation on the date when the Group obtained the actual control of subsidiaries' net assets and production and management decisions; the subsidiaries shall be excluded in the scope of consolidation on the date when the Group lost the actual control in subsidiaries. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately recorded in the consolidated income statement and the consolidate statement of cash flows. Moreover, there is no need to adjust the opening balance of the consolidated balance sheet in the case of the disposing subsidiaries in the current period.

Adjustments shall be made to the financial statements of the subsidiaries in accordance with the Group's accounting policies and accounting periods if the accounting policies or accounting periods adopted by the subsidiaries and the company are inconsistent. For subsidiaries acquired from business combinations not under common control, the financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date.

While preparing the consolidated financial statements, all significant intercourse funds balances, transactions and unrealized profits of the intragroup are offset.

The share of the subsidiary's owner's equity and current net profit or loss that is not attributable to the parent company is separately presented as non-controlling interests and attributable to non-controlling interests under the shareholders' equity item and the net profit item in the consolidated balance sheet. The portion of the subsidiary's current net profit or loss that belongs to minority shareholders' equity is presented as "attributable to non-controlling interests" under the net profit item in the consolidated income statement. If the current loss shared by the minority shareholders of the subsidiary exceeds the minority shareholder's share of the owner's equity at the beginning of the subsidiary, the balance will still reduce the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is re-measured according to its fair value on the date of loss of control. The portion that the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the share of the original subsidiary's net assets that have been continuously calculated from the date of purchase based on the original shareholding, is included in investment income in the current period of loss of control. Other comprehensive income related to the original subsidiary's equity investment is accounted for on the same basis as the original subsidiary's direct disposal of related assets or liabilities when the control lost. Then, the remaining equity shall be subsequently measured

according to “Accounting Standards for Business Enterprises No. 2-Long-Term Equity Investments” or “Accounting Standards for Business Enterprises No. 22-the relevant provisions of the Financial Instruments Recognition and Measurement”. Please refer to the Note II (14) long-term equity investments or Note II (11) Financial Instruments.

When the Group losses control on its original subsidiaries due to step by step disposal of equity investments through multiple transactions, it needs to distinguish whether the transactions associated with losses control on its subsidiaries due to disposal of equity investments belong to a package transaction. If the terms, conditions and economic impact of the various transactions dealing with the equity investment of the subsidiary satisfies one or more of the following situations, then it will indicate that the multiple transactions should be accounted for as a package transaction: ①these transactions are made at the same time or with consideration of each other’s influence; ②these transactions as a whole can achieve a complete business result; ③the occurrence of a transaction depends on the occurrence of at least one other transaction; ④a transaction alone is uneconomical, but it is economical when considered together with other transactions. Accounting treatment for every transaction which is not a package transaction depends on circumstance respectively in accordance with the applicable principles of “part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries”(refer to Note II (14) Long-term equity investment 2（4）) and “the control of the original subsidiary lost due to the disposal of part of the equity investment or other reasons” (see details to the previous paragraph)If the disposal of subsidiaries’ equity investments until loss of control belongs to a package transaction, the transactions are treated as a transaction of disposing the subsidiary and losing control; however, before the loss of control, the difference between each disposal price and the share of the net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit and loss when the control is lost.

8. Classification of joint arrangement and accounting for the joint operation

A joint arrangement is an arrangement that is jointly controlled by two or more parties. The Group classifies joint arrangements into joint operations and joint ventures by assessing the rights and obligations of the joint arrangements. A joint operation refers to the joint arrangement in which the joint party enjoys the assets and bears the liabilities related to the arrangement. A joint venture is a joint arrangement in which

the joint party only has rights to the net assets of the arrangement.

The Group' investment in the joint venture is accounted by the equity method and the accounting treatment refers to II (14) long-term equity investment 2（2） and "long-term equity investment accounted for using the equity method"

The Group, as a joint party, shall recognize the following items related to the joint operation: recognizing the assets held separately and the debts bear separately, recognizing shared assets and liabilities, recognizing the proceeds from the sale of the share of the common operating output that it enjoys, recognizing the income from the sale of the joint operation according to its share, recognizing the costs incurred separately, and recognizing the expenses incurred by the joint operation based on its share.

When the Group, as a joint party, invests or sells assets to the joint operation (the assets cannot form a business, similarly hereinafter), or when the joint operation purchases the assets from the joint operation, the Group only confirms the portion of profit or loss arising from the transaction attributable to other participants in the joint operation before the assets are sold to the third party. If the assets invested or sold are subject to asset impairment losses in accordance with the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Group recognizes the full losses; however, if the purchased assets meet the asset impairment losses stipulated in the "Accounting Standards for Business Enterprises No. 8 – Impairment of Assets", the Company shall recognize the losses according to the share of the commitments.

9. Recognition of cash and cash equivalents

The Group's cash and cash equivalents include cash on hand, deposits that can be used at any time for payment and investments held by the Group for a short period of time (usually due within three months from the date of purchase), high liquidity, easy conversion to known amounts of cash, and low risk of change in value.

10. Foreign currency transactions and translation

(1) Conversion method for foreign currency transactions

Foreign currency transactions incurred by the Group are converted to the bookkeeping standard currency amount at the spot exchange rate on the trading day at the time of initial confirmation.

(2) Conversion method for foreign currency currency items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. All exchange differences of such a conversion shall be recorded into the current profits and losses except: ①those from foreign currency special borrowings related to the acquisition and construction of assets eligible for capitalization that are treated based on the principle of capitalization of borrowing costs; ② those caused by changes in other book balances except for the amortization costs of the available-for-sale foreign currency monetary items which shall be recorded into other comprehensive incomes .

Foreign currency non-monetary items measured by historical cost shall still be measured by the recording currency converted according to the spot exchange rate at the transaction date. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rates at the date when the fair value is determined and The differences between the recording currency amount after the conversion and the original one shall be recorded into the current profits and losses or recognized as other comprehensive incomes as changes of fair value (including changes of exchange rate).

（3）Conversion method for foreign currency financial statements

The foreign currency financial statements of overseas operation shall be converted into recording currency according to following methods: assets and liabilities in balance sheet are translated at the spot exchange rate on the balance sheet date; Items of owner's equity except for "undistributed profits" are translated at the spot exchange rate on the transaction date.; Revenue and expense in the income statement are translated at the spot exchange rate on the transaction date; The closing balance of undistributed profits is presented based on the items of profit distribution after translation. Difference between assets after conversion and the sum of liabilities and equity after conversion is treated as difference arising from translation of foreign currency and it is included in other comprehensive income. When disposing overseas operations and losing control, the translation difference of the foreign currency financial statements related to the foreign operation listed in other comprehensive income in the balance sheet shall be transferred into the profit and loss of current period in whole or according to the proportion of disposal of the foreign operation.

Foreign currency cash flow is translated at the spot exchange rate on the transaction date or the approximate exchange rate of the spot exchange rate. The impact of exchange rate changes on cash amount is reflected separately in the statement of cash flow.

Amounts at the beginning of the year and the actual amount of previous year shall be presented based on

those of the converted financial statements of previous year.

When control of an overseas operation lost by disposing all or partial Group's equity in the overseas operation or other reasons, the translation difference of the foreign currency financial statements related to the foreign operation listed in other comprehensive income in the balance sheet is transferred from the other comprehensive income to the profit or loss for the period of disposal.

When a part of the equity investment disposed or other reasons, resulting in a decrease in the proportion of overseas business interests held but not losing control over overseas operations, the translation difference of foreign currency statement related to the disposal part of the foreign operation will be attributed to minority shareholders' equity and will not be transferred to the current profit or loss. When disposing of a part of the equity of an overseas associate or a joint venture, the translation difference of the foreign currency statement related to the foreign operation is transferred to the current profit or loss according to the proportion of disposal of the foreign operation.

If foreign currency monetary items substantially constitute net investment overseas, the exchange differences arising from the changes of exchange rate is "Exchange differences on translating foreign operation" and included in other comprehensive income in consolidated financial statement; the disposal of overseas operations shall be credited to the current profit and loss.

11. Financial instrument

The Company recognizes a financial asset or financial liability when the Company becomes a party in according to a financial instrument contract. Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities that are measured at fair value and whose changes are included in the current profit or loss, the relevant transaction costs are directly included in the profit or loss, and for other categories of financial assets and financial liabilities, the relevant transaction expenses are included in the initial recognized amount.

Ⅰ、 Fair value determination of financial assets and financial liabilities

Fair value is the price that a market participant can pay to receive or transfer an asset or liability in an orderly transaction on a day of measurement. Where a financial instrument is active in the market, the Company uses the quotation in the active market to determine its fair value. Quotes in active markets are prices that are readily available from exchanges, brokers, trade associations, pricing services, etc. on a regular basis and represent the prices of market transactions that actually occur in fair trading. If there is no

active market for financial instruments, the Company uses valuation techniques to determine its fair value. Valuation techniques include prices used in recent market transactions by parties that are familiar with the situation and have voluntarily traded, current fair value references to other financial instruments that are substantially the same, cash flow discounting methods, and option pricing models.

Ⅱ、Classification, recognition and measurement of financial assets

Financial assets are bought and sold in a conventional manner, and accounting confirmation and derecognition are conducted on the trading day. Financial assets are classified at the initial recognition as financial assets measured at fair value and whose changes are included in the current profit and loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value and their changes are included in the current profit and loss

It includes trading financial assets and financial assets designated as measured at fair value and whose changes are included in the current profit or loss. The financial assets of the Company, measured at fair value and whose changes are included in the current profit and loss, are trading financial assets.

Trading financial assets refer to the financial assets meeting one of the following conditions: A. the purpose of acquiring the financial assets is to sell in the near future; N. belonging to a part of identifiable combination of financial instruments for centralized management, and there is objective evidence that the enterprise has managed the portfolio by way of short-term profit in the near future; C. belonging to the derivative, with exception of derivatives designated as effective hedging instruments and derivatives, derivatives belonging to financial guarantee contracts, and derivatives are not quoted in an active market and the fair value cannot be reliably measured and settled by delivering the equity instrument.

Financial assets that meet one of the following conditions can be designated as financial assets measured at fair value and whose changes are included in the current profit and loss at the time of initial recognition: A. The designation may eliminate or significantly reduce inconsistencies in the recognition or measurement of relevant gains or losses caused by different measurement bases of the financial assets; B. As stated in the Group's official written risk management or investment strategy, the portfolio of financial assets or the portfolio of financial assets and financial liabilities in which the financial asset is located is managed, evaluated and reported to key managers on a fair value basis.

Trading financial assets are measured at fair value, and gains or losses from changes in fair value, as well as dividends and interest income related to the financial assets, are included in the current profit and loss.

② Held-to-maturity investment

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the express intention and ability to hold to maturity.

The held-to-maturity investment calculation adopts the effective interest rate method, and is subsequently measured at amortized cost. Gains or losses generated at the time of termination, impairment or amortization are included in the current profit and loss.

The effective interest rate method refers to the method of calculating the amortized cost and interest income or expenditure of financial assets or financial liabilities according to the actual interest rate of a financial asset or financial liability, including a group of financial assets or financial liabilities. The effective interest rate is the interest rate used to discount the future cash flow of a financial asset or financial liability into the current book value of the financial asset or financial liability for a period of expected existence or a shorter period of application.

In calculating the effective interest rate, the Company will estimate the future cash flows (regardless of future credit losses) taking into account all contractual terms of financial assets or financial liabilities, as well as fees, transaction fees and discounts or premiums paid or charged between parties to the financial assets or financial liabilities contracts that are part of the effective interest rate.

③ Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets classified into loans and receivables by the Company include notes receivable, accounts receivable, interest receivables, dividends receivable and other receivables.

Loans and receivables are measured on the basis of the effective interest rate method, which is measured on the basis of the amortized cost, and the gains or losses generated at the termination of recognition, impairment or amortization shall be included in the current profit and loss.

④ Available-for-sale financial assets

Including non-derivative financial assets designated as available for sale at the time of initial recognition, as well as financial assets other than those denominated at fair value and whose changes are included in the current profit and loss, loans and receivables, and investments held to maturity.

The closing cost of an investment in a available-for-sale debt instrument is determined on the basis of the amortized cost method, i.e. the initial recognized amount is deducted from the principal paid, plus or minus the accumulated amortized amount resulting from the amortization of the difference between the initial

recognized amount and the maturity amount using the actual interest rate method, and the amount after the impairment loss that has occurred. The closing cost of an investment in a available-for-sale equity instrument is its initial acquisition cost.

The available-for-sale financial assets shall be subject to subsequent measurement at fair value, and the gains or losses resulting from changes in fair value shall be recognized as other comprehensive income, in addition to impairment losses and exchange differences related to the amortized costs of foreign currency monetary financial assets, and shall be recognized as other comprehensive income, transferred out at the time of the termination of the financial assets and included in the current profit and loss. However, investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to the equity instrument and must be settled by delivery of the equity instrument, are subsequently measured at cost.

Interest earned during the holding of available-for-sale financial assets and cash dividends declared by the investee are included in the investment income.

Ⅲ、Impairment of financial assets

Except for financial assets measured at fair value and whose changes are recorded into current profits and losses, the Group inspects the book value of other financial assets on each balance sheet date. If there is objective evidence that financial assets are impaired, provision for impairment shall be drawn.

The Group conducts separate impairment tests on financial assets with a significant amount of individual amounts, separate impairment tests on financial assets of a single amount that is not significant, or impairment tests on financial assets with similar credit risk characteristics. Separately test non-impairment financial assets (including individual financial assets with significant and non-significant amounts) and then impairment tests in financial portfolios with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in impairment tests in financial portfolios with similar credit risk characteristics.

(1) Impairment of investments, loans and receivables held to maturity

Financial assets measured at cost or amortized cost write down their book value to the present value of expected future cash flows, and the write-down amount is recognized as impairment loss and is included in the current profit and loss. If, after the recognition of impairment losses, there is objective evidence that the value of the financial asset has been restored and is objectively related to the events that occurred

after the recognition of the loss, the originally recognized impairment losses shall be reversed and the book value of the financial assets after the impairment loss shall not exceed the amortized cost of the financial assets on the day of the transfer, assuming no impairment provision is taken into account.

(2) Impairment of available-for-sale financial assets

When a combination of relevant factors determines that the decline in fair value of an available-for-sale equity instrument investment is a serious or non-temporary decline, it indicates an impairment of the investment in the available-for-sale equity instrument. Among them, "severe decline" refers to the cumulative decline of more than 20% of fair value, and "non-temporary decline" refers to the continuous decline of fair value for more than 12 months.

In the event of impairment of a available-for-sale financial asset, the accumulated loss originally accrued to other consolidated gains resulting from a decline in fair value shall be transferred and included in the current profit and loss, which shall be the balance of the initial acquisition cost of the asset after deducting the recovered principal and amortized amount, the current fair value and the impairment loss originally accrued to the profit and loss.

After the recognition of impairment losses, if there is objective evidence after the period that the value of the financial asset has been restored and is objectively related to the events that occurred after the recognition of the loss, the impairment losses originally recognized are reversed, the impairment losses of the investment in the available-for-sale equity instruments are converted back into other comprehensive income, and the impairment losses of the available-for-sale debt instruments are converted back into the current profit and loss.

Impairment losses on derivative financial assets that are not quoted in an active market and whose fair value cannot be reliably measured, or linked to the equity instrument and to be settled by delivery of the equity instrument, shall not be reversed.

(Ⅳ) Basis and measurement method for the transfer of financial assets

Financial assets that meet one of the following conditions shall be terminated and confirmed: ① the termination of the contractual right to receive cash flows from the financial assets; ② The financial assets have been transferred and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transfer party.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of financial

assets, and does not give up control of the financial assets, the relevant financial assets shall be recognized according to the degree of continued involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly . The degree of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for termination confirmation, the difference between the book value of the transferred financial assets and the amount of the fair value changes received as a result of the transfer and the cumulative amount of the fair value change originally included in other consolidated income shall be included in the profit and loss for the current period.

If the partial transfer of financial assets meets the conditions for termination confirmation, the carrying value of the transferred financial assets shall be apportioned at its relative fair value between the termination and non-termination recognitions, and the difference between the consideration received as a result of the transfer and the cumulative amount of fair value changes due to the other consolidated income due to the termination confirmation shall be included in the current profit and loss.

The Group is required to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred in relation to financial assets sold by recourse or the transfer of endorsements of the financial assets held. Where almost all the risks and rewards in the ownership of the financial asset have been transferred to the transfering party, the recognition of the financial asset shall be terminated, and if almost all the risks and remuneration in the ownership of the financial assets are retained, the recognition of the financial asset shall not be terminated, and if almost all the risks and remuneration in the ownership of the financial assets have not been transferred or retained, the enterprise shall continue to determine whether it retains control over the asset and shall account for them in accordance with the principles set out in the preceding paragraphs.

(Ⅴ) Classification and measurement of financial liabilities

Financial liabilities are divided into financial liabilities and other financial liabilities measured at fair value at the time of initial recognition and whose changes are included in the profit and loss of the current period. Initial recognition of financial liabilities, measured at fair value. For financial liabilities measured at fair value and whose changes are included in the current profit and loss, the related transaction costs are directly included in the current profit and loss, and for other financial liabilities, the related transaction costs are included in the initial recognition amount.

(1) A financial liability measured at fair value and whose changes are included in the profit and loss of the current period

The conditions for classifying financial liabilities as tradable and financial liabilities that are measured at fair value at the time of initial recognition and whose changes are recorded in current profit and loss are the same as those for classifying financial assets as tradable and financial assets that are measured at fair value at the time of initial recognition and whose changes are recorded in current profit and loss.

Financial liabilities measured at fair value and whose changes are included in the current profit or loss are subsequently measured at fair value, and gains or losses resulting from changes in fair value and dividends and interest expenses associated with such financial liabilities are included in the current profit and loss.

(2) Other financial liabilities

Derivative financial liabilities linked to equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured are subsequently measured at cost. Other financial liabilities are measured in real interest rates, followed by amortized costs, and gains or losses arising from termination of recognition or amortization are included in the current profit and loss.

(3) Financial guarantee contract

A financial guarantee contract that is not a financial guarantee contract designated as a financial liability measured at fair value and whose changes are included in the current profit or loss shall be initially recognized at fair value and followed up after the initial recognition by deducting the balance of the cumulative amortized amount determined in accordance with The Enterprise Accounting Standards No. 13 - contingent matters and the initial recognition amount after deducting the cumulative amortized amount determined in accordance with the principles of Accounting Standards No. 14 - Income of the Enterprise.

(Ⅵ) The termination confirmation of financial liabilities

The recognition of a financial liability or part of it shall be terminated if all or part of the present obligation of the financial liability has been discharged. An agreement between the Group (debtor) and creditors to replace existing financial liabilities by assuming new financial liabilities, and the terms of the contract for the new financial liabilities are substantially different from existing financial liabilities, terminate the recognition of existing financial liabilities and at the same time confirm the new financial liabilities.

Where a financial liability is recognized in whole or in part, the difference between the book value of the portion of the recognition and the parity paid (including transferred non-cash assets or new financial

liabilities assumed) shall be included in the profit and loss for the current period.

(Ⅶ) Derivatives and embedded derivatives

Derivatives are initially measured at fair value on the date of signing of the relevant contract and are subsequently measured at fair value. Changes in the fair value of derivatives are included in the current profit and loss.

For a hybrid instrument containing embedded derivatives, if it is not designated as a financial asset or financial liability measured at fair value and its changes are included in the current profit or loss, the embedded derivative is not closely related to the economic characteristics and risks of the main contract and is the same as the embedded derivative conditions, where the individually existing instrument meets the derivative definition, the embedded derivative is spun off from the hybrid instrument and treated as a separate derivative financial instrument. If embedded derivatives cannot be measured separately at the time of acquisition or subsequent balance sheet date, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value and its changes are included in the current profit and loss.

(Ⅷ) Offset of financial assets and liabilities

Where the Group has the legal right to set off the recognized financial asset and financial liability, and is currently able to enforce such legal right, and the Group plans to settle the financial asset on a net basis or simultaneously realize the financial asset and pay off the financial liability, the financial asset and financial liability shall be shown in the balance sheet with the offset amount. In addition, financial assets and financial liabilities shall be separately presented in the balance sheet and shall not be set off against each other.

(Ⅸ) Equity instrument

Equity instruments refer to contracts that can prove that the group has the remaining equity in the assets after deducting all liabilities. The Group's issuance (including refinancing), repurchase, sale or cancellation of equity instruments are treated as changes in equity. The Group does not recognize changes in the fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

Various distributions (excluding stock dividends) by the Group to holders of equity instruments, reducing shareholders' equity. The Group does not recognize changes in the fair value of equity instruments.

12. Receivables

At the end of the reporting period, if there is an objective evidence that the receivables are impaired, the carrying amount is reduced to the recoverable amount, and the amount of the write-down is recognized as asset impairment loss, which is recorded in profit or loss. The recoverable amount is determined by discounting the future cash flows (excluding credit losses that have not yet occurred) at the original effective interest rate, and considering the value of the relevant collateral (after deducting the estimated disposal expenses, etc.). The original effective interest rate is the actual interest rate calculated and determined when the receivable is initially recognized. The difference between estimated future cash flows of short-term receivables and their present value is very small. When determining the relevant impairment losses, the estimated future cash flows are not discounted.

(1) Bad debt provision for individually significant receivables

Items	The Company and its subsidiaries	Fujian Zhangzhou Development Co., Ltd.	Haixia Biological Technology Co., Ltd.
Basis or monetary standards of provision for bad debts of the individually significant receivables	The Company recognizes the top five receivables and other receivables with a single amount of CNY5 million or above at the end of the reporting period as the individually significant receivables	Individually significant receivables refer to the individual amount exceeding 10% of the closing balance of receivables and the individual amount exceeding CNY5 million at the end of the reporting period.	Individually significant receivables refer to the individual amount exceeding 10% of the ending balance of receivables and the individual amount exceeding CNY1 million at the end of the reporting period.
Method of provision for bad debts of the individually significant receivables	On balance sheet date, the impairment test is carried on individually for the individually significant receivables; if there are substantive evidences showing that a receivable has been impaired, a provision should be made for bad debts. If a receivable is found not to be individually impaired, it should be included in a group of receivables with similar credit risk characteristics, which is tested collectively for the impairment.		

(2) Receivables for which bad debt provisions are made on the portfolio basis

Basis of recognition:

Portfolio 1: Ageing portfolio	Except receivables which have been provided for impairment individually and receivables in portfolio 2, the Company determines the proportion of provision for bad debt based on the actual loss rate of the same or similar receivables portfolio in the prior periods which are classified by ageing and have similar credit risk characteristics, combined with an analysis of current situation.
Portfolio 2: Specific project portfolio	Receivables from the government sectors, related parties, deposits, etc.

Measurement of bad debt provision for portfolios of receivables (ageing analysis method, balance percentage method, other methods):

Portfolio 1	Ageing analysis method
Portfolio 2	No provision for bad debts unless there is an evidence shown that there is impairment

In portfolio 1, to adopt the ageing analysis method to make provisions for bad debts:

Ageing	The Company and its subsidiaries		Fujian Zhangzhou Development Co., Ltd., Haixia Biological Technology Co., Ltd.	
	Percentage of accounts receivable (%)	Percentage of other receivables (%)	Percentage of accounts receivable (%)	Percentage of other receivables (%)
Within 1 year (including 1 year)	5.00	5.00	5.00	5.00
1-2 years (including 2 years)	10.00	10.00	10.00	10.00
2-3 years (including 3 years)	20.00	20.00	20.00	20.00
3-4 years (including 4	80.00	80.00	40.00	40.00

years)				
4-5 years (including 5 years)	80.00	80.00	80.00	80.00
Over 5 years	80.00	80.00	100.00	100.00

The receivables within 1 year from the sale of bulk commodities are not provided for bad debts.

(3) Receivables which are not significant, but still need individual provisions for bad debt

Reasons for individual provision	The receivables refer to the lawsuit and the credit deterioration of clients, or there is an objective evidence to prove the individual amount is not significant, but an individual impairment test shall be carried out for a specially impaired receivable.
Method of provision	When there is objective evidence that the Company will not be able to recover all the money in accordance with the original terms of the receivables, the impairment test is carried out separately and the provision for bad debts is made based on the difference between the present value of its future cash flow and its book value.

13. Inventory

(1) Classification of inventory

The Company's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and goods that will be used or consumed in the production of goods or rendering of service. They mainly include raw materials, revolving materials, entrusted processing materials, packaging materials, low-value consumables, products in process, self-made semi-finished products, finished products (goods in stock).

(2) Pricing method for inventory acquisition and inventory

It is initially measured at cost, including procurement costs, processing costs, and other costs, when inventory is acquired. Receipt and dispatch are priced on a weighted average valuation or FIFO basis.

(3) Provision method for the depreciation of inventory

Net realizable value is the estimated selling price of inventory less the estimated cost of the inventory at the time of completion, the estimated sales cost, and the amount of the associated taxes and fees in the day-to-day activity. In determining the net realizable value of inventory, it is based on hard evidence

obtained, taking into account the purpose of holding the inventory and the impact of the post-balance sheet events.

On the balance sheet date, inventories are measured at the lower of cost and net realizable value. When its net realizable value is lower than its cost, provision for inventory depreciation shall be withdrawn. Provision for inventory depreciation shall be drawn on the basis of the difference between the cost of a single inventory item and its net realizable value. However, for inventories with large quantities and low unit prices, provision for inventory depreciation is made according to the inventory category; for inventories that are related to product series produced and sold in the same region, have the same or similar end-uses or purposes, and are difficult to measure separately from other items , The inventory depreciation reserve can be accrued in combination.

If the net realizable value of the inventory is higher than its book value due to the disappearance of the factors that previously wrote down the value of the inventory after the withdrawal of the inventory depreciation provision, it shall be reversed within the amount of the inventory depreciation provision that has been originally withdrawn, and the reversed amount shall be recorded into the current profit and loss.

(4) Inventory system

The Company adopts perpetual inventory system for the inventory taking.

(5) Amortization method of low-value consumables and packages

Low-value consumables and packages are fully amortized when they are used.

14. Long-term equity investment

The long-term equity investment referred to in this part refers to the long-term equity investment that the Group controls, jointly controls or has significant influence on the invested entity. Long-term equity investments that the Group does not control, jointly control or have significant influence on the invested entities are accounted as financial assets available for sale, and the accounting policies of which are detailed in Note II, (XI) "Financial Instruments".

Joint control refers to the group's common control over an arrangement in accordance with the relevant agreements, and the relevant activities of the arrangement can only be decided upon the unanimous consent of the participants who share the control rights. Significant influence means that the Group has the right to participate in the decision-making of the financial and business policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment costs

Business combination under common control: If the company pays cash, transfers non-cash assets or assumes debts, and issues equity securities as the consideration of combination, the initial investment cost of the long-term equity investment is based on the share of the book value of the owner's equity of the combined party in the final controlling party's consolidated financial statements on the combination date. The difference between the initial investment cost of the long-term equity investment and the payment of the consideration of combination shall be adjust to the capital reserve (capital premium or equity premium); if the capital reserve (capital premium or equity premium) is insufficient to offset, retained earnings shall be adjusted. If the combining party issues the equity securities as the consideration of combination, the total par value of the issued shares is used as the share capital, and the difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued shall adjust capital reserve (capital premium or equity premium); If the capital reserve (capital premium or share premium) is insufficient to offset, the retained earnings will be adjusted.If the equity of the merged party under the same control is acquired through multiple transactions and the enterprise merger is finally formed under the same control, it shall be dealt with separately whether it is a "package transaction" : if it is a "package transaction", each transaction shall be accounted for as a whole transaction in which the control party is acquired. If it is not a "package transaction", the initial investment cost of long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statement of the ultimate controlling party on the merger date. Adjust the difference between the initial investment cost of long-term equity investment and the book value of long-term equity investment before the merger plus the book value of the new consideration for further acquisition of shares on the merger date as capital reserves; If the capital reserves are insufficient to be written down, the retained earnings shall be adjusted. Equity investments held before the merger date are accounted for using the equity method or other comprehensive income recognized as financial assets measured at fair value and whose changes are included in other comprehensive income, and other comprehensive income is temporarily not subject to accounting treatment.

Business combination not under common control: The company's combination cost determined on the purchase date is the initial investment cost of the long-term equity investment. The combination cost is the fair value of the assets paid, the liabilities incurred or assumed, and the equity securities issued by the purchaser in order to obtain control over the acquiree. If the acquiree’s equity is acquired through multiple

transactions and eventually forms a business combination not under the same control, it shall be judged whether it is a "package deal" for processing: If it is a "package deal", each transaction is accounted for as a whole transaction that obtains control. If it is not a "package deal", the sum of the book value of the equity investment originally held by the purchased party plus the new investment cost shall be used as the initial investment cost of the long-term equity investment calculated by the cost method. If the original equity held is accounted for using the equity method, the relevant other comprehensive income will not be accounted for temporarily.

Intermediary expenses such as auditing, legal services, evaluation and other related expenses incurred by the combining party or the purchaser for the business combination are recognized in profit or loss when incurred.

Other equity investments other than the long-term equity investment formed by the business combination shall be initially measured at cost. Depending on the method of obtaining the long-term equity investment, the cost shall be based on the actual cash purchase price paid by the group and the equity securities issued by the group. The fair value of the investment, the value agreed in the investment contract or agreement, the fair value or original book value of the asset exchanged in a non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Expenses, taxes and other necessary expenses directly related to obtaining long-term equity investments are also included in investment costs. If the additional investment can exert significant influence on the invested entity or exercise joint control but does not constitute control, the long-term equity investment cost shall be the sum of the fair value of the original equity investment held as determined in accordance with the accounting standards for enterprises no. 22 - recognition and measurement of financial instruments plus the cost of the new investment.

(2) Subsequent measurement and recognition methods of profit and loss

Long-term equity investments that have joint control (except for joint operators) or significant influence on the investee are accounted for using the equity method. In addition, the Group’s financial statements adopt the cost method to account for long-term equity investments that can exercise control over the investee.

① Long-term equity investments measured by cost method

Long-term equity investments accounted for using the cost method are valued at the initial investment cost. Adding or withdrawing investment shall adjust the cost of long-term equity investment. Except for the actual price paid when the investment is obtained or the declared but undistributed cash dividends or

profits included in the consideration, the current investment income shall be recognized in accordance with the cash dividends or profits declared to be distributed by the invested entity.

② Long-term equity investment measured by equity method

If the initial investment cost of the long-term equity investment is greater than the fair value share of the identifiable net assets of the investee, the initial investment cost of the long-term equity investment shall not be adjusted. If the initial investment cost is less than the fair value share of the identifiable net assets of the investee at the time of investment, the difference shall be recorded into the profits and losses of the current period and the cost of long-term equity investment shall be adjusted at the same time.

When the equity method is adopted for measurement, the investment income and other comprehensive income shall be recognized according to the share of the net profit and loss realized by the invested entity and other comprehensive income that shall be enjoyed or shared, and the book value of the long-term equity investment shall be adjusted at the same time; the statement shall be declared according to the invested entity The portion that should be enjoyed in the calculation of distributed profits or cash dividends, and the book value of the long-term equity investment shall be reduced accordingly; for other changes in the owner's equity other than the net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of the long-term equity investment shall be adjusted And included in the capital reserve.

When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and confirmed based on the fair value of the identifiable assets of the investee when the investment is obtained.

If the accounting policy and accounting period adopted by the investee are inconsistent with the group, the financial statements of the investee shall be adjusted in accordance with the accounting policy and accounting period of the group, and investment income and other comprehensive income shall be confirmed accordingly.

For transactions between the Group and associates and joint ventures, if the invested or sold assets do not constitute a business, the unrealized internal transaction gains and losses are calculated based on the share of the proportion attributable to the group to be offset, on this basis Confirm investment gains and losses. However, the unrealized internal transaction losses between the Group and the investee are not offset if they belong to the impairment loss of the transferred assets. If the assets invested by the Group in a joint venture or associated company constitute a business, and the investor obtains a long-term equity

investment but has not obtained control, the fair value of the business invested shall be used as the initial investment cost of the new long-term equity investment. The difference between the cost and the book value of the investment business is fully included in the current profit and loss. If the assets sold by the Group to joint ventures or associates constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current profits and losses. If the assets purchased by the Group from associates and joint ventures constitute business, they shall be accounted for in accordance with the Accounting Standards for Business Enterprises No. 20-Business Combinations, and the gains or losses related to the transaction shall be fully recognized.

When the net loss incurred by the invested entity is recognized to be shared, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Group is obligated to bear additional losses to the invested entity, the expected liabilities will be recognized according to the expected obligations and recorded in the current investment loss. If the invested entity realizes net profits in the following period, the Group shall resume the recognition of the amount of income sharing after the amount of income sharing makes up for the unrecognized amount of loss sharing.

For the long-term equity investment in the associated enterprises and joint ventures held by the Group before the first implementation of the accounting standards for enterprises, if there is any debit difference related to the investment, the amount of straight-line amortization in the original remaining period will be recorded into the current profit and loss.

③ Acquisition of minority stakes

When preparing the consolidated financial statements, the difference between the long-term equity investment newly added due to the purchase of a minority share and the share of the subsidiary’s net assets calculated on the basis of the newly increased shareholding ratio shall be adjusted continuously since the date of purchase (or merger date). If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statements, the parent company shall partially dispose of the long-term equity investment in the subsidiary without losing the control right, and the difference between the disposal price and the long-term equity investment corresponding to the disposal of the subsidiary's net assets shall be recorded into shareholders' equity; Where the parent company partially dispositions its long-term equity

investment in its subsidiaries, resulting in the loss of control over its subsidiaries, it shall be treated in accordance with the relevant accounting policies described in Note II, (7) "Methods for the Preparation of Consolidated Financial Statements" and 2.

For the disposal of long-term equity investments under other circumstances, the difference between the book value of the disposed equity and the actual purchase price shall be included in the current profit and loss.

If the long-term equity investment accounted for by the equity method is still accounted for by the equity method after the disposal of the remaining equity, the other comprehensive income originally included in the owner's equity shall be accounted for at the time of disposal according to the corresponding proportion on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity. The owners' equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current profit and loss on a pro rata basis.

If the remaining equity of the long-term equity investment calculated by the cost method is still calculated by the cost method after the disposal of the long-term equity investment, the other comprehensive income recognized by the equity method or financial instrument recognition and measurement standard accounting before obtaining control of the invested entity shall be used Perform accounting treatment on the same basis as the investee’s direct disposal of related assets or liabilities, and carry forward the current profits and losses on a pro rata basis; the net assets of the investee recognized as a result of the equity method are excluded from net profits and losses, other comprehensive income and profit distribution Other changes in owner’s equity are carried forward in proportion to the current profits and losses.

If the Group loses control of the investee due to the disposal of part of the equity investment, when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be calculated according to the equity method, and the remaining equity is deemed to be adjusted using the equity method when it is acquired; If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for in accordance with the relevant provisions of the financial instrument recognition and measurement standards. The difference between the fair value and the book value on the date when the control is lost Included in the current profit and loss. For other comprehensive income recognized by the equity method accounting or financial instrument recognition and measurement criterion accounting

before the Group obtains the control of the invested unit, the same basis as the direct disposal of relevant assets or liabilities shall be used for accounting treatment when the Group loses control of the invested unit. Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be transferred to the current profit and loss when the investee loses control. Among them, if the residual equity after disposal is accounted for by the equity method, other comprehensive income and other owners' equity shall be carried forward proportionately; If the residual equity after disposal is accounted for in accordance with the standards for recognition and measurement of financial instruments, all other comprehensive income and other owners' equity shall be carried forward.

If the group loses joint control or significant influence on the investee due to the disposal of part of the equity investment, the remaining equity after the disposal shall be calculated according to the financial instrument recognition and measurement standards, and its fair value on the date of loss of joint control or significant influence The difference between the book value is included in the current profit and loss. The other comprehensive income recognized by the original equity investment due to the equity method is used for accounting treatment on the same basis as the investee’s direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity confirmed by other owner's equity changes other than the income and profit distribution shall be transferred to the current investment income when the equity method is terminated.

The group disposes of equity investments in subsidiaries through multiple transactions until it loses control. If the above transactions are package transactions, each transaction is treated as a transaction that disposes of equity investments in subsidiaries and loses control. The difference between the price of each disposal before the right and the book value of the long-term equity investment corresponding to the equity disposed of is first recognized as other comprehensive income, and then transferred to the current profit and loss of the loss of control when the control is lost.

⑤ Recognition standard and accrual method of long-term equity investment impairment reserves

Please refer to Note II (21) "Impairment of Non-current Non-financial Assets" for the confirmation standard and withdrawal method of long-term equity investment impairment reserves.

15. Investment property

Investment property includes a land use right that is leased out; a land use right held and ready to transfer

after appreciation; a building that is leased out. The initial measurement of the investment property shall be made at its cost. The Company shall use the cost model for subsequent measurement of the investment property.

16. Fixed assets

(1) Recognition of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a useful life of more than one year. Fixed assets are only recognized when the economic benefits related to them are likely to flow into the Group and their costs can be reliably measured. Fixed assets are initially measured at cost and taking into account the impact of expected abandonment expenses.

(2) Fixed asset classification and depreciation

Depreciation of fixed assets shall be accrued during their service life starting from the month following the date when the fixed assets reach the scheduled usable state. The service life, estimated net salvage value, annual depreciation rate and depreciation method of various types of fixed assets are as follows:

Category	Estimated useful lives (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Others (including pipe network)	15	5	6.33
Houses and buildings	20-50	5	1.90-4.75
Machinery equipment	5-28	5	3.39-19.00
Transportation equipment	4-10	5	9.5-23.75
Office equipment	3-5	5	19.00-31.67

Highway assets with the nature of repayment of loans, which are based on the relevant provisions of the state return-loan toll highways and the “Temporary Methods for the Financial Management of the Highway Industry of Fujian Province” formulated by the Fujian Department of Finance and Fujian Department of Communications, are not depreciated.

(3) Impairment test method and impairment provision method for fixed assets

Refer to Note II (21) “Impairment of Non-current Non-Financial Assets” for the method of impairment

testing and provision for impairment of fixed assets.

(4) Recognition basis and valuation method of financing leased fixed assets

A financial lease is a lease that essentially transfers all the risks and rewards related to the ownership of an asset, whose ownership may or may not be transferred eventually. The fixed assets rented by financial lease shall be depreciated and withdrawn in accordance with the same policies as the self-owned fixed assets. Where it can be reasonably determined that the ownership of the leased asset is acquired at the expiration of the lease term, depreciation shall be accrued over the service life of the leased asset; Where it cannot be reasonably determined that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be accrued during the shorter period of the lease term and the service life of the leased asset.

(5) Additional instructions

The subsequent expenditure related to the fixed asset shall be included in the cost of the fixed asset and shall terminate the recognition of the book value of the replaced part if the economic benefits related to the fixed asset are likely to flow in and can be measured reliably. Other subsequent expenditures shall be recorded into current profits and losses when incurred.

When a fixed asset is in a state of disposal or cannot generate economic benefits through its use or disposal, the recognition of the fixed asset shall be terminated. The balance of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes and fees is recorded into the current profit and loss.

The Group reviews the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. Any changes shall be treated as changes in accounting estimates.

17. Construction in progress

The cost of construction in progress is determined based on actual project expenditures, including various project expenditures incurred during construction, capitalized borrowing costs before the project reaches its intended use status, and other related expenses. The construction in progress is carried forward to fixed assets after reaching the expected usable state.

Refer to Note II (21) Impairment of non-current non-financial assets for the method of impairment test and provision for impairment of construction in progress.

18. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary costs and

exchange differences arising from foreign currency borrowings. When some of the assets in the acquisition, construction or production of assets eligible for capitalization are completed and can be used separately, the capitalization of the borrowing costs of the assets for the separated part will cease.; other borrowing costs are recognized as expenses at the time of occurrence and are included in current profit and loss.

The interest expense of the special loan, after deducting the interest income from the unutilized borrowing funds deposited in the bank or the investment income obtained from the temporary investment. The amount of interest that should be capitalized for general borrowings is determined by multiplying the annualized weighted average of the accumulated asset expenditures over the special borrowings by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, all the exchange differences of special foreign currency borrowings shall be capitalized; the exchange differences of general foreign currency borrowings shall be credited to the current profits and losses.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate and inventories that require a substantial period of acquisition, construction or production activities to achieve the intended use or sale status.

If the construction or production of assets eligible for capitalization is interrupted abnormally and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production of assets is resumed.

19. Intangible assets

(1) Recognition and measurement of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Company and are without physical substance.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the Group and their costs can be reliably measured. Expenditures for other items other than this shall be included in the current profit and loss when incurred.

The acquired land use rights are usually accounted for as intangible assets. For self-development and construction of buildings and other buildings, related land use rights expenditures and building construction costs are accounted for as intangible assets and fixed assets, respectively. For the purchased houses and

buildings, the relevant price shall be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all shall be treated as fixed assets.

(2) Amortization of intangible assets

Intangible assets with a limited useful life shall be amortized evenly over the expected useful life using the straight-line method for the original value minus the estimated net residual value and the accumulated amount of provision for impairment from the time it becomes available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life will be rechecked. If there is any change, it will be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life is reviewed. If there is evidence that the term of the intangible assets bringing economic benefits to the enterprise is foreseeable, its service life is estimated and amortized in accordance with the amortization policy of intangible assets with limited service life.

(3) Research and development expenditure

The expenditure of the Group's internal research and development projects is divided into research expenditure and development expenditure. Among them, research refers to the original and planned investigation carried out for the acquisition and understanding of new scientific or technical knowledge, the activities carried out for the acquisition of knowledge, the application research, evaluation and final selection of research results or other knowledge, and the research on substitutes of materials, equipment, products, processes, systems or services. The formulation, design, evaluation and final selection of possible substitutes for new or improved materials, equipment, products, processes, systems or services; Development refers to the commercial production or use, apply findings or other knowledge to a plan or design, in order to produce something new or substantive improved materials, devices, products, etc., such as production or use before the prototype and model of the design, construction and test, have no commercial production economies of scale of the trial production facilities design, construction and operation, etc.

Expenditures in the research phase are included in the current profit and loss when incurred.

Expenditures in the development phase that meet the following conditions at the same time are recognized as intangible assets, and expenditures in the development phase that cannot meet the following conditions are included in the current profit and loss:

① It is technically feasible to complete the intangible asset to enable it to be used or sold;

② The Company has the intent to complete the intangible asset and use or sell it;

③ The way in which intangible assets generate economic benefits, including the ability to prove that a market for the products produced by the intangible assets exist or a market for the intangible assets exist, or the intangible assets will be used internally, and can be proved their usefulness;

④ There are sufficient technical, financial resources and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

⑤ Expenditure attributable to the development phase of the intangible asset can be reliably measured.

Where it is impossible to distinguish the expenditures in the research stage from those in the development stage, all the R&D expenditures incurred shall be recorded into the profits and losses of the current period.

(4) Intangible assets impairment test method and impairment provision accrual method

Refer to Note II (21) "Impairment of Non-current Non-Financial Assets" for the method of impairment testing and provision for impairment of intangible assets.

20. long-term deferred expenses

The long-term deferred expenses refer to the expenditure that the Company has already paid, but its benefit period is more than one year (excluding one year). The long-term deferred expenses are separately measured, and if the expected benefit period can be determined, the long-term deferred expenses are amortized by using the straight-line method within the benefit period. If the expected benefit period cannot be determined, the long-term deferred expenses are amortized by using the straight-line method within 10 years. If the long-term deferred expenses cannot bring the benefit to the Company in the future accounting period, the amortized value that has not been amortized will be transferred to the current profit and loss.

21. Impairment of non-current non-financial assets

For the impairment of long term equity investment in subsidiaries, associates and joint ventures, and investment real estate, fixed assets, construction in progress, intangible assets, goodwill, etc. measured by the cost method, the Company will judge whether there is any indication that the asset may be impaired on the balance sheet date, and there is an indication of impairment, the Group will estimate the recoverable amount and conduct an impairment test. Goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets that have not yet reached the usable condition are tested

for impairment annually, regardless of whether there is any indication of impairment.

If the result of impairment test shows that the recoverable amount of an asset is lower than its book value, the provision for impairment shall be withdrawn according to the difference and included in the impairment loss. The recoverable amount is determined based on the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flows of the assets. The fair value of the asset is determined according to the price of the sales agreement in the fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined according to the bid of the buyer of the asset; If there is no sales agreement or asset active market, the fair value of the asset shall be estimated based on the best information available. Disposal expenses include legal expenses related to the disposal of assets, relevant taxes, handling expenses and direct expenses incurred to make the assets marketable. The present value of the expected future cash flow of the asset shall be determined according to the expected future cash flow generated in the process of continuous use and final disposal of the asset, and the appropriate discount rate shall be selected to discount the amount. The provision for impairment of assets is calculated and recognized on the basis of single assets. If there are signs of impairment in long-term assets, the recoverable amount is estimated on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, then determine the recoverable amount of the asset group on the basis of the asset group belonging to the asset. Cash generating units is the smallest group that can generate cash inflow independently.

For the goodwill separately presented in the financial statements, during the impairment test, the book value of goodwill shall be apportioned to the asset group or group of asset groups expected to benefit from the synergistic effect of business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the apportioned goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss first offsets the book value of goodwill allocated to the asset group or combination of asset groups, and then offsets the book value of other assets in proportion according to the proportion of the book value of other assets other than goodwill in the asset group or combination of asset groups.

Once the impairment loss of the above-mentioned assets is recognized, it will not be reversed in the future.

22. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits

include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-term employee benefits

The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in current profits and losses or related asset costs according to the benefit object. The employee benefits incurred by the Company are included in the current profit and loss or related asset costs based on the actual amount incurred at the time of actual occurrence. If the employee benefit is non-monetary benefit, it shall be measured at fair value. The social insurance premiums and housing accumulation funds paid by the enterprise for the employees, such as medical insurance premiums, work-related injury insurance premiums, maternity insurance premiums, and labor union funds and employee education funds, which are drawn according to regulations, shall be based on the prescribed accounting period during the accounting period in which the employees provide services to calculate the corresponding employee salary amount and to confirm the corresponding liabilities, which are included in the current profit and loss or related asset costs.

(2) Post-employment and termination benefits

During the accounting period in which employees provide services, the company recognizes the amount of the deposits calculated according to the defined contribution plan as liabilities and includes them in the current profit and loss or related asset costs. According to the formula determined by the expected cumulative welfare unit method, the welfare obligation arising from the defined benefit plan is attributed to the period during which the employee provides the service, and is included in the current profit and loss or related asset cost.

When the Company provides termination benefits to employees, the employees' compensation liabilities arising from the termination benefits are recognized and charged into the current profit and loss at the earlier date of the two following situations: 1) the Company is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans or the layoff proposals; 2) the Company recognizes the costs or expenses in connection with the reorganization involving the payment of dismissal welfare.

(3) Other long-term employee benefits

When other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits shall be accounted for in accordance

with the above requirements relating to defined contribution plan. But beyond that, the net liabilities or net assets of other long-term employee benefits shall be recognized and measured in accordance with the accounting policies of the above defined benefit plan.

23. Accrued liabilities

An obligation for additional losses related to a contingency is recognized as the accrued liability when all of the following conditions are satisfied: The obligation is a present obligation of the Group; It is probable that an outflow of economic benefits from the Company will be required to settle the obligation; The amount of the obligation can be measured reliably. Accrued liabilities are initially measured at the best estimate of the payment to settle the associated obligations. Where there is a continuous range of possible amounts of the expenditure required to settle the liability, and all kinds of possibilities are at the same level, the best estimate should be determined according to the median of the range. Where the contingency involves several items, the best estimate should be determined by weighting all possible outcomes by their associated probabilities of occurrence.

The Company reviews the carrying amount of accrued liabilities at the balance sheet date. If there is a conclusive evidence that the book value does not truly indicate the current best estimate, the adjustment should be made to the carrying amount to reflect the best estimate.

24. Revenue

(1) Sales of goods

The Company has transferred the main risks and rewards of ownership of the goods to the purchaser; The Company does not retain the continuation of management rights associated with ownership, nor does it have effective control over the products sold; The amount of income can be reliably measured; The relevant economic benefits are likely to flow into the enterprise; When the relevant costs that have occurred or will occur can be reliably measured, the sales revenue of the goods is recognized.

A. Principles and methods for recognizing the income from real estate sales

The Company’s real estate sales revenue mainly includes sales income and rental income of real estate development products. The principle of revenue recognition is as follows.

(1) The revenue from real estate development products is recognized when the following conditions are met:

1) The seller and buyer have signed the sales contract and filed it with the real estate management department;

2) Real estate development products have been completed and qualified for acceptance;

3) The Company receives all purchase payments from customers or obtains the right to collect all purchase payments (such as a written letter of commitment from a bank to release mortgages);

4) The formalities of property delivery are handled, or according to the conditions agreed in the purchase contract, it can be regarded as the time when the customer receives the property.

(2) Rental income: For rental income of investment properties, the rent stipulated in the contract or agreement is recognized as rental income on a straight-line basis over the lease term.

B. Principles and methods for recognizing sales income from automobile trades

The sales revenue of the automobile trade sector of the Company mainly includes sales revenue of new cars, sales revenue of automobile products and automobile maintenance revenue. The revenue recognition principle is as follows:

(1) New car sales revenue is recognized when the following conditions are met:

1) The buyer and seller have signed a new car sales contract;

2) The Company receives all the purchase payments from customers or obtains the right to collect all purchase payments (such as a written letter of commitment from the bank to release mortgages);

3) Formal invoices are issued (unified invoices for motor vehicle sales or special invoices for VAT).

(2) Sales revenue of automobile products: The Company receives all the purchase payments from customers or obtains the right to collect all purchase payments, and then issues the corresponding invoices (special VAT invoices or ordinary VAT invoices) and recognizes the income in the period when the invoices are issued.

(3) Automobile maintenance revenue: The Company receives all the purchase payments from customers or obtains the right to collect all purchase payments, and then issues the corresponding invoices (special VAT invoices or ordinary VAT invoices) and recognizes the income in the period when the invoices are issued.

C. Principles and methods of revenue recognition in water sector

The Company's water sector income mainly includes water fee income, construction and installation income, handling fee income, water quality inspection income and other income.

(1) Recognition principle of water fee income

1) The customer applies for water and signs a water agreement, and the water meter is installed. Once the

water meter is qualified for acceptance, the customer can access the water;

2) The water meter installation is completed and accepted, and the water meter measures the water consumption;

3) From 1st to 15th of the month, the customer management office of the Company's sales department records the water meters of the city;

4) The accounting and finance department confirms the monthly water fee income based on the water meters of the city consumed in the same month.

(2) Recognition principle of construction and installation income

1) According to the contracts or agreements, the Company accepts the application of the government or enterprises to install the pipeline network or renovate the meters to make sure one meter for each household, and receives the project funds;

2) Entrusting a construction and installation company to do the construction work;

3) The income of the project shall be recognized according to the completion schedule.

(3) Recognition principle of handling fee income

1) Collection of sewage treatment fees and garbage disposal fees according to the entrustment agreement;

2) The handling fee income is recognized based on a certain percentage of the total sewage treatment fees and garbage disposal fees which shall be paid to the financial special account on a monthly basis.

(4) Recognition principle of quality inspection income

1) Accepts a client's commission to inspect and test water quality;

2) A special report is issued on the completion of water quality inspection and testing;

3) Recognize the income when the inspection fee is received from the user.

D. The Recognition principle of the Company's trade business income is as follows: The commodity right has been transferred and the certificate of the transfer of the commodity right has been obtained; When the relevant income has been obtained or the receipt has been obtained, it is deemed that the main risks and rewards of the ownership of the commodity have been transferred to the purchaser, and the sales revenue shall be recognized.

(2) Rendering of services

If the results of the labor service transactions on the balance sheet date can be reliably estimated, the income from rendering of service will be recognized by the percentage of completion method. The completion schedule of the labor service transaction is determined based on the measurement of the

completed work.

If the results of the labor service transactions on the balance sheet date cannot be reliably estimated, they shall be dealt with as follows:

If the labor costs incurred are expected to be compensated, the labor service income is recognized according to the amount of labor costs incurred, and the labor costs are carried over at the same amount.

If the labor costs incurred are expected not to be compensated, the labor costs incurred will be recognized in the current profits and losses, and the income from the provision of labor services will not be recognized.

(3) Transfer of asset use right

The economic benefits associated with the transaction are likely to flow into the business and the amount of revenue can be reliably measured. The amount of income from the transfer of asset use rights is determined in the following cases.

Interest income: the amount of interest income shall be calculated and determined according to the time and actual interest rate of the use of the Company's cash and cash equivalent by others.

Royalty income: the amount of royalty income shall be calculated and determined in accordance with the time and method of charging as stipulated in the relevant contracts or agreements.

Property rental: the property rental is recognized when the following conditions are met.

There is a lease contract, agreement or other settlement notice approved by the lessee; The Company fulfills the obligations stipulated in the contract, a lease invoice is issued and the payment has been received or it is sure that the payment will be received; The cost of the development products rented out can be reliably measured.

25. Recognition criteria for revenue and costs of construction contracts

(1) When the outcome of a construction contract can be estimated reliably on the balance sheet date, the revenue and costs of the construction contract is recognized under the percentage of completion method.

The construction contract completed in the current period shall be recognized as the current income after deducting the accumulated recognized income in the previous fiscal year from the actual total contract income, and the balance after deducting the accumulated recognized expenses in the previous fiscal year from the accumulated actual contract cost shall be recognized as the current expenses.

When the outcome of a construction contract cannot be estimated reliably on the balance sheet date and contract costs are expected to be recovered, revenue is recognized at the actual contract costs that can be

recovered and the contract costs shall be recognized as an expense in the period when incurred. If the contract costs cannot be recovered, it shall be recognized as an expense immediately and no revenue shall be recognized.

If the accumulative estimated contract costs exceed the contract revenue, the estimated contract loss should be recognized as expenses in the current financial period.

(2) Accounting of BT business

The way of BT business operation refers to the “Build-Transfer” that the government or the agent company signs the BT investment and construction repurchase agreement with the BT business contractor for municipal engineering projects, and authorizes the BT business contractor to carry out its investment and financing function for municipal engineering construction. After the completion of the project, the BT business contractor is handed over to the government, and the government pays the repurchase fund (including the return of investment) within the prescribed period according to the repurchase agreement.

BT business is accounted for by the following methods:

1) If construction services are provided, during the construction period, the relevant revenue and costs of the construction services provided are recognized in accordance with Accounting Standards for Enterprises No. 15 - Construction Contract, while the “Long-term Receivables - Construction Period” is also recognized. After the project is completed and the project cost is audited, the difference between the balance of the long-term receivables - construction period (actual total investment, including project cost and gross profit) and the repurchase base is included in the current profit and loss at once, and the long-term receivables - construction period is carried over to the long-term receivables - repurchase period. The difference between the total amount of repurchase price and the base amount of repurchase price is apportioned by the real interest rate method during the repurchase period, but for the prepaid items with interest rate specified in the construction contract, such as land acquisition and demolition fee, survey and design fee, construction and installation engineering fee, infrastructure construction fee, etc., the capital occupancy fees for above-mentioned items are calculated separately, which are recognized as interest income and recorded into long-term receivables; if interest income is included in the total contract price, it is recognized as interest income and written down the contract income. At the same time, according to the expected total cost of the contract multiplied by the completion schedule, the amount after deducting the accumulated recognized expenses in the previous accounting period is recognized as the current contract cost.

2) If construction services are not provided, the repurchase price is recognized as a financial asset according to the project price paid in the construction process and the return on investment stipulated in the contract, and the difference between the repurchase price and the project price paid is recognized as "Unrealized financing income", and the investment income is apportioned by the real interest rate method during the repurchase period.

The financial assets (receivables) involved in BT project do not include provision for bad debts in principle. If there is a conclusive evidence shown that it cannot be recovered or is unlikely to be recovered, the provision for bad debts shall be calculated according to its non-recoverable amount.

26. Government grants

Government grants comprise government grants related to income and government grants related to an asset

(1) Judgment basis and accounting treatment of a government grant related to an asset

A government grant related to an asset is a grant obtained by the Company used for purchase or construction, or forming the long-term assets by other ways

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses.

If the relevant assets are sold, transferred, obsolete or destroyed before the end of useful lives, undistributed deferred income shall be recognized as the current profits and losses from disposal of assets.

(2) The judgment basis and accounting treatment of government grants related to income

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows:

Those subsidies used for compensating the related future expenses or losses of the Company shall be recognized as deferred income and shall include in the current profits and losses during the period when the relevant expenses are recognized; Or

Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

For government subsidies that include both asset-related and income-related parts, different parts should be separately accounted for; for those that are difficult to distinguish, they should be classified as income-related government subsidies as a whole.

The government subsidy which is related to daily activities shall be recognized as other income; otherwise shall be recorded into non-operating income & expenses.

27. Deferred tax assets and deferred tax liabilities

(1) The deferred income tax assets or deferred income tax liabilities shall be calculated and recognized according to the difference between the book value of assets and liabilities and their tax basis (if the items not recognized as assets and liabilities can be determined according to the provisions of the Tax Law, the tax basis shall be determined as the difference), and the deferred income tax assets or deferred income tax liabilities shall be calculated and confirmed according to the applicable tax rate during the expected recovery of the assets or the liquidation of the liabilities.

(2) Recognition of deferred income tax assets shall be limited to the amount of taxable income likely to be obtained to offset temporary differences. At the balance sheet date, where there is strong evidence showing that sufficient taxable profit will be available against which the deductible temporary difference can be utilized, the deferred tax asset unrecognized in prior period shall be recognized. If it's probable that sufficient taxable profit will not be available against which the deductible temporary difference can be utilized, the Company shall write down the carrying amount of deferred tax asset, or reverse the amount written down later.

(3) Deferred income tax liabilities are recognized for taxable temporary differences relating to investments in subsidiaries and associates, unless the Company is able to control the timing of temporary differences and the temporary differences will not be reversed in the foreseeable future. For deductible temporary differences relating to investments in subsidiaries and associates, when the temporary difference is likely to be reversed in the foreseeable future, it is probable that taxable income will be available to offset the deductible temporary differences in the future deferred tax assets are recognized.

28. Lease

(1) The Company's leases are classified as finance leases and operating leases. The judgment criteria for financial leases is as follows: Leases that substantially transferred all risks and rewards related to ownership of assets, are recognized as financial leases. The specific determination is based on one or more of the following conditions: At the end of the lease term, the ownership of the leased assets is transferred to the lessee; The lessee has the option to purchase the leased assets, and the purchase price is expected to be

much lower than the fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined that the lessee will exercise this option on the lease start date. Even if the ownership of the assets is not transferred, the lease period accounts for the majority of the life of the leased assets; The present value of the minimum lease payment of the lessee on the lease start date is almost equal to the fair value of the leased assets on the lease start date; The nature of the leased assets is special, and only the lessee can use them without major transformation. For leases that do not satisfy the above conditions, they are deemed to be operating leases.

The accounting treatment of the Company's leasing business shall be carried out in accordance with the provisions of the Accounting Standards for Enterprises - Leasing.

III Changes in significant accounting policies and accounting estimates

1. Changes in significant accounting policies

There are no changes in the accounting policies for the reporting period.

2. Changes in accounting estimates

There are no changes in the accounting estimates for the reporting period.

3. Explanation of correction of previous errors

There is no explanation of correction of previous errors

IV Taxation

1. Main tax categories and tax rates

Tax categories	Tax basis	Tax rates
Value-added tax	Taxable income	Taxable income is calculated at a rate of 13%、9%、6% and is taxed on the difference after deducting the amount of purchase tax allowed for the current period.
Urban maintenance and construction tax	Turnover tax paid	Payment at 7% of the turnover tax actually paid.
Educational surcharge	Turnover tax paid	Payment at 3% of the turnover tax actually paid.
Local educational surcharge	Turnover tax paid	Payment at 2% of the turnover tax actually paid.
Corporate income tax	Taxable income	25 % of taxable income.

2. Tax preference

(1) Fujian Zhangzhou Development Co., Ltd.

1) According to the “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China” (State Council Decree [2007] No. 512), income from public sewage and garbage treatment shall be exempted from the corporate income tax from the first year to the third year, and reduced by half from the fourth year to the sixth year, starting from the tax year in which the project obtains the first production and operation income. Zhangzhou Dongdun Sewage Treatment Co., Ltd. and Pinghe Development Water Co., Ltd. started the production in 2016 and the current period is the fifth year of the preferential period.

2) According to the “Notice on Printing and Distributing the Preferential Catalogue of Value-added Tax for Products and Labor Services of Comprehensive Utilization of Resources” (Cai Shui [2015] No. 78) jointly issued by the Ministry of Finance and the State Administration of Taxation, from 1 July 2015, Zhangzhou Minnan Sewage Treatment Co., Ltd. and Zhangpu Development Water Co., Ltd. started to enjoy the preferential treatment of tax refund upon collection according to the 70% tax refund ratio of VAT for labor services of sewage and garbage treatment. From January 2016, Zhangzhou Dongdun Sewage Treatment Co., Ltd. started to enjoy the preferential treatment of tax refund upon collection according to the 70% tax refund ratio of VAT for labor services of sewage treatment. From May 2018, Pinghe Development Water Co., Ltd. started to enjoy the preferential treatment of tax refund upon collection according to the 70% tax refund ratio of VAT for labor services of sewage treatment.

3) According to the provisions of the State Administration of Taxation's April 23, 2020 announcement on the clear second-hand car distribution and other issues of value-added tax collection and management (State Administration of Taxation Announcement No. 9 of 2020), taxpayers are entrusted with the specialized treatment of waste, sludge, sewage, exhaust gas and other waste, the trustee is to provide "professional and technical services", the treatment fee charged by the applicable 6% VAT rate, from May 1, 2020, the provision of sewage treatment services by the subsidiary company The tax rate was changed to 6 %.

4)According to the “Environmental Protection Tax Law of the People’s Republic of China”, the environmental protection tax has been levied since 1 January 2018. If the Company operates centralized sewage treatment projects in urban and rural areas to discharge corresponding taxable pollutants, which do not exceed the discharge standards stipulated by the State and local governments, the environmental protection tax shall be temporarily exempted.

V Business consolidation and consolidated financial statements

1. Basic information on subsidiaries included in the scope of consolidated statements

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
First level	1	Fujian Zhangzhou Development Co., Ltd.	Zhangzhou	Investment and development of roads and highways; Urban infrastructure development and construction; Investment and management of municipal engineering; Real estate development and management; Sales of metal products, hardware, electrical and mechanical equipment, communication equipment, building materials, ceramics, computers and accessories, paper products, toys, fitness equipment, lamps, daily necessities, feed, flowers, and primary agricultural products.	99,148.11	36.4967
First level	2	Haixia Biological Technology Co., Ltd.	Zhangpu	Research, development, transfer and consulting services of agricultural biotechnology; Cultivation, sales and technical services of horticultural plants; Greening construction; Sales of horticultural equipment; Import and export of goods and technology (Except goods or technologies prohibited or restricted by the Government); Operation of feed processing and "three to one supplement" business; Property services; Domestic cargo transport agents, warehousing (Except hazardous chemicals); Development and infrastructure construction of agricultural park land; Ecological agriculture tourism services.	7,000.00	77.14
Second level	2-1	Fujian Danong Landscape Construction Co., Ltd.	Zhangzhou	Design, construction and maintenance of the landscaping engineering projects for the first-tier cities; Flower planting; Interior decoration; Afforestation project construction; Road cleaning; Environmental	10,600.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				sanitation and cleaning; General contractor of municipal public construction work; Professional contractor of earth and stone engineering projects; Garden ancient building engineering construction; Professional contractor of environmental protection engineering projects; Professional contractor of sports facilities engineering projects; Professional contractor of urban and road lighting engineering projects; Professional contractor of steel structure engineering projects; Project cost consulting; Planning urban and rural units; Professional contractor of road traffic engineering projects; General contractor of housing construction.		
Second level	2-2	Minhe Flower Cooperation (Zhangzhou) Co., Ltd.	Zhangzhou	Cooperation and exchange with Dutch flower economic technology, Research, development and consultation of agricultural science and technology; Horticultural planting; Greening construction; Afforestation; Sales of flowers, garden machinery and utensils, timber and building materials; Import and export of goods produced or agency goods, and technology (Except pre-licensing approval projects, national restricted operations and goods and technology that are prohibited from importing and exporting), operation of incoming processing and "three to one supplement" business.	4,000.00	100.00
Second level	2-3	Zhangzhou Xinzhenyu Biotechnology Co., Ltd.	Zhangpu	Research, development, transfer and consulting services of agricultural biotechnology; Research, development and product sales of flowers, fruits and vegetables, edible fungi new varieties, planting techniques; Cultivation, sales and planting	2,600.00	70.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				technology research and services of horticultural plants; Greening engineering services; Sales of gardening equipment; sale of Medium- and low-toxic pesticides (Except rodenticides) and fertilizers.		
Third level	2-3-1	Qingzhou Haixia Seedling Technology Co., Ltd.	Qingzhou	Sales of seedlings and flowers	600.00	51.00
Second level	2-4	Haixia (Fujian) Flower Import and Export Service Co., Ltd.	Zhangpu	Construction of inspection and quarantine areas, isolation areas, and bonded areas for flower import and export, and providing related supporting services; Cultivation, sales and pest detection of flowers, seedlings, fruits and vegetables; Import and export of various commodities and technologies produced or as an agent; Operation of incoming processing and "one to one supplement" business.	2,000.00	100.00
Second level	2-5	Zhangzhou Xinzhenyu Biotechnology (Shenyang) Co., Ltd.	Shenyang	Research, development, transfer and consulting services of agricultural biotechnology; Cultivation, sales and planting technology research and services of horticultural plants; Landscaping engineering design and construction; Sales of horticultural equipment; Planting and sales of landscaping seedlings, flowers, bonsai green plants, lawn.	1,000.00	100.00
Second level	2-6	Zhangzhou Guojia Daffodil Research Institute Co., Ltd.	Zhangzhou	Research and development of Daffodil technology; Cultural and art exchange activities planning; Planting horticultural plants; Sales of garden machinery; Import and export of self-operated and agent goods and technology; Market promotion, publicity and planning of daffodils; The operational projects to be chosen independently as long as there is no permission as required by the laws and regulations; Other horticultural crops planting; Flower planting (limited to	100.00	50.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				branch operations).		
First level	3	Fujian Zhanglong Trade Group Co., Ltd.	Zhangzhou	Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State); Wholesale and retail of hardware, household appliances, electromechanical equipment, communication equipment (Except radio transmitting equipment and satellite ground receiving equipment), building materials and packaging materials (Except hazardous chemicals), wooden products, ceramics, computers and accessories, paper products, arts and crafts, toys, flowers, fitness equipment, lamps, daily necessities, feed, steel, billet, non-ferrous metals and products, cement, non-edible starch, mineral products (Except projects subject to pre-licensing approval), lubricants, metallurgical furnaces and chemical products (Except precursor chemicals and hazardous chemicals), coke, coal, gold and silver products and precious metals (Except projects subject to pre-licensing approval), asphalt, power transmission and transformation equipment, lighting products, polyvinyl chloride, catalytic oil slurry; wholesale and retail of prepackaged food; cargo storage.	85,000.00	100.00
Second level	3-1	Fujian Zhanglong Sanbao import and Export Co., Ltd.	Zhangzhou	Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State);	20,000.00	51.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Wholesale and retail of hardware, household appliances, electromechanical equipment, building materials and packaging materials (Except hazardous chemicals), ceramic products, computers and accessories, paper products, arts and crafts, toys, fitness equipment, lamps, steel, billets, non-ferrous metals and products, cement, mineral products (Except projects subject to pre-licensing approval), metallurgical charge and chemical products (Except precursor chemicals and hazardous chemicals), coke, coal, gold and silver products and precious metals (Except projects subject to pre-licensing approval).		
Second level	3-2	Fujian Zhanglong Supply Chain Co., Ltd.	Zhangzhou	Supply chain management services; Sales of primary agricultural products, prepackaged foods, textiles, clothing, general merchandise, stationery and equipment, over-the-counter medicines, medical equipment, mineral products, building materials (Except hazardous chemicals), chemical products (Except hazardous chemicals)), metal products, plastic products, machinery and equipment, hardware, electricity, furniture, household appliances, communications and electronic products, paper products, lubricants; Loading and unloading, handling services; Warehousing services (Except projects subject to pre-licensing approval, such as toxic drugs dangerous chemicals; Re-recycling and disposal of renewable resources; Cargo transportation and agency; Import and export of self-operated and agent goods and technology. (Projects subject to approval as required by law may be operated after approved by	3,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				relevant departments).		
Second level	3-3	Zhangzhou Longrui Trade Co., Ltd.	Zhangzhou	Sales of hardware and electricity products, mechanical and electrical equipment, cement, steel, building materials, packaging materials, ceramic products, paper products, handicrafts, toys, fitness equipment, lamps, asphalt, power transmission and transformation equipment, lighting products, raw cattle.	3,000.00	100.00
Second level	3-4	Xiamen Zhangshang Trade Co., Ltd.	Xiamen	Wholesale of cereals, beans and potatoes; Wholesale of feed; Wholesale of other agricultural and livestock products; Wholesale of aquatic products; Wholesale of textiles, knitwear and raw materials; Wholesale of clothing; Wholesale of cosmetics and hygiene products; Wholesale of household appliances; Wholesale of other household goods; Wholesale of stationery; Wholesale of sports goods and equipment (Except crossbow); Wholesale of jewelry, handicrafts and collectibles (Except cultural relics); Wholesale of other cultural goods; Wholesale of coal and coal products (Except hazardous chemicals and monitoring chemicals); Wholesale of petroleum products (Except refined oil, hazardous chemicals and monitoring chemicals); Wholesale of metal and metal ore (Except hazardous chemicals and monitoring chemicals); Wholesale of building materials; Wholesale of other chemical products (Except hazardous chemicals and monitoring chemicals); Wholesale of hardware products; Wholesale of other mechanical equipment and electronic products; Other unspecified wholesale business (Except business projects subject to licensing	5,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				approval); Import and export of various commodities and technologies (not to attach the import and export catalogues separately), but except goods and technology that are restricted to operate or prohibited from import and export by the state.		
Second level	3-5	Fujian Zhanglong Construction Machinery Co., Ltd.	Zhangzhou	Manufacturing, sales and leasing of construction machinery, elevators, escalators and lifts; Provision of construction equipment services; Wholesale and retail of machinery and electronic products; Import and export of self-operated and agent goods and technology.	2,000.00	55.00
First level	4	Fujian Zhanglong Construction Investment Group Co., Ltd.	Zhangzhou	General contractor of building construction projects, municipal public construction works, highway engineering projects; Professional contractor of foundation and foundation engineering projects, building decoration engineering projects, mechanical and electrical equipment installation engineering projects, urban and road lighting engineering projects, earth and stone engineering projects, bridge engineering projects; Investment, construction, operation and management of urban infrastructure and municipal public works; Investment and management of agriculture, industry, transportation, education, cultural industry and tourism; Contraction, design, construction, consulting, testing and examination of construction projects; Production and sales of building materials; Mechanical equipment leasing; Development and consolidation of land in the early stage; Real estate development and management; The operational projects to be chosen independently as long as there	71,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				is no permission as required by the laws and regulations.		
Second level	4-1	Zhangzhou Shuangling Building Materials Co., Ltd.	Zhangzhou	Sales of building materials (Except hazardous chemicals); Equipment rental, decoration and road construction.	10,100.00	99.90
Second level	4-2	Zhangzhou Traffic Development Co., Ltd.	Zhangzhou	Investment in roads, bridges, and harbor infrastructure; Investment in the construction industry; Road maintenance; Design, production and distribution of domestic advertising business.	10,000.00	100.00
Second level	4-3	Zhangzhou Expressway Investment Co., Ltd.	Zhangzhou	Investment in expressway construction; Collection of tolls from vehicles using expressways as approved by the provincial government; Responsible for the management and maintenance of roads and transportation facilities (Except projects subject to licensing approval); Road industry information consulting services.	2,600.00	100.00
Second level	4-4	Zhangzhou Puda Urban Construction Investment Development Co., Ltd.	Zhangzhou	Investment and management of urban infrastructure; Municipal engineering construction, and development and utilization of municipal facilities; Industrial park development and supporting infrastructure construction; Land first-level development; Investment and management of agriculture, transportation, education, and cultural industries.	10,000.00	100.00
Second level	4-5	Zhangzhou Taida Development Co., Ltd.	Zhangzhou	Investment in urban construction projects; Development and consolidation of land in the early stage.	5,000.00	100.00
Second level	4-6	Shengzhou Shengcheng Development Co., Ltd.	Zhangzhou	Development, investment and management of cultural industries; Investment and management of urban infrastructure; Municipal engineering construction, and development and utilization of municipal facilities;	1,000.00	85.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Investment and management of agriculture, industry and transportation; Investment and management of education industry; Investment and management of tourism; Land storage, and development and consolidation of land in the early stage.		
Second level	4-7	Zhangzhou Gonglu Traffic Industry Corporation	Zhangzhou	Investment, construction and management of urban infrastructure; Contraction, design, construction, consulting, testing and examination of construction projects; Production and sales of building materials; Development and consolidation of land in the early stage.	6,200.00	100.00
Third level	4-7-1	Zhangzhou Pantuo Lingdi'er Tunnel Investment Development Co., Ltd.	Zhangzhou	Operation and management of roads, bridges, tunnels and their supporting facilities.	2,500.00	70.00
Third level	4-7-2	Zhangzhou Luheng Traffic Development Co., Ltd.	Zhangzhou	Construction of roads, bridges and ancillary facilities (to be operated with qualification certificates); Undertaking projects commissioned by the municipal government (Except projects restricted and prohibited by the State).	100.00	95.00
Third level	4-7-3	Dongshan Haite Land Development Co., Ltd.	Dongshan	Construction of municipal facilities, land consolidation, and demolition and renovation of old cities.	400.00	100.00
Second level	4-8	Zhangzhou Longhua Investment Co., Ltd.	Zhangzhou	Investment in the construction industry; General contractor of highway engineering projects within the contraction scope of corresponding qualification level; Professional contractor of bridge engineering projects within the contraction scope of corresponding qualification level; General contractor of municipal public works within the contraction scope of corresponding qualification level; General contractor of urban and road lighting engineering projects within	4,000.00	75.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				the contraction scope of corresponding qualification level.		
Second level	4-9	Fujian Shengcheng New Building Materials Co., Ltd.	Nanjing	Production and sales of new environmentally-friendly block bricks (sintered porous bricks, antique bricks, wall bricks), municipal road bricks, landscape bricks, granite, sandstone, decorative materials and other building materials; Research and development, installation and sales of LED products and solar photovoltaic products; Import and export of self-operated and agent goods and technology.	3,000.00	100.00
Third level	4-9-1	Fujian Zhanglong Pipe Industry Technology Co., Ltd.	Longhai	Research and development, production and sales of pipeline fittings; Design and construction technical services of pipeline systems; Import and export of self-operated and agent goods and technology; and laws and regulations that do not stipulate permits to operate independently.	2,000.00	100.00
Second level	4-10	Zhangzhou Longsheng Development Co., Ltd.	Zhangzhou	Comprehensive land development; Urban infrastructure development and construction; Cargo transportation agency.	5,000.00	100.00
Second level	4-11	Zhangzhou Zhaosheng Development Co., Ltd.	Zhao'an	Comprehensive land development; Urban infrastructure development and construction; Cargo transportation agency.	6,000.00	100.00
Second level	4-12	Zhangzhou Jinfa Development and Construction Co., Ltd.	Nanjing	Comprehensive land development; Urban infrastructure development and construction; Cargo transportation agency.	3,000.00	100.00
Second level	4-13	Zhangzhou Gulei New Habour Urban Construction Co., Ltd.	Zhangpu	Investment, construction and management of urban infrastructure and public facilities, and land development.	5,000.00	100.00
Second	4-14	Zhangzhou Changfu Construction and	Zhangzhou	General contracting for housing construction and	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
level		Development Co., Ltd		municipal infrastructure projects; real estate development and operation (projects subject to approval according to law may be carried out only after approval by the relevant departments, and the specific business projects shall be subject to the approval documents or permits of the relevant departments)		
First level	5	Zhangzhou Commercial Enterprise Assets Management and Operation Co., Ltd.	Zhangzhou	Engaged in the operations of enterprise asset management authorized by Fujian Zhanglong Group Co., Ltd.	500.00	100.00
Second level	5-1	Zhangzhou Zhanglong Property Service Co., Ltd.	Zhangzhou	Property services and related ancillary services; Domestic labor dispatch business; Sales of commercial housing; Provision of mechanical equipment rental services; Engaged in the operations of enterprise asset management authorized by Zhangzhou Business Group Co., Ltd.	250.00	100.00
Third level	5-1-1	Zhangzhou Bluefield Enterprise Services Co., Ltd.	Zhangzhou	Licensed items: labor dispatch services; Human resources services (excluding professional intermediary activities, labor dispatch services); professional intermediary activities (projects subject to approval according to law, approved by the relevant departments before carrying out business activities, the specific business projects are subject to the approval documents or licenses of the relevant departments). General items: property management; office services; security system monitoring services; park management services; labor services (excluding labor dispatch); conference and exhibition services; building cleaning services; professional cleaning, cleaning and disinfection services. Real estate brokerage; real estate consulting; non-residential real estate leasing; hotel	200.00	51.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				management; catering management (carrying out business activities independently in accordance with the law with a business license, except for projects subject that must be approvedaccording to law).		
Second level	5-2	Zhangzhou Zhanglong Enterprise Assets Transfer Management Co., Ltd.	Zhangzhou	Engaged in the management of the transferred enterprise asset, which is authorized by Zhangzhou Commercial Enterprise Assets Management and Operation Co., Ltd.	100.00	100.00
Second level	5-3	Zhangzhou Huajun Fuyuan Automotive Sales Service Co., Ltd.	Zhangzhou	Sales of Chang'an Ford and imported Ford brand cars; Passenger car maintenance; Concurrent agency of auto insurance business (operating period ended as at 07 August 2018); Car display; Automotive business consulting and coordination; Sales of auto parts; Car rental services; Real estate development and management; Property services.	1,800.00	100.00
First level	6	Fujian Zhanglong Foreign Trade Group Co., Ltd.	Zhangzhou	Foreign trade; Wholesale of forest products; Wholesale of fruits; Wholesale of vegetables; Wholesale of aquatic products; Wholesale of textiles, knitwear and raw materials; Wholesale of household groceries; Wholesale of household appliances; Wholesale of jewelry and handicrafts (Except ivory and its products) and collectibles; Wholesale of other metal and metal ore; Wholesale of building materials; Wholesale of hardware products; Wholesale of computer, software and auxiliary equipment; Sales of network and information security hardware; Sales of livestock and fishery feed.	40,000.00	100.00
Second level	6-1	Fujian Zhanglong Zhangzhouwei Management Co., Ltd.	Zhangzhou	Construction and operation of industrial public service platform; Computer software development and sales;	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Development of network technology; Network system integration; Sales of tea, pre-packaged food, household appliances, jewelry, nine-dragon-wall tiles, arts and crafts, lighting products, cosmetics, proprietary Chinese medicine, watches, sports goods and flowers; Publicizing advertisement through own media; Exhibition services; Market information consultation and investigation services; Import and export of goods and technology; Enterprise management consulting, and investment consulting services; Corporate image planning; Marketing planning; Information service business in value-added telecommunications services; Cargo warehousing services; Stadium management operations; Venue leasing; Store leasing.		
Second level	6-2	Fujian Shengfa Import and Export Co., Ltd	Zhangzhou	Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State); Wholesale and retail of metal products, hardware, electromechanical equipment, communication equipment (Except radio, satellite for transmitting and receiving equipment), building materials and packaging materials (Except hazardous chemicals), household appliances, instrumentation, wooden products, ceramic products, computers and accessories, paper products, arts and crafts, toys, flowers, fitness equipment, lamps, daily necessities, feed, steel, billets, non-ferrous metals and products, cement, non-edible starch, minerals, lubricants, metallurgical furnaces and chemical products (Except	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				precursor chemicals and hazardous chemicals), coke, coal, gold silver products (Except projects subject to pre-licensing approval), fuel oil, fresh aquatic products, fresh vegetables, textiles, plastic products, fertilizers, pre-packaged foods.		
Third level	6-2-1	Shengfa (Nanjing) Trading Co., Ltd.	Nanjing	Wholesale and retail of metal products, hardware, electromechanical equipment, communication equipment (Except radio and satellite for transmitting and receiving equipment), building materials and packaging materials (Except dangerous chemicals), ceramic products, computers and accessories, paper products, handicrafts, toys , fitness equipment, lamps, daily necessities, feed, flowers, fresh aquatic products, fresh vegetables; Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State).	1,000.00	100.00
Third level	6-2-2	Minhe Flower United Arab Emirates Limited Liability Company	Dubai	Flower, plant seed trade	300 thousand dirham	100.00
Third level	6-2-3	Minhe Flower Cooperation (Holland) Co., Ltd.	Amsterdam	Sales of seedlings and flower	90.06	100.00
Second level	6-3	Zhangzhou Shengfa Trading Co., Ltd.	Zhangzhou	Wholesale and retail of household appliances, instrumentation, wooden products, ceramics, metal products, hardware, electromechanical equipment, communication equipment (Except radio and satellite for transmitting and receiving equipment), building materials (Except dangerous chemicals), computers and accessories, paper products, art crafts, toys, flowers, fitness	17,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				equipment, lamps, daily necessities, feed, non-edible starch, minerals, lubricants, chemical products (Except precursor chemicals and dangerous chemicals), coke, coal, gold and silver products (Except projects subject to pre-licensing approval), fresh aquatic products, fresh vegetables, textiles, plastic products, fertilizers, pre-packaged foods; Import and export of self-operated and agent goods and technology (Except projects subject to pre-licensing approval, operations restricted and goods and technology prohibited from import and export by the State).		
Second level	6-4	Zhangzhou Longjiang Import & Export Co., Ltd.	Zhangzhou	Import and export of self-operated and agent goods and technology; sales of chemical products (Except hazardous chemicals), arts and crafts, textiles, clothing, building materials (Except hazardous chemicals), aquatic products, hardware products, communication equipment, electronic products; Rental services of commercial properties owned by the company; Cargo warehousing services. (Projects subject to approval as required by law may be operated after approved by relevant departments).	1,000.00	100.00
First level	7	Fujian Zhanglong Wood Industry Technology Co., Ltd.	Zhangzhou	Research and development of timber processing technology, production of wood-based panel; Import and export of logs and timber products; Planting, harvesting, storage and storage of timber; Manufacturing and sales of wood machinery and equipment; Investment in industry, agriculture and services (Except financial investment, futures, and securities); Investment, construction, operation and management of infrastructure and municipal utilities; Land	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				consolidation, land acquisition and land development; Internet information services; Logistics and warehousing services. (Projects subject to approval as required by law may be operated after approved by relevant departments).		
Second level	7-1	Fujian zhanglong forest storage co. Ltd	Zhangzhou	Forest management and maintenance; Engaging in guarantee business permitted by laws and regulations (excluding financing guarantees); Forest park management; investment in forestry; Asset appraisal; Forest seedling; Other professional consultation; Afforestation services(Projects subject to approval as required by law may be operated after approved by relevant departments).	10,000.00	100.00
Second level	7-2	Fujian zhanglong carbon asset management co. Ltd	Zhangzhou	Carbon asset operation (excluding projects subject to approval); Forest carbon sequestration services (excluding projects subject to approval); Grain and oil retail (excluding frontier ports); Environmental protection consultation; Environmental protection technology extension services; Contract energy management; Sales of ecological environment materials; Introduction of new technologies and varieties; Developing technical exchanges and consulting service; Exhibition stand design service; Investment in forestry; Computer science and technology research service; Retail of fruits and vegetables; Information technology consulting service; Environmental science and technology research service; Research and development of technology for harmless utilization of agricultural and forestry waste resources; Design management and consultation; Organization service of large-scale activities;	1,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Basic software development; Application software development; Cloud software services; Timber harvesting and transportation; Timber management in forest areas; Professional design services; Investment advisory services (excluding securities, futures and insurance); Energy-saving technology promotion services; Fruit wholesale; Vegetable wholesale; Online energy measurement technology research and development; Online energy monitoring technology research and development; Natural ecosystem protection and management; Sewage treatment and recycling; Water pollution control; Air pollution control. (Projects subject to approval as required by law may be operated after approved by relevant departments).		
First level	8	Fujian Zhanglong Investment Co., Ltd.	Zhangzhou	Investment in banking, securities, commerce, industry, agriculture, forestry, mining, construction, and real estate; Investment in venture capital firms and national strategic emerging industries; Investment in microfinance industry, pawn industry, financial leasing industry, and financing guarantee industry; Investment in investment consulting industry and financial consulting industry; Asset management.	36,000.00	100.00
Second level	8-1	Nanjing Jingjiang Development Co. Ltd	Zhangzhou	State-owned assets authorized by the People's Government of Nanjing County; investment, construction and operation management of urban infrastructure;construction of standard plant; consolidation of land storage; real estate development; investment and construction of affordable housing;investment, construction and management of municipal franchise projects authorized by the	61,224.49	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				government; import and export of self-employed and agency goods and technology (Except for pre-licensing projects, goods and technologies that are restricted by the State and prohibited from import and export; wholesale and retail hardware, household appliances, electrical and mechanical equipment, building materials and packaging materials (except hazardous chemicals), ceramic products, computers and accessories, paper products, arts and crafts, toys, flowers, fitness equipment, lamps, feed, Billets, non-ferrous metals and products, cement, non-edible starch, mineralproducts (except for pre-licensing approval projects), lubricants, metallurgical furnaces and chemicals (except toxic and hazardous chemicals), coke, coal, gold and silver products and precious metals (except for pre-licensing approval items). (Projects subject to approval as required by law may be operated after approved by relevant departments).		
Second level	8-2	Zhangzhou Zhanglong Fund Management Co., Ltd	Zhangzhou	General projects: Private equity fund management services (business activities can only be carried out after record registration with AMAC); Equity investment, investment management, asset management and other activities with private equity funds (business activities shall be conducted only after the record and registration of the AMAC is completed) (Except for the projects that are subject to approval according to law, independent business activities shall be conducted according to law with the business license)	1,000.00	100.00
First level	9	Zhangzhou Haimen Island Management	Longhai	Real estate development and management; Tourism scenic	900.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Co., Ltd.		area management; Cultural event planning; Exhibition planning; Conference planning; Sales of tourist souvenirs, daily necessities, and food; Provision of accommodation and catering services; Advertising business; The operational projects to be chosen independently as long as there is no permission as required by the laws and regulations.		
First level	10	Mintai Business Co., Ltd.	Kaohsiung	Wholesale and retail of aquatic products, flowers; Wholesale of vegetables and fruits; Wholesale and retail of automobiles and their spare parts; Sewage treatment.	USD8 million	100.00
First level	11	Fujian Zhangzhou Dafang Farm	Zhangzhou	Cultivation of cereals and other crops; Cultivation of vegetables, fruits, and edible fungi; Freshwater fish farming; Manufacturing bricks by machine.	219.51	100.00
First level	12	Zhanglong Industrial Co., Ltd.	Hong Kong	Mainly engaged in the services to attract foreign investment for the Zhangzhou Municipal Government in Hong Kong and promotion of the friendship among the people in Hong Kong who were originally from Zhangzhou; Investment and financing of infrastructure construction in the Mainland (Zhangzhou area); Import and export trade of Chinese patent medicines and raw materials, and the entrepot trade business.	HKD72 million	100.00
First level	13	Zhangzhou Building Porcelain Factory	Zhangzhou	For the company to clear the creditor's rights and debts only.	200.00	100.00
First level	14	Zhangzhou Yuanshan Development Co., Ltd.	Nanjing	Investment and management of urban infrastructure and municipal projects; Land acquisition and storage, land consolidation in the early stage; Sales of building materials (Except hazardous chemicals); Engaged in cargo warehousing (Except hazardous chemicals); Transit	30,000.00	85.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				of goods and transportation, and logistics distribution based on warehousing (Except cargo transportation).		
First level	15	Zhangzhou Zhanglong Logistics Park Development Co., Ltd.	Zhangzhou	Development of logistics park projects (Including development and sales of commodity plants); Warehousing services (Except dangerous chemicals and precursor products); General cargo transportation agents; Property services; Accepting outsourcing services commissioned by financial institutions to engage in financial information technology services and financial business processes; Provision of application software management and applicable technology services; Concurrently acting as an insurance agent for vehicles, accidents, liability, and freight.	36,000.00	82.17
First level	16	Zhangzhou Haiwei Construction Development Co., Ltd.	Zhangzhou	Construction and management of Zhangzhou section of Xiamen-Yunnan Expressway and the approved related supporting business.	34,000.00	60.00
First level	17	Fujian Zhanglong Construction Drawing Review Co., Ltd.	Zhangzhou	Review and consultation of construction drawing design documents for properties construction (Except buildings with over-limit heights).	1,000.00	100.00
First level	18	Full Dragon（Hong Kong） International development limited	Hong Kong	Horticultural plant cultivation; Sales and technical services; Import and export trade.	USD650 thousand	100.00
First level	19	Xiamen Zhanglong Jinyuan Finance Leasing Co., Ltd.	Xiamen	Financial leasing business; Leasing business; Purchase of leased property from domestic and foreign companies; Residual value processing and maintenance of leased properties; Leasing transaction consulting and guarantee, and other financial leasing business approved by the relevant departments.	USD3million	65.00
First level	20	Fujian Zhangzhou Architectural Design	Zhangzhou	Building construction engineering design services; Engineering geological survey	5,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Co., Ltd.		services; Comprehensive assessment services for geotechnical engineering survey; Engineering survey and design services; Residential building engineering design services; Commercial building construction engineering design services; Public utility building engineering design services; Electricity engineering design services; Mechanical engineering design services; Commercial, warehousing, food engineering design services; Electronic engineering design services; Communications engineering design services; Radio and television engineering design services; Light industrial engineering design services; Building materials engineering design services; Road engineering design services; Civil aviation engineering design services; Municipal engineering design services; River integration engineering design services, and urban flood control engineering design services; Sports, leisure and entertainment engineering design services; Interior decoration design services; Architectural intelligent system special design services, building curtain wall engineering special design services, light steel structures engineering special design services, special design services for landscape architecture projects, special design services for fire protection facilities, special design services for environmental engineering, special design services for lighting projects, civil engineering design services; Urban and rural areas transmission services; Urban planning; Municipal landscape planning services; Scenic spots planning services; Nature reserve planning services;		

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Residential district planning and design; Landscape engineering design.		
First level	21	Zhangzhou Agricultural Development Group Co., Ltd	Zhangzhou	General items: grain cultivation; vegetable cultivation; edible fungus cultivation; flower cultivation; fruit cultivation; tea cultivation; crop seed management (only for packaged seeds that are not repackaged); comprehensive utilization of agricultural, forestry and fishery waste; intelligent agricultural management; forest administration and protection ; Animal husbandry and fishery feed sales; agricultural and by-product sales; Internet sales (except for the sale of goods requiring permission); domestic freight transport agents; leisure and tourism activities; investment activities with own funds (except for projects subject to approval by law), License items: edible fungus production; animal breeding; aquaculture; food production; feed production; fertilizer production; food business; poultry slaughtering; livestock slaughtering; urban distribution and transportation services (excluding dangerous goods); quality and safety inspection of agricultural products; water conservancy project construction supervision;	50,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				hydropower generation; all kinds of engineering construction activities (projects that must be approved according to law can be operated only after being approved by relevant departments, and the specific business projects shall be subject to the approval documents or licenses of relevant departments)		
Second level	21-1	ZhangzhouTeng Nong Shuili Group Co., Ltd	Zhangzhou	General projects: water resources management; water conservancy-related advisory services; hydrological services; building materials sales; cement products sales; engineering management services; investment activities with their own funds (except for projects subject to approval according to law, independent business activities according to business license) licensed projects: water conservancy project construction supervision; construction engineering design; construction project supervision; construction engineering survey; mapping services; engineering cost consulting business; various types of engineering construction activities; hydropower production and supply of tap water (projects subject to approval according to law may only be carried out	10,000.00	96.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				after approval by the relevant departments, and specific business projects shall be subject to the approval documents or licenses of the relevant departments)		
Third level	21-1-1	Zhangzhou Water Conservancy and Hydropower Survey and Design Co., Ltd.	Zhangzhou	Water conservancy and hydropower project survey and design and construction; municipal public utilities, electric power engineering, landscaping project design; engineering and technical consulting services; engineering survey; real estate survey; engineering survey; hydrology, water resources survey and evaluation; water resources demonstration of construction projects; water conservation programming for production and construction projects; construction engineering design and construction. (Projects subject to approval in accordance with the law may only be carried out after approval by the relevant departments)	2,900.00	100.00
Third level	21-1-2	Zhangzhou Nanyi Reservoir Operation Center	Nanjing	Responsible for managing the operation of hydraulic construction, flood control facilities and power station units of Nanyi Reservoir Dam; To undertake the task of flood control and flood control and power generation production in the Xixi Basin of the Jiulong River	8,601.75	100.00
Third level	21-1-3	Zhangzhou City Fengtou Reservoir	Zhangzhou	To undertake the tasks of managing the safe operation	4,743.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Operation Center		of reservoir dams, hydraulic construction, water conservancy facilities and power stations, regulating flood control and flood control, and comprehensive development.		
Second level	21-2	Zhangzhou Shangnon Investment Group Co., Ltd	Zhangzhou	General projects: to engage in investment activities with self-owned funds; Sales of agricultural and sideline products; Internet sales (except sales of goods requiring licensing); Animal husbandry fishery feed sales; Sales of forestry products; Leisure and sightseeing activities; Grain farming; Vegetable planting; Cultivation of edible fungi; Flower planting; Gardening of horticultural products; Fruit cultivation; Tea planting; Crop seed business (only packaged seeds no longer packaged); Comprehensive utilization of agricultural, forestry, animal husbandry and fishery wastes; Intelligent agricultural management; Park management service; Forest management and management (except for the projects that must be approved according to law, independent business activities can be carried out according to law with the business license) Permitted items: Edible fungus species management; Animal feeding;	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				Aquaculture; Food production; Feed production; Fertilizer production; Food management; Quality and safety testing of agricultural products; Poultry slaughter; Slaughtering of livestock (for projects that are subject to approval according to law, business activities can only be carried out after approval by relevant departments. Specific business items shall be subject to approval documents or permits of relevant departments)		
Third level	21-2-1	Fujian Wufeng Farm	Zhangzhou	Planting grain, fruits, vegetables, flowers, tea, bonsai, flowers and trees; Undertaking the design and construction of urban garden landscape.	139.00	100.00
Third level	21-2-2	Zhangzhou New Kinetic Energy Edible Fungi Industrial Park Co. Ltd	Zhangzhou	Licensed projects: Edible Fungi Seed Operation; Edible fungus production; Food production (for projects that are subject to approval according to law, business activities can only be carried out with the approval of relevant departments. Specific business projects shall be subject to the approval documents or licenses of relevant departments) General items: Park management services; Cultivation of edible fungi; Intelligent agricultural management; Supply chain management services; Sales of agricultural and sideline products; Internet sales (except sales of goods	10,000.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
				requiring licensing); Leisure and sightseeing activities; Engage in investment activities with self-owned funds (except for projects subject to approval according to law, independently carry out business activities according to law with business licenses)		
Second level	21-3	Zhangzhou Run Nong Trading Group Co., Ltd	Zhangzhou	Licensed projects: food management; edible fungal species management; crop seed import and export; edible bacteria import and export; aquatic seed import and export; forest seed import and export; grass seed import and export; food import and export; crop seed management; urban distribution and transportation services (excluding dangerous goods) (projects subject to approval according to law, after approval by the relevant departments can carry out business activities, specific business projects subject to the approval documents or licenses of the relevant departments) general projects: forestry products sales; livestock sales Internet sales (except for the sale of goods requiring permission); wholesale of edible agricultural products; acquisition of primary agricultural products; retailing of edible agricultural products; sale of fertilizer; domestic freight transport agents; investment activities with their own funds (except for projects subject to approval in accordance with the law, independent business activities carried out in accordance with the law with a business license)	10,000.00	100.00
First level	22	Zhangzhou Xiangtai Food	Zhangzhou	Slaughter, acquisition and wholesale of pigs, cattle and	300.00	100.00

Subsidiary Level	Ref.	Name	Registration address	Main business	registered capital (CNY '0000)	Shareholding proportion (%)
		Co., Ltd		sheep; wholesale and retail of prepackaged food, meat products, aquatic products, vegetables, fruits, poultry, edible agricultural products; road transport of ordinary goods; road transport of refrigerated trucks; freight transport agent; and other enterprise management services not listed. (Projects subject to approval in accordance with the law may only be carried out after approval by the relevant departments)		
Second level	22-1	Zhangzhou City Food meat Co., Ltd	Zhangzhou	Wholesale and retail prepackaged food and bulk food.	170.00	100.00
First level	23	Zhanglong Dongshan Development Group Co., Ltd	Dongshan	Licensed projects: all kinds of construction activities; general contracting of housing construction and municipal infrastructure projects; real estate development and management; mining of mineral resources (non-coal mines) (projects subject to approval according to law, approved by the relevant departments before carrying out business activities, specific business projects subject to the approval documents or licenses of the relevant departments) General projects: municipal facilities management; landscaping project construction; urban greening management; rural folk crafts and products, leisure agriculture and rural tourism resources development and management; The management of tourist attractions (except for projects subject to approval in accordance with the law, independent business activities shall be carried out in accordance with the law on the basis of business license)		

2. Changes in the consolidated scope of financial statements

1) In accordance with the spirit of Zhangguo ZiFaGai (2019) No. 42 document, Zhangzhou Zhanglong Property Service Co., Ltd., a secondary wholly-owned subsidiary of the company, invested CNY1,020,000.00 to establish Zhangzhou Bluefield Enterprise Service Co., Ltd. with Zhangzhou Bluefield Development Co., Ltd., it holds 51% of its equity, becoming a third level subsidiary.
2) In accordance with the spirit of document No. 2020035, the Company invested CNY168,000,000.00 to establish Fujian Dongshan Development Group Co., Ltd. in a joint venture with Fujian Dongshan City Investment Group Co., Ltd., holding 70% of its shares and becoming a first-class subsidiary.
3) According to the spirit of Zhangguo asset right (2020) No. 42 document, the company invested CNY500,000,000.00 to establish Zhangzhou Agricultural Development Group Co., Ltd. as a first-class wholly-owned subsidiary.
4) In accordance with the spirit of document No. 32 of the Asset Rights of The People's State of China (2020) and the Agricultural Collection No. 19 of the Yanzhou Agricultural Development Group Co., Ltd., the investment of CNY100,000,000.00 New Zhangzhou Tengnon Water Resources Group Co., Ltd., Fujian Zhangzhou City Investment Group Co., Ltd. to hold the property rights of Zhangzhou Water and Hydropower Survey and Design Co., Ltd. for the price of the Luzhou Tengnon Water Resources Group Co., Ltd., Zhangzhou Agricultural Development Group Co., Ltd. holds 96% of its shares, become a second-tier subsidiary, Zhangzhou Tengnong Water Group Co., Ltd. holds a 100% stake in Zhangzhou Water Conservancy and Hydropower Survey and Design Co., Ltd. becoming a third-tier subsidiary.
5) According to the spirit of document No. 66 of Zhangzhou Asset Rights (2020), the assets of Nanyi Reservoir Operation Center of Zhangzhou City under the Municipal Water Resources Bureau and Fengtou Reservoir Operation Center of Zhangzhou City were transferred to the Company, and then injected by the Company into Zhangzhou Agricultural Development Group Co., Ltd., and then by Zhangzhou Agricultural Development Group Co., Ltd. into the second-tier subsidiary Oftennon Water Resources Group Co., Ltd., becoming a third-level subsidiary of the Company.
6) In accordance with the spirit of the Minutes of the Board of Directors Meeting of Zhangzhou Agricultural Development Group Co., Ltd. (2020) No. 6, Zhangzhou Agricultural Development Group Co., Ltd. invested 100,000,000.00 yuan to establish Zhangzhou Shangnong Investment Group Co., Ltd. and Zhangzhou Runnong Trading Group Co., Ltd. to become the company. A second-level wholly-owned subsidiary, Zhangzhou Shangnong Investment Group Co., Ltd. invested 100,000,000.00 yuan to newly establish Zhangzhou New Kinetic Energy Edible Fungus Industrial Park Co., Ltd. and become a third-level wholly-owned subsidiary of the company.
7) In accordance with the spirit of Zhangcai Guozi (2020) No. 132 document, the company transferred Fujian Wufeng Farm, a subsidiary of Fujian Zhanglong Construction Investment Group Co., Ltd. to its wholly-owned subsidiary, Zhangzhou Agricultural Development Group Co., Ltd. Agricultural Development Group Co., Ltd. was incorporated into Zhangzhou Shangnong Investment Group Co., Ltd. and became a third-level wholly-owned subsidiary.
8) In accordance with the spirit of the Minutes of the Board of Directors of Fujian Zhanglong Group Co., Ltd. (2020) No. 6 document, the company's first-level subsidiary Fujian Zhanglong Construction Investment Group Co., Ltd. invested 10,000,000.00 yuan to establish Zhangzhou Changfu Construction Development Co., Ltd., which became a second-level whole Subsidiary.
9) According to the spirit of No. 1 Document of Fujian Zhanglong Group Co., Ltd. (2021), Zhangzhou Gulei New Port City Construction Co., Ltd., the second-level wholly-owned subsidiary of the company, will absorb and merge Zhangzhou Lugang Construction Co., Ltd., and Zhangzhou Shenggang Ocean Development Co., Ltd., the second-level wholly-owned subsidiary of the company.
10) According to the spirit of Zhang Long Dong (2020) No. 114 document, the company's secondary

wholly-owned subsidiary Zhangzhou Zhang Long Property Service Co., Ltd. will hold Zhangzhou Zhang Long Human Resources Service Co., Ltd. 100% of the equity transfer to Zhangzhou Talent Development Group Co., Ltd.

11) According to the spirit of No.6 Document of ZhangGuo Asset Rights (2020), Fujian Zhanglong Investment Co., Ltd., the first-level wholly-owned subsidiary of the company, invested RMB 10,000,000.00 to establish Zhangzhou Zhanglong Fund Management Co., Ltd., which has become the second-level wholly-owned subsidiary of the company

12) In December 2020, the company cancelled Fujian Wufeng Investment Development Co., Ltd., Zhangzhou Gulei Fishing Port Construction Co., Ltd., and Zhangzhou Shenglong Development Co., Ltd.

VI Notes to the consolidated financial statements (Currency: CNY)

Unless otherwise specified, the amount of the items in the following notes is in RMB; "beginning of the year" refers to January 1, 2020, "end of the year" refers to December 31, 2020, "previous year" refers to the year 2019, and "this year" Refers to 2020.

1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	20,743.98	12,936.32
Bank deposits	2,619,697,029.61	3,014,242,719.00
Other cash and cash equivalents	628,004,042.34	505,327,212.31
Total	3,247,721,815.93	3,519,582,867.63

Note: Other cash and cash equivalents are mainly margin deposits for the opening of bank acceptance bills, letters of credit and structural deposits. At the end of the period, the use-restricted amount of other restricted cash and cash equivalents is CNY613,051,627.32, which consists of margin deposits and guarantees.

2. Financial assets measured at fair value and changes are recorded into the current profits and losses

Item	Closing balance	Opening balance
Financial assets held for trading	3,776,875.59	1,955,138.68
Total	3,776,875.59	1,955,138.68

3. Notes receivable

Category	Closing balance	Opening balance
Bank acceptance bill	62,487,657.38	18,395,669.57
Total	62,487,657.38	18,395,669.57

4. Accounts receivable

Category	Closing balance	Opening balance

Category	Closing balance	Opening balance
Accounts receivable	6,983,534,129.15	5,038,875,837.11
Less: Provision for bad debts	189,475,265.86	142,634,039.87
Total	6,794,058,863.29	4,896,241,797.24

(1) Accounts receivable

1) Accounts receivable classified by risk

Category	Closing balance			
	Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables that are individually significant in amount and provided for bad debt separately	201,837,054.01	2.89	124,912,758.23	61.89
Receivables provided for bad debt on the portfolio basis	6,768,038,752.59	96.91	56,639,370.99	0.84
Including: Portfolio by ageing	702,238,969.60	10.06	56,639,370.99	8.07
Commodity trade (less than 1 year)	1,429,999,585.32	20.47		
Specific portfolio	4,635,800,197.67	66.38		
Receivables that are individually insignificant in amount but provided for bad debt separately	13,658,322.55	0.20	7,923,136.64	58.01
Total	6,983,534,129.15	100.00	189,475,265.86	2.71

(Continued)

Category	Opening balance			
	Balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)
Receivables that are individually significant in amount and provided for bad debt separately	210,818,977.67	4.19	101,896,431.71	48.33
Receivables provided for bad debt by portfolio	4,818,917,620.24	95.63	37,896,177.06	0.79
Including: Portfolio by ageing	359,036,974.98	7.12	37,896,177.06	10.55
Commodity trade (less than 1 year)	1,035,391,154.32	20.55		
Specific portfolio	3,424,489,490.94	67.96		
Receivables that are individually insignificant in amount but provided for bad debt separately	9,139,239.20	0.18	2,841,431.10	31.09
Total	5,038,875,837.11	100.00	142,634,039.87	2.83

2) Accounts receivable classified by ageing

Ageing	Closing balance		
	Balance	%	Provision for bad debts
Within 1 year	519,631,404.69	74.00	22,114,571.34
1-2 years	25,320,184.04	3.61	2,252,178.79
2-3 years	91,939,387.50	13.08	9,692,172.11

Ageing	Closing balance		
	Balance	%	Provision for bad debts
Over 3 years	65,347,993.37	9.31	22,580,448.75
Total	702,238,969.60	100.00	56,639,370.99

(Continued)

Ageing	Opening balance		
	Balance	%	Provision for bad debts
Within 1 year	178,938,246.60	49.84	13,594,610.70
1-2 years	115,940,858.24	32.29	8,562,307.74
2-3 years	26,585,699.61	7.41	5,311,296.42
Over 3 years	37,572,170.53	10.46	10,427,962.20
Total	359,036,974.98	100.00	37,896,177.06

3) Bad debt provisions provided in the reporting period

In the current period, the provision for bad debts was CNY 46,841,225.99.

4) The top 5 of accounts receivable based on the closing balance

Name	Ageing	Amount	Proportion（%）
Zhangzhou High-tech Industrial Development Zone Management Committee	Within 1 year 1-2 years 2-3 years	705,560,923.00 441,552,594.39 2,412,839,536.42	50.98
Fujian Sanbao Steel Co., Ltd.	Within 1 year	1,015,896,788.22	14.55
Longhai Urban Construction Investment Development Co., Ltd.	2-3 years	236,303,174.44	3.38
Heilongjiang Jingu Grain Group Co., Ltd	Within 1 year	230,716,272.59	3.30
Zhangzhou Financial Training Center.	2-3 years	199,323,967.22	2.85
Total		5,242,193,256.28	75.06

5. Prepayment

(1) Prepayment classified by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	2,329,300,561.07	96.89	407,910,996.31	84.54
1-2 years	33,480,780.77	1.39	39,728,925.16	8.23
2-3 years	17,149,210.87	0.71	16,407,715.70	3.40
Over 3 years	24,199,000.63	1.01	18,435,094.57	3.83
Total	2,404,129,553.34	100.00	482,482,731.74	100.00

(2) The top 5 of prepayments based on the closing balance

Name	Amount	Proportion (%)
Xiamen Xiangyu Logistics Group Co., Ltd	600,174,000.00	24.96
Xiangshui Juhe metal products Co., Ltd	299,000,000.00	12.44

Name	Amount	Proportion (%)
Xiamen Xiangyu Express Supply Chain Development Co., Ltd	200,070,000.00	8.32
Tianshan Aluminum Co., Ltd., 8th Division of Xinjiang Production and Construction Corps	160,850,000.00	6.69
Xinfa Huayuan Trading Co., Ltd	152,906,949.60	6.36
Total	1,413,000,949.60	58.77

6. Other receivables

Category	Closing balance	Opening balance
Interests receivable	681,630,390.79	529,444,853.02
Dividends receivable	32,780,000.00	
Other receivables	4,311,972,133.34	4,122,585,244.91
Less: Provision for bad debts	188,557,634.01	153,679,684.41
Total	4,837,824,890.12	4,498,350,413.52

(1) Interests receivable

Item	Closing balance	Opening balance
Interests receivable	681,630,390.79	529,444,853.02
Total	681,630,390.79	529,444,853.02

Note: The interests receivable is CNY681,630,390.79, Details are as follows:

1) The interests due to the Company by Zhangzhou Dongnan Huadu Co., Ltd. is CNY596,787,271.10;
2) The interests due to the Company by Longhai State-owned Assets Investment and Management Co., Ltd. is CNY7,561,643.84;
3) The interests due to the Company by Zhangzhou City Zhanglong Forestry Center Nursery Co., Ltd.is CNY444,479.17;
4) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhao'an County Highway Construction and Development Corporation is CNY61,645,288.54;
5) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhangzhou Dongnan Huadu Real Estate Co., Ltd. is CNY6,970,139.96;
6) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhangzhou Minghua Real Estate Development Co., Ltd. is CNY2,752,636.70;
7) The interests due to a first-level wholly owned subsidiary, Fujian Zhanglong Construction Investment Group Co., Ltd. by Zhangzhou Jingyuan Development Co., Ltd is CNY4,906,666.67;
8) The interests due to a second-level holding subsidiary, Fujian Shengcheng New Materials Co., Ltd. by

Zhangzhou Shenyun Decorative Materials Co., Ltd. is CNY562,264.81;

(2) Dividends receivable

Item	Closing balance	Opening balance
Fujian Province Zhangzhou Expressway Co., Ltd	32,780,000.00	
Total	32,780,000.00	

(3) Other receivables

1) Other receivables classified by risk

Category	Closing balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Other receivables that are individually significant in amount and provided for bad debt separately	175,480,082.32	4.07	91,843,259.06	52.34
Other receivables provided for bad debt on the portfolio basis	4,134,129,331.55	95.88	94,351,655.48	2.28
Including: Portfolio by ageing	275,891,334.07	6.40	94,351,655.48	34.20
Specific portfolio	3,858,237,997.48	89.48		
Other receivables that are individually insignificant in amount but provided for bad debt separately	2,362,719.47	0.05	2,362,719.47	100.00
Total	4,311,972,133.34	100.00	188,557,634.01	4.37

(Continued)

Category	Opening balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Other receivables that are individually significant in amount and provided for bad debt separately	175,334,672.32	4.25	67,933,591.76	38.75
Other receivables provided for bad debt on the portfolio basis	3,944,887,953.12	95.69	83,383,473.18	2.11
Including: Portfolio by ageing	276,177,158.68	6.70	83,383,473.18	30.19
Specific portfolio	3,668,710,794.44	88.99		
Other receivables that are individually insignificant in amount but provided for bad debt separately	2,362,619.47	0.06	2,362,619.47	100.00
Total	4,122,585,244.91	100.00	153,679,684.41	3.73

2) Other receivables classified by ageing

Ageing	Closing balance		
	Balance	%	Provision for bad debts
Within 1 year	78,711,760.88	28.53	3,452,840.30
1-2 years	30,038,925.95	10.89	1,609,755.86
2-3 years	47,706,454.73	17.29	1,922,427.47
Over 3 years	119,434,192.51	43.29	87,366,631.85
Total	275,891,334.07	100.00	94,351,655.48

(Continued)

Ageing	Opening balance		
	Balance	%	Provision for bad debts
Within 1 year	93,139,244.76	33.72	3,261,814.23
1-2 years	53,787,261.58	19.48	1,655,338.94
2-3 years	28,447,120.29	10.30	4,839,057.90
Over 3 years	100,803,532.05	36.50	73,627,262.11
Total	276,177,158.68	100.00	83,383,473.18

3) Details of provision for bad dets in the current period

In the current period, the provision for bad debts was CNY 34,877,949.60.

4) The top 5 of other receivables based on the closing balance

Name	Ageing	Amount	Proportion (%)
Zhangzhou Dongnan Huadu Co., Ltd.	1-2 years	83,129,338.94	26.29
	Over 3 years	1,050,617,438.85	
	Within 1 year	55,080,000.00	
Zhangzhou Municipal Finance Bureau	1-2 years	3,262,750.00	15.73
	2-3 years	620,000,000.00	
the project management department for Zhangzhou Olympic Sports Center of Fujian Qijian Group Co., Ltd.	Over 3 years	419,480,000.00	9.73
Finance Bureau of Gulei Port Economic Development Zone, Zhangzhou, Fujian Province	Within 1 year	194,591,013.00	4.51
(Fujian Zhangzhou) Flower Expo Management Office	2-3 years	127,302,130.30	2.96
	Over 3 years	176,408.00	
Total		2,553,639,079.09	59.22

7. Inventory

Item	Closing balance		
	Balance	Impairment provision	Net amount
Goods in stock	1,503,870,037.40	8,242,510.77	1,495,627,526.63
Raw materials	15,658,241.25	747,530.36	14,910,710.89
Development products	235,929,693.98	15,690,584.83	220,239,109.15
Development costs	15,880,958,497.40		15,880,958,497.40
Engineering construction	616,467,790.14	9,010,587.17	607,457,202.97
Consumable biological assets	86,957,341.56	9,802,159.21	77,155,182.35
Dispatched goods	31,127,930.24		31,127,930.24
Products in progress	5,762,197.24		5,762,197.24
Low value consumables	6,556.00		6,556.00
Revolving materials	235,435.32		235,435.32

Item	Closing balance		
	Balance	Impairment provision	Net amount
Total	18,376,973,720.53	43,493,372.34	18,333,480,348.19

(Continued)

Item	Opening balance		
	Opening balance	Impairment provision	Net amount
Goods in stock	507,839,715.30	11,999,311.42	495,840,403.88
Raw materials	19,931,977.24		19,931,977.24
Development products	415,852,199.57	3,190,460.82	412,661,738.75
Development costs	14,810,170,918.01		14,810,170,918.01
Engineering construction	758,880,092.84		758,880,092.84
Consumable biological assets	88,289,104.38	726,679.19	87,562,425.19
Products in progress	8,241,949.78		8,241,949.78
Low value consumables	11,690.00		11,690.00
Revolving materials	199,680.32		199,680.32
Dispatched goods	266,307.56		266,307.56
Total	16,609,683,635.00	15,916,451.43	16,593,767,183.57

Note 1: Development products categorized by project:

Company Name	Project	Completion Date	Opening balance	Increase	Decrease	Closing balance
Fujian Zhangzhou Development Co., Ltd.	Xinjiang Yuejing	December 2013	1,976,213.77			1,976,213.77
	Shengfa Mingdu	September 2016	33,368,563.47	2,242,740.04	2,075,216.64	33,536,086.87
	Shengshui Mingdu	July 2019	73,960,683.13	-4,866,989.34	10,272,334.80	58,821,358.99
	ShangshuiMingdu	June 2018	306,546,739.20	-6,919,233.61	158,031,471.24	141,596,034.35
Total			415,852,199.57	-9,543,482.91	170,379,022.68	235,929,693.98

Note 2: Development costs of the closing balance mainly include:

Company name	Projects developed	Closing balance
Fujian Zhanglong Group Co., Ltd.	Facade remediation and environmental upgrading projects	196,215,327.37
	Forest landscape improvement project on both sides of the road of the north high-speed exit connection line in Zhangzhou	14,133,079.45
Subtotal		210,348,406.82
Fujian Zhangzhou Development	Shengfa Mingdu	85,521,887.81

Company name	Projects developed	Closing balance
Co., Ltd.	Shengshui Mingdu (Phase I)	113,608,103.94
	Zhangfa Mingdu	207,496,293.92
	Shanshui Mingdu	317,822,891.84
Subtotal		724,449,177.51
Fujian Zhanglong Wood Industry Technology Co., Ltd.	Zhanglong Forestry Circular Economy Industrial Park	122,841,211.10
Subtotal		122,841,211.10
Zhangzhou Haimen Island Operations Co., Ltd.	Island Land Development	454,170.00
Subtotal		454,170.00
Zhangzhou Yuanshan Development Co. Ltd	Landscape Environment Engineering	197,140.00
Subtotal		197,140.00
Zhangzhou Gonglu Traffic Industry Corporation	The project of Xiamen Tongcheng Avenue - Yuanshan section	990,675,617.60
	Coastal Grand Channel project	885,653,446.67
	Maluan Bay Tourism comprehensive project	170,000,000.00
Subtotal		2,046,329,064.27
Zhangzhou Longhua Investment Co., Ltd.	Highway from Shangping Tulou to Dadi Tulouqun	216,345,366.62
Subtotal		216,345,366.62
Zhangzhou Taida Development Co., Ltd.	Changtai County cultural and sports center project	108,747,553.32
Subtotal		108,747,553.32
Zhangzhou Shengcheng Development Co., Ltd.	Zhangzhou Art College new campus project	122,000.00
Subtotal		122,000.00
Zhangzhou Zhaosheng Development Co., Ltd.	First-level development of land in Jiangbin South District, Zhao'an County	200,000,000.00
Subtotal		200,000,000.00
Zhangzhou Jinfa Development and Construction Co., Ltd.	First-level development of Nanjing Jiangbin Xicheng Land	4,000,000.00
Subtotal		4,000,000.00
Zhangzhou Gulei New Habour Urban Construction Co., Ltd.	Reclamation land reconstruction project of Zhangzhou Gulei Petrochemical Park (North District)	2,113,879,962.81
Subtotal		2,113,879,962.81
Zhangzhou Fu Construction and Development Co., Ltd	Zhangzhou city Changfu housing project.	487,892,953.49
Subtotal		487,892,953.49
Fujian Zhanglong Construction Investment Group Co., Ltd.	Nanjiangbin project	4,029,555,045.88
	Shantytown renovation project of Changfu shanty area	2,154,867,208.16

Company name	Projects developed	Closing balance
	Jiulongling tunnel project	1,077,842,288.71
	Gu Wenchang Cadre College, Zhangzhou City	721,484,274.44
	Zhangzhou City Opera Works	352,872,632.85
	JiantouZhao'an Jiangbin Avenue project	323,489,672.96
	Construction projects such as Dongnan Huadu Hot Spring Resort-Motel, VIP holiday villa area, roads outside hot spring park, hot spring restaurant, etc.	167,913,250.50
	Road project of Zhangpu Changqiao Town Forestry Circular Economy Industrial Park (Phase I)	140,440,180.95
	Gu Wenchang Cadre College, Zhangzhou City (Phase II)	95,636,409.82
	Zhangzhou Southeastern Huadu Hot Springs Mountain Resort - Hot Spring Park various soup pool areas, water terraces, outdoor swimming pools, cisterns, hot spring park road works	92,831,951.09
	Comprehensive service centre of Zhangzhou Dongnan Huadu Hot Spring Resort	74,612,968.21
	Zhanglong Intelligent Assembly Industry Exhibition Center	66,188,850.59
	Engineering project of Smart Home Flexible Manufacturing Zone	65,560,717.21
	Zhao'an Bay super bridge project	39,061,916.70
	Zhangzhou City Museum, Art Museum and Planning Exhibition Hall Project.	38,613,678.02
	Resettlement housing project of Nanxing Community	31,322,545.21
	Zhangzhou City Library, Science and Technology Museum Project	30,551,716.05
	Three supporting municipal road projects around the Zhangzhou City Museum, Art Museum and Planning Exhibition Hall	28,335,754.34
	Orchid World Greenhouse project	26,389,097.20
	Pipeline extension project of Southern District Sewage Treatment Plant	21,216,726.37
	Flower breeding greenhouse project of Zhangzhou Distribution Centre	14,882,313.39
	Mayor Fuan Housing Project of Zhangzhou	13,586,283.50
	Reconstruction project of Dongshan Financial Training Center	13,198,020.78
	Zhangzhou City Hospital High-tech District Branch	8,590,478.43
	Road engineering project around the Olympic Sports Center of Zhangzhou City	5,583,147.16
	South Riverside Greening Upgrade Project	5,563,329.80
	The new museum project of the Archives of Zhangzhou City and Xiangcheng City.	2,398,185.64

Company name	Projects developed	Closing balance
	A new power distribution project has been built at the Straits Flower Distribution Center.	1,065,105.40
	Fujian Zhangzhou Caoban food reserve storage project	1,021,128.94
	Southeast huadu commercial and residential project business building fine decoration project of Southeast huadu	555,000.00
	Phase I of the supporting roads for the western group of Yuanshan New Town	116,758.79
	Peking University Medical Zhangzhou Hospital Project.	4,854.37
Subtotal		9,645,351,491.46
Total		15,880,958,497.40

8. Non-current assets due within 1 year

Category	Closing balance	Opening balance
Long-term receivables due within 1 year	59,901,741.39	32,700,600.06
Total	59,901,741.39	32,700,600.06

Details of long-term receivables due within 1 year are as follows.

Item	Closing balance	Opening balance
Zhangzhou City Construction Investment and Development Co., Ltd.	35,031,905.32	32,700,600.06
Zhangzhou Environmental Group Co., Ltd.	24,869,836.07	
Total	59,901,741.39	32,700,600.06

9. Other current assets

Item	Closing balance	Opening balance
VAT input tax to be verified	453,049,439.04	261,599,147.92
Prepaid VAT	233,830,713.86	151,629,928.90
Financial products	42,400,000.00	24,000,000.00
Treasury bond reverse repurchase	25,333,333.31	24,000,000.00
Deferred expenses	2,558,690.71	2,874,015.38
Others	4,757,425.26	1,871,049.77
Total	761,929,602.18	465,974,141.97

10. Available-for-sale financial assets

(1) Categories of available-for-sale financial assets

Item	Closing balance	Opening balance
Available-for-sale equity instruments	1,397,022,115.45	1,421,887,799.69
Including: instruments measured at	1,404,572,115.45	1,427,607,799.69

Item	Closing balance	Opening balance
cost		
Impairment preparation	7,550,000.00	5,720,000.00
Total	1,397,022,115.45	1,421,887,799.69

(2) Available-for-sale financial assets measured at cost

Investee	Balance			
	Opening balance	Increase	Decrease	Closing balance
Xiamen International Bank Co., Ltd.	105,000,000.00			105,000,000.00
Fujian Haixia Equity Exchange Co., Ltd.	10,000,000.00			10,000,000.00
Zhangzhou Zhanglong Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)	13,983,700.00			13,983,700.00
Zhangzhou Gulei Public Utility Development Co., Ltd.	480,004,490.96			480,004,490.96
Fujian Changtai County Huaxing Small Loan Co., Ltd.	15,000,000.00			15,000,000.00
Zhangzhou Forest Products Industry Company	4,963,295.57			4,963,295.57
Zhangzhou Linye Industry&Trade Manager Department	7,197,125.20			7,197,125.20
Zhangzhou Forestry Science Research Institute	582,352.84			582,352.84
Fujian Zhangzhou Timber Company	32,651,429.65			32,651,429.65
Zhangzhou Wood Supplies Company	12,166,822.06			12,166,822.06
Zhangzhou Wood Supplies Company Wooden Products Factory	8,663.94			8,663.94
Zhangzhou Fuel General Company	29,250,900.00			29,250,900.00
Zhangzhou Refrigeration Co., Ltd.	39,294,000.00			39,294,000.00
Zhangzhou Forestry Center Nursery	169,335,900.00			169,335,900.00
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.	15,000,000.00			15,000,000.00
Zhangzhou Arts & Crafts Import and Export Corporation	462,100.00			462,100.00
Nongken Dasha	50,000.00			50,000.00
Nongken Joint Development Company	30,000.00			30,000.00

Investee	Balance			
	Opening balance	Increase	Decrease	Closing balance
Zhangzhou Tiantong Real Estate Co., Ltd.	38,000,000.00			38,000,000.00
Zhangzhou Ludao Highway Traffic Construction Development Co., Ltd.	14,300,000.00			14,300,000.00
Zhangzhou Material Recycling and Utilization Company	24,182,796.16			24,182,796.16
Zhangzhou Scrap Cars Recycling Disassemble Co., Ltd.	1,506,982.61			1,506,982.61
Zhangzhou Xingzheng Pianzaihuang Equity Investment Partnership (Limited Partnership)	35,000,000.00		3,835,684.24	31,164,315.76
Xiamen Zhanglong Haitou Emerging Industry Equity Investment Partnership (Limited Partnership)	52,000,000.00			52,000,000.00
Quanzhou Rural Commercial Bank	205,200,000.00			205,200,000.00
Portfolio investment	2,985,850.63			2,985,850.63
Zhangzhou Development Zone Zhaoke Innovation Ecological Intelligence Venture Capital Fund Partnership (Limited Partnership)	12,000,000.00	24,000,000.00		36,000,000.00
Haixia Liang'an (Zhangzhou) Agricultural Fine Variety Introduction and Breeding Center	1,000,000.00			1,000,000.00
Fujian Tendering Co., Ltd.	56,451,390.07			56,451,390.07
Zhangzhou Talent Development Group Co., Ltd		5,000,000.00		5,000,000.00
Zhongtie Xingtuo Co., Ltd.	50,000,000.00		50,000,000.00	
Graphite electrode factory		1,800,000.00		1,800,000.00
Total	1,427,607,799.69	30,800,000.00	53,835,684.24	1,404,572,115.45

(Continued)

Investee	Impairment provision				Shareholding proportion in investees (%)	Cash dividend issued in the current period
	Opening balance	Increase	Decrease	Closing balance		
Xiamen International Bank Co., Ltd.					0.3577	
Fujian Haixia Equity Exchange Co., Ltd.					8.00	
Zhangzhou Zhanglong					27.42	

Investee	Impairment provision				Shareholding proportion in investees (%)	Cash dividend issued in the current period
	Opening balance	Increase	Decrease	Closing balance		
Hongqiao Energy Saving and Environmental Protection Venture Capital Partnership (Limited Partnership)						
Zhangzhou Gulei Public Utility Development Co., Ltd.					48.53	
Fujian Changtai County Huaxing Small Loan Co., Ltd.					10.00	
Zhangzhou Forest Products Industry Company					100.00	
Zhangzhou Linye Industry&Trade Manager Department					100.00	
Zhangzhou Forestry Science Research Institute					100.00	
Fujian Zhangzhou Timber Company					100.00	
Zhangzhou Wood Supplies Company					100.00	
Zhangzhou Wood Supplies Company Wooden Products Factory					100.00	
Zhangzhou Fuel General Company					100.00	
Zhangzhou Refrigeration Co., Ltd.					100.00	
Zhangzhou Forestry Center Nursery					100.00	
Zhangzhou Water Conservancy and Electric Power Engineering Co., Ltd.					100.00	
Fujian Zhangzhou Xiangcheng District Huaxing Small Loan Co., Ltd.					10.00	
Zhangzhou Arts & Crafts Import and Export Corporation					100.00	
Nongken Dasha					0.90	
Nongken Joint Development Company		30,000.00			3.30	

Investee	Impairment provision				Shareholding proportion in investees (%)	Cash dividend issued in the current period
	Opening balance	Increase	Decrease	Closing balance		
Zhangzhou Tiantong Real Estate Co., Ltd.					19.00	
Zhangzhou Ludao Highway Traffic Construction Development Co., Ltd.	5,720,000.00			5,720,000.00	15.00	
Zhangzhou Material Recycling and Utilization Company					100.00	
Zhangzhou Scrap Cars Recycling Disassemble Co., Ltd.					100.00	
Zhangzhou Xingzheng Pianzaihuang Equity Investment Partnership (Limited Partnership)					12.3732	
Xiamen Zhanglong Haitou Emerging Industry Equity Investment Partnership (Limited Partnership)					34.67	
Quanzhou Rural Commercial Bank					5.54	
Zhangzhou Foreign Trade and Economic Cooperation Real Estate Development Co., Ltd					30.00	
Zhangzhou Development Zone Zhaoke Innovation Ecological Intelligence Venture Capital Fund Partnership (Limited Partnership)					22.86	
Haixia Liang'an (Zhangzhou) Agricultural Fine Variety Introduction and Breeding Center					100.00	
Fujian Tendering Co., Ltd.					5.00	
Zhangzhou Talent Development Group Co., Ltd					6.00	
Zhongtie Xingtuo Co., Ltd. Graphite electrode factory		1,800,000.00				
Total	5,720,000.00	1,830,000.00		7,550,000.00		

11. Held-to-maturity investment

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision
Project cooperation fee	490,000,000.00		570,000,000.00	
Total	490,000,000.00		570,000,000.00	

Note: The project cooperation fee is CNY490,000,000.00, Details are as follows:

(1) According to the "Cooperation Agreement", cooperating with Longhai City State-owned Investment Management Co., Ltd., the Company invested CNY250,000,000.00 to develop and construct Longhai Economic Development Zone (Haimen Island is included in the 2nd phase of the Nantaiwu Development Zone Project);

(2) The investment of the Company's first-level wholly-owned subsidiary, Fujian Zhanglong Investment Co., Ltd., to develop and construct the project of Jingcheng Integrated Circuit Industry Transition Park project is CNY240,000,000.00;

12. Long-term receivables

Item	Closing balance	Opening balance
Zhangzhou City Construction Investment and Development Co., Ltd. / Lease receivables from sale and leaseback financing lease	102,944,343.27	72,561,320.30
Luzhou Environmental Group Co., Ltd. / Lease receivables from sale and leaseback financing lease	37,166,608.38	
Dongshan City Investment Environment Co., Ltd / Lease receivables from sale and leaseback financing lease	15,462,300.00	
Zhangzhou Xiangcheng Industrial Processing Zone Development Corporation/the resettlement housing project of Jinhu Garden in Xiangcheng District, Zhangzhou (Phase I)	6,823,508.50	6,823,508.50
Total	162,396,760.15	79,384,828.80

13. Long-term equity investment

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision
Investments in associates	9,991,915,647.21	4,288,542.03	9,577,634,352.41	4,288,542.03
Total	9,991,915,647.21	4,288,542.03	9,577,634,352.41	4,288,542.03

Including: investments in associates

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
FujianHuaxing ZhangfaVenture Investment and Development Co., Ltd.	54.17	11,971,376.20	-1,679,310.63		10,292,065.57	Equity method
Fujian xinhe Real Estate Development Co., Ltd.	43.00	244,453,071.56	7,334,661.87		251,787,733.43	Equity method
FujianDongnan Huadu Real Estate Co., Ltd.	10.00	50,293,204.17	-7,257,641.53		43,035,562.64	Equity method
FujianProvince, Longcheng Construction Industry Co., Ltd.	20.00	86,559,529.78	3,326,587.46		89,886,117.24	Equity method
FujianWater Development Co., Ltd., Zhangzhou, Fujian Province	34.00	16,996,382.23	16,995,252.06		33,991,634.29	Equity method
Fujian Province Zhanxin Equity Investment Partnership (Limited Partnership)	4.00		1,000,029.66		1,000,029.66	Equity method
Fujian Zhaofa Real Estate Co., Ltd.	30.00	144,990,595.82	91,566,061.10		236,556,656.92	Equity method
FujianProvince Zhangzhou ExpresswayCo., Ltd.	28.33	2,621,852,759.37	35,000,481.05		2,656,853,240.42	Equity method
Zhangzhou YingzhiConstruction Development Co., Ltd.	40.00	199,600,000.00	58,502,372.62		258,102,372.62	Equity method
ZhangzhouShenhai Complex ExpresswayCo., Ltd.	35.50	1,884,042,673.22	167,000,000.00	35,248,596.71	2,015,794,076.51	Equity method

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
FujianZhukang Construction And Development Co., Ltd.	44.00	195,506,700.00	4,444,891.03		199,951,591.03	Equity method
Guangzhou United HuayunHualei Marketing Co., Ltd.	20.00	159,793.92	-28,642.57		131,151.35	Equity method
Fujian ZhanglongSanjun Venture Capital Co., Ltd.	25.00	2,485,141.30	93,636.71		2,578,778.01	Equity method
ZhangpuXinyuan Modern Agricultural Development Co., Ltd.	22.03	4,441,779.64	-27,243.31		4,414,536.33	Equity method
FujianMinnan Hualei Co., Ltd.	21.24	3,952,297.96	-88,133.05		3,864,164.91	Equity method
Zhangzhou Economic Development Group Co., Ltd.	40.00	2,745,526,373.71	34,700,229.99		2,780,226,603.70	Equity method
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	301,273,438.92	34,287,943.25	15,523,920.02	320,037,462.15	Equity method
FujianXiazhang Bridge Co., Ltd.	20.00	275,011,817.41	-33,090,312.04		241,921,505.37	Equity method
Zhangzhou City Tourism Investment Group Co., Ltd.	25.50	680,811,893.21	-61,101,796.80		619,710,096.41	Equity method
FujianMinxinan City Collaborative Development Group Co., Ltd.	20.00	100,480,339.19	104,072,670.02		204,553,009.21	Equity method
Zhangzhou Urban Development Parent Fund Partnership (Limited Partnership)	99.97		10,002,074.64		10,002,074.64	Equity method
Other		2,936,642.77			2,936,642.77	Equity method
Total		9,573,345,810.38	465,053,811.53	50,772,516.73	9,987,627,105.18	

14. Investment property

Item	Opening balance	Increase	Decrease	Closing balance
I. Cost	929,543,508.01	72,332,177.00	46,309,246.13	955,566,438.88
1. Houses and buildings	873,496,069.63	72,332,177.00	46,309,246.13	899,519,000.50
2. Land use rights	56,047,438.38			56,047,438.38
II. Accumulated depreciation and amortization	93,476,069.22	29,952,167.87	5,676,808.74	117,751,428.35
1. Houses and buildings	90,160,396.69	28,727,455.79	5,676,808.74	113,211,043.74
2. Land use rights	3,315,672.53	1,224,712.08		4,540,384.61
III. Net value	836,067,438.79			837,815,010.53
1. Houses and buildings	783,335,672.94			786,307,956.76
2. Land use rights	52,731,765.85			51,507,053.77
IV. Impairment provision				
1. Houses and buildings				
2. Land use rights				
V. Book value	836,067,438.79			837,815,010.53
1. Houses and buildings	783,335,672.94			786,307,956.76
2. Land use rights	52,731,765.85			51,507,053.77

15. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	1,600,231,258.55	950,883,554.20
Disposal of fixed assets	613,980.94	9,480.00
Total	1,600,845,239.49	950,893,034.20

(1) Fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
I. Cost	1,637,265,727.61	1,125,037,893.66	254,259,013.35	2,508,044,607.92
Farm facility	4,811,117.00			4,811,117.00
Pipe Network	316,258,549.13	27,428,605.85	3,749,865.55	339,937,289.43
Houses and buildings	876,678,302.60	874,649,676.47	216,796,264.10	1,534,531,714.97
Machinery equipment	333,240,920.69	182,936,556.46	12,573,516.61	503,603,960.54
Transportation equipment	59,326,892.79	17,910,707.09	18,170,254.24	59,067,345.64
Office equipment	46,949,945.40	22,112,347.79	2,969,112.85	66,093,180.34
II. Accumulated depreciation	684,930,252.93	255,176,719.85	33,745,543.89	906,361,428.89
Farm facility	2,272,980.56	367,759.20		2,640,739.76
Pipe Network	183,651,490.15	14,134,556.14	1,512,355.18	196,273,691.11
Houses and buildings	184,738,215.36	182,377,120.13	11,124,205.88	355,991,129.61
Machinery equipment	254,315,002.03	40,094,862.55	11,459,298.76	282,950,565.82
Transportation equipment	27,540,427.37	9,743,539.45	7,108,671.76	30,175,295.06
Office equipment	32,412,137.46	8,458,882.38	2,541,012.31	38,330,007.53

Item	Opening balance	Increase	Decrease	Closing balance
III. Net value	952,335,474.68			1,601,683,179.03
Farm facility	2,538,136.44			2,170,377.24
Pipe Network	132,607,058.98			143,663,598.32
Houses and buildings	691,940,087.24			1,178,540,585.36
Machinery equipment	78,925,918.66			220,653,394.72
Transportation equipment	31,786,465.42			28,892,050.58
Office equipment	14,537,807.94			27,763,172.81
IV. Impairment provision	1,451,920.48			1,451,920.48
Farm facility				
Pipe Network	1,319,389.33			1,319,389.33
Houses and buildings				
Machinery equipment	132,531.15			132,531.15
Transportation equipment				
Office equipment				
V. Book value	950,883,554.20			1,600,231,258.55
Farm facility	2,538,136.44			2,170,377.24
Pipe Network	131,287,669.65			142,344,208.99
Houses and buildings	691,940,087.24			1,178,540,585.36
Machinery equipment	78,793,387.51			220,520,863.57
Transportation equipment	31,786,465.42			28,892,050.58
Office equipment	14,537,807.94			27,763,172.81

Note: As of 31 December 2020, except for the provision for impairment of fixed assets mentioned above, there were no signs of impairment and no provision for impairment made.

(2) Disposal of fixed assets

Item	Closing balance	Opening balance
Houses and buildings	217,522.23	
Machinery equipment	329,781.78	9,480.00
Transportation equipment	6,619.00	
Office equipment	41,974.31	
Other	18,083.62	
Total	613,980.94	9,480.00

16. Construction in progress

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Urban river improvement	1,005,235,297.61		1,005,235,297.61	81,029,699.40		81,029,699.40

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Zhangzhou Zhanglong Logistics Park	258,163,723.46		258,163,723.46	232,724,975.60		232,724,975.60
Zhangzhou No. 3 Waterworks Project(Phase I)	192,270,433.05		192,270,433.05	49,742,835.48		49,742,835.48
PPP project of sewage treatment facilities construction in Nanjing rural areas	163,486,010.57		163,486,010.57	5,935,888.46		5,935,888.46
No.1 factory project of Zhangzhou Mazhou Sewage Treatment Plant	122,463,253.68		122,463,253.68	193,632.00		193,632.00
Water Supply Reconstruction Project of old districts in Zhangzhou City (Phase I I)	42,678,821.98		42,678,821.98	79,471,701.95		79,471,701.95
Distribution center project	20,600,964.65		20,600,964.65	20,749,353.73		20,749,353.73
Dongshan County Hemingway Resort 1-4 building renovation	15,217,654.54		15,217,654.54			
Expansion project of Zhangzhou Jinfeng Water Plant (Phase I)	14,627,615.15		14,627,615.15	2,454,022.15		2,454,022.15
Fengtou reservoir water source safety guarantee standard construction	7,342,779.12		7,342,779.12			
LinYutang Cultural Park	6,834,242.93		6,834,242.93	6,834,242.93		6,834,242.93
Water supply project of Jinfeng Development Zone north area	5,756,891.25		5,756,891.25	2,140,799.61		2,140,799.61
Dafang farm infrastructure	5,479,240.16		5,479,240.16	485,408.56		485,408.56
Zhangzhou Old Community Water Supply Reconstruction Project (Phase III)	4,722,511.57		4,722,511.57			
Nanyi Reservoir's water source area safety assurance standard construction	2,473,786.45		2,473,786.45			
Zhangpu County Second Water Plant Supporting	1,242,049.15		1,242,049.15			

Item	Closing balance			Opening balance		
	Balance	Impairment	Net amount	Balance	Impairment	Net amount
Project - Sludge Treatment Project						
Zhangpu County old municipal pipe network renovation project	1,138,389.94		1,138,389.94			
Oriental Fortune Center 13th floor office decoration project	1,068,228.36		1,068,228.36			
Dongdun sewage investment renovation(Phase II)	59,468.88		59,468.88	69,667,877.06		69,667,877.06
Expansion project of Zhangzhou No. 2 Water Supply Plant (Phase I)				121,211,211.38		121,211,211.38
Level A expansion and improvement project of Zhangpu Sewage Treatment Plant				32,063,622.89		32,063,622.89
Water Supply Reconstruction Project of old districts in Zhangzhou City (Phase I)				23,634,701.91		23,634,701.91
Sewage treatment plant project in the eastern Zhangpu Wan'an				23,274,518.23		23,274,518.23
Xinzhenyu greenhouse base project				8,692,567.38		8,692,567.38
Lanyuan				4,218,571.46		4,218,571.46
Zhangzhou Western Landscape Area Project				1,672,759.70		1,672,759.70
Zhangfa Automobile: renovation and renovation project	481,275.89	481,275.89		481,275.89	481,275.89	
Others	4,270,609.78		4,270,609.78	5,589,800.49		5,589,800.49
Total	1,875,613,248.17	481,275.89	1,875,131,972.28	772,269,466.26	481,275.89	771,788,190.37

Note: As of 31 December 2020, except for the above-mentioned impairment of construction in progress, there were no signs of impairment and no other impairment provision made.

17. Intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
I. Cost	2,541,492,855.46	2,734,610,288.15	882,455,143.83	4,393,647,999.78
Land use rights	1,920,832,265.31	2,396,503,074.26	882,311,592.86	3,435,023,746.71
Franchise right of use	608,790,532.32	335,945,897.96	136,550.97	944,599,879.31
Software	11,870,057.83	2,161,315.93	7,000.00	14,024,373.76
II. Accumulated amortization	296,980,740.47	48,541,440.87	241,419.37	345,280,761.97
Land use rights	180,609,678.51	19,905,686.61	234,419.37	200,280,945.75
Franchise right of use	109,867,467.09	26,480,802.89	0.00	136,348,269.98
Software	6,503,594.87	2,154,951.37	7,000.00	8,651,546.24
III. Net value	2,244,512,114.99			4,048,367,237.81
Land use rights	1,740,222,586.80			3,234,742,800.96
Franchise right of use	498,923,065.23			808,251,609.33
Software	5,366,462.96			5,372,827.52
IV. Impairment provision	6,091,666.78			6,091,666.78
Land use rights				
Franchise right of use	6,091,666.78			6091666.78
Software				
V. Book value	2,238,420,448.21			4,042,275,571.03
Land use rights	1,740,222,586.80			3,234,742,800.96
Franchise right of use	492,831,398.45			802,159,942.55
Software	5,366,462.96			5,372,827.52

18. Goodwill

Investee	Closing balance	Impairment provision	Opening balance	Impairment provision
Zhangzhou Jinfeng Water Supply Company	18,207,864.29	18,207,864.29	18,207,864.29	18,207,864.29
Fujian Huajun Automotive Sales Service Co., Ltd.	391,220.26	391,220.26	391,220.26	391,220.26
Xiamen Dongnan Automobile Sales and Service Co., Ltd.	933,425.59	933,425.59	933,425.59	933,425.59
Final settlement payable of the overall asset transfer of Zhangzhou City Water Company	7,986,018.64	7,986,018.64	7,986,018.64	7,986,018.64
Fujian Zhangfa Construction Co., Ltd.	1,900,000.00		1,900,000.00	
Minhe Flower Cooperation (Zhangzhou) Co., Ltd.	2,571,831.94	2,571,831.94	2,571,831.94	2,571,831.94
Total	31,990,360.72	30,090,360.72	31,990,360.72	30,090,360.72

19. Long-term deferred expenses

Item	Opening balance	Increase	Amortization	Other decrease	Closing balance
Rent	12,480,261.92	440,000.00	573,358.98		12,346,902.94
Decoration costs	68,178,079.52	8,882,856.23	19,514,659.21	1,540,171.34	56,006,105.20
Land amortization of Orchid World	9,463,965.00		218,820.00		9,245,145.00
Others	68,696,490.24	38,068,342.63	16,097,280.91	242,898.62	90,424,653.34
Total	158,818,796.68	47,391,198.86	36,404,119.10	1,783,069.96	168,022,806.48

20. Deferred income tax assets and deferred income tax liabilities

Item	Closing balance		Opening balance	
	Deferred income tax assets / liabilities	Deductible / taxable temporary difference	Deferred income tax assets / liabilities	Deductible / taxable temporary difference
Deferred income tax assets:				
Impairment of assets	78,326,181.33	352,296,543.07	63,354,487.83	280,390,301.63
Net operating loss	582,716.41	2,330,865.62	85,956.38	343,825.51
Changes in fair value of transactional financial assets			124,595.11	622,975.62
Sub-total	78,908,897.74	354,627,408.69	63,565,039.32	281,357,102.76
Deferred income tax liabilities:				
Tax base difference of E-commerce platform	635,452.85	2,541,811.40	817,010.84	3,268,043.36
Long-term equity investment measured at fair value	30,369,850.83	121,479,403.32	32,163,908.88	128,655,635.52
Others	1,546,505.22	7,639,387.17	1,510,372.41	7,329,990.58
Sub-total	32,551,808.90	131,660,601.89	34,491,292.13	139,253,669.46

21. Other non-current assets

Item	Closing balance	Opening balance
Prepaid engineering projects, equipment and other long-term assets	138,064,701.81	153,245,168.54
Highway assets	1,444,553,643.82	1,444,553,643.82
Pantuoling No.2 tunnel	29,700,022.98	29,700,022.98
Total	1,612,318,368.61	1,627,498,835.34

22. Short-term borrowings

Category	Closing balance	Opening balance
Pledged loan	40,667,850.61	44,762,013.00
Mortgage loan	15,000,000.00	7,500,000.00
Guaranteed loan	6,730,201,832.30	3,169,000,000.00

Category	Closing balance	Opening balance
Credit loan	2,737,129,420.36	1,818,165,336.41
Total	9,522,999,103.27	5,039,427,349.41

Note: (1) Details of pledged loan: Zhangzhou Development Co., Ltd. has pledge loans of CNY 40,667,850.61. Details are as follows.

1) Fujian Huajun Automotive Sales Service Co., Ltd. borrowed CNY9,934,640.00 from Chang'an Automobile Finance Co., Ltd. with the new vehicle certificate as a pledge.

2) Fujian Huajun Automotive Sales Service Co., Ltd. borrowed CNY92,866.91 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

3) Fujian Huajun Tianyuan Automotive Sales Service Co., Ltd. borrowed CNY10,398,499.00 from GMAC-SAIC Automotive Finance Company, Ltd. with the new vehicle certificate as a pledge.

4) Xiamen Southeast Automobile Trading Co., Ltd. borrowed CNY6,721,756.20 from Gac Huili Automobile Finance Co., Ltd. with the new vehicle certificate as a pledge.

5) Sanming Huajun Tianyuan Automobile Sales and Service Co., Ltd. borrowed CNY3,791,480.50 from GMAC-SAIC Automotive Finance Company, Ltd. with the new vehicle certificate as a pledge.

6) Sanming Huajun Automobile Sales and Service Co., Ltd. borrowed CNY1,367,876.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

7) Zhangzhou Huajun Tianyuan Automobile Sales and Service Co., Ltd. borrowed CNY4,680,676.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

8) Zhangpu Huajun Tianchi Automotive Sales Service Co., Ltd. borrowed CNY1,109,440.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

9) Nanping Huajun Automobile Sales and Service Co., Ltd. borrowed CNY2,570,616.00 from Ford Automotive Finance (China) Ltd. with the new vehicle certificate as a pledge.

(2) Details of mortgage loan: Zhangzhou Development Co., Ltd. has a mortgage loan of CNY15,000,000.00 Details are as follows.

1) Sanming Jiujiu Toyota Motor Sales and Service Co., Ltd. borrowed CNY7,000,000.00 from Sanming City Branch of Bank of China Limited with its houses and buildings, and land use right certificate as collaterals.

2) Sanming Huajun Automobile Sales Services Co., Ltd. borrowed CNY8,000,000.00 from Bank of China Sanming Branch with its own property land mortgage.

23. Notes payable

Category	Closing balance	Opening balance
Notes payable	1,537,346,039.44	1,208,722,978.00
Total	1,537,346,039.44	1,208,722,978.00

24. Accounts payable

(1) Accounts payable

1) Accounts payable classified by ageing

Ageing	Closing balance	%	Opening balance	%
Within 1 year	1,516,447,524.97	66.22	859,430,144.17	50.78
1-2 years	330,440,801.65	14.43	581,621,747.62	34.36
2-3 years	190,520,438.21	8.32	160,367,439.89	9.47
Over 3 years	252,741,408.58	11.03	91,152,415.12	5.39
Total	2,290,150,173.41	100.00	1,692,571,746.80	100.00

2) Top 5 of accounts payable based on the closing balance

Name	Amount	Proportion (%)
Heilongjiang Xiangyu Agricultural Products Co., Ltd	230,340,206.95	10.06
Fujian Province, Longcheng Construction Group Co., Ltd	124,025,853.13	5.42
China Railway 14 Bureau Group Co., Ltd.	99,753,803.96	4.36
China Construction Co., Ltd	99,628,072.67	4.35
CCCC First Highway Bureau Group Co., Ltd.	79,653,443.75	3.48
Total	633,401,380.46	27.67

25. Advance from customers

(1) Advance from customers classified by ageing

Ageing	Closing balance	%	Opening balance	%
Within 1 year	1,186,190,811.39	71.89	1,131,470,888.31	96.76
1-2 years	450,434,860.55	27.30	21,224,691.32	1.81
2-3 years	6,995,691.74	0.42	1,952,206.36	0.17
Over 3 years	6,422,647.96	0.39	14,756,099.90	1.26
Total	1,650,044,011.64	100.00	1,169,403,885.89	100.00

(2) Details of customers with large closing balances

Name	Amount	Proportion (%)
Xiamen Xiangyu Aluminum Co., Ltd	390,845,060.96	23.69
Yudaofu (Beijing) Eco-Agriculture Technology Co., Ltd	129,405,885.92	7.84
Zhangzhou Housing and Urban-Rural Construction Bureau	119,500,000.00	7.24
Xiamen Xiangyu Logistics Group Co., Ltd	68,283,700.00	4.14
Baotong (Xiamen) International Trade Co., Ltd	23,406,062.00	1.42
Total	731,440,708.88	44.33

26. Payroll payable

(1) Payroll payable by category

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	64,570,160.84	381,734,921.72	377,118,991.92	69,186,090.64
2. Post-employment benefits-defined contribution plans	1,266,073.65	21,309,623.72	21,111,866.72	1,463,830.65
3. Dismissal benefits		50,247.23	50,247.23	
4. Other benefits due within 1 year				
Total	65,836,234.49	403,094,792.67	398,281,105.87	70,649,921.29

(2) Details of short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, and subsidy	61,359,607.22	321,430,402.06	317,635,520.84	65,154,488.44
2. Employee welfare	29,400.17	13,498,992.02	13,424,219.07	104,173.12
3. Social insurance	576,196.33	14,022,861.54	13,964,119.64	634,938.23
Including: Medical insurance premiums	527,335.35	12,805,321.48	12,743,156.48	589,500.35
Work-related injury insurance	18,159.14	249,629.88	247,891.04	19,897.98
Maternity insurance	30,701.84	967,910.18	973,072.12	25,539.90
Others				
4. Housing fund	208,477.61	25,417,790.84	25,398,476.23	227,792.22
5. Union funds and employee education expenses	2,396,479.51	7,364,875.26	6,696,656.14	3,064,698.63
6.Others				
Total	64,570,160.84	381,734,921.72	377,118,991.92	69,186,090.64

(3) Defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance	1,004,880.16	7,528,004.00	7,358,335.25	1,174,548.91
2. Unemployment insurance	14,261.31	154,104.70	156,848.97	11,517.04
3. Enterprise Pension	246,932.18	13,627,515.02	13,596,682.50	277,764.70

Item	Opening balance	Increase	Decrease	Closing balance
Total	1,266,073.65	21,309,623.72	21,111,866.72	1,463,830.65

27. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	40,563,617.58	24,700,735.48
Corporate income tax	125,839,232.85	133,863,559.04
Urban maintenance and construction tax	5,773,016.01	4,780,024.76
Property tax	3,871,143.86	1,968,564.37
Land use tax	1,327,658.24	1,059,340.96
Personal income tax	867,307.30	546,903.31
Educational surcharge	5,333,216.07	4,305,181.68
Stamp duty	3,099,226.16	2,023,295.99
Land-value increment tax	10,162,364.77	5,191,224.50
Flood protection fee	1,352,603.19	1,655,420.89
Resource tax	835,543.12	459,842.34
Others	1,761,721.86	1,149,424.46
Total	200,786,651.01	181,703,517.78

28. Other payables

Category	Closing balance	Opening balance
Interests payable	390,019,820.20	394,872,341.30
Dividends payable	110,941.54	110,941.54
Other payables	817,266,895.72	1,127,090,232.32
Total	1,207,397,657.46	1,522,073,515.16

(1) Interests payable

Item	Closing balance	Opening balance
Interests on long-term borrowings by installments at maturity	1,540,172.12	525,173.61
Interests payable on short-term borrowings	724,357.63	729,613.72
Interests on bonds payable	384,855,623.28	391,388,381.09
Other interests	2,899,667.17	2,229,172.88
Total	390,019,820.20	394,872,341.30

(2) Dividends payable

Name	Closing balance	Opening balance

Name	Closing balance	Opening balance
Fujian Transportation Construction Investment Co., Ltd.	110,941.54	110,941.54
Total	110,941.54	110,941.54

Note:

The dividend payable to the shareholder, Fujian Transportation Construction Investment Co., Ltd., by Zhangzhou Pantuo Lingdi'er Tunnel Investment Development Co., Ltd. is CNY110,941.54.

(3) Other payables

1) Other payables classified by ageing

Ageing	Closing balance	%	Opening balance	%
Within 1 year	343,434,574.90	42.02	521,841,010.20	46.30
1-2 years	274,336,428.05	33.57	450,510,977.64	39.97
2-3 years	123,728,529.28	15.14	81,864,578.11	7.26
Over 3 years	75,767,363.49	9.27	72,873,666.37	6.47
Total	817,266,895.72	100.00	1,127,090,232.32	100.00

2) Details of companies with large closing balances of other payables

Name	Amount	Proportion (%)
Fujian Zhaofa Real Estate Co., Ltd	120,000,000.00	14.68
Zhangzhou Municipal Finance Bureau	91,632,600.00	11.21
Zhangzhou Tiantong Real Estate Co., Ltd.	73,174,930.00	8.95
Road Bridge Construction and Development Co., Ltd.	71,005,000.00	8.69
Zhangzhou Xiangcheng Municipal Finance Bureau	51,491,900.00	6.30
Total	407,304,430.00	49.83

29. Non-current liabilities due within 1 year

Category	Closing balance	Opening balance
Long-term borrowings due within 1 year	160,398,800.00	602,363,600.00
Bonds payable due within 1 year	3,388,036,661.23	3,430,000,000.00
Long-term payables due within 1 year	313,094,929.59	11,131,185.81
Total	3,861,530,390.82	4,043,494,785.81

(1) Details of long-term borrowings due within 1 year

Item	Closing balance	Opening balance
Bank of Communications Qianpu Branch	49,590,000.00	
Bank of China Zhangzhou Yuanguang Road Branch	31,625,000.00	
People's Insurance Capital Investment Management Co., Ltd.	24,000,000.00	24,000,000.00
Bank of Communications Zhangzhou Branch	20,000,000.00	20,000,000.00

Item	Closing balance	Opening balance
Zhangzhou Branch of China Post Savings Bank	10,320,000.00	
Branch of the Agricultural Development Bank of China in Yan'an County	10,000,000.00	
Fujian Branch of The China Development Bank	9,500,000.00	4,000,000.00
Huaxia Bank Xiamen Branch	5,000,000.00	116,000,000.00
Zhangzhou Municipal Finance Bureau	363,800.00	363,600.00
Bohai Bank Xiamen Free Trade Zone Branch Business Department		240,000,000.00
The Export-Import Bank of China Fujian Branch		198,000,000.00
Total	160,398,800.00	602,363,600.00

(2) Details of bonds payable due within 1 year

1) In April 2016, the Company successfully issued the first phase of the 2016 non-publicly targeted debt financing instrument “16Min Zhanglong” of CNY1,400,000,000.00 with a fixed interest rate of 4.43% and a bond term of 5 years from20 April 2016 to 20 April 2021, The balance at the end of the period was CNY620,000,000.00 and the balance at the end of the period was CNY780,000,000.00. which was reclassified as “Non-current liabilities due within one year” for disclosure.

2) As of December 31, 2020, the balance of outstanding foreign bonds issued by FULL DRAGON INTERNATIONAL DEVELOPMENT LIMITED, a subsidiary of the Company's Tier 1 Holdings, was USD 399,705,230.92, or CNY2,608,036,661.23 .Details are,as follows:

Name	Par value (USD)	Issue amount	Par rate	Proposed issuance (USD)	Opening balance (USD)	Opening Exc. Rate	Opening balance (CNY)	Actual issuance in the current period (USD)	Interests calculated at par value (USD)	Amortization of premium or discount (USD)	Current repay (USD)	Closing balance (USD)	USD / CNY Exc. Rate	CNY converted
(First issue in 2018)	100	3 million	5.60%	300,000,000.00	298,384,518.39	6.9762	2,081,590,077.20		16,800,000.00	1,453,569.13	16,800,000.00	299,838,087.52	6.5249	1,956,413,537.26
(Second issue in 2018)	100	1 million	5.60%	100,000,000.00	98,674,657.84	6.9762	688,374,148.02		5,600,000.00	1,192,485.56	5,600,000.00	99,867,143.40	6.5249	651,623,123.97
Total				400,000,000.00	397,059,176.23		2,769,964,225.22		22,400,000.00	2,646,054.69	22,400,000.00	399,705,230.92		2,608,036,661.23

（1） On 14 February 2018, the first issuance of 3 million bonds was completed with the price of USD 99.321 each and the par value of USD 300,000,000.00. The issue amount was USD 297,963,000.00. After deducting the issuance expenses, the amount actually received was USD 295,859,877.78.

（2） On 7 June 2018, the second issue of 1 million bonds was completed with the price of USD 97.804 each and the par value of USD 100,000,000.00. The issue amount was USD 97,804,000.00. After deducting the issuance expenses, the amount actually received was USD 96,626,120.37.

30. Other current liabilities

Item	Closing balance	Opening balance
Short-term financing bonds payable	6,000,000,000.00	4,000,000,000.00
Others	276,788,469.96	122,598,235.85
Total	6,276,788,469.96	4,122,598,235.85

Notes: As of 31 December 2020, the closing balance of other current liabilities - short-term financing bonds payable was CNY6,000,000,000.00 with details below.

(1) On 26 February 2020, the Company issued short-term financing bonds "20 Minzhanglong CP001" with an issue amount of CNY600,000,000.00 and a fixed interest rate of 2.95% for a period of 366 days.

(2) On 26 March 2020, the Company issued the short-term financing bonds "20 Minzhanglong CP002" with an issue amount of CNY1,000,000,000.00 and a fixed interest rate of 2.78% for a period of 365 days.

(3) On 24 August 2020, the Company issued the short-term financing bonds "20 Minzhanglong CP003" with an issue amount of CNY1,000,000,000.00 and a fixed interest rate of 3.25% for a period of 365 days.

(4) On 24 April 2020, the Company issued the short-term financing bonds "20 Minzhanglong SCP002" with an issue amount of CNY1,000,000,000.00 and a fixed interest rate of 2.05% for a period of 270 days.

(5) On 27 May 2020, the Company issued the short-term financing bonds "20 Minzhanglong SCP003" with an issue amount of CNY700,000,000.00 and a fixed interest rate of 2.04% for a period of 245 days.

(6) On 27 July 2020, the Company issued the short-term financing bonds "20 Minzhanglong SCP004" with an issue amount of CNY800,000,000.00 and a fixed interest rate of 3.20% for a period of 269 days.

(7) On 14 December 2020, the Company issued the short-term financing bonds "20 Minzhanglong SCP005" with an issue amount of CNY900,000,000.00 and a fixed interest rate of 3.68% for a period of 210 days

31. Long-term borrowings

Category	Closing balance	Opening balance
Pledged loan	1,960,430,000.00	100,000,000.00
Mortgage loan	49,000,000.00	49,000,000.00
Guaranteed loan	1,122,030,000.00	1,485,000,000.00
Credit loan	1,000,000.00	1,363,800.00
Total	3,132,460,000.00	1,635,363,800.00

Note:

（1） As of December 31, 2020, the closing amount of the mortgage loan amounted to CNY49,000,000.00, as detailed below:

1) Fujian Zhanglong Group Co., Ltd. borrowed CNY150,000,000.00 from the China Development Bank with the logistics park land certificate as a collateral. As of 31 December 2020, the repayment was accumulated to CNY101,000,000.00.

（2） As of December 31, 2020, the final amount of the pledge loan amount is CNY1,960,430,000.00, as detailed below:

1) The pledge loan of Zhangzhou Development Co., Ltd., the first level subsidiary of the company, is CNY800,430,000.00, as detailed below

①Guaranteed by Fujian Zhangzhou Development Co., Ltd., a subsidiary of the company, Zhangzhou Development Water Group Co., Ltd. pledged CNY66 million from Bank of China Co., Ltd. Zhangzhou Branch with the third water plant's charging rights for a period of 13 years. It should be repaid in 2021. CNY20 million, reclassified to list the non-current liabilities due within one year, and the long-term loan balance at the end of the period is CNY46 million;

②Guaranteed by the company's first-class subsidiary Ganzhou Development Water Group Co., Ltd., Yunyu Development Water Co., Ltd. to PPP project under the government payment pledge to the Agricultural Development Bank of China Yan'an County Branch to borrow CNY92 million, the term of 12 years, 2021 should pay back CNY10 million, reclassified to one year maturity of non-current liabilities shown, the end of the long-term loan balance of CNY8,200 million;

③Guaranteed by the company’s first-level subsidiary Fujian Zhangzhou Development Co., Ltd., Zhangzhou Dongdun Sewage Treatment Co., Ltd. borrowed CNY124.00 million from Bank of China Co., Ltd. Zhangzhou Branch with project fee equity as a pledge for a period of 115 months, and has repaid RMB 11.625 million. The repayment of CNY11.625 million in 2021 will be reclassified to the non-current liabilities due within one year, and the balance of long-term loans at the end of the period will be CNY 100.75 million；

④Guaranteed by the company’s first-level subsidiary Fujian Zhangzhou Development Co., Ltd., Zhangzhou Dongdun Sewage Treatment Co., Ltd. pledged the right to charge for Dongdun Phase II sewage treatment service fees to borrow CNY138 million from China Postal Savings Bank Co., Ltd. Zhangzhou Branch. The maturity is 12 years. In 2021, CNY10.32 million should be repaid, reclassified to the list of non-current liabilities due within one year, and the balance of long-term loans at the end of the period is CNY127.68

million;

⑤According to the guarantee of the share ratio after penetration, Fujian Zhangzhou Development Co.,Ltd and Beijing Original Water Technology Co.,Ltd., a first-level subsidiary of the company, will borrow RMB 10,400.00 million from Pinghe County Branch of Agricultural Development Bank of China with the receivables under PPP project as pledge, with a term of 18 years;

⑥ Guaranteed by the company's first-level subsidiary Fujian Zhangzhou Development Co., Ltd. on the basis of shareholding ratio, Zhangzhou Zhanyuan Environmental Technology Co., Ltd. borrowed RMB 340 million from Zhangzhou Branch of the Agricultural Development Bank of China with the pledge of accounts receivable under the PPP project for a period of 15 years.

2) The pledge loan of Fujian Zhanglong Construction Investment Group Co., Ltd., the first level subsidiary of the company, is CNY1,160,000,000.00, as detailed below:

① Fujian Zhanglong Construction Investment Group Co., Ltd. pledged the accounts receivable under the government purchase service agreement of Zhangzhou Changfu shantytown reconstruction project, with a loan of CNY960,000,000.00;

② The company's second-tier subsidiary Luzhou Longhua Investment Co., Ltd. pledged the government payment under the PPP project of Shangping Tulou group to Dadi Tulou group highway project of "town trunk line" in Hua'an County, and borrowed CNY180,000,000.00.

③ The pledge loan is a loan agreement signed between the company and Zhangzhou Branch of Agricultural Development Bank of China. The loan is pledged with the government payment under the *Fixed Assets Loan Contract*, and the loan is CNY20,000,000.00

32. Bonds payable

The closing balance of bonds payable is CNY8,990,376,477.72. Details are as follows.

A. In the domestic capital market, the closing balance of issued but not expired bonds is CNY5,740,000,000.00 (currency: CNY):

(1) In August 2015, the Company successfully issued the first phase of corporate bonds in 2015 of CNY600,000,000.00 with a fixed interest rate of 4.99% and a bond term of 7 years from 7 August 2015 to 6 August 2022. At the end of the period, the Company has repaid CNY360,000,000.00. The balance at the end of the period was CNY240,000,000.00

(2) In April 2016, the Company successfully issued the first phase of the 2016 non-public corporate bond "16 Minzhanglong Bond" of CNY1,400,000,000.00 with a fixed interest rate of 4.43% and a bond term

of 5 years from 20 April 2016 to 20 April 2021.At the end of the period, the Company has repaid CNY 620,000,000.00

(3) In October 2018, the Company successfully issued the first phase of the 2018 poverty alleviation medium-term note "18 Minzhanglong MTN001" of CNY 500,000,000.00 with a fixed interest rate of 5.28% and a bond term of 5 years from 29 October 2018 to 29 October 2023.

(4) In March 2019, the Company successfully issued the first phase of the 2019 non-publicly corporate debt "19 Min Zhanglong Debt" of CNY 600,000,000.00 with a fixed interest rate of 5.00% and a bond term of 5 years from 27 March 2019 to 27 March 2024, and the issuer has the option to adjust the coupon interest rate and call back the bond at the end of the third year.

(5) In April 2019, the Company successfully issued the second phase of the 2019 non-publicly corporate debt "19 Min Zhanglong Debt" of CNY 1,400,000,000.00 with a fixed interest rate of 5.15% and a bond term of 5 years from 15 April 2019 to 15 April 2024, and the issuer has the option to adjust the coupon interest rate and call back the bond at the end of the third year.

(6) In August 2019, the Company successfully issued the third non-public corporate bond "19 Minzhanglong Bonds" in CNY 600,000,000.00, the bond term is 5 years, with the issuer adjustment coupon option and the investor return option at the end of the third year, using a fixed issuance interest rate of 4.70%, from August 9, 2019 to August 9, 2024.

(7) In August 2019, the Company successfully issued the fourth non-public corporate bond "19 Minzhanglong Bonds" in CNY 400,000,000.00, the bond term is 5 years, with the issuer adjustment coupon option and the investor return option at the end of the third year, using a fixed issuance interest rate of 4.60% from September 16, 2019 to September 16, 2024.

(8) In January 2020, the Company issued the first phase of 2020 directional debt financing tool "20 Dragon PPN001" of CNY 1,000,000,000.00, with a bond maturity of 3 years, in the form of a fixed interest rate of 4.40%, from January 13, 2020 to January 13, 2023.

(9) In November 2020, the Company successfully issued the first phase of the 2020 non-publicly corporate debt "20 Zhanglong 01" of CNY 1,000,000,000.00 with a fixed interest rate of 4.47% and a bond term of 5 years from 5 November 2020 to 5 November 2025, and the issuer has the option to adjust the coupon interest rate and call back the bond at the end of the third year.

As of December 31, 2020, the balance of outstanding foreign bonds issued by the Company was USD 498,149,623.40, or CNY3,250,376,477.72, as follows:

Name	Par value (USD)	Issue amount	Par rate	Proposed issuance (USD)	Opening balance (USD)	Opening Exc. Rate	Opening balance (CNY)	Actual issuance in the current period (USD)	Interests calculated at par value (USD)	Amortization of premium or discount (USD)	Current repay (USD)	Closing balance (USD)	USD / CNY Exc. Rate	CNY converted
Project Dragon (First issue in 2019)	100	5 million	5.875%	500,000,000.00	496,639,574.52	6.9762	3,464,656,999.77		29,375,000.00	1,510,048.88	29,375,000.00	498,149,623.40	6.5249	3,250,376,477.72
Total				500,000,000.00	496,639,574.52		3,464,656,999.77		29,375,000.00	1,510,048.88	29,375,000.00	498,149,623.40		3,250,376,477.72

On August 27, 2019, 5 million bonds were issued for USD99.257 each, with a face value of USD 500,000,000.00 and an issue value of USD 496,285,000.00, which, after deducting the issuance fee, actually amounted to USD 494,356,157.00.

33. Long-term payables

Category	Closing balance	Opening balance
Long-term payables	263,804,763.79	22,561,039.52
Special payables	446,500,868.83	440,775,144.51
Total	710,305,632.62	463,336,184.03

(1) Long-term payables

Item	Closing balance	Opening balance
Zhaoyin Financial Leasing Co., Ltd	252,208,333.34	
Xiamen Jinyuan Finance Leasing Co., Ltd.	11,596,430.45	22,561,039.52
Total	263,804,763.79	22,561,039.52

(2) Special payables

Item	Opening balance	Increase	Decrease	Closing balance
Project subsidies	440,775,144.51	33,943,609.68	28,217,885.36	446,500,868.83
Total	440,775,144.51	33,943,609.68	28,217,885.36	446,500,868.83

34. Deferred income

Item	Opening balance	Increase	Decrease	Closing balance	Reasons
Provincial highway supplementary fund (Jiulong Project)	204,230,000.00	136,150,000.00		340,380,000.00	Government special subsidy
Gu Wenchang Cadre College Project Subsidy Construction Fund	40,000,000.00	40,000,000.00		80,000,000.00	Government special subsidy
Water supply reconstruction (Phase I I) Project of old districts of Zhangzhou City	27,800,000.00		27,800,000.00		Government special subsidy
Water supply reconstruction (Phase I) Project of old districts of Zhangzhou City	10,790,000.00		10,790,000.00		Government special subsidy
Subsidy for the greening project with expropriation of green lands by Zhangzhou Dongdun Sewages Treatment Plant	6,210,790.80		245,162.76	5,965,628.04	Government special subsidy
Subsidy for the water supply pipe network expansion project in the western urban area of Xiangcheng District, Zhangzhou	5,852,723.06		466,666.68	5,386,056.38	Government special subsidy
Subsidy for Zhangzhou Yingbin Road water pipe network	5,277,777.56		666,666.72	4,611,110.84	Government special subsidy

Item	Opening balance	Increase	Decrease	Closing balance	Reasons
Subsidy for the water supply pipe network expansion project (Phase I) in the eastern part of Zhangzhou City	4,951,111.49		533,333.28	4,417,778.21	Government special subsidy
Subsidy for the City and urban agglomeration distribution service platform project	3,937,500.00		225,000.00	3,712,500.00	Government special subsidy
Subsidy for the expansion project of Zhangpu County No.2 Water Supply Plant	3,770,510.37		289,291.68	3,481,218.69	Government special subsidy
Forestry financial special funds at the municipal level	3,500,000.00			3,500,000.00	Government special subsidy
Subsidy for listed land use index	3,395,940.79		177,700.62	3,218,240.17	Government special subsidy
Completion acceptance of Zhailin Reservoir reinforcement project	1,912,500.00	168,750.00	168,750.00	1,912,500.00	Government special subsidy
Water supply project construction funds of Jinfeng Development Zone northern area	227,317.44		144,426.52	82,890.92	Government special subsidy
Total	321,856,171.51	176,318,750.00	41,506,998.26	456,667,923.25	

35. Paid-in capital

Investor	Closing balance	Opening balance
State-owned Assets Supervision and Administration Commission of Zhangzhou Municipal People's Government	3,828,500,000.00	3,828,500,000.00
Total	3,828,500,000.00	3,828,500,000.00

36. Other equity instruments

Equity instruments issued	Opening balance	Increase	Decrease	Closing balance
Perpetual bonds	3,550,000,000.00	1,600,000,000.00	1,550,000,000.00	3,600,000,000.00
Total	3,550,000,000.00	1,600,000,000.00	1,550,000,000.00	3,600,000,000.00

Note:

(1) According to the document of Zhang Guo Zi Property Right (2015) No.30, it was agreed that the Company would apply to the China Interbank Market Dealers Association for the issuance of perpetual notes with rights to resale in the medium-term with a repayment balance of CNY2 billion for a period of 5 + N years. The perpetual notes with rights to resale in the medium-term would be issued twice according to the Company's own capital needs and market conditions. The

first phase of CNY1 billion was issued in December 2015, which was perpetual until the issuer redeems in accordance with the terms of the issuance; the second issue of CNY1 billion was in August 2016, which was perpetual until the issuer redeems in accordance with the terms of the issue. As of December 31, 2020, CNY1 billion has been repaid, with a balance of CNY1 billion at the end of the period.

(2) According to the document of Zhang Guo Zi Property Right (2016), it was agreed that the Company would apply to the China Interbank Market Dealers Association for the issuance of medium-term notes (perpetual bonds) of not more than CNY1 billion with a term of 5 + N years. The issue would be based on the Company's own capital needs and market conditions, and CNY1 billion was issued in August 2017. It is perpetual until the issuer redeems in accordance with the terms of the issuance.

(3) In November 2019, the Company issued a perpetual trust "China Railway Trust and Boatian Sound No. 5 Collection Fund Trust Plan" in CNY550 million. Fully responsified as at 31 December 2020.

(4) According to document No. 51 of the Asset Rights of Yanguo (2019), the Company has agreed to apply to the China Interbank Market Dealers Association for the issuance of medium-term notes (sustainable bonds) of not more than CNY2 billion for a period of not more than 5 years. According to the Company's own capital needs and market conditions, the Company issued CNY600 million of medium-term notes in October 2020 for a period of 2+N years, long-term and sustainable before the issuer redeems them in accordance with the terms of the offering.

(5) In December 2020, the Company issued the Perpetual Trust "Yunnan Trust - Caiyun and Rui 12" CNY500 million, "Yunnan Trust - Caiyun and Rui 13" CNY500 million .

37. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Donated assets accepted	4,888,459.95			4,888,459.95
Equity premium	60,195,909.06			60,195,909.06
Other capital reserve	3,885,441,863.93	1,703,582,915.02	12,994,625.82	5,576,030,153.13
Total	3,950,526,232.94	1,703,582,915.02	12,994,625.82	5,641,114,522.14

Note: The main reasons for the change in capital reserve during the current period are:

(1) According to the documents of Zhanglong Dong (2020) No. 90 and Zhangguo Asset Right (2020)

No. 58, the houses, buildings and land use rights of 21 transferred enterprises such as Zhangzhou Chemical and Building Materials Company located at 183 locations in Xiangcheng District and Longwen District are injected into our company according to the appraised value in the form of increasing national capital. As our company increased the equity capital of Zhangzhou Commercial Asset Management Operation Company, resulting in an increase of CNY148,547,880.00 in capital reserve;

(2) According to the spirit of the resolution of the board of directors (Zhanglong Dong [2020] No. 114), the 100.00% equity of Zhangzhou Zhanglong Human Resource Service Co., Ltd held by Zhangzhou Zhanglong Property Service Co., Ltd., a wholly-owned subsidiary of Zhangzhou Commercial Asset Management and Operation Company, will be recovered, and transferred to Zhangzhou Talent Development Group Co., Ltd for free. Resulting in a reduction of capital reserves of CNY2,249,687.10;

(3) According to the spirit of Zhang Guo Asset Rights (2020) No. 66 document, the assets of Zhangzhou Nanyi Reservoir Operation Center and Zhangzhou Fengtou Reservoir Operation Center were transferred to our company, resulting in an increase of RMB 1,555,035,035.02 in capital reserve;

(4) In 2020, due to the construction of Yuanshan Avenue, the government requisitioned the land of its subsidiary, Zhangzhou Dafang Farm in Fujian Province, and the corresponding amount was used to offset the capital reserve by CNY9,711,201.35.

38. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	394,949,304.70	46,425,657.22		441,374,961.92
Total	394,949,304.70	46,425,657.22		441,374,961.92

39. Retained earnings

Retained earnings Item	Closing balance	
	Amount	Proportion withdrawn or distributed
Opening balance of retained earnings before adjustment	2,529,555,830.40	
Adjustment of the opening balance of retained earnings ('+' for increase, '-' for decrease)		
Opening balance of retained earnings after adjustment		

Retained earnings Item	Closing balance	
	Amount	Proportion withdrawn or distributed
Add: Net profit attributable to the parent company for the current period	639,405,170.05	
Less: Withdrawal of statutory surplus reserve	46,425,657.22	10%
Withdrawal of discretionary surplus reserve		
Common stock dividends payable	237,235,500.00	
Common stock dividends converted to equity		
Distribution to the owner		
Other profits distributed to investors		
Closing balance of retained earnings	2,885,299,843.23	

(Continued)

Item	Opening balance	
	Amount	Proportion withdrawn or distributed
Opening balance of retained earnings before adjustment	2,655,453,940.26	
Adjustment of the opening balance of retained earnings ('+' for increase, '-' for decrease)		
Opening balance of retained earnings after adjustment	2,655,453,940.26	
Add: Net profit attributable to the parent company for the current period	125,412,330.59	
Less: Withdrawal of statutory surplus reserve	2,864,140.45	10%
Withdrawal of discretionary surplus reserve		
Common stock dividends payable	248,446,300.00	
Common stock dividends converted to equity		
Distribution to the owner		
Closing balance of retained earnings	2,529,555,830.40	

40. Operating revenue and operating costs

Item	January to December 2020		January to December 2019	
	Revenue	Costs	Revenue	Costs
Goods sales revenue	9,816,991,103.42	9,587,506,473.74	7,800,902,956.65	7,489,435,808.60
Rental income	36,159,230.29	33,108,101.42	27,386,781.55	26,235,918.48
Water revenue	248,831,013.92	131,921,612.62	207,436,146.48	110,772,506.71
Land development income	9,519,600.00	3,142,516.68	13,094,400.00	4,154,970.56
Engineering construction income	1,718,636,444.07	1,390,466,931.30	990,842,960.01	790,310,453.67

Real estate development income	418,326,270.99	259,330,722.18	567,123,542.79	339,148,017.11
Services rendered	59,472,807.24	41,756,367.43	56,496,318.86	46,752,949.96
Other income	336,000,856.81	69,374,331.77	186,472,878.18	15,368,031.51
Sub-total	12,643,937,326.74	11,516,607,057.14	9,849,755,984.52	8,822,178,656.60
Other income	95,416,023.25	40,994,465.73	188,345,582.95	101,813,259.01
Sub-total	95,416,023.25	40,994,465.73	188,345,582.95	101,813,259.01
Total	12,739,353,349.99	11,557,601,522.87	10,038,101,567.47	8,923,991,915.61

41. Financial costs

Item	January to December 2020	January to December 2019
Interest expenses	604,809,618.17	599,147,206.50
Interest income	150,048,118.12	138,384,037.26
Banking charges	9,685,731.65	7,153,066.86
Exchange gains and losses	-402,389,828.14	46,444,245.13
Financing issuance fees	12,944,237.99	22,899,712.75
Others	8,128,982.93	429,797.75
Total	83,130,624.48	537,689,991.73

42. Other income

Item	January to December 2020	January to December 2019
Steady-job subsidy	3,114,135.49	21,061.12
Export credit grant	1,396,867.57	157,098.00
Business development funds	1,093,000.00	650,000.00
Subsidies for the water pipe network on Welcome Road, Zhangzhou City	666,666.72	666,666.72
Trade fair subsidies	631,900.00	556,771.00
Subsidies for the expansion of water supply network in the eastern part of Zhangzhou City (phase 1)	533,333.28	533,333.28
Subsidies for greening projects in Dongyu sewage plant in Zhangzhou	466,666.68	466,666.68
Others are foreign trade subsidies during the epidemic	435,463.00	
Total annual investment in the construction of key e-commerce carriers at the municipal level	435,000.00	
VAT is levied or refunded	420,245.40	707,391.05
Subsidies for the expansion of the second waterplant in Zhangpu County	289,291.68	289,291.68
Auto show subsidies	265,000.00	309,000.00
Subsidies for greening projects in Dongyu sewage plant in Zhangzhou	245,162.76	245,162.76
Increase production efficiency rewards	242,419.00	148,200.00

Item	January to December 2020	January to December 2019
City and City Group Distribution Service Platform Project Subsidy	225,000.00	225,000.00
Withholding tax fee return	187,961.82	58,135.31
Subsidies for training workers	187,500.00	
Subsidies for listed land indicators	177,700.62	214,326.08
Trade subsidies	150,000.00	
Originally included in the limits of statistical pure e-commerce enterprises	150,000.00	
Twelve incentives for upgrading and developing the service industry	140,000.00	
Subsidies for enterprises with temporary production and operation difficulties	128,988.00	
Special funds for trade promotion	117,642.00	200,000.00
Xiamen Free Trade Zone encourages financial (financial) institutions to increase credit delivery incentives	113,426.10	
Basic operating expenses	100,000.00	
Business enterprise reward	100,000.00	
Subsidy for the construction of the African swine fever self-test laboratory in the slaughtering process	100,000.00	
Incentives for new-scale industrial enterprises	100,000.00	
The government allocates a subsidy for operating expenses		500,000.00
others	572,077.50	679,432.48
Total	12,785,447.62	6,627,536.16

43. Investment income

Item	January to December2020	January to December 2019
Long-term equity investment income accounted for under equity method	24,038,109.08	70,491,930.87
Investment income from disposal of Long-term equity investment	-3,546,782.14	164,473,459.57
Held-to-maturity investment	56,162,887.91	41,859,340.38
Income from reverse repurchase of treasury bonds	1,097,572.22	1,641,600.60
Income from financial products		1,066,853.23
Investment income obtained during holding trading financial assets	45,414.27	134,645.35
Investment income from disposal of transactional financial assets	1,019,621.53	1,279,539.31
Investment income from available for sale financial assets during the holding period	55,860,000.07	7,800,000.07
Investment income from disposal of available for sale financial assets	3,081,100.97	
Others		
Total	137,757,923.91	288,747,369.38

(1) Details of long-term equity investment income accounted for under equity method

Investee	Shareholding proportion (%)	Investment income recognized for the current period
Fujian Huaxing Zhangfa Venture Capital Development Co., Ltd.	54.17	-1,679,310.63
Fujian Xinhe Real Estate Development Co., Ltd.	43.00	7,334,661.87
Fujian Dongnan Huadu Real Estate Co., Ltd.	10.00	-7,257,641.53
Fujian Longcheng Construction Industry Co., Ltd.	20.00	3,326,587.46
Fujian Zhangzhou Fuhua Shuiwu Development Co., Ltd	34.00	-4,747.94
Fujian Zhaofa Real Estate Co., Ltd.	30.00	-3,323,938.90
Fujian Zhangzhou Expressway Co., Ltd.	28.33	67,007,904.97
Zhangzhou Yingzhi Construction and Development Co., Ltd	40.00	15,062,372.62
Zhangzhou Shenhai Double Line Expressway Co., Ltd.	35.50	-35,248,596.71
Fujian Kangzhu Construction and Development Co., Ltd	44.00	391.03
Fujian Zhanglong Sanjun Venture Capital Co., Ltd.	25.00	93,636.71
Guangzhou United Flower Marketing Co., Ltd	20.00	-28,642.57
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	22.03	-27,243.31
Fujian Minnan Flower Co., Ltd.	21.24	-88,133.05
Zhangzhou Economic Development Co., Ltd.	40.00	34,700,229.99
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	34,287,943.25
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	20.00	-33,090,312.04
Zhangzhou Tourism Investment Group Co., Ltd.	25.50	-61,101,796.80
Fujian Southwestern City Collaborative Development Group Co.,Ltd	20.00	4,072,670.02
Zhangzhou Urban Development Parent Fund Partnership (Limited Partnership)	99.97	2,074.64
Total		24,038,109.08

44. Impairment loss on assets

Item	January to December 2020	January to December 2019
Bad debt losses	-79,466,120.78	-30,920,417.07
Loss on inventory valuation	-35,831,858.15	-10,359,396.95
Impairment loss of long term equity investment		-4,288,542.03
Total	-115,297,978.93	-45,568,356.05

45. Gains from disposals of assets

Item	January to December 2020	January to December 2019
Gains from disposal of non-current assets	28,563,735.39	38,702,138.66
Total	28,563,735.39	38,702,138.66

46. Non-operating income

Item	January to December 2020	January to December 2019
Gains from disposal of non-current assets	226,877.36	2,192.23
Government subsidies	201,178,197.54	141,947,672.15
Fines, liquidated damages and compensation income	1,661,543.36	2,758,829.20
Debt write-off	2,563,739.37	42,939.00
Others	4,980,488.97	2,014,338.04
Total	210,610,846.60	146,765,970.62

Details of government subsidies

Item	January to December 2020	January to December 2019
Subsidy for highway construction project	89,580,000.00	89,580,000.00
Requisition compensation	68,527,897.54	9,406,850.45
Subsidy for Xiazhang cross-sea bridge	40,000,000.00	40,000,000.00
Others	3,070,300.00	2,960,821.70
Total	201,178,197.54	141,947,672.15

Note: The main items of the above government subsidies are as follows:

(1) According to the document of the “Minutes of the 11th Committee of the CPC Zhangzhou City [2018]”, the Company was granted a three-year subsidy due to a decrease of the income of the Group, which was caused by the reduction of toll of Xiazhang Bridge, resulting in a subsidy income of CNY40,000,000.00 recognized for the year.

(2) According to the Municipal Finance Bureau document "Notice on the Issuing the Annual Subsidy Plan for Highway Construction Investment in Zhangzhou City", the Company received a subsidy of CNY89,580,000.00 for highway construction projects.

47. Non-operating expenses

Item	January to December 2020	January to December 2019
Loss on disposal of non-current assets	172,468.03	278,330.36
Fines, liquidated damages and compensation expenses	621,470.61	958,420.14
External donation	171,158.00	557,000.00
Others	2,247,555.44	2,255,346.26
Total	3,212,652.08	4,049,096.76

48. Income tax expenses

Item	January to December 2020	January to December 2019
Current income tax expenses	108,166,437.77	150,639,940.09
Deferred income tax	-17,189,561.98	5,212,498.07
Total	90,976,875.79	155,852,438.16

49. Assets with restricted ownership and use rights

Item	Year-end book value	Reasons for restriction
Cash and cash equivalents	613,051,627.32	Details refer to Cash and Cash equivalents
Fixed assets	14,114,581.10	Borrowing CNY7.5 million from Bank Of China with property as collateral；Borrowing CNY8 million from Bank Of China with property as collateral
Intangible assets	52,835,661.35	Borrowing CNY7.5 million from Bank of China ; Borrowing CNY8 million from Bank of China ; Borrowing CNY150 million from China Development Bank with land use right as collateral

Note: Mortgaged assets

(1) The company's second-tier subsidiary, Sanming Jiujiu Toyota Company, used housing land as collateral to apply to the Bank of China for CNY 7.5 million, and Sanming Huajun Automobile Sales Service Co., Ltd., a second-tier subsidiary of the Company, applied to bank china for CNY 8 million loans with housing land as collateral.

(2) The Company borrowedCNY150,000,000.00 from the China Development Bank on the back of a land certificate from a first-class subsidiary, Luzhou Lulong Logistics Park Development Co., Ltd., and as of December 31, 2020, it has made a cumulative repayment of CNY 101,000,000.00.

50. Consolidated statement of cash flows

(1) Supplemental information of statement of cash flows

Item	January to December 2020	January to December 2019
1. Reconciliation between net profit and net cash flows generated from operations:		
Net profits	709,549,534.77	199,336,561.67
Add: Impairment provision on assets	115,297,978.93	45,568,356.05
Depreciation of fixed assets, depletion of oil & gas assets and productive biological assets	285,128,887.72	108,103,315.75
Amortization of intangible assets	48,541,440.87	29,328,985.00
Amortization of long-term deferred expense	36,404,119.10	40,691,974.32
Losses/gains on disposal of fixed assets, intangible asset and other long-term assets (gains: "-")	-28,790,612.75	-38,702,138.66
Losses on scrapped fixed assets (gains: "-")	172,468.03	
Loss on changes in fair value (gains: "-")	-683,934.35	534,880.52
Financial costs (income: "-")	215,364,028.02	668,491,164.38
Investment losses (gains: "-")	-137,757,923.91	-288,747,369.38
Decrease in deferred tax assets (increase: "-")	-15,343,858.42	4,838,514.74
Increase in deferred tax liabilities (decrease: "-")	-1,939,483.23	200,177.82
Decrease in inventory (increase: "-")	-1,767,290,085.53	-1,195,133,885.36
Decrease in receivables from operating activities (increase:	-485,342,348.64	2,572,997,927.95

Item	January to December 2020	January to December 2019
"-")		
Increase in payables from operating activities (decrease: "-")	-2,489,190,572.78	-1,999,878,124.95
Others		
Net cash flows generated from operating activities	-3,515,880,362.17	147,630,339.85
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debts converted to capital		
Convertible debts mature within one year		
Fixed assets acquired under finance leases		
3. Change of cash and cash equivalent:		
Closing balance of cash	2,634,670,188.61	3,023,087,207.48
Less: Opening balance of cash	3,023,087,207.48	3,428,332,208.75
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-388,417,018.87	-405,245,001.27

(2)Composition of cash and cash equivalents

Item	January to December 2020	January to December 2019
I. Cash	2,634,670,188.61	3,023,087,207.48
Including: Cash on hand	20,743.98	12,936.32
Bank deposits available for immediate payments	2,619,697,029.61	3,014,242,719.00
Other cash and cash equivalents available for immediate use	14,952,415.02	8,831,552.16
II. Cash equivalents		
Including: Investments in bonds maturing in three months		
III. Closing balance of cash and cash equivalents	2,634,670,188.61	3,023,087,207.48

VII Related party relationships and transactions

1. Related parties with control relationships

For details of related parties with control relationships, please refer to Note V.1, "Basic information on subsidiaries included in the scope of consolidated statements".

2. Related parties without control relationships

Investee	Relationship with the Company
Fujian Dongnan Huadu Real Estate Co., Ltd.	Joint stock company
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	Joint stock company
Fujian Minnan Flower Co., Ltd.	Joint stock company
Fujian Zhangzhou Timber Company	Joint stock company
Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	Joint stock company
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	Joint stock company
Zhangzhou Dongnan Huadu Travel Co., Ltd.	Joint stock company

Investee	Relationship with the Company
Zhangzhou Dongnan Huadu Co., Ltd.	Joint stock company
Zhangzhou City Timber Supply Company	Joint stock company
Zhangzhou Zhanglong Forestry Center Nursery co. Ltd.	Joint stock company
Zhangzhou Shuangling Ceramics Management Company	Joint stock company
Fujian Longcheng Construction Industry Co., Ltd.	Joint stock company
Zhangzhou Tongda Daolu Development Co., Ltd.	Joint stock company
Zhangzhou Dongnan Huadu Club Co., Ltd	Joint stock company
Fujian Province Zhangzhou Expressway Co., Ltd	Joint stock company
Fujian Xinhe Real Estate Development Co., Ltd	Joint stock company

3. Amounts due from / to related parties:

GL Account	Related party	Closing balance
Other receivables	Zhangzhou Dongnan Huadu Co., Ltd.	1,143,051,967.39
Other receivables	Fujian Minnan Flower Co., Ltd.	364,232,105.05
Other receivables	Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	127,478,538.30
Other receivables	Fujian Xiamen-Zhangzhou Bridge Co., Ltd	120,810,000.00
Other receivables	Fujian Province Zhangzhou Expressway Co., Ltd	63,948,566.60
Other receivables	Fujian Zhangzhou Timber Company	25,181,930.50
Other receivables	Zhangzhou Zhanglong Forestry Center Nursery co. Ltd.	8,884,058.35
Other receivables	Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	4,704,800.00
Other receivables	Zhangzhou Dongnan Huadu Travel Co., Ltd.	2,777,118.00
Other receivables	Zhangzhou Tongda Daolu Development Co., Ltd.	701,990.00
Other receivables	Zhangzhou Shuangling Ceramics Management Company	244,479.30
Other receivables	Zhangzhou Dongnan Huadu Club Co., Ltd	98,800.00
Other payables	Haixia Liang'an (Fujian Zhangzhou) Huabo Park Management Office	37,149,969.05
Other payables	Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	19,680,000.00
Other payables	Zhangzhou Shuangling Ceramics Management Company	13,812,123.54
Other payables	Zhangzhou City Timber Supply Company.	13,205,787.94
Other payables	Fujian Zhangzhou Timber Company	3,173,712.53
Other payables	Fujian Minnan Flower Co., Ltd.	443,210.00
Other payables	Zhangzhou Tongda Daolu Development Co., Ltd.	50,000.00
Accounts receivable	Fujian Xinhe Real Estate Development Co., Ltd	104,369,870.83
Accounts receivable	Zhangzhou Dongnan Huadu Co., Ltd.	30,535,592.66
Accounts receivable	Zhangzhou Zhanglong Forestry Center Nursery co. Ltd.	21,500,000.00
Accounts receivable	Fujian Dongnan Huadu Real Estate Co., Ltd.	1,070,624.00
Advance from customers	Zhangzhou Dongnan Huadu Co., Ltd.	1,033,643.62
Accounts payable	Fujian Longcheng Construction Industry Co., Ltd.	7,289,323.68
Accounts payable	Fujian Minnan Flower Co., Ltd.	1,237,177.32
Accounts payable	Fujian Xiamen-Zhangzhou Bridge Co., Ltd	65,055.60

GL Account	Related party	Closing balance
Accounts payable	Zhangzhou Dongnan Huadu Co., Ltd.	14,188.85
Accounts payable	Zhangzhou Dongnan Huadu Club Co., Ltd	4,484.00
Interests receivable	Zhangzhou Dongnan Huadu Co., Ltd.	596,787,271.10
Interests receivable	Fujian Dongnan Huadu Real Estate Co., Ltd.	6,970,139.96
Interests receivable	Zhangzhou Zhanglong Forestry Center Nursery co. Ltd.	444,479.17
Total		2,720,951,007.34

VIII Contingent liabilities

A. Contingent liabilities arising from pending litigation and arbitration and their financial implications

1. Fujian Zhangzhou Development Co., Ltd.

(1) In November 2017, the Company signed “Fujian Southeast Huadu Real Estate Co., Ltd.’s Equity Transfer Contract” with Anhui Jingde Real Estate Development Co., Ltd. to transfer 50% of shareholdings and debt rights of Fujian Southeast Huadu Real Estate Co., Ltd. held by the Company to Anhui Jingde Real Estate Development Co., Ltd. In June 2019, Anhui Jingde Real Estate Development Co., Ltd. sued the Company for disputes over equity transfer, and requested to refund the amounts of equity transfer and debt transfer, and interest fees, and pay auction agency fees and legal expenses, etc. The amount of litigation was CNY507,089,700.

On September 25, 2020, the Provincial High People's Court made a judgment of first instance, rejecting the claim of the other party, and the Company won the lawsuit. On January 21, 2021, the Company received the appeal letter of the other party from the Provincial High People's Court, and the other party filed an appeal. At present, the Company has submitted the initial defense of the second instance and related matters for the second instance, which are awaiting the opening of the second instance.

(2) The Company, in dispute with Nolin (Xiamen) Real Estate Development Co., Ltd., was found not guilty of the first instance judgment of the Siming District People's Court of Xiamen City on January 30, 2019 (2018) On May 12, 2019, the second trial was held in xiamen Intermediate People's Court, and on October 17, the Xiamen Intermediate People's Court issued a final judgment, holding that Norling had not proved that it had actually performed the The obligation of the Equity Transfer Agreement and the actual acquisition of the equity in dispute in accordance with the provisions of the Company Law shall bear the legal consequences that the evidence cannot be given, and its claim shall be not supported by the court due to the lack of facts and legal basis. The judgment is as follows:

Firtly,cancelling the civil judgment of Siming Court (2018) No. 9842 in the early Republic of China; Secondly,refusing Norin's claim. This judgment is the final judgment, November 5, Xiamen City Intermediate People's Court has issued the verdict effective proof. In July 2020, the Company received the notice of "Application for Retrial of Norin Company" from the Provincial High People's Court. The Company has submitted written opinions on retrial according to the requirements of the Provincial High People's Court, and now the Company is in the filing and examination stage of retrial.

(3) Xiamen Xinjingxiang Network Technology Co., Ltd. (hereinafter referred to as "Xinjingxiang Company") signed a "lease contract" with the Company on December 8, 2017, by which it leases our office buildings and parking spaces located in Xiamen Yingling Center, the lease period from March 1, 2018 to February 28, 2023.

Due to the long-term failure of Xinjingxiang Company to pay rent, property management fees, utilities and other breach of contract, the Division I in accordance with the relevant laws and regulations and contractual agreement, in June 2020 to Xiamen Huli District People's Court filed a lawsuit, requesting the termination of the lease contract, and require it to bear the relevant liability for breach of contract. At present, the case is still in the Huli District People's Court trial.

B. Main contingent liabilities arising from debt guarantees provided to other companies and their financial impact

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	16,755,520.99	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Shengfa Import and Export Co., Ltd	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	50,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Shengfa Import and Export Co., Ltd	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	80,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	10,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	927,007.70	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	50,000,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Fujian Danong Landscape Construction Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	10,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Supply Chain Co., Ltd.	Subsidiary of Fujian Zhanglong Trade Group Co., Ltd.	50,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Guanye Technology Co., Ltd.	Subsidiary of Zhanglong Construction Investment Group Co., Ltd.	10,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	300,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	300,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	150,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	258,920,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	393,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	110,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhanglong Construction Investment Group Co., Ltd.	Subsidiary of the Company	160,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	79,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	76,500,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	71,365,522.16	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	30,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	31,110,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	78,521,333.95	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Sanbao import and Export Co., Ltd.	ubsidiary of Fujian Zhanglong Trade Group Co., Ltd.	18,000,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	180,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	180,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	40,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	58,905,860.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	78,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	80,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	161,891,832.77	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	56,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	63,046,039.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	40,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	153,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	142,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	67,885,984.60	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhanglong Trade Group Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	400,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	20,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	Subsidiary of the Company	150,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	206,000,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Fujian Zhangzhou Development Co., Ltd.	Subsidiary of the Company	150,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Haixia Biological Technology Co., Ltd.	Subsidiary of the Company	59,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Haixia Biological Technology Co., Ltd.	Subsidiary of the Company	200,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Xiamen Zhangshang Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Trade Group Co., Ltd.	30,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Xiamen Zhanglong Jinyuan Financial Leasing Co., Ltd	Subsidiary of the Company	65,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	250,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	60,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	240,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Shengfa Trading Co., Ltd.	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	100,000,000.00	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Longhua Investment Co., Ltd.	Subsidiary of Zhanglong Construction Investment Group Co., Ltd.	180,000,000.00	Unexpired

Guarantor	Secured party	Relationship	Guarantee amount	Notes
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Longjiang Import and Export Co., Ltd	Subsidiary of Fujian Zhanglong Foreign Trade Group Co., Ltd.	2,256,400.08	Unexpired
Fujian Zhanglong Group Co., Ltd.	Zhangzhou Xinzhenyu Biotechnology Co., Ltd.	Subsidiary of Haixia Biological Technology Co., Ltd.	5,000,000.00	Unexpired
Zhangzhou Development Co., Ltd.	Fujian Zhaofa Real Estate Co., Ltd	Participation in the company	125,460,000.00	Unexpired
Zhangzhou Development Co., Ltd.	Fujian Province, Zhangzhou Fuhua Water Development Co., Ltd	Participation in the company	9,282,000.00	Unexpired

IX Commitments

As of 31 December 2020, there are no major commitments to disclose.

X Events after the balance sheet date

As of 31 December 2020, there are no subsequent events that need to be disclosed after the balance sheet date.

XI Other matters

1、 **Fujian Zhanglong Sanbao import and Export Co., Ltd.**

(1) On October 17, 2012, the Company and Juxiang (Xiamen) Starch Co., Ltd. (hereinafter referred to as: Juxiang Starch Co., Ltd.) signed the "Domestic Procurement Cooperation Agreement" (no. ZZSM20131018B-1) and "Commissioned Import Cooperation Agreement" (number ZZSM201101018B-2), the contract stipulated that Juxiang Starch Company shall entrust the Company to purchase relevant starches in batches from domestic and foreign countries.

On October 18, 2013, the Company signed a Guarantee Contract (NO. ZZSM20131018A) with Juxiang Starch Company, Juxiang (Xiamen) Food Co., Ltd., Juxiang (Daejeate) Biotech Co., Ltd. and related individuals, and the above-mentioned legal representatives and individuals jointly act as guarantors to undertake joint and several liability guarantees for all obligations such as the principal of the payment incurred in the "Entrusted Import Contract" and "Supplementary Agreement".

Since July 23, 2013, Juxiang Starch Company failed to make purchase payment on time, and on June 13, 2014, the company filed a lawsuit in Zhangzhou Intermediate People's Court. On December 18, 2014, the court mediation was conducted (conciliation letter no. 221); according to the mediation letter, Juxiang starch company has been paying the money involved in the lawsuit. Xiamen Intermediate Court ruled that Juxiang Starch Company entered into bankruptcy liquidation (judgement no. (2018) No. 7), the Company has declared its claims to the administrator. As of December 31, 2020, the Company's accounts receivable from Juxiang Starch Company was CNY 30,447,803.72, and the bad debt provision amount was CNY 18,500,000.00.

(2) On November 221, 2014, the Company and Fujian Reliance Energy Saving Lighting Co., Ltd. (hereinafter referred to as: Reliance Company) signed a "cooperation agreement", stipulating that Reliance Company should purchase relevant raw materials from the Company, and the company would supply according to the agreement. Reliance company should unconditionally transfer the full payment to the Company. If it is not paid on time, Reliance company shall bear the corresponding liability for breach of contract. On the same day, the Company and Reliance Company, Fujian Meibao Optoelectronics Co., Ltd., Jiangxi Xiangda Optoelectronics Group Co., Ltd. and related individuals signed a "guarantee contract", the above-mentioned legal representatives and individuals as guarantors for Reliance Company in the "Cooperation Agreement" and other contracts, such as the purchase capital, breach of contract and other obligations to assume joint and several liability guarantee, the guarantee period is two years from the end of the period of performance of the debt. At the same time, Reliance provides its state-owned land use rights (Cloud State Use (2010) No. 6026273) as collateral. Reliance company and the Company signed the "maximum mortgage contract", agreed that Reliance company should provide its own production equipment for its above-mentioned "cooperation agreement" and other contract obligations to set up a mortgage to the Company, and the relevant industrial and commercial departments for the registration of movable property mortgage.

Since January 10, 2015, Reliance Company failed to pay the full amount to the Company as stipulated in the contract, and on February 5, 2015, the Company filed a lawsuit with the Zhangzhou Intermediate People's Court, and the Company took litigation preservation of its related assets. On October 26, 2015, the Zhangzhou Intermediate People's Court ruled in favor of the Company (2015 Civil Judgment No. 119) that Reliance Company should return the amount owed in connection within

the prescribed time. As of December 31, 2020, the Company's accounts receivable from Reliance Company was CNY 14,884,215.08, and the amount of bad debts provision was CNY 8,600,000.00.

XII Notes to the financial statements of the parent company

1. Accounts receivable

Category	Closing balance	Opening balance
Accounts receivable	384,173,975.64	374,672,511.40
Less: Provision for bad debts	63,009,375.00	50,407,500.00
Total	321,164,600.64	324,265,011.40

1) Accounts receivable categorized by risk

Category	Closing balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Receivables that are individually significant in amount and provided for bad debt separately	63,009,375.00	16.40	63,009,375.00	100.00
Receivables provided for bad debt on the portfolio basis	321,164,600.64	83.60		
Including: Portfolio by ageing				
Commodity trade (less than 1 year)	321,164,600.59	83.60		
Specific portfolio	0.05			
Receivables that are individually insignificant in amount but provided for bad debt separately				
Total	384,173,975.64	100.00	63,009,375.00	16.40

(Continued)

Category	Opening balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Receivables that are individually significant in amount and provided for bad debt separately	63,009,375.00	16.82	50,407,500.00	80.00
Receivables provided for bad debt on the portfolio basis	311,663,136.40	83.18		
Including: Portfolio by ageing				
Commodity trade (less than 1 year)	311,663,136.35	83.18		
Specific portfolio	0.05			
Receivables that are individually insignificant in amount but provided for bad debt separately				
Total	374,672,511.40	100.00	50,407,500.00	13.45

(2) Bad debt provisions provided, collected or reversed in the reporting period

In the current period, the provision for bad debts was CNY 12,601,875.00.

(3) Top 5 of accounts receivable based on closing balances

Name	Business nature	Amount	Ageing	Proportion (%)
Heilongjiang Jingu Grain Group Co., Ltd	Goods Purchase	230,716,272.59	Within 1 year	60.06
Shandong Hongwang Industrial Co., Ltd	Goods Purchase	90,448,328.00	Within 1 year	23.54
Fujian Tianyida Import and Export Trading Co., Ltd	Goods Purchase	34,434,937.50	Over 3 years	8.96
Fujian Baohengtong Trading Co., Ltd	Goods Purchase	28,574,437.50	Over 3 years	7.44
China Railway 14th Bureau No. 3	Goods Purchase	0.04	Over 3 years	
Total		63,009,375.05		100.00

2. Prepayment

(1) Prepayment classified by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	1,854,582,870.71	99.49	446,928.60	4.53
1-2 years	59,427.33	0.01	2,668,880.74	27.05
2-3 years	2,666,181.12	0.14	6,748,556.06	68.41
Over 3 years	6,749,356.06	0.36	800.00	0.01
Total	1,864,057,835.22	100.00	9,865,165.40	100.00

(2) Top 5 of prepayments based on closing balances

Name	Business nature	Ageing	Amount	Proportion (%)
Xiamen Xiangyu Logistics Group Co., Ltd	Goods Purchase	Within 1 year	600,174,000.00	32.20
Xiangshui Juhe metal products Co., Ltd	Goods Purchase	Within 1 year	299,000,000.00	16.04
Xiamen Xiangyu Express Supply Chain Development Co., Ltd	Goods Purchase	Within 1 year	200,070,000.00	10.73
Tianshan Aluminum Co., Ltd., 8th Division of Xinjiang Production and Construction Corps	Goods Purchase	Within 1 year	160,850,000.00	8.63
Shandong Xinfa Huayuan Trading Co., Ltd	Goods Purchase	Within 1 year	152,906,949.60	8.20
Total			1,413,000,949.60	75.80

3. Other receivables

Category	Closing balance	Opening balance
Interests receivable	1,583,432,328.27	1,304,445,880.39
Dividends receivable		
Other receivables	20,257,707,730.16	18,476,453,598.52

Category	Closing balance	Opening balance
Less: Provision for bad debts	18,339,641.80	12,979,641.80
Total	21,822,800,416.63	19,767,919,837.11

(1) Interests receivable

Item	Closing balance	Opening balance
Interests receivable	1,583,432,328.27	1,304,445,880.39
Total	1,583,432,328.27	1,304,445,880.39

Details of interests receivable are as follows.

Name	Closing balance
Zhanglong Construction Investment Group Co., Ltd.	681,023,760.89
Zhangzhou Dongnan Huadu Travel Co., Ltd.	596,787,271.10
Zhangzhou Road Transportation Industry Co., Ltd	122,378,153.55
Zhangzhou Yuanshan Development Co., Ltd	107,159,324.44
Zhangzhou Zhanglong Logistics Park Development Co., Ltd	20,496,142.48
Dongshan Haite Land Development Co., Ltd	12,915,708.57
Fujian Zhanglong Investment Co., Ltd	11,437,500.00
Zhangzhou Zhaosheng Development Co., Ltd.	9,768,439.79
Longhai State-owned Assets Investment and Management Co., Ltd.	7,561,643.84
Fujian Zhanglong Wood Industry Technology Co., Ltd.	6,050,103.13
Zhangzhou Taida Development Co., Ltd.	3,394,978.17
Fujian Shengcheng New Building Materials Co., Ltd.	1,322,482.78
Haixia Biological Technology Co., Ltd.	1,251,666.67
Zhangzhou Shengcheng Development Co., Ltd.	724,007.03
Zhangzhou Shengfa Trading Co., Ltd.	716,666.66
Zhangzhou City Zhanglong Forestry Center Nursery Co., Ltd.	444,479.17
Total	1,583,432,328.27

(2) Other receivables

1) Other receivables categorized by risk

Category	Closing balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Other receivables that are individually significant in amount and provided for bad debt separately	26,800,000.00	0.13	13,400,000.00	50.00
Other receivables provided for bad debt on the portfolio basis	20,230,147,730.16	99.86	4,179,641.80	0.02
Including: Portfolio by ageing	5,224,552.25	0.03	4,179,641.80	80.00
Specific portfolio	20,224,923,177.91	99.84		
Other receivables that are individually insignificant in amount but provided for bad debt separately	760,000.00		760,000.00	100.00

Category	Closing balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Total	20,257,707,730.16	100.00	18,339,641.80	0.09

(Continued)

Category	Opening balance			
	Balance		Provision for bad debts	
	Amount	%	Amount	%
Other receivables that are individually significant in amount and provided for bad debt separately	26,800,000.00	0.15	8,040,000.00	30.00
Other receivables provided for bad debt on the portfolio basis	18,448,893,598.52	99.85	4,179,641.80	0.02
Including: Portfolio by ageing	5,224,552.25	0.03	4,179,641.80	80.00
Specific portfolio	18,443,669,046.27	99.82		
Other receivables that are individually insignificant in amount but provided for bad debt separately	760,000.00		760,000.00	100.00
Total	18,476,453,598.52	100.00	12,979,641.80	0.07

2) Portfolio by ageing

Ageing	Closing balance		
	Balance	%	Provision for bad debts
Within 1 year			
1-2 years			
2-3 years			
Over 3 years	5,224,552.25	100.00	4,179,641.80
Total	5,224,552.25	100.00	4,179,641.80

(Continued)

Ageing	Opening balance		
	Balance	%	Provision for bad debts
Within 1 year			
1-2 years			
2-3 years			
Over 3 years	5,224,552.25	100.00	4,179,641.80
Total	5,224,552.25	100.00	4,179,641.80

Note: The Company has made an entrusted loan of CNY30,000,000.00 to China Unicom (Xiamen) Technology Co., Ltd. through the Xiamen Branch of Shanghai Pudong Development Bank Co., Ltd., and it has not been repaid after the due date. It has been transferred to credit management through management resolution and adjusted to other receivables according to the nature of the business. The corresponding bad debt provision is made based on the ageing portfolio. As of 31 December

2020, the repayment amount was CNY3,200,000.00.

(1) Specific portfolio classified by ageing

Ageing	Closing balance		
	Balance	%	Provision for bad debts
Within 1 year	11,163,512,478.27	55.20	
1-2 years	3,063,376,054.11	15.15	
2-3 years	1,295,573,885.10	6.41	
Over 3 years	4,702,460,760.43	23.25	
Total	20,224,923,177.91	100.00	

(Continued)

Ageing	Opening balance		
	Balance	%	Provision for bad debts
Within 1 year	11,886,024,022.31	64.45	
1-2 years	1,573,556,152.69	8.53	
2-3 years	1,500,086,550.46	8.13	
Over 3 years	3,484,002,320.81	18.89	
Total	18,443,669,046.27	100.00	

4) Bad debt provisions provided, collected or reversed in the reporting period

In the current period, the provision for bad debts was CNY 5,360,000.00.

5) Top 5 of other receivables based on the closing balance

Name	Ageing	Amount	Proportion (%)
Fujian Zhanglong Construction Investment Group Co., Ltd.	Within 1 year	9,442,439,250.83	46.61
Zhangzhou Traffic Development Co., Ltd.	Within 1 year	234,000,000.00	11.48
	1-2 years	887,388,200.00	
	2-3years	410,300,000.00	
	Over 3 years	794,786,234.46	
Zhangzhou Yuanshan Development Co., Ltd.	Within 1 year	354,979,004.02	10.23
	1-2 years	528,435,767.38	
	2-3years	250,849,927.96	
	Over 3 years	937,551,708.63	
Zhangzhou Gonglu Traffic Industry Corporation	Within 1 year	446,600,032.20	8.57
	1-2 years	932,071,137.27	
	2-3years	356,640,547.32	
Zhangzhou Dongnan Huadu Co., Ltd.	1-2 years	80,000,000.00	5.58
	Over 3 years	1,049,947,438.85	

Name	Ageing	Amount	Proportion (%)
Total		16,705,989,248.92	82.47

4. Long-term equity investment

Item	Closing balance		Opening balance	
	Balance	Impairment provision	Balance	Impairment provision
Investment in subsidiaries	10,037,190,963.33		8,024,087,735.41	
Investments in associates	4,263,745,352.72		4,190,513,840.04	
Total	14,300,936,316.05		12,214,601,575.45	

(1) Investment in subsidiaries

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Fujian Zhanglong Trade Group Co., Ltd.	100	853,574,449.80		9,372,700.00	844,201,749.80	Cost method
Mintai Business Co., Ltd.	100		3,003,454.89		3,003,454.89	Cost method
Zhangzhou Xiangtai Food Co., Ltd	100	12,262,400.00			12,262,400.00	
Haixia Biological Technology Co., Ltd.	77.14	181,700,000.00			181,700,000.00	Cost method
Fujian Zhangzhou Development Co., Ltd.	36.4967	792,006,585.73			792,006,585.73	Cost method
Zhangzhou Gulei Fishing Habour Construction Co., Ltd.	50	500,000.00		500,000.00		Cost method
Zhangzhou Zhanglong Logistics Park Development Co., Ltd.	55.42	79,800,000.00			79,800,000.00	Cost method
Zhangzhou Yuanshan Development Co., Ltd.	85	255,000,000.00			255,000,000.00	Cost method
Zhangzhou Shenglong Development Co., Ltd.	85	8,500,000.00		8,500,000.00		Cost method
Zhangzhou Commercial Enterprise Assets Management and Operation Co., Ltd.	100	746,556,808.95	154,917,125.11	2,249,687.10	899,224,246.96	Cost method
Zhangzhou Haimen Island Management Co., Ltd.	100	9,000,000.00			9,000,000.00	Cost

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
						method
Zhangzhou Building Porcelain Factory	100	2,000,000.00			2,000,000.00	Cost method
Zhangzhou Haiwei Construction Development Co., Ltd.	40	136,000,000.00			136,000,000.00	Cost method
Fujian Zhangzhou Dafang Farm	100	642,512,549.87			642,512,549.87	Cost method
FULL DRAGON INTERNATIONAL DEVELOPMENT LIMITED	50	1,982,662.50			1,982,662.50	Cost method
Fujian Zhanglong Wood Industry Technology Co., Ltd.	100	104,917,386.73			104,917,386.73	Cost method
Fujian Wufeng Investment Development Co., Ltd.	70	1,400,000.00		1,400,000.00		Cost method
Fujian Zhanglong Investment Co., Ltd.	100	360,000,000.00			360,000,000.00	Cost method
Fujian Zhanglong Construction Drawing Review Co., Ltd.	100	5,100,000.00			5,100,000.00	Cost method
Fujian Zhanglong Construction Investment Group Co., Ltd.	100	3,145,895,990.51		759,529,373.88	2,386,366,616.63	Cost method
Zhanglong Industrial Co., Ltd.	100	158,089,816.00			158,089,816.00	Cost method
Xiamen Zhanglong Jinyuan Finance Leasing Co., Ltd.	65	132,736,500.00			132,736,500.00	Cost method
Fujian Zhangzhou Architectural Design Co., Ltd.	100	76,410,976.38			76,410,976.38	Cost method
Fujian Zhanglong Foreign Trade Group Co., Ltd.	100	318,141,608.94	250,000,000.00		568,141,608.94	Cost method
Zhangzhou Agricultural Development Group Co., Ltd	100		2,364,564,408.90		2,364,564,408.90	Cost method

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Fujian Zhanglong Dongshan Development Group Co. Ltd	70		22,170,000.00		22,170,000.00	Cost method
Total		8,024,087,735.41	2,794,654,988.90	781,551,760.98	10,037,190,963.33	

(2) Investments in associates

Investee	%	Opening balance	Increase	Decrease	Closing balance	Notes
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	22.03	4,441,779.64	-88,133.05		4,353,646.59	Equity method
Fujian Minnan Flower Co., Ltd.	21.24	3,952,297.96	-27,243.31		3,925,054.65	Equity method
Zhangzhou Economic Development Co., Ltd.	40.00	2,745,526,373.71	34,700,229.99		2,780,226,603.70	Equity method
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	380,289,338.92	34,287,943.25	15,523,920.02	399,053,362.15	Equity method
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	20.00	275,011,817.41	-33,090,312.04		241,921,505.37	Equity method
Zhangzhou Tourism Investment Group Co., Ltd.	25.50	680,811,893.21	-61,101,796.80		619,710,096.41	Equity method
Fujian Southwest City Collaborative Development Group Co., Ltd.	20.00	100,480,339.19	104,072,670.02		204,553,009.21	Equity method
Zhangzhou Urban Development Fund of Funds Partnership (Limited Partnership)	99.97		10,002,074.64		10,002,074.64	Equity method
Total		4,190,513,840.04	88,755,432.70	15,523,920.02	4,263,745,352.72	

5. Other payables

Category	Closing balance	Opening balance
Interests payable	404,280,200.72	401,873,773.00
Dividends payable		
Other payables	4,492,950,442.61	3,912,227,662.79
Total	4,897,230,643.33	4,314,101,435.79

(1) Interests payable

Item	Closing balance	Opening balance
Interests on long-term borrowings by installments at maturity		
Interests payable on short-term borrowings		
Interests on bonds payable	328,016,494.40	330,617,927.76
Other interests	76,263,706.32	71,255,845.24
Total	404,280,200.72	401,873,773.00

(2) Other payables

1) Other payables classified by ageing

Ageing	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	1,272,428,880.40	28.32	687,577,319.99	17.58
1-2 years	254,112,835.46	5.66	2,704,243,221.17	69.12
2-3 years	2,480,792,754.48	55.21	103,349,410.15	2.64
Over 3 years	485,615,972.27	10.81	417,057,711.48	10.66
Total	4,492,950,442.61	100.00	3,912,227,662.79	100.00

2) Details of companies with large closing balances of other payables

Name	Business nature	Amount	Proportion (%)
Baolong (Hong Kong) International Development Co., Ltd.	Incomings and outgoings	2,534,166,154.78	56.40
Fujian Zhanglong Foreign Trade Group Co., Ltd.	Incomings and outgoings	409,353,910.04	9.11
Fujian Zhanglong Trade Group Co., Ltd.	Incomings and outgoings	394,902,605.92	8.79
Zhangzhou Puda Urban Construction Investment Development Co., Ltd.	Incomings and outgoings	245,503,500.00	5.46
Fujian Zhanglong Sanbao import and Export Co., Ltd.	Incomings and outgoings	157,005,876.57	3.49
Total		3,740,932,047.31	83.25

6. Operating revenue and operating costs

Item	January to December 2020		January to December 2019	
	Revenue	Costs	Revenue	Costs
Main business	2,120,502,826.11	2,118,085,319.99	924,222,996.23	912,811,993.24
Including: Goods sales revenue	2,120,502,826.11	2,118,085,319.99	924,222,996.23	912,811,993.24
Other business		39,292.44		39,292.44
Total	2,120,502,826.11	2,118,124,612.43	924,222,996.23	912,851,285.68

7. Investment income

Item	January to December 2020	January to December 2019

Item	January to December 2020	January to December 2019
Long-term equity investment income accounted for under cost method	5,446,269.15	14,659,031.84
Long-term equity investment income accounted for under equity method	-21,244,567.30	-44,269,908.67
Investment income from disposal of Long-term equity investment	3,878,588.51	164,032,709.51
Held-to-maturity investment income	33,835,749.14	35,478,968.58
Income from reverse repurchase of treasury bonds	543,076.45	820,532.67
Investment income from disposal of financial assets measured at fair value and changes are recorded into the current profits and losses	358,238.81	163,715.65
Investment income from financial assets measured at fair value and changes are recorded into the current profits and losses during the holding period	92,834.94	383,772.74
Investment income from available-for-sale financial assets during the holding period	1,110,000.00	1,200,000.00
Investment income from disposal of available-for-sale financial assets during the holding period	3,081,100.97	26,117,300.00
Total	27,101,290.67	198,586,122.32

(1) Details of Long-term equity investment income accounted for under equity method

Investee	Shareholding proportion (%)	Investment income recognized for the current period
Zhangzhou Economic Development Co., Ltd.	40.00	34,700,229.99
Fujian Zhangzhou Rural Commercial Bank Co., Ltd.	9.26	34,287,943.25
Fujian Xiamen-Zhangzhou Bridge Co., Ltd	20.00	-33,090,312.04
Zhangzhou Tourism Investment Group Co., Ltd.	25.50	-61,101,796.80
Fujian Minnan Flower Co., Ltd.	21.24	-27,243.31
Zhangpu Xinyuan Modern Agriculture Development Co., Ltd.	22.03	-88,133.05
Fujian Southwest City Collaborative Development Group Co., Ltd	20.00	4,072,670.02
Zhangzhou Urban Development Fund of Funds Partnership (Limited Partnership)	99.97	2,074.64
Total		-21,244,567.30

XIII Non-recurring gains and losses

In accordance with the provisions of the China Securities Regulatory Commission's Announcement No. 43 of the "Explanation Notice of Corporate Information Disclosure of Publicly Issued Securities No. 1 - Non-Recurring Profit and Loss of 2008". the non-recurring profit and loss of the Company in the present reporting period occurred as follows:

(Gains are shown in positive numbers and losses are shown in negative numbers)

Item	Closing balance
Gains/losses from the disposal of non-current assets (including the offset part of asset impairment provisions)	28,004,376.86
Tax return or reduction with approval by overstepping authority, or without formal approval document or with occurrence	

Item	Closing balance
Government subsidy recognized in current gain and loss (excluding those closely related to the Company's business and granted under the state's policies according to certain quota of amount or volume)	133,793,880.98
Fund occupancy fee received from non-financial institutions recognized in current profit and loss	59,680,003.61
Income from costs of investments in subsidiaries, associates and joint ventures less than the fair value of the entitled recognizable net assets of the investees at the time of the acquisitions	
Exchange gains/losses from non-monetary assets	
Gains/losses from entrusted investment or asset management	
Provisions for impairment of various assets arising from force majeure, such as natural disasters	
Gains/losses from debt restructuring	
Enterprise reorganization fee, such as expenses for arrangement for employees, integration fee, etc.	
Gains/losses exceeding the fair value arising from transactions with obviously unfair prices	
Net gain and loss of the subsidiary under the common control and emerged from enterprise consolidation from the beginning of the period to the consolidation date	
Gains/losses arising from contingent matters irrelevant with the Company's normal business	
Gain and loss from change of the fair value arising from transactional financial assets, transactional financial liabilities and the investment income arising from disposal of the transactional financial assets, transactional financial liabilities, available-for-sale financial assets excluding the effective hedging transaction in connection with the Company's normal business	474,573.55
Reversal of the provision for impairment of accounts receivable tested for impairment individually	
Gains/losses from external entrusted loans	
Gains/losses arising from change of the fair value of investment properties measured afterwards at fair value model	
Influence upon current gain and loss from the one-off adjustments over the current gain and loss according to the taxation and accounting laws and regulations	
Income from trustee fee obtained from entrusted operations	
Non-operating income and expenses excluding the aforesaid itemsa	63,337,010.23
Other gains/losses in compliance with the definition of extraordinary gain/loss	1,775.96
Sub-total	285,291,621.19
Less: Amount affected by the income tax of extraordinary gain/loss	56,275,753.99
Amount affected by minority interests	
Total	229,015,867.20

XIV Approval of the financial statements

The financial statements have been approved by the Board of Directors of Fujian Zhanglong Group Co., Ltd.

Fujian Zhanglong Group Co., Ltd.

29 April 2021

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