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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 and the offering circular referred to herein are not, and are not intended to be, an offer of securities for sale, or the solicitation of an offer to buy securities, in the United States or elsewhere. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States or other jurisdiction, and the securities may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption under, or in a transaction not subject to, the Securities Act and applicable state or local securities laws. This announcement and the offering circular referred to 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. None of the Bonds (as defined below) will be offered to the public in Hong Kong.*

This announcement is not for distribution, directly or indirectly, in or into the United States.

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

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

PUBLICATION OF OFFERING CIRCULAR



MIANYANG INVESTMENT HOLDING (GROUP) CO., LTD.

(綿陽市投資控股（集團）有限公司)

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

(the “Issuer”)

U.S.\$300,000,000 6.70 per cent. bonds due 2025 (the “Bonds”)

(Stock Code: 5408)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

China CITIC Bank International

Joint Lead Managers and Joint Bookrunners

BOSC International

**China Zheshang Bank Co., Ltd.
(Hong Kong Branch)**

CMBC Capital

CNCB Capital

Haitong Bank

**Industrial Bank Co., Ltd.
Hong Kong Branch**

TF International

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

Please refer to the offering circular dated 1 August 2022 (the “**Offering Circular**”) appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Stock Exchange on that basis.

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

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

Hong Kong, 9 August 2022

As at the date of this announcement, the directors of the Issuer are Mr. Xiao Lin, Mr. Cheng Yi, Mr. Zhang Yan, Mr. Jing Maobin and Mr. Wang Yuliang.

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Joint Lead Managers (as defined herein) that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer (as defined herein), the Joint Lead Managers or any of their respective affiliates, directors, officers, employees, representatives, agents or any person who controls any of them or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”) solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer and the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers, or any affiliate is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager, or such affiliate on behalf of the Issuer in such jurisdiction. You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

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.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON AND IN PARTICULAR, TO ANY U.S. ADDRESS, OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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MIANYANG INVESTMENT HOLDING (GROUP) CO., LTD. (綿陽市投資控股(集團)有限公司)

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

U.S.\$300,000,000 6.70 per cent. Bonds due 2025

Issue Price: 100.0 per cent.

The 6.70 per cent. bonds due 2025 in the aggregate principal amount of U.S.\$300,000,000 (the “**Bonds**”) will be issued by Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司) (the “**Issuer**”), a company incorporated in the People's Republic of China (the “**PRC**”) with limited liability.

The Bonds will bear interest on their outstanding principal amount from and including 8 August 2022 (the “**Issue Date**”) at the rate of 6.70 per cent. per annum, payable semi-annually in arrear in equal instalments on 8 February and 8 August in each year commencing on 8 February 2023.

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

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

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》) (the “**NDRC Circular**”) issued by the National Development and Reform Commission or its local counterparts (the “**NDRC**”) and effective as of 14 September 2015 and any implementation rules as issued by NDRC from time to time, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 8 March 2022 evidencing such registration. Pursuant to the NDRC Circular, the Issuer will file or cause to be filed with the NDRC the requisite information and documents relating to the issue of the Bonds within 10 Registration Business Days (as defined in the Conditions) after the Issue Date (the “**NDRC Post-issue Filing**”).

The Issuer will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered the Bonds with the State Administrative of Foreign Exchange or its local branch (the “**SAFE**”) pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》(匯發[2013]19號)) and its operating guidelines, effective as of 13 May 2013 (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (as defined in the Conditions), (iii) if applicable, as soon as practicable, and in any case as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (《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》(銀發[2017]9號))(the “**Cross Border Financing Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, if applicable, the Foreign Debt Registration, the Cross Border Financing Circular and any implementing measures promulgated thereunder from time to time.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 8 August 2025 (the “**Maturity Date**”). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a “**Tax Redemption Notice**”), to the Bondholders (as defined in the Conditions) in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued up to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as provided or referred to in Condition 8 (*Taxation*) of the Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 1 August 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Conditions. At any time following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date (as defined in the Conditions) at 101 per cent. (in the case of redemption for a Change of Control Event (as defined in the Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. See “*Terms and Conditions of the Bonds – Redemption and Purchase*”.

The PRC Government (as defined below) shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer.

The Bonds are expected to be assigned a rating of “BB” by Fitch Ratings Inc. (“**Fitch**”). The Issuer has been assigned a corporate credit rating of “BB” with a stable outlook by Fitch. The ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Fitch. A suspension, reduction or withdrawal of the ratings assigned to the Bonds may adversely affect the market price of the Bonds.

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

For a more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” beginning on page 49.

Application has been made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the permission to deal in, and for the listing of, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This document is for distribution to Professional Investors only.

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

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Group or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and 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.

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

Investing in the Bonds involves certain risks. See “*Risk Factors*” beginning on page 13 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds have not been and will not be registered under the U.S. 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. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

The Bonds will initially be evidenced by a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about 8 August 2022 with a common depositary on behalf of, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See “*Summary of Provisions relating to the Bonds in Global Form*”.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

China CITIC Bank International

Joint Lead Managers and Joint Bookrunners

BOSC International

China Zheshang Bank Co., Ltd. (Hong Kong Branch)

CMBC Capital

CNCB Capital

Haitong Bank

Industrial Bank Co., Ltd.
Hong Kong Branch

TF International

IMPORTANT NOTICE

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

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

The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds. If investors are in any doubt about any of the contents of this Offering Circular, they should obtain independent professional advice.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Guotai Junan Securities (Hong Kong) Limited, China CITIC Bank International Limited, BOSCO International Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Haitong Bank, Macau Branch, Industrial Bank Co., Ltd. Hong Kong Branch and TFI Securities and Futures Limited (together, the “**Joint Lead Managers**”) to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, the PRC, Hong Kong, Singapore, Japan and Macau and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, please see “*Subscription and Sale*”. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Bonds.

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

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

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

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents, representatives, officers and advisers and any person who

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

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

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

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

IN CONNECTION WITH THIS OFFERING, ANY OF THE JOINT LEAD MANAGERS (OTHER THAN CHINA CITIC BANK INTERNATIONAL LIMITED AND HAITONG BANK, MACAU BRANCH) APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF

THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

The Bonds are expected to be assigned a rating of “BB” 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 Bonds may adversely affect the market price of the Bonds.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes the information to be reliable, it has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Group and the terms of the offering and the Bonds, including the merits and risks involved.

Presentation of Financial Information

This Offering Circular contains the summary consolidated financial information of the Group as of and for the years ended 31 December 2019, 2020 and 2021, which has been extracted from the audited consolidated financial statements of the Group as of and for the years ended 31 December 2020 and 2021 (the “**Audited Financial Statements**”). The Audited Financial Statements were prepared in accordance with the Accounting Standards for Business Enterprises (the “**China Accounting Standards**” or “**PRC GAAP**”). The China Accounting Standards or PRC GAAP differs in certain material respects from the International Financial Reporting Standards (the “**IFRS**”). For a discussion of certain differences between PRC GAAP and IFRS, please see “*Description of Certain Differences between PRC GAAP and IFRS*”. The Audited Financial Statements for the years ended 31 December 2020 and 2021 have been audited by ShineWing Certified Public Accountants (“**ShineWing**”), independent auditor of the Issuer.

The Audited Financial Statements have been prepared in Chinese and the Issuer has prepared English translations of the Audited Financial Statements as set out elsewhere in this Offering Circular (the “**Financial Statements Translation**”). None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisors or any person who controls any of them has independently verified or checked the accuracy of the Financial Statements Translation and gives no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. Potential investors must exercise caution when they use such financial information to evaluate the Group’s financial condition, results of operations and cash flows.

The Issuer's consolidated financial statements as of and for the years ended 31 December 2019 and 2020, respectively included in its audited consolidated financial statements as of and for the years ended 31 December 2020 and 2021, have been restated and adjusted to reflect the changes in accounting policies and accounting estimates and the correction of errors in the financial figures relating to the previous accounting period. See "*Notes to Financial Statements – V. Changes in accounting policies and accounting estimates and correction of errors*" in the notes accompanying the Audited Financial Statements on pages F-49 to F-54 and F-206 to F-208.

This Offering Circular also contains certain information regarding the Group's EBITDA. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The Group has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

CERTAIN DEFINITIONS AND CONVENTIONS

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 (which for the purpose of this Offering Circular, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), all references to the “**United States**” and “**U.S.**” are to the United States of America, all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China and all references to “**EU**” are to the European Union; all references to “**Hong Kong dollar(s)**” and “**HK\$**” are to the lawful currency of Hong Kong, all references to “**CNY**”, “**Renminbi**” and “**RMB**” are to the lawful currency of the PRC, and all references to “**USD**”, “**U.S. dollar(s)**” and “**U.S.\$**” are to the lawful currency of the United States of America.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.3726 to U.S.\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2021. Further information regarding exchange rates is set forth in “*Exchange Rate Information*” in this Offering Circular. These translations should not be construed as representations that the Renminbi amounts could have been or could actually be converted into U.S. dollar amounts at the rates indicated or at all.

Unless the context otherwise requires, references to “**2019**”, “**2020**” and “**2021**” in this Offering Circular are to the years ended 31 December 2019, 2020 and 2021 respectively.

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

- “**CBRC**” are to China Banking Regulatory Commission;
- “**CBIRC**” are to China Banking and Insurance Regulatory Commission;
- “**CSRC**” are to China Securities Regulatory Commission
- “**CPC**” are to the Central Committee of the Communist Party of China;
- “**EIT Law**” are to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which came into effect on 1 January 2008;
- “**Foreign Debt Registration Measures**” are to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013;
- “**GDP**” are to gross domestic product;
- “**Mianyang Government**” are to the People’s Government of Mianyang City;
- “**Mianyang SASAC**” are to the State-owned Assets Supervision and Administration Commission of the People’s Government of Mianyang City (綿陽市國有資產監督管理委員會) or its successor.
- “**MOF**” are to the Ministry of Finance of the PRC;

- **“MOFCOM”** are to the Ministry of Commerce of the PRC;
- **“Mu”** are to a unit of measurement of land size, equal to 666.7 square metres;
- **“PBOC”** are to People’s Bank of China;
- **“PRC Government”** are to the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities); and
- **“Sichuan Finance Department”** are to Sichuan Provincial Department of Finance (四川省財政廳)

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

FORWARD-LOOKING STATEMENTS

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

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

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

- the ability of the Group to successfully implement its business plans and strategies;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group’s business prospects and capital expenditure plans;
- the actions and developments of the Group’s competitors;
- the continued availability of capital and financing;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operations;
- 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; and
- other factors, including those discussed in the “*Risk Factors*” section of this Offering Circular.

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SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all 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 the entire Offering Circular, including the section entitled “Risk Factors” and the consolidated financial statements of the Group and related notes thereto, before making an investment decision.

OVERVIEW

The Group is a state-owned enterprise located in Mianyang City, Sichuan Province in China and is the largest urban infrastructure construction and state asset operation platform in terms of total assets in Mianyang City. The Group mainly operates in five industries, namely, (1) urban construction, (2) urban operations, (3) culture and tourism, (4) education and (5) modern services. The Group’s business comprises nine principal segments including (i) infrastructure construction, (ii) primary land development, (iii) procurement and supply of goods, (iv) education, (v) public transportation, (vi) water supply (including replacement of water meters and redevelopment of water pipelines), (vii) procurement and supply of food and edible oil, (viii) real estate sales and (ix) hotel management.

As at the date of this Offering Circular, the registered capital of the Issuer is RMB850.0 million. The Issuer is 90 per cent. owned by Mianyang SASAC and 10 per cent. owned by the Sichuan Finance Department.

HISTORY AND DEVELOPMENT

The Issuer was initially established as Sichuan Mianyang Xindali Assets Operation Co., Ltd. (四川省綿陽市新大力資產經營有限公司) on 17 May 1999 pursuant to the Approval of the Mianyang State-Assets Management Commission in relation to the State Assets Operation Plan for Sichuan Mianyang Xindali Assets Operation Co., Ltd. (Mian Guo Zi Wei [1999] No.11) (綿陽市國有資產管理委員會《關於對四川綿陽新大力資產經營有限公司國有資產授權經營方案的批復》(綿國資委[1999]11號) and the Notice by the Mianyang Government in relation to the Establishment of Sichuan Mianyang Xindali Assets Operation Co., Ltd. (Mian Fu Han [1999] No.35 (綿陽市人民政府《關於組建綿陽資產經營有限公司的通知》)(綿府函[1999]35號)). At the time of establishment, the total registered capital of the Issuer was RMB200 million, which was contributed by Mianyang Nanjiao Airport Management Bureau (綿陽南郊機場管理局), Mianyang Water Company No.3 Branch (綿陽市自來水總公司第三水廠), Mianyang Fule Mountain Hotel (綿陽富樂山國際酒店) and Mianyang Mianzhou Hotel Co., Ltd. (綿陽綿州酒店有限公司). At the early stage of its establishment, the Group, with the Issuer and its three subsidiaries, focused on the preservation and enhancement of value of state-owned assets.

RECENT DEVELOPMENT

Acquisition of China National Heavy Duty Truck Group Jinan Power Co., Ltd.

In March 2022, the Group acquired through bidding 66 per cent. of the equity interest in China National Heavy Duty Truck Group Jinan Power Co., Ltd. (中國重汽集團濟南動力有限公司) from China National Heavy Duty Truck Group Jinan Power Co., Ltd. (中國重汽集團濟南動力有限公司) (“CNHTC”) for a consideration of RMB124.6 million. As at the date of this Offering Circular, the relevant industrial and business registrations have been completed. This merger is part of the restructuring of the CNHTC group and will facilitate the expansion of its production capacity in Mianyang City. The Group, as a municipal-level state-owned enterprise with commercial functions, expects to be able to assist with the optimisation of the

overall layout of the automobile industry in Mianyang City and the development of Mianyang City into an important automobile manufacturing base in Southwest China. Following this merger, the Group plans to expand its business in a sustainable manner in three directions:

- Making use of the Group's idle land and existing regional advantages, developing new businesses related to commercial vehicle modification and supporting industries;
- Investing in automated welding robot equipment and developing a closed coating production line to upgrade its production equipment; and
- Undertaking new energy vehicle and automobile part projects to expand its business into the new energy industry.

RELATIONSHIP WITH THE MIANYANG GOVERNMENT

As of the date of this Offering Circular, the Issuer is one of the only two enterprises acting as the investment and financing platforms under Mianyang SASAC. The Issuer is 90 per cent. owned by Mianyang SASAC and 10 per cent. owned by the Sichuan Finance Department.

The Mianyang Government has authorised Mianyang SASAC as the capital contributor (出資人) of the establishment of the Issuer. Mianyang SASAC enjoys the right of an authorised capital contributor over the Issuer and exercises powers such as supervisory right over the Issuer's board of directors, right of returns on capital, approval right of significant matters, as well as right of appointment, management and evaluation of leadership personnel of the Issuer.

Notwithstanding the extensive relationship between the Issuer and Mianyang SASAC and any financial support from the latter, the Issuer is independent of Mianyang SASAC in terms of assets, personnel, organisation, financials and business operation. The Issuer's functions and departments are separate from those of the Mianyang Government and does not share any premises with the Mianyang Government. Although the board of directors and other members of the management team of the Issuer are appointed by Mianyang SASAC, they are not government officers and do not have any employment outside of the Group. The Issuer has a budget and financial reporting system and assets and liabilities separate from those of the Mianyang Government. The Mianyang Government as the ultimate equity holder of the Issuer only has limited liability to the Issuer in the form of its capital contribution in the Issuer.

The PRC Government (including the Mianyang Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Trust Deed relating to the Bonds in lieu of the Issuer. This position has been reinforced by Circular 23, Circular 706 and Circular 666 (each as defined below). The Mianyang Government as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the Mianyang Government (and the PRC Government) does not have any payment or other obligations under the Bonds or the Trust Deed relating to the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor and the obligations of the Issuer under the Bonds and the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. Circulars 23 and 706 do not, however, prohibit the PRC Government (including the Mianyang Government) from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Issuer and the Mianyang Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Mianyang Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer.

COMPETITIVE STRENGTH

The Group believes that its success and prospects are primarily attributable to the following competitive strengths:

- Leveraging the geostrategic advantages and economic growth potential of Mianyang City
- Strategic importance as an investment, financing, infrastructure construction and state asset operation platform of the Mianyang Government
- Strong historical support from the PRC Government on policies, resources and finances
- Diversified businesses and revenue channels
- Diversified funding channels with good banking relationships
- Sound corporate governance system
- Experienced management team and operation staff

STRATEGIES

The Group aims to strengthen its position by focusing on the following strategies:

- Further diversify its business operations
- Align its development goals with Mianyang City's strategic plan

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

The following tables set forth the summary consolidated financial information of the Issuer as of and for the periods indicated. The summary audited consolidated financial information as of and for the years ended 31 December 2019, 2020 and 2021 set forth below is derived from the Audited Financial Statements, which have been audited by ShineWing and included elsewhere in this Offering Circular.

The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from the IFRS. For a discussion of certain differences between PRC GAAP and IFRS, please see “Description of Certain Differences between PRC GAAP and IFRS”. Potential investors should read the following data together with the more detailed information contained in the Audited Financial Statements, including the notes thereto. The following data is qualified in its entirety by reference to all of that information. The Issuer has prepared the Financial Statements Translation as set out elsewhere in this Offering Circular. The Financial Statements Translation does not itself constitute audited financial statements. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has independently verified or checked the accuracy of the Financial Statements Translation and gives no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete. Potential investors must exercise caution when they use such financial information to evaluate the Group’s financial condition, results of operations and cash flows.

The Issuer’s consolidated financial statements as of and for the years ended 31 December 2019 and 2020, respectively included in its audited consolidated financial statements as of and for the years ended 31 December 2020 and 2021, have been restated and adjusted to reflect the changes in accounting policies and accounting estimates and the correction of errors in the financial figures relating to the previous accounting period. See “Notes to Financial Statements – V. Changes in accounting policies and accounting estimates and correction of errors” in the notes accompanying the Audited Financial Statements on pages F-49 to F-54 and F-206 to F-208.

Summary Consolidated Balance Sheet

	As at 31 December		
	2019	2020	2021
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
Current assets:			
Cash at bank and on hand	12,069,704,544.98	11,529,759,501.21	9,278,870,275.69
Financial assets held for trading	10,455,536.88	–	–
Derivative financial assets	–	–	–
Bills receivable	–	1,901,500.83	5,115,884.75
Accounts receivable	2,294,298,700.69	4,666,049,473.84	4,787,192,106.47
Prepayments	6,379,621,376.13	6,555,295,448.22	6,754,237,974.93
Other receivables	9,700,413,343.13	9,719,022,718.64	13,261,411,423.16
Inventories	5,826,334,534.47	4,363,733,777.33	6,663,510,755.07
Contract assets	–	–	81,847,384.43
Assets held for sale	–	–	–
Non-current assets due within one year	274,249,062.76	104,555,716.77	2,147,676,103.69
Other current assets	267,508,169.62	557,165,918.60	686,548,879.95
Total current assets	36,822,585,268.66	37,497,484,055.44	43,666,410,788.14

	As at 31 December		
	2019	2020	2021
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
Non-current assets:			
Available-for-sale financial assets	8,648,986,169.39	9,442,210,348.62	–
Debt investments	–	–	5,545,839,436.21
Held to maturity investments	–	–	–
Long-term receivables	978,654,597.07	1,435,356,497.81	1,486,853,274.84
Long-term equity investments	117,406,847.22	6,086,902,435.88	12,969,729,264.32
Investment in other equity instruments	–	–	6,914,953,027.25
Investment properties	2,607,044,028.76	5,416,156,139.52	5,710,698,149.61
Fixed assets	8,903,191,160.33	9,427,646,450.55	9,674,511,296.87
Construction in progress	15,523,246,210.14	13,876,046,768.08	8,415,926,595.18
Right-of-use assets	–	–	55,439,464.80
Productive biological assets	–	–	–
Oil and gas assets	–	–	–
Intangible assets	2,300,687,220.97	2,063,384,004.20	1,948,701,856.92
Development costs	–	–	–
Goodwill	1,952,648.50	1,952,648.50	1,952,648.50
Long-term deferred expenses	86,099,990.23	124,961,782.19	164,096,938.76
Deferred tax assets	30,787,748.45	63,073,004.90	66,537,875.17
Other non-current assets	14,829,740,135.48	15,098,386,994.42	18,516,529,543.07
Total non-current assets	54,027,796,756.54	63,036,077,074.67	71,471,769,371.50
Total assets	90,850,382,025.20	100,533,561,130.11	115,138,180,159.64
Current liabilities:			
Short-term loans	2,435,795,408.01	3,892,670,984.32	6,304,268,560.00
Financial liabilities held for trading	–	–	–
Derivative financial liabilities	–	–	–
Bills payable	128,232,279.60	130,265,698.02	236,600,000.00
Accounts payable	1,632,197,648.18	1,914,818,864.37	2,133,033,820.73
Advance payments received	1,112,179,043.44	1,078,895,990.87	66,913,087.38
Contract liabilities	–	–	1,700,874,004.54
Employee benefits payable	271,968,580.71	196,501,928.73	170,313,319.83
Taxes payable	460,573,001.32	449,840,314.09	583,205,906.86
Other payables	1,699,804,928.85	1,136,317,468.29	4,221,536,776.35
Of which: Dividend payable	65,025,445.61	59,209,207.28	58,287,943.70
Liabilities held for sale	–	–	–
Non-current liabilities due within one year	4,235,610,481.80	9,023,025,407.94	15,815,861,348.91
Other current liabilities	987,313,033.24	3,630,248,610.63	186,746,599.41
Total current liabilities	12,963,674,405.15	21,452,585,267.26	31,419,353,424.01
Non-current liabilities:			
Long-term loans	13,380,812,065.43	16,087,330,496.68	15,751,212,850.27
Debentures payable	29,664,874,476.03	27,693,360,664.80	23,748,582,834.17
Of which: Preference shares	–	–	–
Perpetual bonds	–	–	–
Lease liabilities	–	–	34,666,710.06

	As at 31 December		
	2019	2020	2021
	RMB	RMB	RMB
	(audited and restated)	(audited and restated)	(audited)
Long-term payables	8,666,362,201.24	10,291,300,215.57	10,062,887,661.68
Provisions	81,989,300.03	88,733,275.87	198,331,341.14
Deferred income	112,071,967.47	212,659,027.23	187,732,919.37
Deferred tax liabilities	122,187,099.96	208,045,194.88	246,891,912.34
Other non-current liabilities	–	–	–
Total non-current liabilities	52,028,297,110.16	54,581,428,875.03	50,230,306,229.03
Total liabilities	64,991,971,515.31	76,034,014,142.29	81,649,659,653.04
Shareholders' equity:			
Share capital	850,000,000.00	850,000,000.00	850,000,000.00
Other equity instruments	993,891,509.43	993,891,509.43	993,891,509.43
Of which: Preference shares	–	–	–
Perpetual bonds	993,891,509.43	993,891,509.43	–
Capital reserves	20,122,172,384.96	18,422,133,834.51	18,389,831,432.60
Less: Treasury shares	–	–	–
Other comprehensive income	190,399,446.30	199,040,477.71	342,576,072.85
Special reserves	6,673,090.44	7,941,653.07	11,637,619.35
Surplus reserves	234,697,554.63	256,050,980.85	280,645,102.92
Of which: Statutory surplus reserves	234,697,554.63	256,050,980.85	–
General risk provisions	2,464,123.20	2,612,935.61	2,612,935.61
Retained earnings	1,805,871,831.80	2,003,887,197.46	1,987,446,202.44
Total equity attributable to shareholders of the Company	24,206,169,940.76	22,735,558,588.64	22,858,640,875.20
Non-controlling interests	1,652,240,569.13	1,763,988,399.18	10,629,879,631.40
Total shareholders' equity	25,858,410,509.89	24,499,546,987.82	33,488,520,506.60
Total liabilities and shareholders' equity	90,850,382,025.20	100,533,561,130.11	115,138,180,159.64

Summary Consolidated Income Statement

	Year ended 31 December		
	2019	2020	2021
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
Total operating income	7,278,475,905.32	8,662,555,135.93	9,773,365,062.52
Operation income	7,250,813,553.58	8,647,883,334.52	9,768,379,548.99
Interest income	27,662,351.74	14,671,801.41	4,985,513.53
Total operating costs	7,846,290,765.73	9,174,724,524.54	11,096,698,612.37
Operating costs	5,991,802,161.56	6,980,067,492.94	8,571,922,965.34
Taxes and surcharges	59,846,817.53	59,178,650.67	62,153,855.22
Selling expenses	217,018,544.26	222,986,275.94	217,060,685.52
Administration expenses	604,064,550.09	625,701,670.03	712,963,632.89
Research and development expenses	239,160.74	2,046,460.17	3,623,030.11
Financial expenses	973,319,531.55	1,284,743,974.79	1,528,974,443.29
Of which: Interest expenses	—	—	—
Interest income	—	—	—
Add: Other income	380,446,357.17	473,685,878.29	359,790,171.87
Investment income (Loss is marked with brackets)	19,615,782.51	58,134,858.80	935,987,169.04
Of which: Investment income from joint ventures and joint ventures	—	—	—
Gains from changes in fair value (Loss is marked with brackets)	64,405,871.19	23,049,253.09	(92,221,477.12)
Credit losses (Loss is marked with brackets)	—	—	(346,625.60)
Impairment losses (Loss is marked with brackets)	(25,245,571.32)	(12,627,043.15)	(651,181.19)
Gains from asset disposals (Loss is marked with brackets)	1,423,677.75	400,433.41	907,674.95
Operating profit (Loss is marked with brackets)	(127,168,743.11)	30,473,991.83	(119,867,817.90)
Add: Non-operating income	552,490,223.02	739,614,232.55	506,345,186.81
Less: Non-operating expenses	12,288,884.98	13,108,684.53	29,051,851.21
Profit before income tax (Loss is marked with brackets)	413,032,594.93	756,979,539.85	357,425,517.70
Deduct: Income tax expenses	80,947,024.31	114,308,646.82	67,368,503.41
Net profit for the year (Loss is marked with brackets)	332,085,570.62	642,670,893.03	290,057,014.29
Classification by the attribution of ownership			
1. Net profits attributable to the owner of the parent company	276,599,131.69	592,287,960.27	264,388,445.70
2. Non-controlling interests income	55,486,438.93	50,382,932.77	25,668,568.59
Classification by continuity of operations			
1. Net profits from continuing operations	332,085,570.62	642,670,893.03	290,057,014.29
2. Net profits from discontinued operations	—	—	—
Other comprehensive income, net of tax	21,025,098.40	8,641,031.41	143,535,595.14
The net after-tax value of other comprehensive income attributable to the owner of parent company	21,025,098.40	8,641,031.41	143,535,595.14
1. Items that will not be reclassified to profit or loss	—	—	—
2. Items that may be reclassified to profit or loss	21,025,098.40	8,641,031.41	143,535,595.14
Total comprehensive income	353,110,669.02	651,311,924.44	433,592,609.43
Total comprehensive income attributable to shareholders of the Company	297,624,230.09	600,928,991.67	407,924,040.84
Total comprehensive income attributable to non-controlling interests	55,486,438.93	50,382,932.77	25,668,568.59

Summary Consolidated Cash Flow Statement

	Year ended 31 December		
	2019	2020	2021
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
Cash flow from operating activities:			
Proceeds from sale of goods and rendering of services	4,616,916,409.59	5,601,945,705.75	8,650,680,844.27
Cash received from interest, fees and commissions	32,686,011.27	15,489,366.70	6,742,740.88
Refund of taxes	19,239,506.46	—	69,431,559.92
Proceeds from other operating activities	3,282,716,256.50	4,169,315,136.16	3,734,801,506.81
Subtotal of cash inflow from operating activities	7,951,558,183.82	9,786,750,208.61	12,461,656,651.88
Payment for goods and services	4,178,049,406.52	4,793,817,246.83	7,417,602,079.70
Net increase in loans and advances to customer	(25,894,062.74)	(77,646,804.84)	(48,280,511.94)
Payment to and for employees	1,363,966,076.87	1,334,209,451.74	1,614,998,176.88
Payment of various taxes	282,533,654.43	250,673,653.26	553,517,245.72
Payment for other operating activities	2,001,024,094.09	2,179,333,168.34	2,564,233,889.39
Subtotal of cash outflow from operating activities	7,799,679,169.17	8,480,386,715.33	12,102,070,879.75
Net cash flow from operating activities	151,879,014.65	1,306,363,493.28	359,585,772.13
Cash flow from investment activities:			
Proceeds from disposal of investments	164,708,888.90	485,395,536.88	2,742,946,198.10
Investment returns received	14,407,382.40	19,827,915.46	6,359,076.99
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	24,273,872.80	384,798.13	2,955,534.38
Net proceeds from disposal of subsidiaries and other business units	—	—	—
Proceeds from other investing activities	280,155,154.09	250,922,282.88	3,159,885,327.77
Subtotal of cash inflows from investing activities	483,545,298.19	756,530,533.35	5,912,146,137.24
Payment for acquisition of fixed assets, intangible assets and other long-term assets	2,670,266,567.57	2,475,093,191.78	942,190,681.58
Payment for acquisition of investments	6,108,010,138.08	5,985,266,617.89	4,372,819,433.00
Net payment for acquisition of subsidiaries and other business units	—	—	—
Payment for other investing activities	2,387,209,031.09	3,063,049,731.26	3,861,599,750.49
Subtotal of cash outflow from investment activities	11,165,485,736.74	11,523,409,540.93	9,176,609,865.07
Net cash flow from investment activities	(10,681,940,438.55)	(10,766,879,007.58)	(3,264,463,727.83)
Cash flow from financing activities:			
Proceeds from investors	133,714,200.00	63,572,098.26	602,164,324.40
Including: Proceeds from non-controlling shareholders of subsidiaries	16,044,200.00	63,572,098.26	602,164,324.40
Proceeds from borrowings	24,851,967,000.00	24,375,726,081.56	22,751,056,285.19
Cash received from the issuance of bonds	—	—	—
Proceeds from other financing activities	5,615,194,770.44	1,384,091,412.72	2,904,105,626.39
Subtotal of cash inflows from financing activities	30,600,875,970.44	25,823,389,592.54	26,257,326,235.98
Repayments of borrowings	11,708,125,300.96	13,979,009,449.64	21,154,051,034.74
Payment for dividends, profit distributions or interest	2,517,864,868.58	2,901,772,747.94	3,704,814,537.63
Including: dividends and profits paid to non-controlling shareholders of subsidiaries	3,931,638.21	3,439,276.85	449,400.00
Payment for other financing activities	4,764,744,113.90	—	1,019,435,053.80
Subtotal of cash outflows from financing activities	18,990,734,283.44	16,880,782,197.58	25,878,300,626.17
Net cash flow from financing activities	11,610,141,687.00	8,942,607,394.96	379,025,609.81

	Year ended 31 December		
	2019	2020	2021
	RMB	RMB	RMB
	(audited and restated)	(audited and restated)	(audited)
Effect of foreign exchange rate changes on cash and cash equivalents	(18,534,671.90)	103,368,981.44	(204,185.28)
Net increase in cash and cash equivalents	1,061,545,591.20	(414,539,137.90)	(2,526,056,531.17)
Add: balance of cash and cash equivalents at the beginning of the period	9,203,622,570.38	10,265,168,161.58	9,850,629,023.68
Cash and cash equivalents at the end of the year	10,265,168,161.58	9,850,629,023.68	7,324,572,492.51

Other Financial Data

	Year ended 31 December		
	2019	2020	2021
EBITDA ⁽¹⁾ (RMB million)	1,887.9	3,436.8	3,447.3

Note:

- (1) EBITDA for any period is calculated as total profit adjusted for depreciation, amortisation and interest expenses. EBITDA is a widely used financial indicator of a company's ability to service and incur debt, EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses under the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

THE OFFERING

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

Issuer	Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司).
Issue	U.S.\$300,000,000 in aggregate principal amount of 6.70 per cent. Bonds due 2025.
Issue Price	100.0 per cent.
Form and Denomination	The Bonds are issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Interest	The Bonds will bear interest from and including the Issue Date at the rate of 6.70 per cent. per annum, payable semi-annually in arrear in equal instalments on 8 February and 8 August in each year commencing on 8 February 2023.
Issue Date	8 August 2022.
Maturity Date	8 August 2025.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge as further described in Condition 4(a) (<i>Negative Pledge</i>) of the Conditions.
Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 (<i>Events of Default</i>) of the Conditions.
Cross-Acceleration	The Bonds are subject to a cross-acceleration provision in respect of any present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised, in respect of which one or more of the events mentioned in Condition 9(c) (<i>Cross-Acceleration</i>) of the Conditions have occurred equals or exceeds U.S.\$20,000,000 or its equivalent in any other currency.

Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay (except in certain circumstances set out in Condition 8 (*Taxation*) of the Conditions) such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required. See “*Terms and Conditions of the Bonds – Taxation*”.

Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 1 August 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Conditions.

Redemption for Relevant Event

At any time following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Settlement Date at 101 per cent. (in the case of redemption for a Change of Control Event) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest up to but excluding such Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Conditions.

Clearing Systems

The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, individual certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

The Common Code and ISIN for the Bonds are 247825720 and XS2478257202, respectively.

Governing Law

English law.

Trustee and Registrar

Citicorp International Limited.

Principal Paying Agent

Citibank, N.A., London Branch.

Transfer Agent

Citibank, N.A., London Branch.

Listing

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 9 August 2022.

Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions (as defined in the Conditions) and making of the Foreign Debt Registration, the NDRC Post-issue Filing and, if applicable, the filing of the Bonds under the Cross Border Financing Circular) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further securities shall be constituted by a deed supplemental to the Trust Deed.

Rating

The Bonds are expected to be assigned a rating of “BB” by Fitch. The Issuer has been assigned a corporate credit rating of “BB” with a stable outlook by Fitch. The ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Fitch.

Use of Proceeds

See “*Use of Proceeds*”.

Selling Restrictions

There are restrictions on the offer, sale and delivery of the Bonds in the United States, the United Kingdom, the European Economic Area, the PRC, Hong Kong, Singapore, Japan and Macau. See “*Subscription and Sale*”.

RISK FACTORS

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

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

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business, financial condition, results of operations and prospects are subject to the level of economic development in Mianyang City and the PRC.

The Group mainly operates in Mianyang City, Sichuan Province and its assets and operations are highly concentrated in Mianyang City. The Group's major business segments include infrastructure construction and primary land development, which are closely related to the regional and national development. The stability of the Group's operation results and control of its capital expenditure are largely dependent on the level of economic activity in Mianyang City. Any fluctuations in the regional or national economic environment would directly and materially affect the Group's operations and subject the Group to various risks periodically.

In recent years, there has been a slowdown in the growth of China's economic development as evidenced by the decrease in China's gross domestic product annual growth rate. It is unclear how the economic development in Mianyang City will be affected by a slowdown in the growth of the PRC economy, and there is no assurance that the policies and measures issued by the PRC Government will be effective in stimulating the recovery of the economy. There can be no assurance that the level of economic development in Mianyang City will continue to be maintained at the past rate of growth, if at all. Any slowdown in the economic development in Mianyang City may decrease the demand for the Group businesses and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Issuer is a state-owned company and the Mianyang Government is in a position to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions, and the appointment of its directors and certain senior management positions and dividend policy. The Mianyang Government may use its ability to influence the Group's business in a manner that may not be in the Group's best interest (as the case may be). The Mianyang Government and/or the central government of

the PRC may also change their policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment, its projections of population and employment growth. Any amendment, modification or repeal could modify the existing regulatory regime and materially and adversely affect the Group's financial condition and results of operations. Examples of how the Group's results of operations may be affected by national and local government policies include:

- tightening of any monetary policy which makes it more difficult for the Group to obtain financing;
- adopting more stringent fiscal policies which may lead to a decline in the government's investment in local infrastructure;
- any failure of the government to match the prices for the public goods and services offered by the Group with any increase in its production costs;
- any adjustment in national or local industrial policies relating to people's livelihood, especially in the fields of infrastructure and public utilities where the Group operates, in accordance with different phases of economic development; and
- impact on the Group's operation of state-owned capital brought about by policy or systematic changes such as any reform in the state-owned asset management system, the government investment and financing system and state-owned asset disposal policies.

The Group faces risks associated with contracting with public bodies.

As the Group focuses on, among other things, the construction of infrastructure projects and primary land development within Mianyang City, the Group collaborates with various governmental authorities and their controlled entities in Mianyang City. Although the Group believes that it currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there can be no assurance that these relationships will continue to be maintained on good terms in the future. If there are any material disagreements between the Group, and any local government or any of the government controlled entities, there can be no assurance that the Group is able to successfully resolve them in a timely manner.

Local governments and the government-controlled entities with which the Group collaborates may (i) have economic or business interests or consideration that are inconsistent with the Group's; (ii) take actions contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. As the largest urban infrastructure and state-owned asset management entity in Mianyang City, the Group undertakes most of the infrastructure construction operation in Mianyang City, and the Mianyang Government is responsible for repurchasing the developed projects. Therefore, the Group's income derived from this business segment is closely related to the Mianyang Government's repurchase ability. The Mianyang Government currently has a relatively high debt ratio. If the local debt level subsists or deteriorates, it may result in a decline in the Mianyang Government's repurchase capacity in the future, which may in turn adversely impact the Group's business, financial condition, results of operations and prospects.

In addition, disputes with public bodies may last for considerably longer periods of time than for those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of these may materially and adversely affect the business relationships between the Group, and the local governments and the governmental entities, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The PRC regulatory framework governing the incurrence of financial obligations and indebtedness by local governments and local government financing vehicles is undergoing significant change, and may have a material impact on the Group's business model and sources of financing, and significantly increase operating or compliance costs of the Group.

To strengthen the management of financing vehicles of China's local governments and to manage the risks relating to China's local government debt, the State Council of the PRC issued the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知)(**"Circular 19"**) in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Platform Companies Established by Local Governments (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知)(**"Circular 2881"**) in November 2010. According to Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds. In addition, Circular 2881 specifies additional requirements applicable to the provisions of Circular 19 restricting the granting of security interests over state-owned assets by local governments to secure indebtedness incurred by its local government financing vehicles (**"LGFVs"**). Such requirements may have a significant impact on the Group's access to financing and operations.

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"**), which provides that LGFVs are no longer permitted to function as the financing arm of the relevant local government, to incur indebtedness that would be characterised as local government debt (being debt that is subject to any payment undertakings or is otherwise guaranteed by the local government), and should operate and obtain financing on commercial terms as corporate borrowers. According to Circular 43, local governments should 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. For the avoidance of doubt, according to Circular 43, the Mianyang Government has no obligation to repay any amount under the Bonds. An investment in the Bonds is relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer, and not any other person including the Mianyang Government.

In April 2017, the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC and the CBRC jointly promulgated Notice on Further Regulating Local Governments' Loaning and Financing Activities (關於進一步規範地方政府舉債融資行為的通知)(**"Circular 50"**), which preserves the principal of Circular 43, and further makes clear the legality of governments' financing activities. To further optimise the information disclosure mechanism, when carrying out debt financing at home and abroad, the LGFVs shall voluntarily make a written declaration to the creditor on their non-performing governmental financing function and clarify that their new debts occurred since 1 January 2015 shall not belong to local governmental debts.

On 28 March 2018, the MOF issued 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)) (**"Circular 23"**) which took effect on the same day. According to Circular 23, (i) state owned financial enterprises are prohibited from increasing loans provided to LGFVs in violation of regulations that include the new Budget Law of the PRC effective on 1 January 2015, Circular 43 and others, except in the

case of purchasing local government debt; (ii) state owned financial enterprises shall ensure that the capital raised for financing state owned financial enterprises, LGFV or public private partnership construction projects is lawfully sourced and that the financing satisfies all required capital ratios; (iii) state owned financial enterprises when providing agency services to local state owned financial enterprises are obliged to evaluate the financial capabilities of the entity seeking to raise capital and the source of the funds such as when a LGFV issues domestic or overseas bonds. With respect to the sources of income from debt issuing enterprises involved in the arrangement of financial funds, state owned financial enterprises shall carry out due diligence investigations and carefully verify that the arrangement complies with all applicable laws and regulations; and (iv) documents including offering circulars shall not disclose information that can implicitly or explicitly indicate the government's endorsement of the LGFV's capital raising, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit.

On 11 May 2018, the NDRC and the MOF jointly issued 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(發改外資[2018]706號)) (“**Circular 706**”) which took effect on the same day. Circular 706 imposes higher standards on enterprises engaging in foreign debt financings generally to ensure such enterprises and their financing plans are sufficiently robust and viable. According to Circular 706, enterprises incurring medium to long term foreign debts may not count public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government offices and public institutions, municipal roads, non toll bridges, non managed water conservancy facilities, non chargeable network facilities or any other public assets or the rights to use land reserves, as assets owned by the enterprises for reporting purposes. In addition, such enterprises may not implicitly or explicitly publicise any misleading link to government credit in offering documentation or otherwise; where an enterprise is owned by a local government entity, the documentation must make clear that the liability of the local government is limited to the amount of its capital contribution and the debts of the enterprise are to be solely repaid by the enterprise itself as an independent legal person.

On 6 June 2019, the NDRC issued the Notice on the Requirements relating to the Foreign Debt Issuance Filings and Registrations Application of local State- Owned Enterprises (關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (“**Circular 666**”), which restated Circular 706's supervision requirement. According to Circular 666, local state-owned enterprises shall assume the responsibility of repaying foreign debts as independent legal persons, while local governments and departments thereof shall not directly repay or undertake to repay the foreign debts of local state-owned enterprises with fiscal funds, nor shall they provide guarantee for the issuance of foreign debts by local state-owned enterprises. Local state-owned enterprises that issue foreign debts shall strengthen information disclosure. In documents such as a bond prospectus, it is strictly prohibited to contain misleading promotional information that may be linked to government credit. Foreign debts issued by a local state-owned enterprise undertaking local government financing function can be only used for repaying medium- and long-term foreign debts due within the future one year.

The ongoing nature of developments in this area has also resulted in there being little precedent on the interpretation of such laws and regulations by the relevant authorities. Any new laws and regulations, or changes in the interpretation of existing laws and regulations, may materially and adversely affect the Group's business, prospects, profitability, financial condition and results of operations or may result in the Group incurring significant compliance costs.

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

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

To the extent that any of the Group's assets are deemed to be Public Assets under Circular 706, prospective investors should not take into account such assets when assessing the Group's business, financial condition, results of operations and prospects, and such assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds.

In addition, there can be no assurance that the PRC Government will not impose additional or stricter laws and regulations relating to foreign debt financing, which may increase the Group's financing costs and in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases, including the recent COVID-19 pandemic.

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

Since late 2019, COVID-19 has continued to spread within the PRC and globally. Several new strains of COVID-19 are considered highly contagious and may pose a serious public health threat. On 30 January 2020, the World Health Organisation (the “**WHO**”) declared the outbreak of COVID-19 a Public Health Emergency of International Concern. The epidemic has escalated into a major public health crisis on a global scale and was declared a pandemic by the WHO. In July 2021, multiple cities in China reported new locally transmitted cases of the Delta strain of COVID-19, which created new uncertainties. The virus is constantly mutating and such mutation may result in new variants of the virus that are more infectious or harmful. In November 2021, the WHO announced the discovery of a new COVID-19 variant, Omicron, which is more infectious than the Delta variant and may lead to more severe symptoms or become more resistant to immunisation (including existing vaccines). Public-health authorities around the world are intensifying containment efforts, leading to a severe drop in business activity and curtailing global trade. It also remains uncertain as to when the outbreak of COVID-19 will be contained.

In order to control the COVID-19 pandemic, many provinces and municipalities in China have successively launched their first-level response to major public health emergencies and strictly controlled the inflow and outflow personnel to prevent any large-scale gathering and movement of population. Resumption of work and production in certain regions have been further delayed. Therefore, the COVID-19 pandemic has temporarily brought about adverse impact on some of the Group's businesses during 2020 and 2021, such as its hotel business and public transportation business.

As at the date of this Offering Circular, the Group has resumed normal operation in all of its business segments. However, given the high uncertainties associated with the COVID-19 pandemic at the moment, including the emergence of new variants such as the Delta and Omicron variants, regional outbreak of COVID-19 in a number of provinces in China and the impact of renewed lockdowns and other restrictive

measures imposed by the PRC Government in light of further waves of infections, it is difficult to predict how long these adverse conditions will exist and the extent to which the Group may be affected in the future. Should the Group's operations be disrupted again by any resurgence of COVID-19 and the disruption to the Group's operations extend beyond a specified period, the Group may experience delays in completion and delivery of the projects, which may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage. In the event that the outbreak of COVID-19 is not effectively controlled, the Group's business operations and financial condition may also be materially and adversely affected as a result of the changes in the outlook of the property market, any slowdown in economic growth, negative business sentiment or other factors that the Group cannot foresee.

The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses effectively, thereby reducing its revenues. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. Such events could also lead to the shutdown of the Group's affected operating facilities such as highways and railways and, potentially, similar facilities that may be considered to present the same or similar risks.

The Group's business operations and investments require substantial capital expenditure and failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect its business and growth prospects.

The Group's business activities and investments require substantial capital expenditure, especially its infrastructure construction business. For the years ended 31 December 2019, 2020 and 2021, the Group's net cash flow generated from investment activities were approximately -RMB10.7 billion, -RMB10.8 billion and -RMB3.3 billion, respectively. The Group has historically satisfied its capital expenditure need with the cash flow generated from its operating activities, bank and other borrowings, government subsidies and funds raised in the PRC domestic and offshore capital markets. There is no assurance that the Group's operations will be able to generate sufficient cash flow at all times, if at all. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements, the Group's financial condition, and costs of financing. Some of these factors are beyond the Group's control.

The Group's capital expenditure and investment plans are affected by a number of factors, such as changes in project requirements, the Group's ability to generate sufficient cash flows from its operations, the availability and costs of external financing and the local government's plan in project buybacks and granting government funds. Any material changes in these factors, which may be out of the Group's control, may create capital shortfall. In particular, any delays in government funding and cost overruns may also cause such shortfall. In these cases, the Group's reliance on external financings and its internal capital resources may increase. As at 31 December 2021, the Group had obtained credit facilities of approximately RMB70.0 billion in aggregate, out of which approximately RMB55.4 billion had been utilised, representing 79.2 per cent. of the aggregate credit facilities obtained. As its usable credit facilities decrease, the Group also faces a certain degree of financing risks.

If the Group fails to raise sufficient funds in a timely manner or fails to obtain external financing on commercially acceptable terms, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects.

The net cash flow from operating activities of the Group is subject to fluctuations and may adversely affect the Group's financial condition.

For the years ended 31 December 2019, 2020 and 2021, the Group's net cash flow generated from operating activities was approximately RMB0.2 billion, RMB1.3 billion and RMB0.4 billion, respectively. This is due to the fact that the Group undertakes a large amount of infrastructure construction projects and primary land development projects and there are uncertainties around when the Group is able to recover its costs from the relevant government departments. If the Group's net cash flow from operating activities continue to fluctuate, the Group's financial stability may be undermined, which may adversely affect the Group's financial position and results of operations.

The Group may be exposed to credit risks relating to its guarantee liabilities.

The Group had outstanding external guarantees of approximately RMB4.3 billion in total as at 31 December 2021, mainly relating to borrowings by Mianyang Fucheng Investment Group Co., Ltd. (綿陽富誠投資集團有限公司), Sichuan Changhong Electronics Holding Group Co., Ltd. (四川長虹電子控股集團有限公司), Mianyang Huike Photoelectric Technology Co., Ltd. (綿陽惠科光電科技有限公司) and Sichuan Xingshu Railway Investment Co., Ltd. (四川興蜀鐵路投資有限責任公司). The Group has entered into such guarantees for various reasons, including the satisfaction of the Group's business needs. Prior to entering into any guarantee transaction, the Group carefully considers the commercial merits of such transaction and obtains approval from the relevant municipal government departments. Although the Group has specific internal policies in relation to its guarantee liabilities, in the event that the guaranteed entities are unable to fulfil their obligations under the respective loan agreements, the Group will be required to repay the outstanding debts on behalf of the guaranteed entities and its financial conditions and businesses could be materially and adversely affected.

The Group incurs substantial period costs and a failure to manage its period costs could materially and adversely affect its financial condition and results of operations

For the years ended 31 December 2019, 2020 and 2021, the Group's period costs (comprising sales expenses, management expenses and financial expenses) were approximately RMB1.8 billion, RMB2.1 billion and RMB2.5 billion, respectively, accounting for 24.8 per cent., 24.6 per cent. and 25.2 per cent., respectively, of the Group's total operating income over the same periods. The rise in period costs is mainly attributable to the increase in employees' remuneration following the merger of Mianyang Transportation Development Group Co., Ltd. (綿陽交通發展集團有限責任公司) and the expansion of the Group's financing scale, which has led to a gradual increase in its financial expenses. Although the Group has endeavoured to monitor and control its period costs, the Group may not be able to successfully manage its period costs in the future. Any failure in the Group's ability to control its period expenses could materially and adversely affect its financial condition and results of operations.

Significant amount of other receivables may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2019, 2020 and 2021, the Group's other receivables amounted to RMB9.7 billion, RMB9.7 billion and RMB13.2 billion, respectively, representing 10.7 per cent., 9.7 per cent. and 11.5 per cent., respectively, of the total assets of the Group as at the same dates. A considerable proportion of other receivables of the Group is attributable to the Mianyang Government, mainly comprising the repurchase amounts payable for the Group's infrastructure construction projects and the land transfer fees payable for the Group's primary land development projects. As at 31 December 2019, 2020 and 2021, the Group's other receivables owed by the government accounted for 77.2 per cent., 65.2 per cent. and 68.1 per cent., respectively, of the total amount of the Group's other receivables as at the same dates. Although the Mianyang Government has a detailed repayment plan according to the Explanation in relation to Other Receivables of

Mianyang Investment Holding (Group) Co., Ltd. (Mian Fu Han [2016] No.26) (《綿陽市人民政府關於綿陽市投資控股(集團)有限公司其他應收款相關事項的說明》(綿府函[2016] 26號)), there are inherent risks associated with the ability of the Mianyang Government to make timely payments and any failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks.

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 31 December 2021, the Group's total indebtedness (comprising short-term and long-term loans, bills and debentures payable, and long-term loans and debentures payable due within one year) was approximately RMB61.1 billion. Moreover, as at 31 December 2021, the Group's interest-bearing liabilities amount to RMB63.5 billion, representing 77.8 per cent. of the Group's total liabilities. Among such interest-bearing liabilities, the Group's outstanding bonds payable amounted to RMB23.7 billion as at 31 December 2021, representing a relatively high proportion of 29.1 per cent. of the Group's total liabilities. The Group's interest-bearing liabilities due in 2022, 2023 and 2024 will be RMB21.4 billion, RMB12.3 billion and RMB13.2 billion, respectively. If, for instance, the inflow of fiscal subsidies from the government decreases or the Group's income derived from its main businesses drops significantly, the Group may not be able to repay the principal and interest of its interest-bearing liabilities on time.

Substantial indebtedness could impact the Group's businesses in a number of ways, including:

- requiring the Group to dedicate part of its operating cash flow to service its indebtedness before it receives the government funding;
- increasing the Group's finance costs, thus adversely affecting the overall profits of the Group;
- limiting the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

As at 31 December 2021, the Group held restricted assets with a total book value of approximately RMB11.7 billion, among which assets with a total book value of approximately RMB11.1 billion were provided as security to secure the loan facilities of the Issuer and its subsidiaries. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group has received government subsidies and grants in the past and any reduction in subsidies and grants could substantially reduce the Group's profits or increase losses.

As the main body tasked with infrastructure construction and the primary operator of urban public services such as water supply, the Group has been receiving financial support from the Mianyang Government in the form of government subsidies to fund its operations. For the years ended 31 December 2019, 2020 and 2021, the government subsidies received by the Group amounted to approximately RMB512.4 million,

RMB580.0 million and RMB90.4 million, respectively. The government's provision of subsidies and grants depends on the future fiscal revenue and fiscal policies of the local and central government of the PRC. There can be no assurance that the Group will continue to receive the same level of government subsidies and grants or enjoy the same preferential treatments that it currently enjoys, since the relevant government policies may change over time. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

There are a number of construction, financing, operating and other risks associated with project developments in the PRC. Projects of the types undertaken by the Group typically require substantial capital expenditure during the construction phase and usually take many years before they become operational and generate revenue. The time taken and the costs involved in completing construction of projects can be adversely affected by many factors, including shortages in materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in governmental policies, approval time and other unforeseen circumstances. Any of these could give rise to delays in the completion of the construction phase and/or cost overruns. Construction delays may result in loss of revenues. The failure to complete construction in accordance with the agreed specifications may result in penalties or other liabilities, reduced efficiency and lower financial returns.

As at 31 December 2019, 2020 and 2021, the Group's construction-in-progress amounted to RMB15.5 billion, RMB13.9 billion and RMB8.4 billion, representing approximately 17.1 per cent., 13.8 per cent. and 7.3 per cent. of the Group's total assets. If the Group's construction projects cannot be completed on schedule, this may negatively impact the Group's liquidity and profitability. In addition, the Group's ongoing construction projects are mainly infrastructure construction projects undertaken by the Group which are to be repurchased by the Mianyang Government. The Group will only enter into repurchase agreements with the government when the repurchase conditions have been satisfied, i.e. after the completion of construction and/or financial settlement. Although Mianyang Finance Bureau has already set aside funds for the repurchase of the Group's projects in future, thus mitigating the repurchase risk faced by the Group, there is inherent uncertainty as to the repurchase price which the Group will be receiving ultimately and when the Group will be able to generate income from these projects.

The Group may not be able to complete its projects on time or at all.

Infrastructure and land development projects require substantial capital expenditures prior to and during the construction period. The construction of such projects may take many months or several years before the Group receives its funds from the Mianyang Government, which is generated from the land grant premium payable by real property developers in the granting of land use rights of the land developed by the Group. Meanwhile, the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortage of materials, equipment, contractors and skilled labour;
- labour disputes;

- construction accidents;
- natural catastrophes;
- adverse weather conditions; and
- changes in city zoning, planning and plot rations.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect the Group's results of operations and financial position and may also cause reputational damage. There is no assurance that the Group will not experience such delays in delivery of its property projects in the future or that they will not be subject to any liabilities for any such delays.

The Group may be unable to comply with all relevant laws and regulations in the PRC relating to the development, construction and operation of its business projects.

The Group's projects are subject to strict PRC laws and regulations relating to their development, construction, licensing and operation. These laws and regulations relate to, among other things, project approval and other government approval and licensing requirements for building, operation and construction of new projects, landscape conservation and environmental conservation. In particular, before the Group constructs and operates its various projects, the Group must first obtain operational and construction permits from various authorities. Procedures for granting operational and construction permits vary by local area and certain provinces may reject requests for permits for a variety of reasons. Furthermore, operational and construction permits granted successfully to the Group in some provinces may be subject to challenges by third parties. Moreover, the Group must comply with the relevant laws and regulations and the conditions imposed in the operations and construction permits, and there can be no assurance that the Group will be able to do so, which may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licences or permits. As at the date of this Offering Circular, the Group has not obtained certain approvals, licences and permits from the relevant PRC governmental authorities for some of its projects under construction. See also "*Risks relating to the Group's business – The Group may fail to obtain or renew required government approvals, permits and licences for its operating activities*". These factors could have a material and adverse effect on the Group's business, financial condition or results of operations.

The Group may fail to obtain or renew required government approvals, permits and licences for its operating activities.

The Group is required to obtain certain government approvals, permits and licences for its operating activities across its respective business segments. The Group's ability to carry on its business across its respective business segments is therefore subject to its ability to obtain, and the PRC government's decision to issue, renew and not revoke, such requisite approvals, permits and licences.

The Group from time to time acquires land and properties for its business operations. According to applicable PRC laws, the granting of land use rights is customarily conducted through a public tender and bidding process. A number of factors are taken into consideration when the government determines the granting of land use rights, such as the reputation, track record and financial conditions of the bidders and project budgeting. Granting of property ownership certificates is also subject to a number of conditions and procedures and sometimes requires documents and co-operation provided by contractors and third parties. Many of these factors are beyond the Group's control. As at the date of this Offering Circular, there are outstanding defects in land use rights and property ownership for certain land parcels and properties on which the Group carries out its operations.

There can be no assurance that the Group will be able to obtain or renew its existing approvals, permits and licences on commercially reasonable terms in a timely manner, or at all, or that such approvals, permits and licences will not be revoked by the relevant authorities. The Group could be subject to fines or penalties imposed by the relevant government authorities, or required to cease the construction or operation of certain of the Group's projects due to non-compliance with the terms of the government approvals, permits and licences. Any such fines, penalties or orders for the cessation of construction or operation could materially and adversely affect the Group's business, financial condition and results of operations.

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

Under applicable PRC laws and regulations, the PRC Government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval. The PRC Government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

As at the date of this Offering Circular, the Group has not received any fine or penalty or notice of fine or penalty from the relevant governmental authorities relating to its idle land. However, no assurance can be given that the governmental authorities will not penalise the Group in the future. The imposition of fines and penalties could have a material and adverse effect on the Group's business, financial condition and results of operations.

The PRC Government may adopt measures aimed at slowing down growth in the real estate sector, which in turn may affect the primary land development industry. The Group's profitability may also be affected by land or other policies in general.

Since 2005, the PRC Government has from time to time introduced various measures to curtail property speculation in response to concerns over, among other things, the increases in property investments and property prices and the overheating of the property market. For example, according to the Notice of the State Council on Issues Relating to Further Well Managing the Central Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) issued by the General Office of the State Council on 26 January 2011 and the Notice of the State Council on Continuity to Well Manage the Central Control Work of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) promulgated by the General Office of the State Council on 26 February 2013, the government will firmly restrain speculative demands and strengthen market supervision to better control the overheating of the PRC real estate market. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures, which in turn could have an adverse impact on the demand for land developed by the Group. There can be no assurance that the PRC Government will not adopt additional and more stringent measures to further dampen the growth of the property sector, which could slow down property development in China.

The Group's profitability may also be affected by land policies in general. As the Group's primary land development business is susceptible to the influence of national macro-economic policies, where there are unfavourable adjustments to such policies, the Group's overall profit margin may decrease. For the years ended 31 December 2019, 2020 and 2021, the Group's operating gross profit margin was 17.4 per cent., 19.3 per cent. and 12.2 per cent., respectively, and the Group's gross profit margin for its primary land development business was 26.6 per cent., 43.2 per cent. and nil, respectively, over the same periods. Pursuant to the Notice on Issues Concerning the Transfer of Government Non-tax Income Including the State-owned Land Use Right Transfer Income, Specialised Income from Mineral Resources, Territorial Waters Usage Fees and Uninhabited Island Usage Fees to Taxation Departments for Collection (Cai Zong [2021] No.19) (關於將國有土地使用權出讓收入、礦產資源專項收入、海域使用金、無居民海島使用金四項政府非稅收入劃轉稅務部門徵收有關問題的通知(財綜[2021] 19號)) issued by MOF, the Ministry of Natural Resources, the State Administration of Taxation and PBOC on 21 May 2021, land use right transfer fees are to be collected in a centralised manner by the relevant taxation departments of the PRC Government. The Group's income derived from its primary land development business shall be recognised based on the surplus of the land use transfer price after deducting the proceeds and related taxes turned over to the government at the provincial level and above. The Group is of the view that, going forward, the income derived from this business segment will be subject to considerable uncertainty. For example, since 2021, the Group has adopted a conservative accounting approach and matched its primary land development income to its operating cost, but such approach may be further adjusted according to the changes in actual circumstances. Thus, any unfavourable policy changes may have a material adverse effect on the Group's business, financial condition and results of operations.

The commodities trading industry is very competitive and the Group may have difficulty to effectively compete with other trading companies.

The commodities trading industry is characterised by strong competition. The Group faces intense competition with domestic and international competitors with greater diversification across different commodity groups and global geographical presences and scales. These competitors are generally in a better position in regards of operating scale, profitability, resources, distribution networks, relevant import and export permits and completeness of the industrial chain, whereas the Group mainly focuses on a narrower commodity group and geographic area. They may, in the future, use their resources to expand into all of the markets in which the Group operates and therefore compete against the Group. These competitors may also expand and diversify their commodity sourcing, processing or marketing operations, or engage in pricing or other financial or operational practices that could increase competitive pressure on the Group across each of its business segments. Increased competition may result in losses of market share and could materially adversely affect the Group's business, financial condition and results of operations.

The Group is exposed to fluctuations in commodity prices and to deterioration in economic and financial conditions.

The revenue of the Group's procurement and supply of goods business is influenced by prevailing commodity prices. Commodity prices are influenced by a number of external factors, including the supply and demand for commodities, speculative activities by market participants, global political and economic conditions and related industry cycles and production costs in major producing countries. Fluctuations in the price of commodities traded by the Group could materially impact the Group's business, financial condition and results of operations.

The Group is exposed to fluctuations in the expected volumes of supply and demand for commodities.

The expected volumes of supply and demand for the commodities that the Group is actively trading vary over time, based on the supply policies of competitors, changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions, demand in end markets for

products in which the commodities are used, natural disasters and diseases, all of which impact markets and demand for commodities. Furthermore, changes in expected supply and demand conditions impact the expected future prices (and thus the price curve) of each commodity.

Fluctuations in the volume of each commodity traded by the Group could materially impact the Group's business, financial condition and results of operations. These fluctuations could result in a reduction or increase in the income generated in respect of the volumes handled by the Group's trading activities.

The Group is subject to counterparty credit, performance and concentration risk.

Non-performance by the Group's suppliers and customers may occur in a range of situations, such as:

- a significant increase in commodity prices could result in suppliers being unwilling to honour their contractual commitments to sell commodities at the pre-agreed prices;
- a significant reduction in commodity prices could result in customers being unwilling or unable to honour their contractual commitments to purchase commodities at the pre-agreed prices; and
- suppliers may take payment in advance and then find themselves unable to honour their delivery obligations due to financial distress or other reasons.

Any disruptions in the supply of product, which may be caused by factors outside the Group's control, could adversely affect the Group's margins. The Group's business, financial condition and results of operations could be materially and adversely impacted if the Group is unable to continue to source required volumes of commodities from its suppliers on reasonable terms or at all.

In addition, the Group's customer and supplier base is highly concentrated. As at 31 December 2021, the amount of products supplied by the Group's top five suppliers supplied accounted for approximately 48.4 per cent. of the total amount of goods that the Group purchased and the amount of products purchased by the Group's top five customers accounted for approximately 38.1 per cent. of the total amount of goods that the Group supplied. In the event that a large supplier or customer switches to another company, this could have a material effect on the Group's business, financial condition and results of operation.

The education sector is subject to extensive regulation in the PRC, and the Group's ability to conduct business is highly dependent on the Group's compliance with these regulatory frameworks.

The PRC Government regulates all aspects of the education sector, including licensing of parties to perform various services, pricing of tuition and other fees, curriculum content, standards for the operations of schools and learning centres associated with foreign participation. The laws and regulations applicable to the education sector are in some aspects vague and uncertain, and often lack detailed implementing regulations. These laws and regulations are subject to change, and new laws and regulations may be adopted, some of which may have retroactive application or have a negative effect on the Group's business, financial condition and results of operations.

If the Group has to attract students to enrol in its courses with a significant decrease in course fees, the Group's revenues may decline and it may not be able to maintain profitability in its education business.

The success of the Group's education business depends primarily on the number of student enrolments in the Group's courses and the amount of tuition fees that the Group's students are willing to pay. Therefore, the Group's ability to continue to attract students to enrol in its courses without a significant decrease in tuition fees is critical to the continued success and growth of its business. This in turn will depend on several factors, including the Group's ability to retain professional teaching staff, expand its geographic reach, develop and

license additional high-quality educational content, respond to competitive pressures, maintain its existing student base and effectively market its programmes to prospective students. If the Group is unable to continue to attract students to enrol in its courses without a significant decrease in course fees, the Group's revenue may decline and it may not be able to maintain profitability. This may result in a material adverse effect on the Group's education business.

The Group's education business depends on its dedicated and capable faculty, and if the Group is not able to continue to hire, train and retain qualified teachers, the Group may not be able to maintain consistent teaching quality throughout its school network, and the Group's education business results may be materially and adversely affected.

The Group operates four schools in Mianyang City and generates revenue mainly from the collection of tuition fees and boarding fees. It currently hires over 2,000 teaching staff in total. In order for the Group to continue to develop its education business and derive a steady stream of revenue from this principal business, the Group must continue to attract professionally qualified teachers who have a strong expertise in their respective subject areas. In addition, criteria such as commitment and dedication are difficult to ascertain during the recruitment process, in particular as the Group expects to continue its expansion and thus recruit teachers at a faster pace to meet rising student enrolments. The Group must also provide continuous training to its teachers so that they can stay abreast of changes in student demands, admissions and assessment tests, admissions standards and other key trends. The Group may not be able to hire, train and retain enough qualified teachers to keep pace with the Group's anticipated growth while maintaining consistent teaching quality across different schools, which may result in a material adverse effect on the Group's education business.

The Group's bus fare rates are subject to the regulation by the Mianyang Government.

Bus fares charged by the Group are determined by the relevant pricing department and relevant transportation department of the Mianyang Government. As the current bus fare scale is set according to the low fare policy imposed by the Mianyang Government, the Group needs to maintain profitability in its public transportation business through obtaining government subsidies and exploring other sources of income such as offering customised bus services and bicycle rental services. While the Group has not encountered a reduction in toll rates in the past three years, it is possible that the relevant governmental authorities could mandate the Group to reduce the bus fare rates or keep the bus fare rates at the present level despite increased operation costs. If the bus fare rates applicable to the Group's public transportation business were to be reduced or fail to reflect the Group's costs, it could adversely affect the Group's revenue and results of operations.

A decline in traffic volume or the implementation of toll fee exemption measures may adversely affect the revenue and earnings of the Group's toll road business.

Traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads, the existence of other means of transportation, including rail and waterway, fuel prices, taxation and environmental regulations and seasonality. The increase in transport capacity of railways in recent years may also impact on the overall highway transportation industry. Widening and expansion works of nearby highways and local roads, as well as openings of new roads, further expansion and improvement of the highway network, parallel roads or substitutive routes, may hinder the traffic growth on the tolled expressway operated by the Group and bring negative impact on the growth of toll revenue of the Group. Any material decrease in income from the Group's toll road business may adversely affect the Group's financial condition and results of operations.

Significant increases in transportation costs may materially and adversely affect the Group's business, financial condition and results of operations. Capital expenditures on toll roads is subject to events outside the Group's control.

Transportation costs are significantly affected by a variety of factors, including fuel prices, vehicle taxes and duties, many of which are beyond the Group's control. As the Group's bus fare scale is set according to the low fare policy imposed by the Mianyang Government, the inability to pass on to the Group's clients any significant increases in transportation costs could therefore materially and adversely affect the Group's business, financial condition and results of operations.

Moreover, the Group is responsible for the maintenance and repair of its toll road at its own cost throughout the operating concession period. Such costs are typically stable and predictable, including periodic road upgrades that require higher capital expenditures. However, the condition and operation of the toll roads operated by the Group may be affected by catastrophic events including but not limited to serious adverse weather conditions, natural disasters, epidemics and major road accidents. Such catastrophic events could damage and disrupt the operation of the toll roads, leading to loss of toll revenues, or require significant unexpected capital expenditures to fix the toll roads and related infrastructure and equipment. There can be no guarantee that such events will not occur. If the condition or the Group's operation of the toll roads were seriously affected as a result of any such events, the Group's toll revenue and earnings from toll-related business may be adversely affected, which could in turn have an adverse effect on the Group's results of operations and financial results.

The Group's water supply business may be affected by water pollution issues and the progress of surrounding environmental protection works.

As at the date of this Offering Circular, all of the water supply plants operated by the Group possess abundant water resources of high quality. The quality of the Group's water resources has attained Type II to III water quality standard pursuant to the Surface Water Environmental Quality Standards (《地表水環境品質標準》) issued by the PRC Government. Water inflow quality is of Type II standard of the Surface Water Environmental Quality Standards GB3838-2002 while water outflow quality has reached the Drinking Water Hygiene Standard GB5749-2006. In recent years, the Group's integrated passing rates in water quality and water pressure has been maintained at a stable level of 99 per cent. or above. However, as the economy in Mianyang City and other neighboring cities (especially the upstream cities) develops, there is a corresponding increase in surrounding sewage discharges. If the progress of environmental protection works in Mianyang City and other neighboring cities cannot keep up with the pace of urbanisation and economic development, there may be a deterioration of water quality which could adversely affect the water supply plants operated by the Group. In addition, the quality of water resources may be adversely affected by various factors beyond the Group's control, such as water pollution, climate changes, changes in underwater ecosystem, environmental accidents or disasters and other force majeure events. The Group's water supply business is subject to a certain degree of external pressure and threats which the Group may not be able to mitigate or alleviate. If such threats materialise, the Group's business, financial condition and results of operations.

The Group is exposed to fluctuations in food and edible oil prices, market demand and is affected by changes in PRC government's policies.

The Group's food and edible oil procurement and supply business involves the sale of food and edible oil products. The price of these products can be affected by various factors such as international and domestic economic environment, cyclical price movements, supply and demand and there can be no assurance that the market price of any of these products will not decline in the future or that such prices will otherwise remain at sufficiently high levels to support the profitability of the Group's business.

Furthermore, food and edible oil is of strategic importance to national development and subject to stringent regulations of the PRC Government. There can be no assurance that any changes in the PRC Government's policies towards the sale and purchase of food and edible oil will not have a material adverse effect on the Group's business, financial condition, results of operations, profitability and prospects.

The Group is subject to various health and safety regulations in the PRC and changes in the existing food safety laws may affect the Group's agricultural product sales business.

The Group is required to comply with extensive health and safety regulations in the PRC in respect of technical, hygiene or environmental requirements on the Group's food and edible oil procurement and supply business. Failure to comply with these regulations may result in fines and/or suspension or revocation of the Group's licences or permits to conduct its business.

In addition, changes in the existing food safety laws may affect the Group's food and edible oil procurement and supply business. The Group's food and edible oil sales is subject to the food safety laws and regulations of the PRC, which set out hygiene, safety and manufacturing standards with respect to food as well as hygiene, safety, packaging and other requirements for food production, production facilities and equipment used for the transportation and sale of food. In particular, according to the Food Safety Law of the PRC which became effective on 1 June 2009 and its implementation regulations which became effective on 8 July 2009, the Group is required to follow more stringent quality control and food safety standards, including, among others:

- chemicals other than specifically permitted additives and any substance that may harm human health are forbidden in food production;
- no food product is exempt from inspection by the relevant food safety supervision authority; and
- all food manufacturers will have to suspend production immediately and recall all products from the market if such products are found to have failed to meet the requisite food safety standards. The manufacturers are also required to notify the relevant food producers and traders, as well as consumers of such recall and keep records in this regard.

The Food Safety Law of the PRC was last amended on 29 April 2021 and became effective on the same date. Under the amended Food Safety Law of the PRC, if the food safety risk assessment shows that a food, a food additive or a food-related product is unsafe, not only will its production be terminated, the result of the risk assessment shall also be announced to the public. Any failure to comply with the Food Safety Law of the PRC, its implementation regulations or other food safety and hygiene laws and regulations in the PRC may result in fines, suspension of operations or loss of licences, which could in turn have a material adverse impact on the Group's production, business, results of operations and financial condition.

There can be no assurance that the PRC government will not change the existing law or regulations or adopt additional or more stringent laws or regulations applicable to the Group and its business operations. Such new laws and regulations may require the re-configuration of the Group's methods for sourcing raw materials, production, processing and transportation, including more onerous food safety, labelling and packaging requirements, more stringent compliance requirement for waste management, increases in transportation costs and greater uncertainty in production and sourcing estimates. The Group's failure to comply with any applicable law and regulations could subject it to civil liabilities, including fines, injunctions, product recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on its business, results of operations and financial condition.

The Group's food and edible oil procurement and supply business is affected by weather conditions and other natural disasters and phenomena.

The Group's food and edible oil procurement and supply business is susceptible to weather conditions and natural disasters. The quantity or quality of the Group's food and edible oil may be affected by prolonged periods of adverse weather conditions, natural disasters (such as storms, earthquakes or floods), pest infestations or diseases. In addition, natural disasters occurring elsewhere which do not affect the Group's production directly may nonetheless have an effect on prices on the worldwide market and indirectly impact the Group's business and profitability.

The occurrence of natural disasters may also have an effect on the Group's food and edible oil procurement and supply business by interrupting the supply chains or distribution networks. As a result, the Group or its suppliers may not be able to continue obtaining an adequate supply of raw materials to meet their present and future production demands and quality requirements. Any interruptions or declines in the supply or quality of raw materials could materially disrupt the Group's business.

The Group's hospitality business is subject to seasonality factors and macroeconomic conditions affecting consumers' travel patterns.

The performance of the hospitality industry is inherently seasonal. Sales and prices of packages and services, hotel room and restaurant revenues, occupancy levels and room rates will normally be higher for holiday seasons and lower for off-peak seasons. Higher revenues are normally generated during festive holidays including without limitation, New Year, Chinese New Year, Mid-Autumn Festival and National Day Golden Week in China, when more travellers tend to go on holidays. Moreover, changes in the macroeconomic conditions such as inflation (or deflation), unemployment rate and national income may have an impact on consumers' willingness to spend on personal travel, resulting in changes in their travel pattern. The Group's operating results in the hospitality segment may therefore be subject to fluctuations due to seasonality factors and changes in the macroeconomic environment from time to time. If such seasonality and other macroeconomic factors are unfavourable, the Group's business, financial condition and results of operations may be adversely affected.

Refurbishments or further development of the Group's existing properties may result in cost overruns or disruptions of its hotel operations.

In order to improve and maintain the conditions of its hotels, the Group may conduct refurbishments of its hotels from time to time. These refurbishments may be more costly than expected and are subject to risk of delays and cost overruns. In addition, even though the operations of hotels under refurbishment or development may not need to be closed down entirely, there may be instances where refurbishment or development would seriously disrupt hotel operations and adversely affect the revenues of the relevant hotels. The disruptions and other risks associated with refurbishments and further development or the Group's failure to improve and maintain the conditions of the hotels could have an adverse effect on its business, financial condition and results of operations.

The Group may not successfully implement its growth strategy.

The Group has historically been focused on the infrastructure construction and primary land development businesses in Mianyang City. Whether the Group can successfully implement its growth strategy, to some extent, depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group

will be able to successfully implement its strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

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

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site production accidents;
- disruption in the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods, collapse of mine or other natural disasters.

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

The Group's labour costs may increase for reasons such as the implementation of the PRC employment regulation.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of the compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting its businesses and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

The Group is required to comply with extensive environmental, safety and health laws and regulations and quality control standards and the compliance of which may be onerous or expensive.

The Group is required to comply with extensive environmental, health and safety laws and regulations promulgated by the PRC Government, as well as quality control standards. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. If the Group fails to comply with these laws and regulations and industry standards applicable to its operations, it could be subject to suspension of its operations, failed evaluation when the project is delivered for review, substantial penalties, fines, suspension or revocation of its licences or permits to conduct business, termination of government contracts, administrative proceedings or litigation. Such events could have a material and adverse impact on its business, results of operations, financial condition and reputation. As these laws and regulations continue to evolve, there can be no assurance that the PRC Government will not impose additional or more onerous laws or regulations, compliance with which may cause the Group to incur significantly increased costs, which the Group may not be able to pass on to its customers.

The Group's businesses may be adversely affected if it is unable to retain and hire qualified employees.

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced investment managers and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do

so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial conditions.

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 the bribery activities;
- 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 non-compliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective.

On 16 May 2019, Mr. Liu Guanghui (劉光輝), the former deputy general manager of the Issuer, was subject to disciplinary review and supervisory investigation due to suspected serious violation of laws and regulations. On 27 September 2019, the Issuer terminated the employment relationship with Mr. Liu Guanghui and thereafter reallocated the relevant functions and responsibilities originally undertaken by Mr. Liu Guanghui. The Group is of the view that this incident has not caused any material adverse impact on the

Group's operation or financial condition. However, there is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgement or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow.

The Group may not be able to expand its business effectively through acquisitions, investments and joint ventures.

The Group may consider expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group may conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group may consider various factors, including 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 may also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively. Any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

As at the date of this Offering Circular, the Group has not entered into any definitive agreement for any acquisition. The Group, however, is unable to predict whether there will be any target suitable for acquisition or when any suitable acquisition opportunities could arise. In the event that the Group enters into any letter of intent or agreement for any material acquisition after the issue of the Bonds, the market price and the trading volume of the Bonds may be adversely affected.

The Group may also explore business opportunities by investing in new assets and businesses and entering into new strategic alliances and joint ventures. For example, in 2018, the Issuer, Huike Holding Co., Ltd. (惠科股份有限公司) and Mianyang Fucheng Investment Group Co., Ltd. (綿陽富誠投資集團有限公司) jointly established Mianyang Huike Photoelectric Technology Co., Ltd. (綿陽惠科光電科技有限公司) ("Huike Photoelectric"). Huike Photoelectric is a project company specialising in the production of the 8.6th generation thin film transistor liquid crystal display devices. As at 31 December 2021, the Issuer held approximately 39.5 per cent. of equity interest in Huike Photoelectric. Despite such substantial investment

made by the Group, the operating income derived from Huike Photoelectric's projects, and thus the Group's ability to achieve and benefit from such joint venture, are ultimately subject to various factors which may be beyond the Group's control, such as industrial conditions and market acceptance of new products.

In addition, the Group may not have any board representation or veto power in its joint ventures or equity investments. For example, the Issuer is only able to nominate two out of seven directors on Huike Photoelectric's board and does not have control over Huike Photoelectric. In case of disagreements with the Group's partners, management may be required to divert attention away from other aspects of its businesses to address these disagreements.

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

The Group relies on its quality control systems to ensure the safety and quality of its projects. Therefore, it needs to maintain an effective quality control system for the Group's principal business. The Group has undertaken a large number of infrastructure construction tasks in Mianyang City. At the same time, the Group's real estate development and sales business focuses on the construction of affordable housing. The PRC implements a "zero tolerance" policy on the quality of affordable housing construction as it concerns the safety of its people's livelihood. Although the Group undertakes to strictly adhere to the relevant national requirements when carrying out its construction projects, the Group still faces a certain degree of project quality management risks.

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

The Group's business is sensitive to adverse weather and environmental conditions.

Adverse weather conditions, such as extreme cold weather, snow, typhoons, flooding and heavy or sustained rainfall and natural disasters such as earthquakes, landslides or mudslides, may prevent the Group from conducting its construction activities or otherwise affect its productivity, preventing the Group from completing its construction projects on schedule, delaying its receipt of payment and possibly causing the Group to incur additional operating expenses. Adverse climatic conditions that are unusually severe or last longer than usual could therefore have a material adverse effect on the Group's business, financial condition and results of operations.

The Issuer's board of supervisors has not been fully appointed.

According to the Company Law of the PRC, the members of the supervisory board of a wholly state-owned company shall not be less than five, of which the proportion of employee representatives shall not be less than one third. According the Issuer's articles of association, its board of supervisors shall comprise five members, including no less than two employee representatives. As at the date of this Offering Circular, the Issuer's board of supervisors consists of three members, including one employee representative. The Issuer is

actively taking measures to improve its corporate governance structure, including coordinating with Mianyang SASAC to appoint additional supervisors. However, if the Issuer's failure to do so continues for a considerable time, the Issuer may face internal governance risks which may adversely affect the operation of the Issuer.

There are inherent risks relating to the Issuer's status as a holding company.

The Issuer is one of the main entities responsible for carrying out the Group's infrastructure construction and primary land development businesses. A significant part of the Group's revenue and profit is derived from the operations of the Issuer's subsidiary, while the liabilities of the Group are mainly borne by the Issuer as the holding company. For the years ended 31 December 2019, 2020 and 2021, the Group recorded net profit of RMB332.1 million, RMB642.7 million and RMB290.1 million, respectively, and the Issuer's net profit on a non-consolidated basis was RMB58.9 million, RMB213.5 million and RMB245.9 million, respectively, for the same periods. In terms of liabilities, for the years ended 31 December 2019, 2020 and 2021, the total liabilities of the Group amounted to RMB65.0 billion, RMB76.0 billion and RMB81.6 billion, respectively, while the Issuer's total liabilities on a non-consolidated basis amounted to RMB47.9 billion, RMB56.6 billion and RMB58.6 billion, respectively. If the Issuer loses or weakens its control over its subsidiaries, this may have an adverse impact on the operation, liquidity and profitability of the Issuer, as well as its ability to repay the Bonds.

RISKS RELATING TO FINANCIAL AND OTHER INFORMATION

Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

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

The Issuer's published financial information in the PRC may be adjusted or restated to address retrospective impacts of subsequent changes in applicable accounting standards and/or policies and to correct errors contained therein.

The Issuer's published financial information in the PRC may be adjusted or restated by the Issuer to address retrospective impacts of subsequent changes in applicable accounting standards, the Issuer's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting, to reflect the subsequent comments given by the independent auditors during the course of their audit or review or to correct errors in its published financial statements. For example, the Issuer's consolidated financial statements as of and for the years ended 31 December 2019 and 2020, respectively included in its audited consolidated financial statements as of and for the years ended 31 December 2020 and 2021, have been adjusted to reflect the changes in accounting policies and accounting estimates and the correction of errors in the financial figures relating to the previous accounting period. See "*Notes to Financial Statements – V. Changes in accounting policies and accounting estimates and correction of errors*" in the notes accompanying the Audited Financial

Statements on pages F-49 to F-54 and F-206 to F-208. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date published in the past on the one hand and the financial information with respect to the same period or date subsequently published in the PRC or the relevant financial information (if any) contained in this Offering Circular on the other hand.

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 have been prepared and presented in accordance with the PRC GAAP. PRC GAAP differs in certain material respects from the IFRS. The PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a discussion of certain differences between PRC GAAP and IFRS, please see "*Description of Certain Differences between PRC GAAP and IFRS*". 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. Potential investors must exercise caution when they use such financial information to evaluate the Group's financial condition, results of operations and cash flows.

ShineWing, the Issuer's independent auditor, has previously been investigated, censured or penalised by relevant regulatory authorities.

ShineWing, the Issuer's independent auditors, is a registered accounting firm in the PRC supervised by the relevant PRC regulatory agencies, including the CSRC. ShineWing has received a few administrative and regulatory actions, where the relevant PRC regulatory agencies indicated that there were certain accounting irregularities during the audit processes carried out for its client company. ShineWing has confirmed that the auditors who participates in the audit of the Issuer's financial statements included elsewhere in this Offering Circular were not the subject of, or involved in, such investigations or suspension. ShineWing has further confirmed that their audit work and provision of other services for the Issuer, as well as its ability to provide comfort letters and the qualifications participating in this offering, are not affected by such investigations or suspension.

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

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

There can be no assurance of the accuracy or comparability of facts and statistics contained in this Offering Circular with respect to the PRC, its economy or the relevant industry.

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. These facts and statistics have not been prepared or independently verified by the Issuer, the Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors, officers or representatives or any person who controls any of them, and, therefore, the Issuer, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors, officers or representatives or any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should consider how much weight or importance they should attach to or place on such facts or other statistics.

RISKS RELATING TO THE PRC

All of the Group's assets are located in the PRC and all of the Group's revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject to economic, political and legal developments in the PRC.

The Group is subject to the political and economic risks of doing business in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to the extent of government involvement; level of development; growth rate; economic and political structure; the control of foreign exchange; allocation of resources; and regulation of capital reinvestment. While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC Government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may also have a negative effect on the Group's operations. For example, the Group's business and financial condition may be adversely affected by the PRC Government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC Government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC Government. In addition, the PRC Government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per cent. in 2019. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to "A1" from "Aa3". In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to "A+" from "AA-", citing increasing economic and financial risks from a prolonged period of strong credit growth. 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 since the second half of 2020. In 2020, China's GDP shrank by 2.3 per cent. year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC Government.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. The United Kingdom withdrew from the European Union ("EU") on 31 January 2020 ("Brexit"), but continued to participate in certain EU organisations (such as the customs union) during a transition period that ended on 31 December 2020. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. It is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and the rest of the world. The outlook for the world economy and financial markets remains uncertain. Any volatility in the global markets and negative economic developments could, in turn, materially adversely affect the Group's business, prospects, financial condition or results of operations. In addition, these developments could adversely affect the Group's access to the debt capital markets and may increase funding costs, having a negative impact on the Group's revenue and financial conditions.

In addition, in recent years there has been growing tension between the United States and the PRC. The two countries have been involved in disputes over trade barriers that have escalated into a trade war. The U.S. government has changed its trade policies towards the PRC with measures such as imposition of increased tariffs on a wide range of Chinese products and restriction on exports of certain U.S. goods to China. The ongoing trade war between the United States and the PRC and any further escalations thereof could have a material adverse impact on the Chinese economy. In January 2020, the phase one agreement was signed between the PRC and the United States on trade matters. However, the PRC and the United States have not launched the phase two negotiation yet and there is no assurance that the trade disputes between the PRC and the United States will be fully resolved. Sustained or escalating tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economy and thereafter may lead to additional costs and unexpected consequences on the Group's business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies have the potential to adversely impact the PRC's economy, which in turn could adversely impact the Group's business, financial condition and results of operations.

The legal system in the PRC is less developed than in certain other countries and laws in the PRC may not be interpreted and enforced in a consistent manner.

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC Government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign

investment. Progress has been made in the promulgation of new laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. Such new laws, regulations, policies and legal requirements (including but not limited to Circular 23, Circular 706 and Circular 666) have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. The Group cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation and enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to the Group. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to the Group. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

As the PRC legal system develops, the promulgation of new laws, changes to existing laws, the pre-emption of local regulations by national laws and the uncertainty as to how such laws are interpreted and enforced may have an adverse effect on the Group's business and financial condition.

The PRC Government's control of foreign currency may limit the Group's foreign exchange transactions.

Substantially all of the Group's revenues and expenses are denominated in Renminbi, which is not currently a freely convertible currency. Conversion and remittance of foreign currencies are subject to PRC laws and regulations that affect exchange rates and foreign exchange transactions. Under the current PRC foreign exchange control system, foreign exchange transactions under the Group's current account do not require prior approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks.

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC Government may restrict future access to foreign currencies under current or capital account transactions at its discretion. A change in policy could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of the SAFE. Failure to obtain approval from the SAFE to convert Renminbi into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition. Moreover, if the Group was unable to obtain sufficient foreign currency, it might not be able to pay interest to the holders of the Bonds in foreign currencies.

The fluctuation of the Renminbi may materially and adversely affect the Issuer's operations and financial results.

The Group receives substantially all of its revenues in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to allow it to make payments on obligations denominated in currencies other than the Renminbi.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. 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. Since then, the PRC Government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the

Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The People's Bank of China surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. The International Monetary Fund announced on 30 September 2016 that the Renminbi joined its Special Drawing Rights currency basket. Since 2018, escalating U.S.-China trade hostilities have brought further uncertainty to global markets and, to a certain extent, impacted business and financial market sentiment, influenced financial market volatility and slowed investment and trade, which might cause further fluctuations in the exchange rates between the Renminbi and U.S. dollar. With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant depreciation of the Renminbi may adversely affect the value of its businesses and its proceeds from the offering. In addition, there are limited instruments available for the Issuer to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the Issuer's businesses, financial conditions and results of operations of the Issuer.

The operations of the Issuer may be affected by rising inflation rates within the PRC.

Inflation rates within the PRC have been on a sharp uptrend in recent years. Increasing inflationary rates are due to many factors beyond the Issuer's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Issuer's expectations, the costs of payouts to customers may become significantly higher than the Issuer has anticipated for the future, and the Issuer may be unable to increase rates charged to customers in amounts that are sufficient to cover their increasing operating costs. These unanticipated costs may be exacerbated by the fact that the Issuer's investment portfolio is comprised primarily of fixed income securities. The Issuer's ability to make a profit on their products depends in part on the returns on investments supporting their obligations under these products, and given that the return on such fixed income investment holdings remain roughly constant despite inflation, the Issuer's investment income may not be sufficient to meet increasingly expensive payouts to customers. Furthermore, the Issuer may not be able to dispose of its fixed income securities on short notice, or may have to sell such securities at prices significantly lower than the prices it has recorded in its consolidated financial information. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Issuer's businesses and financial conditions and results of operations, as well as its liquidity and profitability.

It may be difficult to effect service of legal process on, or to enforce any judgments obtained outside the PRC against, the Group, its directors, supervisors or senior management residing in the PRC.

All of the Group's directors, supervisors, and senior management reside in the PRC. In addition, all of the Group's assets and those of its directors, supervisors, and senior management are located in the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of the courts of the United States, the United Kingdom, Japan or many other jurisdictions. As a result, it may not be possible for investors to serve process on the Group or those persons residing in the PRC or to enforce any judgments obtained from non-PRC courts against the Group or related persons in the PRC.

On 14 July 2006, the PRC Supreme People's Court and the Government of the Hong Kong Special Administrative Region signed an Arrangement on the Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters. Under such arrangement, where any designated People's Court or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil or

commercial case pursuant to a choice of court agreement, any concerned party may apply to the relevant People's Court or Hong Kong court for recognition and enforcement of the judgment. Although the arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the arrangement remains uncertain.

RISKS RELATING TO THE BONDS

Any ownership or control by the PRC Government does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. The PRC Government shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds, which are solely to be fulfilled by the Issuer.

Any ownership or control by the PRC Government (including Mianyang SASAC and the Sichuan Finance Department) does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. Notwithstanding the Group's extensive relationships with the PRC Government (including the Mianyang Government and the People's Government of Sichuan Province and the other entities controlled by it), the Issuer is not part of the PRC government. The PRC Government (including Mianyang SASAC, Sichuan Finance Department, the Mianyang Government, the People's Government of Sichuan Province and the other entities controlled by each of the foregoing) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds in lieu of the Issuer.

This position has been reinforced by Circular 23, Circular 706 and Circular 666 which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises. Circular 23 and Circular 706 do not, however, restrict the PRC Government from providing relevant support to the Issuer, provided that such support is granted in compliance with relevant PRC laws. The detailed description of the relationships between the Issuer, the Mianyang Government and the People's Government of Sichuan Province in this Offering Circular does not imply in any way any explicit or implicit credit support of the Mianyang Government or the People's Government of Sichuan Province in respect of the Bonds, the repayment of which remains the sole responsibilities of the Issuer.

The PRC Government as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC Government does not have any payment obligations under the Bonds, or the transaction documents in relation to the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor under the Bonds and the relevant transaction documents in relation to the Bonds shall solely be fulfilled by the Issuer as an independent legal person. Therefore, investors should base their investment decision only on the financial condition of the Issuer and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's own financial information reflected in its financial statements. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person including the PRC Government, the Mianyang Government or any other local or municipal government. As Circular 23, Circular 706 and Circular 666 are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties.

The Bonds are unsecured obligations.

The Bonds are unsecured obligations of the Issuer. The payment obligations under the Bonds may be adversely affected if:

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

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions and making of the Foreign Debt Registration, the NDRC Post-issue Filing and the filing of the Bonds under the Cross Border Financing Circular) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds. The issue of any such debt securities may also reduce the amount recoverable by investors in the Bonds upon the Issuer's bankruptcy, winding-up or liquidation.

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

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

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

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

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

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

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

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity not less than one year with the NDRC prior to the issue of the securities. Furthermore, relevant issuers are required to notify the NDRC the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days (as defined in the Conditions) after the Issue Date.

The Issuer is required to submit the Bonds to the local branch of the SAFE for registration in accordance with the procedures and within the period prescribed by the Foreign Debt Registration, the Cross Border Financing Circular and any applicable laws and the requirements of competent SAFE. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008.

The Issuer intends to submit the registration application of the Bonds to the local branch of the SAFE within the prescribed period. If the Issuer fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds if any cross-border payment is to be made by the Issuer as PRC domestic banks may require evidence of the SAFE registration in connection with the Bonds in order to effect such remittance. In addition, the Issuer may not be able to effect the remittance of the net proceeds from the issue of the Bonds into the PRC if the Issuer is not able to complete the post-issue registration with the SAFE and obtain the registration record from SAFE. This may have a negative impact on Issuer's use of the proceeds from this offering and may in turn adversely affect the Issuer's business activities and the implementation of the Issuer's business plans in the future. Furthermore, in the unlikely event that having exercised the Issuer's best endeavours, it is unable to complete such registration within the above mentioned time period, a No Registration Event will be triggered. See "*Terms and Conditions – Condition 6(c) Redemption for Relevant Events*".

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

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

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

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

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

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, changes in government regulations and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There 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 Bonds.

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

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

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If holders of the Bonds sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the Bonds to be admitted for trading on the Hong Kong Stock Exchange, no assurance can be given as to the ability of the holders of the Bonds to sell their Bonds or the price at which holders of the Bonds will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders of the Bonds will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. It is investors' obligation to ensure that offers and sales of the Bonds within the United States and other countries comply with applicable securities laws. Please see "*Subscription and Sale*". The Issuer cannot predict whether an active trading market for the Bonds will develop or be sustained.

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

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

The ratings of the Bonds may be downgraded or withdrawn.

The Bonds are expected to be assigned a rating of "BB" by Fitch. The ratings represent the opinion of the respective rating agency and their assessment of the ability of the Issuer to perform its obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. The ratings are not recommendations to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. The Issuer cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. The Issuer is not obligated to inform holders of the Bonds of any such revision, downgrade or withdrawal. A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

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

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

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 Bonds would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce the judgements of the Hong Kong courts in respect of English law governed matters or disputes.

The Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Hong Kong and the PRC have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the “**Reciprocal Arrangements**”) which allow for a final court judgment (relating to the payment of money or other civil or commercial proceeding) rendered by a Hong Kong court or PRC court (as the case may be) to be recognised and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognised and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder’s ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*Events of Default*) of the Conditions and the taking of any steps and/or actions and/or the instituting of any proceedings pursuant to Condition 13 (*Enforcement*) of the Conditions), the Trustee may (in its sole discretion) request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes steps and/or actions and/or institute proceedings on behalf of the holders of the Bonds. The Trustee shall not be obliged to take any such steps and/or actions and/or institute such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Conditions) and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the holders of the Bonds to take such steps and/or actions and/or institute such proceedings directly.

Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Trust Deed contains provisions for convening meetings of holders of the Bonds to consider any matters affecting their interests. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of the holders of the Bonds may be adverse to the interests of individual Bondholders.

Modifications and waivers may be made in respect of the Conditions and the Trust Deed by the Trustee.

The Conditions provide that the Trustee may agree, without the consent of the holders of the Bonds, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement which in its opinion is not materially prejudicial to the interest of the holders of the Bonds, and may agree, without the consent of the holders of the Bonds, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law.

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

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

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

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised from the transfer of the Bonds would be treated as incomes derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation rules. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual

holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply, respectively, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

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

On 23 March 2016, the MOF and the State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (Cai Shui [2016] No. 36) (關於全面推開營業稅改徵增值稅試點的通知) (財稅[2016]36號) (“**Circular 36**”), which provides that all business tax payers are included into the pilot programme to pay value-added tax (the “**VAT**”) from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. If the issuance of Bonds is treated by the relevant tax authorities as the Bondholders providing financing services within the PRC, the Issuer will be obligated to withhold VAT of 6 per cent. on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. As Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

Bonds 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 Bonds are U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of the minimum denomination of U.S.\$200,000 that are not integral multiples of such U.S.\$200,000 denomination. In such a case, a Bondholder 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 Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

TERMS AND CONDITIONS OF THE BONDS

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

The U.S.\$300,000,000 6.70 per cent. bonds due 2025 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司) (the “**Issuer**”) are constituted by a trust deed (as amended or supplemented from time to time, the “**Trust Deed**”) dated 8 August 2022 (the “**Issue Date**”) made between the Issuer and Citicorp International Limited (the “**Trustee**”, which expression shall include its successor(s) and all other all persons for the time being trustee or trustees under the Trust Deed) as trustee for the Bondholders (as defined below) and are subject to an agency agreement dated on or about 8 August 2022 (as amended, restated, replaced or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, Citicorp International Limited as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Bonds), Citibank, N.A., 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 Bonds), the transfer agents named therein (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Bonds), 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 Bonds) 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. The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed.

The Bondholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. For as long as any Bonds is outstanding, copies of the Trust Deed and the Agency Agreement are available for inspection by Bondholders during normal business hours at the registered office for the time being of the Trustee and the Registrar, being at the date hereof 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer on 1 December 2021 and a shareholder resolution of the Issuer dated 24 December 2021.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

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

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

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

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

2 STATUS

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

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

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

(b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f) herein, a Bond may be transferred by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back of the Certificate duly completed and signed, at the specified office of the Registrar or any Transfer Agent and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer.

In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a Holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

(c) Delivery of New Certificates

Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing,

be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 3(c), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described herein (see “Summary of Provisions relating to the Bonds in Global Form”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

(d) Formalities Free of Charge

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

(e) Closed Periods

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

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds, the initial form of which scheduled to the Agency Agreement (the “**Regulations**”). The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Holders and at the Issuer’s expense) by the Registrar to any Holder who requests one in writing and provides proof of holding satisfactory to the Registrar.

4 COVENANTS

(a) Negative Pledge

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

Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) Undertakings relating to Foreign Debt Registration

The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》(匯發[2013]19號)) and its operating guidelines, effective as of 13 May 2013 (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline, (iii) if applicable, as soon as practicable, and in any case as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People’s Bank of China on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (《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》(銀發[2017]9號)) (the “**Cross Border Financing Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, if applicable, the Foreign Debt Registration, the Cross Border Financing Circular and any implementing measures promulgated thereunder from time to time.

(c) Notification to NDRC

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

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

The Issuer shall within five Registration Business Days after the later of submission of the NDRC Post-issue Filing and receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (i) a certificate in English signed by an Authorised Signatory confirming (A) the completion of the NDRC Post-issue Filing and the Foreign Debt Registration and (B) no Change of Control Event, Event of Default or Potential Event of Default has occurred; and (ii) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any) and Foreign Debt Registration, each certified in English by an Authorised Signatory as a true and complete copy of the original (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within five Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16 and substantially in the form scheduled to the Trust Deed) confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration.

The Trustee shall have no obligation to monitor or ensure the Foreign Debt Registration is completed as required by Condition 4(b) or the NDRC Post-issue Filing is made as required by Condition 4(c) or to assist with either the NDRC Post-issue Filing or the Foreign Debt Registration or to verify the accuracy, validity and/or genuineness of any Registration Documents or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and the Foreign Debt Registration, and shall not be liable to Bondholders, the Issuer or any other person for not doing so.

(e) Financial Information

So long as any Bond remains outstanding (as defined in the Trust Deed) the Issuer will furnish the Trustee with (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”) (audited by a nationally or internationally recognised firm of independent accountants) of the Issuer and its Subsidiaries (if any) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate; and (ii) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate.

(f) Ratings

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

In these Conditions:

“**Authorised Signatory**” has the meaning given to it in the Trust Deed;

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

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

- (i) no Change of Control Event, Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) the Issuer has complied with all its obligations under the Trust Deed and the Bonds;

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

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

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

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

“**Rating Agency**” means (i) S&P Global Ratings, a division of S&P Global Inc., and its successors, (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors, (iii) Fitch Ratings and its successors or (iv) any other reputable credit rating agency of international standing;

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

“**Registration Deadline**” means the day falling 150 calendar days after the Issue Date;

“**Relevant Indebtedness**” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

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

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

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

“**Unaudited Financial Reports**” means, for a Relevant Period, the semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited consolidated balance sheet, income statement, cash flow statement and statement of changes in shareholders’ equity of the Issuer; and

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 8 August 2022 (the “**Issue Date**”) at the rate of 6.70 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$33.50 per Calculation Amount (as defined below) on 8 February and 8 August in each year (each an “**Interest Payment Date**”) commencing on 8 February 2023.

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

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

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

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 8 August 2025 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any interest accrued up to but excluding the date fixed for redemption) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 1 August 2022, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will

become obliged to pay such Additional Tax Amounts as a result of such change or amendments. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event they shall be conclusive and binding on the Bondholders.

(c) Redemption for Relevant Events

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

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

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

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

- (i) the Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control Event or No Registration Event;
- (iii) the date by which the Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Holders must follow and the requirements that Holders must satisfy in order to exercise the Relevant Event Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

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

In this Condition 6(c):

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

- (i) Mianyang SASAC and PRC Government Persons collectively cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person or persons, except where such person(s) (in the case of asset sale or transfer) or the surviving entity (in the case of consolidation or merger) is/are directly or indirectly 100 per cent. held or owned by Mianyang SASAC and/or PRC Government Persons;

“**Control**” means (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital or issued shares of a person or (ii) the right to appoint and/or remove all or the majority of the members of a person’s board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, shares, the possession of voting rights, contract or otherwise; the term “**Controlled**” has meanings correlative to the foregoing;

“**Mianyang SASAC**” means the State-owned Assets Supervision and Administration Commission of Mianyang City (綿陽市國有資產監督管理委員會) or its successor;

a “**No Registration Event**” occurs when the Registration Conditions are not satisfied on or before the Registration Deadline;

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

“**PRC Government Persons**” means any person directly or indirectly Controlled by the central government of the PRC, which, for the avoidance of doubt, includes Sichuan Provincial Department of Finance (四川省財政廳);

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents relating to the Foreign Debt Registration as set forth in Condition 4(d); and

a “**Relevant Event**” will be deemed to occur if:

- (i) there is a No Registration Event; or
- (ii) there is a Change of Control Event.

(d) Purchase

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

(e) Notice of redemption

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

(f) Cancellation

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

7 PAYMENTS

(a) Method of Payment:

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Principal Paying Agent or of any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a) below.
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made by transfer to an account in U.S. dollars maintained by the payee with a bank in New York City.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

Whilst the Bonds are evidenced by the Global Certificate and so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person or to the order of 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 payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

- (b) **Payments subject to Fiscal Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, on the due date for payment (or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders.
- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the Holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “Payment Business Day” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in New York City, Hong Kong, and the place in which the specified office of the Principal Paying Agent is located.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer by or within the PRC up to and including the aggregate rate applicable on 1 August 2022 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

- (i) **Other connection:** to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or
- (ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

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

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

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

9 EVENTS OF DEFAULT

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

An “**Event of Default**” occurs if:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any) on any of the Bonds when due or (ii) interest on any of the Bonds when due and such failure continues for a period of seven days; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed (other than where such default gives rise to a right of redemption pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$20,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any of the Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or
- (f) **Insolvency:** the Issuer or any of the Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of the Principal Subsidiaries; or

- (g) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of the Principal Subsidiaries, or the Issuer or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders; (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Issuer and/or another of its Subsidiaries; or (iii) disposal of a Principal Subsidiary on an arm's length basis where the proceeds resulting from such disposal are fully invested in the Issuer and/or another of its Subsidiaries; or
- (h) **Nationalisation:** (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer or any of the Principal Subsidiaries or (ii) the Issuer or any of the Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds and/or the Trust Deed; or
- (k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(g).

In this Condition 9, "**Principal Subsidiary**" means any Subsidiary of the Issuer:

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

balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; 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 (xx) 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 (yy) 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, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by 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.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection

therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

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

(a) Meetings of Holders

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

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

(b) Modification, Waiver, Authorisation and Determination

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

(c) Entitlement of the Trustee

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

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee and its affiliates are entitled to enter into business transactions with the Issuer and/or any entity related to the Issuer without accounting for any profit.

Each of the Trustee and the Agents may rely without liability to Bondholders on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, 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, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

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

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee shall be

entitled to rely on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

The Trustee shall have no obligation to monitor whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be liable to the Bondholders, the Issuer or any other person for not doing so.

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

15 FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Bondholders to create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions and making of the Foreign Debt Registration, the NDRC Post-issue Filing and, if applicable, the filing of the Bonds under the Cross Border Financing Circular) and so that the same shall be consolidated and form a single series with the outstanding Bonds. Any further securities shall be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

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

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

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

18 GOVERNING LAW AND JURISDICTION

(a) Governing Law

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

(b) Jurisdiction

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

(c) Agent for Service of Process

The Issuer has irrevocably appointed in the Trust Deed The Law Debenture at its principal place of business (at Suite 1301 Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong) as its authorised agent to receive service of process in any Proceedings in Hong Kong based on any of the Bonds or the Trust Deed. If for any reason The Law Debenture ceases to be so appointed, the Issuer shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) Waiver of Immunity

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

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

Under the Global Certificate, the Issuer, for value received, promises to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions, and to pay interest on such principal sum from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with any additional amounts payable in accordance with the Conditions.

The Global Certificate will be exchanged in whole (but not in part) for duly authenticated and completed definitive Certificates if Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

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

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

PAYMENT

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

BONDHOLDER’S REDEMPTION

The Bondholder’s redemption option in Condition 6(c) (*Redemption of Relevant Events*) of the Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Conditions.

ISSUER'S REDEMPTION

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

TRANSFERS

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

CANCELLATION

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer or its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the Register and the Global Certificate on its presentation to or to the order of the Registrar for annotation.

NOTICES

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

MEETINGS

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

TRUSTEE'S POWERS

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

AUTNENTICATION

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

USE OF PROCEEDS

The Issuer estimates that the net proceeds from the offering of the Bonds will be U.S.\$298.67 million. Such net proceeds, consisting of the gross proceeds from the offering of the Bonds less commissions and other estimated expenses payable by the Issuer in connection with the Bonds, are planned to be used for the repayment of the Issuer's existing offshore bonds.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. 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, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. Following an announcement by the PBOC on 11 August 2015 to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market, Renminbi depreciated significantly against the U.S. dollar in the remainder of 2015 and 2016 before rebounding in 2017. In 2018 the Renminbi has experienced further fluctuation in value against the U.S. dollar with significant depreciation occurring in the second quarter of 2018. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

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

Period	Noon buying rate ⁽¹⁾			
	Period end	Average ⁽²⁾	High	Low
		<i>(RMB per U.S.\$1.00)</i>		
2016	6.9430	6.6549	6.9580	6.4480
2017	6.6137	6.6137	6.6137	6.6137
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
October	6.4050	6.4172	6.4485	6.3820
November	6.3640	6.3889	6.4061	6.3640
December	6.3726	6.3693	6.3772	6.3435
2022				
January	6.3610	6.3556	6.3822	6.3206
February	6.3084	6.3436	6.3660	6.3084
March	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 15 July)	6.7565	6.7190	6.7565	6.6945

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

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Issuer as at 31 December 2021 and adjusted to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering:

	Actual		As adjusted	
	(RMB)	(U.S.\$) ⁽²⁾	(RMB)	(U.S.\$) ⁽²⁾
Current indebtedness:				
Short-term loans	6,304,268,560.00	989,277,305.97	6,304,268,560.00	989,277,305.97
Bills payable	236,600,000.00	37,127,702.98	236,600,000.00	37,127,702.98
Long-term loan due within one year	5,568,349,146.48	873,795,491.08	5,568,349,146.48	873,795,491.08
Debentures payable due within one year	9,441,769,332.70	1,481,619,642.33	9,441,769,332.70	1,481,619,642.33
Total current indebtedness	21,550,987,039.18	3,381,820,142.36	21,550,987,039.18	3,381,820,142.36
Non-current indebtedness:				
Long-term loans	15,751,212,850.27	2,471,709,012.06	15,751,212,850.27	2,471,709,012.06
Debentures payable	23,748,582,834.17	3,726,670,877.53	23,748,582,834.17	3,726,670,877.53
Bonds to be issued	–	–	1,911,780,000.00	300,000,000.00
Total non-current indebtedness	39,499,795,684.44	6,198,379,889.60	41,411,575,684.44	6,498,379,889.60
Total indebtedness	61,050,782,723.62	9,580,200,031.95	62,962,562,723.62	9,880,200,031.95
Total shareholders' equity	33,488,520,506.60	5,255,079,638.86	33,488,520,506.60	5,255,079,638.86
Total capitalisation⁽¹⁾	94,539,303,230.22	14,835,279,670.81	96,451,083,230.22	15,135,279,670.81

Since 31 December 2021, the Group has issued the following bonds in the PRC:

- In June 2022, the Issuer issued RMB600 million corporate bonds due 2027;
- In February 2022, the Issuer issued RMB500 million corporate bonds due 2027;
- In February 2022, the Issuer issued RMB320 million corporate bonds due 2025;
- In January 2022, the Issuer issued RMB500 million corporate bonds due 2027;
- In January 2022, the Issuer issued RMB820 million corporate bonds due 2027;
- In April 2022, the Issuer issued RMB1 billion private placement notes due 2027;
- In April 2022, Mianyang Transportation Development Group Co., Ltd. (綿陽交通發展集團有限責任公司) (“**Mianyang Transportation**”) issued RMB100 million medium term notes due 2025;
- In March 2022, Mianyang Transportation issued RMB900 million medium term notes due 2025; and
- In July 2022, the Issuer issued RMB800 million corporate bonds due 2027.

Note:

- (1) Total capitalisation represents the sum of total current indebtedness, total non-current indebtedness and total shareholders' equity.
- (2) Based on the exchange rate of RMB6.3726 to U.S.\$1.00, the noon buying rate in effect on 30 December 2021 as set forth in the H.10 weekly statistical release of the Board of the Governors of the Federal Reserve System of the United States.

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

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a state-owned enterprise located in Mianyang City, Sichuan Province in China and is the largest urban infrastructure construction and state asset operation platform in terms of total assets in Mianyang City. The Group mainly operates in five industries, namely, (1) urban construction, (2) urban operations, (3) culture and tourism, (4) education and (5) modern services. The Group's business comprises nine principal segments including (i) infrastructure construction, (ii) primary land development, (iii) procurement and supply of goods, (iv) education, (v) public transportation, (vi) water supply (including replacement of water meters and redevelopment of water pipelines), (vii) procurement and supply of food and edible oil, (viii) real estate sales and (ix) hotel management.

As at the date of this Offering Circular, the registered capital of the Issuer is RMB850.0 million. The Issuer is 90 per cent. owned by Mianyang SASAC and 10 per cent. owned by the Sichuan Finance Department.

HISTORY AND DEVELOPMENT

The Issuer was initially established as Sichuan Mianyang Xindali Assets Operation Co., Ltd. (四川省綿陽市新大力資產經營有限公司) on 17 May 1999 pursuant to the Approval of the Mianyang State-Assets Management Commission in relation to the State Assets Operation Plan for Sichuan Mianyang Xindali Assets Operation Co., Ltd. (Mian Guo Zi Wei [1999] No.11) (綿陽市國有資產管理委員會《關於對四川綿陽新大力資產經營有限公司國有資產授權經營方案的批復》(綿國資委[1999]11號) and the Notice by the Mianyang Government in relation to the Establishment of Sichuan Mianyang Xindali Assets Operation Co., Ltd. (Mian Fu Han [1999] No.35 (綿陽市人民政府《關於組建綿陽資產經營有限公司的通知》)(綿府函[1999]35號)). At the time of establishment, the total registered capital of the Issuer was RMB200 million, which was contributed by Mianyang Nanjiao Airport Management Bureau (綿陽南郊機場管理局), Mianyang Water Company No.3 Branch (綿陽市自來水總公司第三水廠), Mianyang Fule Mountain Hotel (綿陽富樂山國際酒店) and Mianyang Mianzhou Hotel Co., Ltd. (綿陽綿州酒店有限公司). At the early stage of its establishment, the Group, with the Issuer and its three subsidiaries, focused on the preservation and enhancement of value of state-owned assets.

The table below sets out certain key corporate historical events and milestones during the Group's development since its establishment:

Year	Events
2000	On 8 August 2000, the Issuer changed its name from Sichuan Mianyang Xindali Assets Operation Co., Ltd. (四川省綿陽市新大力資產經營有限公司) to Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股集團有限公司) in accordance with the Approval of the Mianyang Government in relation to Corporate Governance of Mianyang Xindali Assets Operation Co., Ltd. and the Articles of Association of Mianyang Investment Holding (Group) Co., Ltd. (Mian Fu Han [2000] No.138) (《綿陽市人民政府轉批〈綿陽新大力資產經營有限責任公司規範運作的實施方案〉及〈綿陽市投資控股(集團)有限公司章程〉的通知》(綿府函[2000]138號)).

Year	Events
2006	In July 2006, Mianyang SASAC transferred 100 per cent. equity interests in Mianyang Fuda Assets Management Co., Ltd. (綿陽富達資產經營管理有限公司) and Mianyang Highway Development Co., Ltd. (綿陽市高等級公路開發有限公司) to the Issuer according to the Approval by the Mianyang Government in relation to Mianyang Investment Holding (Group) Co., Ltd.’s Equity Interest in Mianyang Fuda Assets Management Co., Ltd. and Mianyang Highway Development Co., Ltd. (Mian Fu Han [2006] No.127) (綿陽市人民政府《關於同意授權綿陽市投資控股(集團)有限公司持有綿陽富達資產經營管理有限公司和綿陽市高等級公路開發有限公司國有股權的批復》(綿府函[2006]127號)) and the Advice of the Mianyang Government and the Mianyang Municipal Committee of the Communist Party of China in relation to Innovative Government and Investment and Financing System (Mian Wei Fa [2006] No.11) (《中共綿陽市委、綿陽市人民政府關於創新政府投融資體制的意見》(綿委發[2006]11號) (the “2006 advice”). Following the transfer, the Issuer’s registered capital was increased to RMB85 million. Adhering to the 2006 Advice, through the integration of assets and reformation of institutional mechanisms, the Group strived to develop into a comprehensive state-owned investment and financing platform which deals with the borrowing, use, management and repayment (“借、用、管、還”) of capital, and possesses quality assets, strong financial capabilities and outstanding main businesses. Its investment and financing mechanism would follow the principles of “government guidance, social participation, and market operation”, forming a robust foundation for the accelerated and sustainable development of Mianyang City’s urban construction and transportation. Since 2006, the Group entered a period of rapid development.
2008	In December 2008, according to Approval of the Mianyang Government in relation to Transfer of Mianyang Highway Development Co., Ltd. (Mian Fu Han [2008] No.289) (綿陽市人民政府《關於剝離綿陽市高等級公路開發有限責任公司的批復》(綿府函[2008]289號)), the Group disposed of 100 per cent. equity interest in Mianyang Highway Development Co., Ltd..
2014	On 27 June 2014, according to Approval by Mianyang SASAC on Transfer of Equity in Mianyang Education Investment Development (Group) Co., Ltd. to Mianyang Investment Holding (Group) Co., Ltd. Free of Consideration (Mian Guo Zi Fa Gui [2014] No.13) (《綿陽市國資委關於綿陽市教育投資發展有限責任公司國有股權無償劃轉綿陽市投資控股(集團)有限公司的批復》(綿國資法規[2014]13號)), Mianyang SASAC transferred 100 per cent. equity interest in Mianyang Education Investment Development (Group) Co., Ltd. (綿陽市教育投資發展(集團)有限責任公司) into the Group.

Year	Events
2015	In 2015, according to the Notes on Accounting Treatment Matters Relating to Local Government Replacement Bonds of Mianyang Investment Holding (Group) Co., Ltd. (Mian Cai Jin Han [2016] No.2) (《關於綿陽市投資控股(集團)有限公司地方政府置換債券有關會計處理事項的說明》(綿財金函[2016]2號)) issued by Mianyang Finance Bureau, Mianyang Finance Bureau agreed that the capital converted from the replacement of local government debts would be counted towards the capital reserve of the Group, pursuant to which the Issuer increased its capital reserve by RMB685 million. Apart from this, the Issuer received funding in the amount of RMB98 million from Mianyang Finance Bureau which counted towards its capital reserve.
2016	As at 31 December 2016, the Issuer's capital reserve amounted to approximately RMB14.5 billion, representing a net increase of approximately RMB1.1 billion compared to 2015. Such net increase was mainly attributable to the injection of capital converted from the replacement of government debts. At the same time, the Group's business was also expanding into other industries including film, urban carparking, energy and environment protection.
2017	In 2017, capital in the amount of RMB323 million was converted from the replacement of local government debts and directed towards its capital reserve. In 2017, the Group devised its "13th Five-Year" strategic plan, expressing its vision of developing into a leading comprehensive urban service provider in Western China and its strategic position as a state-owned capital investment company with urban construction and operations as its core businesses, complemented by its diverse business operations in related industries, which would further improve the industrial layout and establish a new management and control system for the Group. Furthermore, the Issuer obtained an onshore rating of AA+, becoming the first enterprise in Mianyang City to achieve such rating.
2018	On 24 April 2018, Mianyang SASAC gave approval in principle on the Issuer's injection of capital in the amount of RMB13 billion into the establishment of Mianyang Huike Photoelectric Technology Co., Ltd. (綿陽惠科光電科技有限公司) with Huike Holding Co., Ltd. (惠科股份有限公司) and Mianyang Fucheng Investment Group Co., Ltd. (綿陽富誠投資集團有限公司). In 2018, the Issuer and Huike Holding Co., Ltd. (惠科股份有限公司) collaborated on the manufacturing of the 8.6th generation thin film transistor liquid crystal display devices (the "Huike LCD Project"). The Huike LCD Project had a total investment of approximately RMB24.0 billion and was instrumental in the development of a hundred-billion-level industrial cluster in Mianyang City. As at 31 December 2018, the Issuer's capital reserve amounted to approximately RMB14.8 billion.

Year	Events
2019	By 2019, the Group had accumulated total assets of approximately RMB90.8 billion, making it the largest urban investment enterprise in Northwest Sichuan in terms of total assets. The Group had completed the construction of more than 160 projects with an aggregate investment exceeding RMB44.0 billion. It was also successful in maintaining its AA+ rating for three consecutive years. In 2019, the Group’s subsidiary, Mianyang Automobile Experimental Driving Technical School Co., Ltd. (綿陽市汽車實驗駕駛技術學校股份有限公司) (“Mianyang Driving School”), was listed on the National Equities Exchange and Quotations. On 26 November 2019, Mianyang Transportation published the Notice on the Change of Controlling Shareholding (《綿陽交通發展集團有限責任公司關於控股股東變更的公告》), announcing that 100 per cent. of its equity interest held by Mianyang SASAC would be transferred to the Issuer for nil consideration pursuant to the Notice on Optimising and Reorganising State-owned Assets to Promote the Reform and Development of Municipal State-owned Enterprises (Mian Wei Ban [2019] No.138) (《關於優化重組國有資產推進市屬國有企業改革發展的通知》綿委辦[2019]138號) published by the CPC Mianyang Municipal Committee Office (中共綿陽市委辦公室) and the General Office of the Mianyang Government (the “Notice No.138 of 2019”). Since then, the Group expanded its business scope to cover public transportation operations. In December 2019, pursuant to the Mianyang Foreign Language School State-owned Property Rights Integration Agreement (《綿陽外國語學校國有產權整合協議》), the Mianyang Education and Sports Bureau (綿陽市教育和體育局) transferred 100 per cent. of the equity interest it held in Mianyang Foreign Language School (綿陽外國語學校) to the Group for nil consideration.

Year	Events
2020	In April 2020, the construction of the Huike LCD Project was completed and its factories went into production. In August 2020, the Issuer established Mianyang Sanjiang Medical Investment Co., Ltd. (綿陽三江醫療投資有限公司) jointly with Mianyang Third People's Hospital (綿陽市第三人民醫院) and Mianyang Jingkai Investment Holding Group Co., Ltd. (綿陽經開投資控股集團有限公司), thus entering the medical and health field and optimising the industrial layout of the Group. On 24 June 2020, pursuant to the Notice No.138 of 2019 and the Notice of Mianyang SASAC on the Transfer of State-owned Property Rights of Mianyang Food and Oils Group Co., Ltd. (Guo Zi Qi [2020] No.16) (《綿陽市國資委關於綿陽市糧油集團有限公司國有產權無償劃轉的通知》(國資企[2020]16號)), Mianyang SASAC transferred 100 per cent. of the equity interest it held in Mianyang Food and Oils Group Co., Ltd. (綿陽市糧油集團有限公司) to the Group for nil consideration. Since then, the Group expanded its business scope to cover the procurement and supply of food and edible oil. On 29 December 2020, Mianyang SASAC transferred 10 per cent. of the equity interest of the Issuer to the Sichuan Finance Department. Following such equity transfer, and as at the date of this Offering Circular, Mianyang SASAC and the Sichuan Finance Department hold 90 per cent. and 10 per cent. of the equity interest of the Issuer, respectively.

Year	Events
2021	In 2021, the Issuer was named one of Sichuan Province’s “Integrity Enterprises” and included in the “Red List” on the websites of “Credit China (Sichuan)” and “Credit China (Chongqing)”. It was also able to maintain its onshore AA+ rating. At the same time, it also became eligible to various preferential policies, including a total of 39 incentive measures across 14 major categories jointly formulated by the provincial-level government departments, a “Green Passage” for obtaining approval and priority in receiving government subsidies. In May 2021, the Mianyang Government and Huaqiang Fangte Group (華強方特集團) entered into a framework agreement on the cooperative construction of the Mianyang-Fangte cultural tourism project in Mianyang City. At the same time, the Jiangyou Municipal People’s Government (江油市人民政府) and Huaqiang Fangte Group signed an investment and cooperation agreement for the “Mianyang Road to Revival Cultural and Technology Project (綿陽復興之路文化科技項目)”. As an extension of such strategic cooperation, in August 2021, the Issuer and Jiangyou Hongfei Investment (Group) Co., Ltd. (江油鴻飛投資(集團)有限公司) jointly established Mianyang Miantai Industrial Co., Ltd. (綿陽綿太實業有限公司), in which the Issuer contributed RMB70 million towards its registered capital. In 2021, the Group also continued to contribute towards the development of an electronic industry cluster in Mianyang City by participating in the development of production lines for display modules, double-copper technology and photoelectric polarizers. In June 2021, with the approval of Mianyang State-owned Assets Supervision and Administration Commission, the Issuer transferred the 100 per cent. equity interest it held in Mianyang Ruihao Real Estate Development Co., Ltd. (綿陽瑞豪房地產開發有限責任公司) at a consideration of approximately RMB637.9 million. This transaction was completed by way of an online auction on the Southwest United Equity Exchange (西南聯合產權交易所). In September 2021, the Issuer led the establishment of Mianyang Science and Technology City Major Industry Equity Investment Fund Partnership (Limited Partnership) (綿陽科技城重大產業股權投資基金合夥企業(有限合夥)) with a registered capital of RMB5.01 billion.

RECENT DEVELOPMENT

Acquisition of China National Heavy Duty Truck Group Jinan Power Co., Ltd.

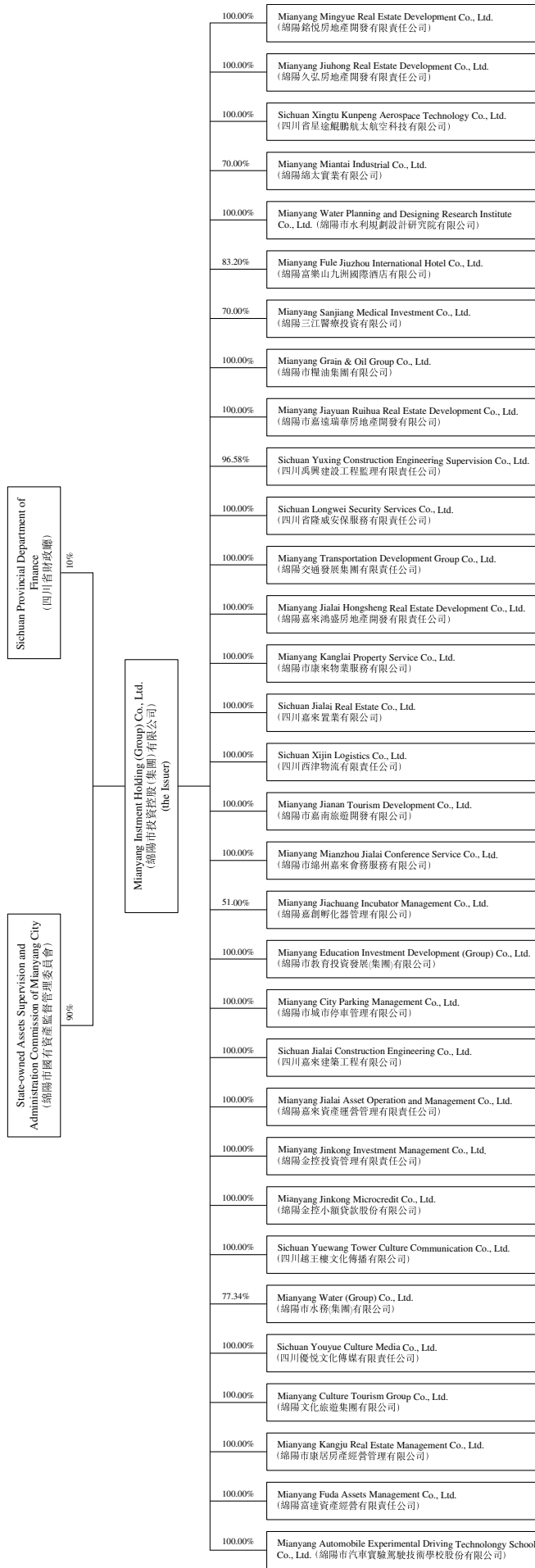
In March 2022, the Group acquired through bidding 66 per cent. of the equity interest in China National Heavy Duty Truck Group Jinan Power Co., Ltd. (中國重汽集團濟南動力有限公司) from China National Heavy Duty Truck Group Jinan Power Co., Ltd. (中國重汽集團濟南動力有限公司) (“CNHTC”) for a consideration of RMB124.6 million. As at the date of this Offering Circular, the relevant industrial and business registrations have been completed. This merger is part of the restructuring of the CNHTC group and will facilitate the expansion of its production capacity in Mianyang City. The Group, as a municipal-level state-owned enterprise with commercial functions, expects to be able to assist with the optimisation of the

overall layout of the automobile industry in Mianyang City and the development of Mianyang City into an important automobile manufacturing base in Southwest China. Following this merger, the Group plans to expand its business in a sustainable manner in three directions:

- Making use of the Group's idle land and existing regional advantages, developing new businesses related to commercial vehicle modification and supporting industries;
- Investing in automated welding robot equipment and developing a closed coating production line to upgrade its production equipment; and
- Undertaking new energy vehicle and automobile part projects to expand its business into the new energy industry.

GROUP STRUCTURE

The chart below illustrates the simplified corporate structure of the Group, showing the Issuer and its major subsidiaries, as at 31 December 2021.



RELATIONSHIP WITH THE MIANYANG GOVERNMENT

As of the date of this Offering Circular, the Issuer is one of the only two enterprises acting as the investment and financing platforms under Mianyang SASAC. The Issuer is 90 per cent. owned by Mianyang SASAC and 10 per cent. owned by the Sichuan Finance Department.

The Mianyang Government has authorised Mianyang SASAC as the capital contributor (出資人) of the establishment of the Issuer. Mianyang SASAC enjoys the right of an authorised capital contributor over the Issuer and exercises powers such as supervisory right over the Issuer's board of directors, right of returns on capital, approval right of significant matters, as well as right of appointment, management and evaluation of leadership personnel of the Issuer.

Notwithstanding the extensive relationship between the Issuer and Mianyang SASAC and any financial support from the latter, the Issuer is independent of Mianyang SASAC in terms of assets, personnel, organisation, financials and business operation. The Issuer's functions and departments are separate from those of the Mianyang Government and does not share any premises with the Mianyang Government. Although the board of directors and other members of the management team of the Issuer are appointed by Mianyang SASAC, they are not government officers and do not have any employment outside of the Group. The Issuer has a budget and financial reporting system and assets and liabilities separate from those of the Mianyang Government. The Mianyang Government as the ultimate equity holder of the Issuer only has limited liability to the Issuer in the form of its capital contribution in the Issuer.

The PRC Government (including the Mianyang Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Trust Deed relating to the Bonds in lieu of the Issuer. This position has been reinforced by Circular 23, Circular 706 and Circular 666. The Mianyang Government as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. As such, the Mianyang Government (and the PRC Government) does not have any payment or other obligations under the Bonds or the Trust Deed relating to the Bonds. The Bonds are solely to be repaid by the Issuer as an obligor and the obligations of the Issuer under the Bonds and the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. Circulars 23 and 706 do not, however, prohibit the PRC Government (including the Mianyang Government) from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Issuer and the Mianyang Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Mianyang Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer.

COMPETITIVE STRENGTH

The Group believes that its success and prospects are primarily attributable to the following competitive strengths:

Leveraging the geostrategic advantages and economic growth potential of Mianyang City

The Group is strategically located in Mianyang City, the second largest city in Sichuan Province. Mianyang City has a unique geographical location and convenient transportation. It is an important node city situated in the heart of the "West Triangle" formed by Chengdu, Chongqing and Xi'an. Mianyang City is equipped with all-round municipal public service facilities, and has a number of national demonstration secondary vocational schools, key secondary vocational schools, national demonstration high schools, Grade-A tertiary hospitals and large sports venues.

Mianyang City is officially approved by the CPC and the State Council of the PRC as China's only "Science and Technology City (科技城)". It has established a national-level high-tech development zone and a national-level economic and technological development zone, as well as scientific and technological innovation and commercialisation platforms such as the Mianyang Science and Technology City Innovation Centre, the Mianyang Industrial Technology Research Institute, and the National University Science Park Incubation Centre of Southwest University of Science and Technology. In March 2019, the Sichuan Provincial Party Committee and the People's Government of Sichuan Province jointly issued the Opinions on Promoting the Accelerated Development of China (Mianyang) Science and Technology City (Chuan Wei Fa [2019] No.6) (《關於推進中國(綿陽)科技城加快發展的意見》(川委發[2019]6號)), outlining the three-stage development goals of Mianyang City from 2020 to 2030. It is expected that, by 2030, having fulfilled its national strategic objectives, Mianyang City will grow into a scientific and technological innovation centre and industrial development highland with strong influence in Western China and also at the national level, becoming a world-renowned innovative city.

In 2022, the 12th Sichuan Provincial Party Congress expressed its support towards Mianyang City's development as the economic sub-centre of Northern Sichuan and the construction of a national science and technology innovation pilot demonstration zone, through giving full play to its competitive edge as the "Science and Technology City". To this end, Mianyang City is actively developing technology and industries, opening and revitalising the city, attracting talents, and improving the ecology and beautifying the city. The Group expects to benefit from the comprehensive infrastructure and urban development plans of Mianyang City.

Strategic importance as an investment, financing, infrastructure construction and state asset operation platform of the Mianyang Government

Since 2006, the Group entered a period of rapid development following the integration of premium state-owned assets and resources. In recent years, the Group has implemented scientific transformation and enhanced the integration of its assets, resources and businesses. It has also increased its efforts in industrial investment and operational management.

The Issuer is currently one of the only two enterprises acting as the investment and financing platforms under Mianyang SASAC (the other enterprise being Mianyang Science and Technology City Development Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司)). The Group is the largest state-owned investment enterprise group in Mianyang City which manages, operates and invests in state-owned assets. It assumes an important position in the transportation, water supply and hotel management industries of Mianyang City. In particular, the Issuer is the only urban investment enterprise in Mianyang City which has obtained an AA+ corporate rating. The Group's subsidiary, Mianyang Driving School, has also been listed on the National Equities Exchange and Quotations and the Group aims to further contribute towards Mianyang City's modern service industry.

On the other hand, the Group is the largest urban infrastructure construction and state asset operation platform in terms of total assets in Mianyang City. As such, the Group benefits from a dominant market position across Mianyang City's infrastructure construction and land development industries. It has been delegated by the Mianyang Government to be in charge of various major urban infrastructure construction projects with a total investment amount of RMB1,117.9 million as at 31 December 2021, among which the completed investment amount was RMB1,113.6 million and RMB4.3 million remained pending. Over the years, the Group has undertaken and completed a large number of projects of strategic importance to Mianyang City since its establishment, including, for example, the construction of the First Ring Road (綿陽市一環路), the Second Ring Road (綿陽市二環路) and the express highway (城際快速通道) of Mianyang City. By leading the development of major infrastructure construction and public projects in Mianyang City, not

only has the Group accumulated experience in the development and management of large-scale projects, it also contributes towards Mianyang City's economic development and affirms its position as a key entity to implement the Mianyang Government's blueprint for developing Mianyang City.

Strong historical support from the PRC Government on policies, resources and finances

The Group has received significant support from the Mianyang Government primarily through the following channels:

Policies – According to the Advice of the Mianyang Government and the Mianyang Municipal Committee of the Communist Party of China in relation to Innovative Government and Investment and Financing System (Mian Wei Fa [2006] No.11) (《中共綿陽市委、綿陽市人民政府關於創新政府投融資體制的意見》(綿委發[2006]11號)), the Mianyang Government planned to build the Group into an integrated investment and financing platform with a large quality asset base, good financing and repayment ability and strong business capability and competitiveness. Moreover, the Opinions on Promoting the Accelerated Development of China (Mianyang) Science and Technology City (Chuan Wei Fa [2019] No.6) (《關於推進中國(綿陽)科技城加快發展的意見》(川委發[2019]6號)) issued by the Sichuan Provincial Party Committee and the People's Government of Sichuan Province in March 2019 confirmed that the construction of Mianyang as the "Science and Technology City" is a major historical task assigned by the central government to Sichuan Province and reiterated the positioning of Mianyang City as Sichuan Province's economic sub-centre. As an important stakeholder in Mianyang City's development, the Group expects to continue to obtain strong support from the government. Moreover, recently, the Mianyang Municipal Committee of the Communist Party of China and the Mianyang Government are coordinating and formulating relevant plans to further strengthen, optimise and expand municipal state-owned enterprises. As the largest state-owned capital investment company in Mianyang City, the Group is expected to benefit from such integration of resources.

Resources – The Mianyang Government has injected state-owned assets (including state-owned assets operation rights) into the Group, including, for example, (i) the operation rights of street parking spaces in Mianyang City in 2012, (2) the operation rights of urban billboards in Mianyang City in 2013, (3) the right to collect water fees, (4) high-quality land resources and large-scale land consolidation resources such as Chengnan New District (城南新區), (5) equity interests in state-owned enterprises such as Mianyang Transportation, Mianyang Education Investment Development (Group) Co., Ltd. (綿陽市教育投資發展(集團)有限責任公司) and Mianyang Food and Oils Group Co., Ltd. (綿陽市糧油集團有限公司), as well as (6) premium property rental assets.

Finances – The Mianyang Government has provided subsidies and financing to the Group. For the years ended 31 December 2019, 2020 and 2021, the Group received government subsidies of approximately RMB512.4 million, RMB580.0 million and RMB90.4 million, respectively. These subsidies mainly include government funding in the Group's infrastructure construction projects and daily operations. Other sources of the government's financial support include the return of land income.

Diversified businesses and revenue channels

The Group has a diversified business operation. On the one hand, it acts as the main infrastructure construction platform for the Mianyang Government and the primary land developer for Mianyang Chengnan New District (城南新區), Xianhai Scenic Region (仙海風景區), Sang Lin Ba (桑林壩) and Fenggu Zhaojiaji District (豐谷趙家脊片區). For the years ended 31 December 2019, 2020 and 2021, the operating revenue from the Group's infrastructure construction business was approximately RMB1.7 billion, RMB2.0 billion and RMB2.4 billion, respectively, and the operating revenue from the Group's primary land development business was approximately RMB0.8 million, RMB1.7 billion and RMB0.6 billion, respectively. On the other hand, the Group has also expanded its business to other sectors, including procurement and supply of goods, education, water supply, hotel management, sale of properties, driving training services, rental services, sewage treatment,

landfill, advertisement, automobile and treatment and medicine. These businesses have provided alternative revenue sources for the Group and support the Group's strategy of "building a state assets investment company focusing on urban construction and diversifying its businesses".

Diversified funding channels with good banking relationships

The Group funds its business operations and working capital requirements through a variety of funding channels including bank loans, onshore bonds (including corporate bond, enterprise bond and medium term notes), debt financing instruments, offshore bonds, trust and other financial products. As at 31 December 2021, the Group's total indebtedness (comprising short-term and long-term loans, notes and bonds payable, and long-term loans and bonds payable due within one year) was approximately RMB61.1 billion.

The Group has developed strong relationships with major financial institutions in the PRC, including policy non-commercial banks (such as China Development Bank and Agricultural Development Bank of China), state-owned commercial banks (such as Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, Bank of Communications and Postal Savings Bank of China) and other commercial banks (such as China Citic Bank, Huaxia Bank, Industrial Bank, Ping An Bank, Mianyang City Commercial Bank, Suining Bank, China Zheshang Bank and Fubon Bank). As at 31 December 2021, the Group has obtained a credit line of up to RMB70.0 billion from a number of commercial banks including Industrial and Commercial Bank of China, Agricultural Bank of China, Industrial Bank and Hua Xia Bank, of which RMB14.6 billion had not yet been utilised.

The diversified funding channels and strong relationships with major financial institutions assist the Group to lower its funding costs and ensure sufficient liquidity for its business operations.

Sound corporate governance system

In order to maintain a scientific and practicable internal control system, the Issuer has formulated the General Rules for the Management and Control (《綿陽市投資控股(集團)有限公司管控總則》) and set up the Division of Party and Masses' Affairs and seven other functional departments to oversee the management of the Group. See "*Management of the Group*" for further details. These departments oversee a wide array of affairs in the day-to-day management of the Issuer, including strategic management, planning/budget management, investment and financing/asset management, performance management, financial management, human resources management, engineering management, bidding and procurement management, administration/brand public relations/cultural management, audit management, contract management, change in legal representative and dissolution. The soundness of the Issuer's corporate governance system is attributable to the following features:

Authorisation system. The Issuer manages its authorisation system using a dynamic approach and builds an effective evaluation and feedback mechanism.

Human resources management. The Issuer maintains a fair and healthy working environment for its employees and has formulated recruitment protocols (including its Amended Administrative Measures for Employee Recruitment (《綿陽市投資控股集團有限公司員工招聘管理辦法(修訂)》)). It has established a sound human resources management system which is implemented and improved by its Human Resources Centre.

Operation control. The Issuer's risk control system is refined according to the professional characteristics and business needs of the each of its functional departments, so that the Issuer can effectively manage operational risks at different levels.

Financial management. The Issuer's accounting system covers both accounting control and financial management control, which is further divided to outline the financial management functions at the Group and subsidiary levels.

Internal control system in relation to subsidiaries' assets, personnel and financial affairs. Through establishing internal control protocols, the Issuer strengthens its control of subsidiaries and improves management efficiency. Its management principle combines both centralised management and delegation, with an aim to ensuring the orderly and healthy development of each subsidiary. On the one hand, the Issuer exercises its power as a shareholder of its subsidiaries and enjoys the power to appoint and remove senior management personnel of the subsidiaries, decide on material investment plans (including equity investments, debt investments, as well as investments in major fixed assets and projects), and vote on annual budget and assessments. On the other hand, with the Issuer's authorisation, employees of the Group's subsidiaries are responsible for the day-to-day operations.

Emergency management. The Issuer strives to improve its emergency management mechanism in order to ensure the safety of its assets, sustain its normal business operations, enhance its ability to deal with contingencies and minimise losses.

Information disclosure and investor management. The Issuer actively regulates its information disclosure behaviour and is keen to protect the legitimate rights and interests of investors.

Experienced management team and operation staff

The Issuer has a strong management team and operational staff who are experienced in managing and operating the Group's businesses. As at 31 December 2021, the Group had 9,877 employees, approximately 52.6 per cent. of which have a qualification of college education or above.

The Group also benefits from strong relationships with government departments, with a number of its management personnel having previously served in the related government departments. The Group believes that the strong management and execution capacity of its management team will enable the Group to continue to improve the efficiency of its operations, the quality of its services and the ability to satisfy the requirements of its customers, all of which will continue to provide a solid foundation for the Group's success.

STRATEGIES

The Group aims to strengthen its position by focusing on the following strategies:

Further diversify its business operations

The Group has established a diversified business model which covers businesses ranging from infrastructure construction, primary land development, procurement and supply of goods, education, water supply, hotel management, sale of properties, driving training services, rental services, sewage treatment, landfill, advertisement, automobile treatment, medicine and other ancillary businesses. In accordance with the Group's development strategy of "building a state assets investment company focusing on urban construction and diversifying its businesses", the Group will continue to seek new investment opportunities and expand into new business segments, building itself into a diversified holding group focusing on the following five industries:

Urban construction – including infrastructure construction investment, financing and contracting and real estate development;

Urban operations – including water supply, environmental protection, parking services and fixed assets management;

Culture and tourism – including hotel management, scenic area management and media;

Education – including secondary school education, pre-school education, professional training, football training and internet education; and

Other services – including automobile services (driving training, automobile testing and leasing), commercial trading, financial services and healthcare services.

Align its development goals with Mianyang City’s strategic plan

Going forward, the Group will continue to conscientiously implement various decisions and deployments of Mianyang Government and the Mianyang Municipal Committee of the Communist Party of China, and adhere to its commercial functions in accordance with the Group’s “14th Five-Year” development plan, as well as the regional strategic plans relating to the construction of the National Science and Technology Innovation Pilot Demonstration Zone and the innovation highland of the Chengdu-Chongqing economic circle. The Group also aims to strengthen its internal control and enhance its brand image. Following the leadership of the Party organisation, the Group expects to be able to align its development goals with the economic growth of Mianyang City. Taking “commitment to urban construction and creating a better life” as its corporate mission, the Group will continue to perform its functions as Mianyang City’s important investment and financing platform, pioneer in urban construction, industry leader and key contributor to people’s livelihood.

THE GROUP’S BUSINESS

The Group’s principal business segments include (i) infrastructure construction, (ii) primary land development, (iii) procurement and supply of goods, (iv) education, (v) public transportation, (vi) water supply (including replacement of water meters and redevelopment of water pipelines), (vii) procurement and supply of food and edible oil, (viii) real estate sales and (ix) hotel management.

The table below sets forth a breakdown of the Group's total operating revenue by business segments for the periods indicated:

Business Segment	Year ended 31 December					
	2019		2020		2021	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in million)		(RMB in million)		(RMB in million)	
	(audited and restated)		(audited and restated)		(audited)	
Infrastructure construction	1,711.4	23.6	1,978.6	22.9	2,396.0	24.5
Primary land development	831.2	11.5	1,697.8	19.6	649.8	6.7
Procurement and supply of goods	1,676.5	23.1	1,942.9	22.5	2,445.5	25.0
Education	860.5	11.9	878.0	10.2	989.5	10.1
Public transportation	394.8	5.4	316.8	3.7	328.7	3.4
Water supply	290.8	4.0	240.7	2.8	296.8	3.0
Procurement and supply of food and edible oil	–	–	551.8	6.4	1,276.0	13.1
Real estate sales	357.9	4.9	43.0	0.5	261.2	2.7
Hotel management	155.2	2.1	97.0	1.1	114.3	1.2
Others	972.7	13.4	901.3	10.4	1,010.7	10.3
Total	7,250.8	100.0	8,647.9	100.0	9,768.4	100.0

Infrastructure Construction

The Group is the main entity responsible for the development and infrastructure construction in Mianyang City and is one of the most important investment vehicles for the Mianyang Government. It has years of experience in the industry working on urban state-owned assets. The Group's infrastructure projects are mainly undertaken by the Issuer and two of its subsidiaries, namely, Sichuan Jialai Construction Engineering Co., Ltd. (四川嘉來建築工程有限公司) (“**Sichuan Jialai**”) and Mianyang Transportation (through Mianyang Transportation's wholly-owned subsidiary, Mianyang Transportation Development Hengtong Construction Engineering Co., Ltd. (綿陽交發恒通建設工程有限責任公司) (“**Hengtong Construction**”). In accordance with the Mianyang Government's overall urban development plan, the Group has been engaged in a series of urban infrastructure projects which are closely connected with Mianyang's economic and social development, including the construction and reformation of the majority of roads, bridges and public facilities in Mianyang City. Since its establishment, the Group has led core transportation hub projects opening up First Ring Road (一環路), Second Ring Road (二環路), Miansan Road (綿三路), Mianzi Road (綿梓路) and No. 1 Bridge (一號橋). The Group has participated in major projects such as Science and Education Innovation Zone Infrastructure Project (Second Ring Road Phase IV) (科教創新區基礎設施項目(二環路四期)), Horticultural New District Project (園藝新區項目), Xiaotun Urbanization Project (小槐城鎮化工程), Yuewanglou Project (越王樓項目), Jiannan Road Reconstruction Project (劍南路改造工程) and South Section of First Ring Road Project (一環路南段項目). The above projects have laid a robust foundation for the rapid urban development of Mianyang City as a provincial economic sub-centre.

The 2008 Sichuan Wenchuan Earthquake, the deadliest earthquake to hit China since the 1976 Tangshan earthquake, destroyed a lot of Mianyang's infrastructure. In order to reconstruct Mianyang City, the Issuer undertook the construction of a large number of infrastructure projects without signing any agreement with the Mianyang Government. The funding of the projects directly came from the Mianyang Government and the Group's self-funding channels. In 2016, in order to compensate the Group, the Mianyang Government signed a

project buyback agreement with the Group for the projects that the Group has completed construction for (the “**Project Buyback Agreement**”). According to the Project Buyback Agreement, the settlement amount was calculated based on the total investment amount incurred by the Group plus an eight per cent. gross margin.

The Mianyang Government authorises designated functional departments to appoint the Issuer to undertake the investment and construction of basic infrastructure projects in Mianyang City. When an infrastructure project is completed, the Mianyang Government will confirm the investment injected by the Group and, according to the applicable law, regulations and policies, grant corresponding compensation. The scope of such compensation includes the Group’s total cost in the construction of each project and investment proceeds. In 2017, Mianyang Finance Bureau issued the Approval on the Confirmation of the Investment Amount of Six Government Entrusted Projects Including the City West District to City South New District Direct Channel Project of Mianyang City Investment Holding (Group) Co., Ltd. (Mian Cai Tou [2017] No.58)(《關於綿陽市投資控股(集團)有限公司市城市西區至城南新區直通道工程等六個政府委託專案投資額確認的批復》(綿財投[2017]58號)), which stipulates that Mianyang Finance Bureau has determined the amount of gross margin to be eight per cent. of the relevant investment amounts stated in the Group’s audited financial reports.

Qualifications and Certificates

In relation to its infrastructure construction business, the Group has obtained the following qualifications and certificates as at 31 December 2021:

Entity	Certificate/ Qualification	Certificate No.	Expiry Date	Issuing Authority
Sichuan Jialai	Level 3 Qualification for General Contracting of Highway Construction Projects, Qualification for Construction Labour	D351595746	2021.12.21 ¹	Mianyang Bureau of Housing and Urban/Rural Construction (綿陽住房和城鄉建設局)
	Level 1 Qualification for Municipal Public Work, Level 1 Qualification for General Contracting of Construction Projects	D151106018	2022.02.23	Mianyang Bureau of Housing and Urban/Rural Construction (綿陽住房和城鄉建設局)
Hengtong Construction . .	Level 2 Qualification for General Contracting of Highway Construction Projects, Level 2 Qualification for Bridge Engineering Professional Construction, Level 2 Qualification for Professional Contracting of Highway Pavement Engineering, Level 2 Qualification for Professional Contracting of Highway Subgrade Engineering	D251417766	2021.12.31 ¹	Sichuan Provincial Department of Housing and Urban-Rural Construction (四川省住房和城鄉建設廳)
	Level 3 Qualification for Municipal Public Work, Level 3 Qualification for General Contracting of Water Conservancy and Hydropower Engineering Construction, Qualification for Construction Labour	D351904170	2024.02.22	Mianyang Housing and Urban-Rural Development Committee (綿陽市住房和城鄉建設委員會)

Note:

- ¹ Pursuant to the Notices of the Sichuan Provincial Department of Housing and Urban-Rural Development on Extending the Validity Period of the Qualifications of Relevant Construction Engineering Enterprises ([2020] No.149 and [2021] No.155) (《四川省住房和城鄉建設廳關於延長有關建設工程企業資質有效期的通告》([2020]149號、[2021]155號)), these certificates have been automatically renewed and are not expired as at the date of this Offering Circular.

Projects Bought Back by Mianyang Government

The table below sets forth the projects that the Mianyang Government bought back from the Group and from which the Group recognised its revenue for the years ended 31 December 2019, 2020 and 2021.

Year ended 31 December 2019

Project Name	Commencement Date	Total Investment	Invested Amount	Revenue	Amount Collected
				Recognised (inclusive of tax)	
		(RMB'0000)	(RMB'0000)	(RMB'0000)	(RMB'0000)
Fubin Road Sewage Pipe Drainage 涪濱路污水管道排堵	2016.5	211.05	211.05	211.05	–
Anchang River Shiqiao Pu Dam 安昌河石橋鋪閘壩	2016.11	9,197.59	9,197.59	9,197.59	–
2011 Urban Lighting 2011 城市照明	2012.12	4,031.92	4,031.92	4,031.92	4,031.92
Second Ring Road Sound Barrier (Mianzhong Experiment, Nanshan Experiment Section) (including the construction cost of safety and civilization in the original section) (Phase II) 二環路聲屏障(綿中實驗、南山實驗段)(含原段 安全文明施工費)(二期)	2017.12	125.14	125.14	125.14	23,323.96
Second Ring Road Sound Barrier (Phase II) 二環路聲屏障(二期)	2017.3	1,305.95	1,305.95	1,305.95	
Section 8 of the Second Ring Road, Mianyang City (Phase II) 綿陽市二環路第8標段(二期)	2015.6	21,892.87	21,892.87	21,892.87	
Second Ring Road Phase III Pavement Mark 1 (K0+000–K5+096) 二環路三期路面一標(K0+000–K5+096)	2010.9	5,040.29	5,040.29	5,040.29	5,040.29
Feiba Road Rainwater Drainage and Road Works (K1+905–K3+225) 飛八路雨污水排水、道路工程(K1+905–K3+225) . . .	2014.8	1,763.34	1,763.34	1,763.34	2,095.65
Feiba Road Rainwater Drainage and Road Works (K0+821.11–K1+553.64) 飛八路雨污水排水、道路工程(K0+821.11–K1+553.64)	2016.12	332.31	332.31	332.31	

Project Name	Commencement	Total Investment	Invested Amount	Revenue	Amount Collected
	Date			Recognised (inclusive of tax)	
		(RMB'0000)	(RMB'0000)	(RMB'0000)	(RMB'0000)
Xiaojingou Urbanization Construction Project – Xiaojing Ecological Park 小梘溝城鎮化建設項目－小梘生態公園	2013.9	36,292.61	36,292.61	36,292.61	
Xiaojiangou Urbanization Construction Project – Road and Bridge Project Phase I 小梘溝城鎮化建設項目－道路及橋樑工程一期	2015.1	11,241.18	11,241.18	11,241.18	
Xiaojiangou Urbanization Construction Project – Binjiang Road Project 小梘溝城鎮化建設項目－濱江路工程	2013.9	12,236.64	12,236.64	12,236.64	60,480.96
Xiaojiangou Project – Supplementary Design of Road No. 3 and Supplementary Design of East Extension of No. 3 Road 小梘溝項目－道路橋樑工程3號路補充設計、3號路東延線補充設計	2015.1	710.52	710.52	710.52	
South Tower Infrastructure 南塔基礎設施	2012.12	5,614.73	5,614.73	5,614.73	5,374.22
Road Project from Mianwu Interchange to Miansan Road via Airport Section 綿吳立交經機場段至綿三路道路工程	2014.9	2,689.41	2,689.41	2,689.41	–
Jiannan Road Reconstruction (Phase I) Water Supply Pipeline Relocation of Water Affairs Group 劍南路改造(一期)水務集團給水管遷改	2015.1	738.51	738.51	738.51	
Jiannan Road Reconstruction Project (Phase I) Relocation of Water Supply Pipeline of Haochi Water Supply Company 劍南路改造工程(一期)昊池供水公司給水管遷改	2015.1	243.37	243.37	243.37	1,758.35
Jiannan Road Reconstruction (Phase I) Weak Current Optical Cable Pipeline Relocation Project 劍南路改造(一期)弱電光纜管線遷改工程	2014.1	776.47	776.47	776.47	
Urbanization Construction Project on the Right Bank of Fujiang River in Chengnan New District, Mianyang City 綿陽市城南新區涪江右岸城鎮化建設項目	2015.3	7,118.05	7,118.05	7,118.05	–

Project Name	Commencement Date	Total Investment	Invested Amount	Revenue	Amount Collected
				Recognised	
				(inclusive of tax)	
		(RMB'0000)	(RMB'0000)	(RMB'0000)	(RMB'0000)
First Ring Road South Section Project 一環路南段工程	2017.4	66,138.60	66,138.60	66,138.60	2,067.00
Xiaojiangou Urbanization Construction Project (Intersection No. 6, 7 and 8) 小覓溝鎮城鎮化建設項目(區間六、七、八號路)	2018.4	2,049.66	2,049.66	2,049.66	–
10KV Power Distribution Project of Xiaojiangou Urbanization Construction Project 小覓溝鎮城鎮化建設項目10KV配電工程	2017.1	155.47	155.47	155.47	–
Indoor and Outdoor Decoration Project of Xiaojian Ecological Park Management Office 小覓生態公園管理處室內外裝飾裝修工程	2018.3	155.26	155.26	155.26	–
Restoration of Breakpoints in Xiaojian Ecological Park and Connection of Water and Electricity to the Kiosk 小覓生態公園園區斷點修復及售貨亭水電接入	2017.9	21.02	21.02	21.02	–
Safety Monitoring System Project of the Embankment Section on the Left Bank of Fujiang River in Xiaojian Ecological Park 小覓生態公園涪江左岸堤防段安全監測系統工程 . . .	2017.11	52.91	52.91	52.91	–
10KV Power Distribution Project of Xiaojian City Ecological Wetland Park 小覓城市生態濕地公園10KV配電工程	2016.10	173.79	173.79	173.79	–
Design and Construction of Temporary Power Supply Project for Xiaojian Urban Ecological Wetland Park 小覓城市生態濕地公園臨時供電工程設計及施工 . . .	2013.9	31.77	31.77	31.77	–
Water Damage and Road Cleaning and Greening and Nutrition Project of Xiaojian City Ecological Wetland Park (including Binjiang Road) in Mianyang City 綿陽市小覓城市生態濕地公園(含濱江路)水毀及道路 保洁和綠化營養工程	2014.4	323.10	323.10	323.10	–
Signage Project of Nanzhi Second Road, Nanzhi Fourth Road and Nanzhi Sixth Road Urbanization Construction Project on the Right Bank of Fujiang River in Chengnan New District of Mianyang City 綿陽市城南新 區涪江右岸城鎮化建設項目南支二路、南支四路、南 支六路標識標牌工程	2015.3	46.24	46.24	46.24	–
Street Lamp Pole, Lamp Holder and Street Lamp Cable Project 綿陽市城南新區涪江右岸城鎮化建設項目路燈燈桿、 燈頭和路燈電纜工程	2015.3	19.89	19.89	19.89	–
10KV Power Distribution Project of Fujiang Right Bank Urbanization Construction Project 涪江右岸城鎮化建設項目10KV配電工程	2016.12	113.16	113.16	113.16	–

	Commencement		Revenue		
Project Name	Date	Total Investment	Invested Amount	Recognised (inclusive of tax)	Amount Collected
		(RMB'0000)	(RMB'0000)	(RMB'0000)	(RMB'0000)
South Island Road Engineering Project in the Middle Section of Binjiang Road of Mianyang City 綿陽市濱江路中段南島道路工程項目	2017.10	1,796.03	1,796.03	1,796.03	—
Small Island Sanglin Dam Connection Bridge Project of Mianyang City 綿陽市小島桑林壩連接橋工程項目	2017.10	819.66	819.66	819.66	—
Jiannan Road Road Reconstruction Project (First Ring Road ~ Dongfanghong Bridge) 劍南路道路改造工程(一環路~東方紅大橋)	2018.4	8,374.25	8,374.25	8,374.25	—
Jiannan Road (Sanli Bridge to Dongfanghong Bridge Section) Traffic Relief Facilities Project During Reconstruction Construction 劍南路(三里橋至東方紅大橋段)改造施工期間交通疏 解設施工程	2018.4	721.54	721.54	721.54	—
Mianwu Road (Airport Intersection to Second Ring Road Section) Reconstruction Project (K1+028~K3+100) 綿吳路(機場路口至二環路段)改造工程(K1+028-K3 +100)	2014.4	6,063.65	6,063.65	6,063.65	—
Second Ring Road Phase III Phase I Bid Section 二環路三期一標段	2012.4	8,263.21	8,263.21	8,263.21	22,338.04
Mianjiang Interchange Contract Section (K33+576~k34 +412) 綿陽市二環路三期工程綿江立交合同段(K33+576-k34 +412)	2012.2	14,074.83	14,074.83	14,074.83	—
High-cut Slope Protection Project of the Second Phase of the Second Ring Road in Mianyang City 綿陽市二環路二期路塹高邊坡防護工程	2013.10	511.49	511.49	511.49	731.01
Geotechnical Engineering Survey Project of K22 +411.055~K27+212.294 Section of the Second Ring Road of Mianyang City 綿陽市二環路二期K22+411.055-K27+212.294 段岩土 工程勘察項目	2010.10	219.52	219.52	219.52	—

Year ended 31 December 2021

Project Name	Construction Period	Total Investment	Invested Amount	Revenue	Amount Collected
				Recognised (exclusive of tax)	
		(RMB'0000)	(RMB'0000)	(RMB'0000)	(RMB'0000)
Second Ring Road Pavement (Phase II) Third Contract Section					
二環路路面(二期)三合同段	2012.6-2013.2	7,027.23	7,027.23	7,573.03	
Second Ring Road Phase 18 Bid					
二環路十八標	2010.6-2013.2	5,867.25	5,867.25	6,322.95	42,799.58
Second Ring Road Phase 13 Bid					
二環路十三標	2010.6-2013.2	26,734.76	26,734.76	28,811.25	
Second Ring Road Phase III Auxiliary Project					
二環路三期附屬工程	2016.1-2018.1	3,870.69	3,870.69	4,171.32	
Miansui Expressway Interchange Toll Station					
綿遂高速互通立交收費站	2016.6-2017.1	2,009.56	1,843.63	1,991.12	
Second Ring Road Phase III Greening					
二環路三期綠化	2016.9-2017.12	2,749.30	2,522.30	2,724.08	
Second Ring Road Phase 21 Bid (Mianyan Interchange)					
二環路二十一標(綿鹽立交)	2012.3-2017.12	13,950.91	13,950.91	15,034.47	41,455.67
Second Ring Road Phase 21 Bid (Shima Interchange)					
二環路二十一標(石馬立交)	2013.3-2017.12	23,921.18	23,921.18	25,779.14	
Second Ring Road Phase III Third Contract Section					
二環路三期三合同段	2014.5-2017.7	10,314.16	10,314.16	11,115.26	
Southern section of First Ring Road (D ramp, widening of and addition to the end of the straight passage)					
一環路南段工程(D匝道、直通道終點加寬及變更增加)	2017.4-2020.1	435.65	399.68	431.65	–
Jiannan Road (Chengbei Avenue Overpass)					
劍南路(城北大道跨線橋)	2018.9-2019.8	2,927.13	2,927.13	3,148.04	–
Mianxing Road (Mojia to Liaoning Avenue)					
綿興路(磨家至遼寧大道段)	2019.5-2020.4	5,873.39	5,873.39	6,316.67	4,749.00
Improvement and construction project of open space along the railway line					
鐵路沿線空地完善建設項目	2019.9-2020.1	474.47	474.47	510.28	512.43
Upgrading project of Northern section of Bijia Road (624 Tunnel to Section 3, traffic works not included)					
筆架路北段提升工程(624隧道至三號路段—不含部分 交通工程)	2019.12-2021.1	864.09	864.09	929.30	446.00

Project Name	Construction	Total Investment	Invested Amount	Revenue	Amount Collected
	Period			Recognised (exclusive of tax)	
		(RMB'0000)	(RMB'0000)	(RMB'0000)	(RMB'0000)
Rainwater and sewage lifting pump power distribution project on the west side of No. 1 Bridge on Chengnan Road 城南路一號橋西側內澇點治理項目雨水提升泵配電工程	2019.5-2021.6	124.42	124.42	133.81	45.65

2019 City-level Road and Ancillary Facility Reconstruction Project - Shuchi Fourth Industrial Area 2019市本級道路及附屬設施改造工程 一樹池四工區	2019.7-2020.1	307.59	307.59	330.81	220.29

2019 Urban City Level Road and Ancillary Facilities Reconstruction Project - Sanhui Turntable 2019年城區市本級道路及附屬設施改造工程 一三匯轉盤	2020.5-2020.8	32.75	32.75	35.22	23.47

Daijiawan Pumping Station Expansion and Surrounding Rainwater Channel Reconstruction Project 代家灣泵站擴容及周邊雨水通道改造工程	2019.12-2020.7	4,307.45	4,307.45	4,632.54	3,981.00

Ongoing Projects

The table below sets forth the Group's major ongoing projects as at 31 December 2021.

Project Name	Construction Period	Total Investment	Amount invested as at 31 December
			2021
		(RMB'0000)	(RMB'0000)
Post-disaster reconstruction asset package of Mianyang Municipal Transportation Bureau 綿陽市交通運輸局災後重建資產包 ..	2008.12 – Completion date to be confirmed	328,520.81	250,928.08
Ring Expressway 繞城高速	2011.5 – Completion date to be confirmed	197,439	191,635.69
Meeting Room Project 會客廳工程	2008.7 – Completion date to be confirmed	240,000	183,811.96
Meeting Room No. 1 Bridge Project 會客廳一號橋工程	2008.7-2022.12	90,398.14	87,507.41
Mianyan Miansan Fubin Branch Road Reconstruction Project 綿鹽綿三涪濱支路改造工程	2008.7-2022.12	87,736.54	85,227.21

Pipeline Projects

The table below sets forth the Group's major pipeline projects as at 31 December 2021.

Project Name	Construction Period	Total Investment (RMB'0000)	Amount expected to be invested in 2022 (RMB'0000)
Comprehensive Reconstruction Project of Binhe South Road (Anchang Bridge to Baiyi Nunnery) 濱河南路道路綜合改造工程(安昌橋至白衣庵)	2022	58,994.00	1,000.00
Nanshan Road Road and Drainage Reconstruction and Repairs Project 南山路道路及排水改造補短板工程	2022	12,000.00	3,000.00
Drainage and Road Reconstruction Project of the West Section of Binhe North Road 濱河北路西段排水及道路改造工程	2022	14,000.00	2,000.00
Chuangye Avenue South Extension Project 創業大道南延線工程	2022	136,000.00	50,000.00
Box Girder Installation Project of Cross Railway Overpass on the South Extension of Chuangye Avenue 創業大道南延線跨鐵路立橋交箱樑安裝工程	2022	700.00	700.00

Public Private Partnership ("PPP") Projects

The Group's subsidiary, Sichuan Jialai, also participates in Mianyang City's infrastructure construction project through a PPP model. In a PPP project, the "private" party refers to a social capitalist entity determined through a government tender. The Group acts as the "public" side of the project and representative of the Mianyang Government. Each of the Group, acting on behalf of the government, and the social capitalist entity makes capital contributions to establish a project entity in the form of a special purpose vehicle ("SPV").

The PPP projects that the Group is currently involved in include the following:

- *Santai County Zhongfu Road (Zhongxin – Peixi) Reconstruction Project (三台縣中涪路(中新至涪西)改造工程項目)*: The road to be reconstructed starts from Sanshe Road around Zhongxinchang Town in Mianyang City and ends in west Fuxi Shehong County in Zihe Town, with a total length of approximately 45.1 kilometres. As at 31 December 2021, the expected total investment amounted to RMB193 million and the actual investment amount was RMB220 million. The Group has established an SPV with Mianyang Jiaofa Hengtong Construction Project Co., Ltd. (綿陽交發恒通建設工程有限公司) and Santai County Shengda Road and Bridge Construction Co., Ltd. (三台縣盛達路橋建設有限責任公司) for this project.
- *S418 Level 1 Highway Construction Project (An County to Jushui) (S418線安縣至雒水一級公路建設項目)*: The total length of highway to be constructed is approximately 33.2 kilometres. The project has an expected total investment of RMB918 million, approximately RMB704 million of

which has been invested as at 31 December 2021. The Group has established an SPV with Mianyang Anzhou Investment Holding Co., Ltd. (綿陽安州投資控股集團有限公司) and Mianyang Jiaofa Hengtong Construction Project Co., Ltd. (綿陽交發恒通建設工程有限公司) for this project.

- *Reconstruction Project of Zitong County to Jiangyou Estuary Section of Line S209 (S209線梓潼縣城至江油河口段改建)*: The total length of highway to be reconstructed is approximately 35.3 kilometres. As at 31 December 2021, the expected total investment amounted to RMB616.5 million and the actual investment amount was RMB616.5 million. The Group, through its subsidiary, Mianyang Road and Bridge Construction Co., Ltd. (綿陽路橋建設有限責任公司), has established an SPV with Zitong County Juyuan Asset Operation Investment Co., Ltd. (梓潼縣聚源資產經營投資有限責任公司) for this project.
- *East-West Second Main Road Project PPP Project (東西第二幹道工程PPP項目)*: The total length of road to be constructed is approximately 8.4 kilometres. This project also includes the construction and widening of bridges spanning a total distance of approximately 1.6 kilometres, the construction of tunnels of a total length of approximately 634 metres, as well as the improvement of rain and sewage pipelines, lighting, greening, transportation and other facilities. The project has an expected total investment of RMB1,160.2 million, approximately RMB512.6 million of which has been invested as at 31 December 2021. The Group, through Hengtong Construction, has established an SPV with China Railway Eighteenth Bureau Group Co., Ltd. (中鐵十八局集團有限公司) for this project.

Primary Land Development

According to the Approval by the Mianyang Government in relation to Authorising Mianyang Investment Holding (Group) Co., Ltd. as the Primary Land Developer and Preliminary Development Owner for Mianyang Huiketing Land (Mian Fu Han [2008] No.176) (《綿陽市人民政府關於授權綿陽市投資控股(集團)有限公司為綿陽市會客廳土地整理及前期開發業主的批復》(綿府函[2008]176號)), the Approval by the Mianyang Government in relation to Primary Land Development and Preliminary Development of Sang Lin Ba (Mian Fu Han [2010] No.2) (《綿陽市人民政府關於桑林壩片區土地整理和前期開發有關事項的批復》(綿府函[2010]2號)), the Approval by the Mianyang Government in relation to Ascertaining the Primary Land Developer for Xianhai Scenic Region (Mian Fu Han [2010] No.217) (《綿陽市人民政府關於明確仙海水利風景區土地一級開發整理業主的批復》(綿府函[2010]217號)) and the Approval by the Mianyang Government in relation to Primary Land Development of Feng Gu Power Station Zhaojiaji District and other Controlled Areas (Mian Fu Han [2011] No.107) (《綿陽市人民政府關於豐谷電站趙家脊片區及其他規劃控制範圍內土地一級開發整理有關事項的批復》(綿府函[2011]107號)), the Issuer has been designated by the Mianyang Government as the primary land developer for Mianyang Chengnan New District (綿陽城南新區), Xianhai Scenic Region (仙海風景區), Sang Lin Ba (桑林壩) and Fenggu Zhaojiaji District (豐谷趙家脊片區).

The Group's land development business is complementary to its infrastructure construction business as the Group can use its land development and transfer income to fund its infrastructure construction projects. On the other hand, the improvement of urban infrastructure in Mianyang City also drives the growth of the local economy and the increase in the value of land.

Primary land development process and settlement

The Issuer commences the development process by arranging for land levelling, water supply, drainage, electricity, telecommunications, heat supply and road construction. After the land is developed, the Issuer may arrange for the land to be assessed by evaluation institutions entrusted by the Bureau of Land and Resources of Mianyang (綿陽市國土局). Once it is confirmed that the land developed meets the relevant requirement, the Issuer may arrange for the land to be publicly listed for sale in the land market based on the demolition status

of, and investment interest in, the land. An eligible enterprise or developer may procure the land from the land market. The enterprise or developer who has procured the land will sign a sales contract for state-owned land and pay for the land purchase price.

The Land Reserve Centre of Mianyang (綿陽市土地儲備中心) will sign a compensation contract for the state-owned land use right with the Issuer. The land development income of the Issuer is determined based on the sales amount. Usually, the land developed in Mianyang Chengnan New District, Xinhai Scenic Region and Fenggu Zhaojiayi District generates a land development income of approximately 75.0 per cent. of the total sales amount while the land developed in Sang Lin Ba generates a land development income of approximately 60.0 per cent. of the total sales amount after deducting the relevant taxes and costs.

Completed Land Development

For the years ended 31 December 2019, 2020 and 2021, the Issuer has completed the development of and recognised revenue from the following land:

Year ended 31 December 2019

<u>Land</u>	<u>Area</u>	<u>Total Sales Amount</u>	<u>Total Investment Amount</u>	<u>Total Revenue Recognised</u>	<u>Development Period</u>
	(Mu)	(RMB'0000)	(RMB'0000)	(RMB'0000)	
Chengnan New District 城南新區 . . .	113.50	50,615.13	30,872.00	40,669.05	2008.7-2018.12
Chengnan New District 城南新區 . . .	109.46	51,572.74	29,772.17	41,604.55	2008.7-2018.12

Year ended 31 December 2020

<u>Land</u>	<u>Area</u>	<u>Total Sales Amount</u>	<u>Total Investment Amount</u>	<u>Total Revenue Recognised</u>	<u>Development Period</u>
	(Mu)	(RMB'0000)	(RMB'0000)	(RMB'0000)	
Chengnan New District 城南新區 . . .	42.17	46,958.10	11,587.53	34,362.75	2008.7-2020.11
Chengnan New District 城南新區 . . .	56.97	39,439.51	15,108.67	32,923.88	2008.7-2020.11
Chengnan New District 城南新區 . . .	211.87	121,617.79	61,332.28	92,088.30	2008.7-2020.12
Chengnan New District 城南新區 . . .	45.47	12,654.32	8,555.46	10,992.50	2008.7-2020.12

Year ended 31 December 2021

<u>Land</u>	<u>Area</u>	<u>Total Sales Amount</u>	<u>Total Investment Amount</u>	<u>Total Revenue Recognised</u>	<u>Development Period</u>
	(Mu)	(RMB'0000)	(RMB'0000)	(RMB'0000)	
Chengnan New District 城南新區 . . .	116.13	64,500.00	39,517.88	39,517.88	2008.7-2021.12
Chengnan New District 城南新區 . . .	18.52	11,620.37	6,302.17	6,302.17	2008.7-2021.12
Chengnan New District 城南新區 . . .	56.30	35,445.80	19,158.33	19,158.33	2008.7-2021.12

Land Reserve

As at 31 December 2021, the Issuer has the following land reserves:

Land	Estimated Investment (RMB'0000)	Land Use	Area to be Transferred (Mu)	Estimated Sales Unit Price (RMB'0000)	Income Expected to be Recognised (RMB'0000)
Chengnan New District 城南新區 . . .	700,000.0	Commercial, Residential	4,189.58	400.00	1,675,832.00
Xianhai Scenic Region 仙海風景區 .	200,000.0	Commercial, Residential	4,486.52	60.00	269,191.20
Fenggu Zhaojiaji District 豐谷趙家脊 片區	79,953.0	Commercial, Residential	3,000.00	100.00	300,000.00
Sang Lin Ba 桑林壩流域	66,000.0	Commercial, Residential	310.00	300.00	93,000.00
Total	1,045,953.0		11,986.10		2,338,023.20

Procurement and Supply of Goods

The Group's procurement and supply of goods business is mainly undertaken by the Issuer's wholly-owned subsidiary, Sichuan Xijin Logistics Co., Ltd. (四川西津物流有限公司) ("Sichuan Xijin"). The Group mainly trades in construction materials such as steel, cement and asphalt. The Group has established strategic trading relationships with major national suppliers for construction materials and large electrical equipment (such as elevators, air conditioners and power generating set). Leveraging the Issuer's network in Mianyang City and resources advantages, the Group has accumulated a large amount of quality customers in industries such as real estate, construction, hotels, culture and tourism, transportation and urban water supply.

At the beginning of each year, the Group advances payments to upstream suppliers as deposit for their sales contracts. The Group would then gauge interests from its clients and enters into relevant trading contracts with them. After trading contracts are entered into, the Group enters into sales contracts with its upstream suppliers. The sales income comes from the differences between the contractual price offered by the suppliers and that paid by the downstream clients. Usually, the clients of the Group settle their bills within three months after the invoice is issued.

The table below sets forth the Group's top five suppliers for the years ended 31 December 2019, 2020 and 2021:

Year ended 31 December 2019

Supplier	Goods	Procurement Amount (RMB,0000)	Procurement Proportion (%)
Shangang Group Hancheng Steel Co., Ltd. 陝鋼集團韓城鋼鐵有限責任公司	Steel	71,057.79	45.18
Chengdu Huichuan Hengyuan Trading Co., Ltd. 成都匯川恒遠貿易有限公司	Steel	15,334.82	9.75
Mianyang Dehong Electric Co., Ltd. 綿陽德虹電器有限責任公司	Galvanized plate	10,076.67	6.41
Chengdu Lianxin Zhongchuang Trading Co., Ltd. 成都聯欣眾創貿易有限公司	Steel	8,826.65	5.61
Sichuan Tianyuan Xinhua Supply Chain Technology Co., Ltd. (Formerly Yibin Haifeng Xinhua Trading Co., Ltd.) 四川天原鑫華供應鏈科技有限公司 (原宜賓海豐鑫華商貿有限公司)	Nonferrous metals	5,237.51	3.33
Total		110,533.44	70.28

Year ended 31 December 2020

Supplier	Goods	Procurement Amount (RMB'0000)	Procurement Proportion (%)
Luzhou Chengkun Industrial (Group) Co., Ltd. 瀘州城坤實業(集團)有限公司	Steel	45,790.00	26.39
Shaanxi Iron and Steel Group Co., Ltd. Xi'an Branch 陝西鋼鐵集團有限公司西安分公司	Steel	32,492.00	18.73
Shangang Group Hancheng Steel Co., Ltd. 陝鋼集團韓城鋼鐵有限責任公司	Steel	25,722.00	14.83
Chengdu Lianxin Zhongchuang Trading Co., Ltd. 成都聯欣眾創貿易有限公司	Steel	10,742.00	6.19
Chengdu Huichuan Hengyuan Trading Co., Ltd. 成都匯川恒遠貿易有限公司	Steel	7,649.00	4.41
Total		122,395.00	70.55

Year ended 31 December 2021

Supplier	Goods	Procurement Amount (RMB'0000)	Procurement Proportion (%)
Luzhou Chengkun Industrial (Group) Co., Ltd. 瀘州城坤實業(集團)有限公司	Steel	36,903.14	16.22
Shaanxi Iron and Steel Group Co., Ltd. Xi'an Branch 陝西鋼鐵集團有限公司西安分公司	Steel	28,846.61	12.68
Luzhou Zhitong Vanadium Titanium Steel Co., Ltd. 瀘州智同鈮鈦鋼鐵有限公司	Steel	22,758.58	10.01
Mianyang Lihui Hengtong Trading Co., Ltd. 綿陽利匯恆通商貿有限公司	Steel	13,259.54	5.83
Chongqing Mengyong Supply Chain Management Co., Ltd. 重慶盟永供應鏈管理有限公司	Steel	8,282.75	3.64
Total		110,050.62	48.38

The table below sets forth the Group's top five customers for the years ended 31 December 2019, 2020 and 2021:

Year ended 31 December 2019

Customer	Goods	Sales Amount (RMB'0000)	Sales Proportion (%)
Sichuan Changjin Industry Co., Ltd. 四川長金實業有限公司	Steel	27,513.28	16.61
Sichuan Changhong Electric Co., Ltd. 四川長虹電器股份有限公司	Steel, Screen	26,415.53	15.95
China Construction Eighth Engineering Bureau Co., Ltd. 中國建築第八工程局有限公司	Steel	15,660.96	9.45
Sichuan Changhong Electronics Holding Group Co., Ltd. 四川長虹電子控股集團有限公司	Steel, Nonferrous metals	12,105.63	7.31
China Construction Xinjiang Construction Engineering (Group) Co., Ltd. 中建新疆建工(集團)有限公司	Steel	8,020.15	4.84
Total		89,715.55	54.16

Year ended 31 December 2020

Customer	Goods	Sales Amount (RMB'0000)	Sales Proportion (%)
Sichuan Dingneng Trading Co., Ltd. 四川鼎能貿易有限公司	Steel	30,404.00	16.77
Sichuan Changjin Industry Co., Ltd. 四川長金實業有限公司	Steel, Screen	27,910.00	15.39
China Construction Xinjiang Construction Engineering (Group) Co., Ltd. 中建新疆建工(集團)有限公司	Steel	12,174.00	6.71
Mianyang Fucheng Industry Co., Ltd. 綿陽富誠實業有限公司	Steel, Nonferrous metals	10,433.00	5.75
Mianyang Xincheng Construction Group Co., Ltd. 綿陽欣誠建設集團有限公司	Steel	8,876.00	4.90
Total		89,797.00	49.52

Year ended 31 December 2021

Customer	Goods	Sales Amount (RMB'0000)	Sales Proportion (%)
Sichuan Dingneng Trading Co., Ltd. 四川鼎能貿易有限公司	Steel	55,455.49	22.68
Luzhou Zhitong Trading Co., Ltd. 瀘州智同商貿股份有限公司	Steel	9,906.40	4.05
Sichuan Dadimei Industrial Co., Ltd. 四川大地美實業有限公司	Steel	9,811.92	4.01
Mianyang Xincheng Construction Group Co., Ltd. 綿陽欣誠建設集團有限公司	Steel	9,438.30	3.86
China Construction Eighth Engineering Bureau Co., Ltd. 中國建築第八工程局有限公司	Steel	8,628.61	3.53
Total		93,240.71	38.13

Education

The Group's education business is primarily conducted by its wholly-owned subsidiary, Mianyang Education Investment Development (Group) Co., Ltd. (綿陽市教育投資發展(集團)有限公司) ("Mianyang Education"). Mianyang Education was established in September 2009 following approval from the Mianyang Government. In June 2014, 100 per cent. equity interest in Mianyang Education was transferred to the Group according to the Approval in relation to the Transfer of State-owned Equity Interest in Mianyang Education Investment Development (Group) Co., Ltd. to Mianyang Investment Holding (Group) Co., Ltd. (Mian Guo Zi Chan [2014] (No.31) 《關於綿陽市教育投資發展有限責任公司國有股權無償劃轉綿陽市投資控股(集團)有限公司的批復》(綿國資產[2014]31號)) on 27 June 2014.

School overview

Mianyang Education mainly operates four schools, including Mian Zhong Experimental School (綿陽中學實驗學校), Mianyang Nanshan Experimental High School (綿陽南山中學實驗學校), Mianyang Foreign Language Experimental School (綿陽外國語實驗學校) and Mianyang Foreign Language School (綿陽外國語學校). These schools have been leading in various school-running performance indicators in Mianyang City, and are highly competitive in Sichuan and the local market. All of them are licensed by the Mianyang Education and Sports Bureau (綿陽市教育和體育局) to run non-state schools.

Established in 2010, Mian Zhong Experimental School is an international boarding school located in Mianyang Education Park with a total area of over 270.0 Mu and a total investment of approximately RMB380.0 million. As at the date of this Offering Circular, Mian Zhong Experimental School has 574 teachers and 10,972 students.

Mianyang Nanshan Experimental High School was established by the Mianyang Government in 2010. It is located in Mianyang Education Park with a total area of approximately 300.0 Mu and a total investment of approximately RMB400.0 million. It is a supplement to Mianyang Nanshan High School (綿陽南山中學) and is mainly responsible for non-residential students in Mianyang Nanshan High School. As at the date of this Offering Circular, it has 592 teachers and 11,572 students. Mianyang Nanshan Experimental High School has received awards such as “Top 100 Schools with Characteristics in China” (“中國百強特色學校”), “First Batch of Education Information Technology Experimental Schools in Sichuan Province” (“四川省第一批教育資訊化試點學校”) and “Example School for Course Reform in Sichuan Province” (“四川省新課程改革樣板學校”).

Established in 2010, Mianyang Foreign Language Experimental School is located in Mianyang Education Park with a total area of 238.0 Mu and a total investment of approximately RMB300.0 million. Aiming to become an international, modern and diversified school, Mianyang Foreign Language Experimental School focuses on improving the English language skills of its students and encouraging its students to explore and understand the culture of other countries. As at the date of this Offering Circular, Mianyang Foreign Language Experimental School has 423 teachers and 7,357 students. All of the teachers in Mianyang Foreign Language Experimental School hold a bachelor’s degree.

Mianyang Foreign Language School was established in 2001. In December 2019, the Mianyang Education and Sports Bureau transferred to the Group 100 per cent. of the equity interest it held in Mianyang Foreign Language School to the Group for nil consideration. As at the date of this Offering Circular, Mianyang Foreign Language School has 585 teachers and 8,710 students.

Operation Model

The Group’s revenue mainly generates from the tuition fees and boarding fees collected and the operation of cafeterias and shops in the schools.

The level of tuition fees and boarding fees charged is decided by the Mianyang Education and Sports Bureau according to the Notice in relation to the Fee Standard of Non-state Schools in Mianyang City (Mian Shi Fa Gai Shou Fei [2016] No.597) (《關於調整綿陽城區民辦學校收費標準的通知》(綿市發改收費[2016] 597號)), the details of which are set out below:

	Primary School	Junior High School	Senior High School
	(RMB per student per year)	(RMB per student per year)	(RMB per student per year)
Mian Zhong Experimental School	–	–	26,000.0
Mianyang Nanshan Experimental School	–	–	26,000.0
Mianyang Foreign Language Experimental School	20,000.0	23,000.0	–
Mianyang Foreign Language School . . .	22,200.0	25,300.0	26,000.0

The table below sets out the Group's revenue from operating Mian Zhong Experimental School, Mianyang Nanshan Experimental School, Mianyang Foreign Language Experimental School and Mianyang Foreign Language School for the years ended 31 December 2019, 2020 and 2021.

	Year ended 31 December		
	2019	2020	2021
	(RMB'0000)	(RMB'0000)	(RMB'0000)
Tuition Fees	54,085.55	58,630.41	66,332.00
Boarding Fees	5,240.12	6,000.23	6,553.55
Cafeteria	18,139.58	18,338.72	21,589.29
Shops	2,490.39	3,103.71	3,716.56
Others	1,634.12	4,377.77	754.67
Total	81,589.76	90,450.84	98,946.08

Public Transportation

The Group commenced its public transportation business in 2019 after integrating Mianyang Transportation. It generates income mainly through the collection of bus fares and toll fees. The table below sets out the breakdown of the Group's revenue derived from this business segment for the years ended 31 December 2019, 2020 and 2021:

	Year ended 31 December					
	2019		2020		2021	
	(RMB'0000)	% of total	(RMB'0000)	% of total	(RMB'0000)	% of total
Bus fares	27,312.02	69.8	19,552.49	69.0	23,711.18	72.9
Toll fees	11,828.16	30.2	8,806.80	31.0	8,797.09	27.1
Total	39,140.17	100.0	28,359.29	100.0	32,508.27	100.0

Collection of Bus Fares

Mianyang Transportation's subsidiary, Mianyang Public Transport Co., Ltd. (綿陽市公共交通有限責任公司) ("Mianyang Public Transport"), is the major entity providing public transportation services in Mianyang City and is responsible for the collection of bus fares, forming part of the Group's income from its public transportation business.

As at 31 December 2021, Mianyang Public Transport operated 119 bus lines and 1,141 buses. Mianyang Public Transport's bus lines are concentrated in the Main Town district (主城區), covering the surrounding areas including Southern Suburb Industrial Park (南郊工業園), Xiaojian Area (小觀片區), Gardening Area (園藝片區), Qingyi Shima Area (青義石馬片區), Wujia Area (吳家片區) and Youxian Economic Experimental Area (遊仙經濟實驗區), and radiating outward to key towns and counties such as An County (安縣) and Huagai Town (花萼鎮). Its entire bus network spans across a total distance of approximately 1,181.02 kilometres, covering 2,947 bus stops and eight designated bus routes. Its buses travel approximately 4,960 trips with a total daily mileage of 150,000 kilometres and carry approximately 376,000 passengers per day.

The bus fare scale is set according to the low fare policy imposed by the Mianyang Government and has been maintained at the same level since 2007. The Group maintains profitability in its public transportation business through obtaining government subsidies and exploring other sources of income such as offering customised bus services and bicycle rental services. The table below sets out the details of the Group's operation parameters for the years ended 31 December 2019, 2020 and 2021.

	Year ended 31 December		
	2019	2020	2021
Number of buses	1,119	1,143	1,141
Number of bus line	119	124	124
Total length of bus lines (kilometres)	2,051	3,363	1,182
Passenger capacity ('0000)	21,815	13,384	15,727
Mileage ('0000 kilometres)	6,034	5,093	5,530
Bus fares collected (RMB '0000)	24,910	17,184	17,457

The operating costs incurred by the Group mainly comprise the expenses of purchasing vehicles, fuel and auto parts, labour costs, depreciation expenses of vehicles and maintenance costs.

Purchase of Vehicles

The Group mainly purchases vehicles from Sinotruk Jinan Howo Bus Co., Ltd. (中國重汽集團濟南豪沃客車有限公司) and Sichuan Automobile Industry Co., Ltd. (四川汽車工業股份有限公司). For the years ended 31 December 2019 and 2020, the Group purchased 239 vehicles and 24 vehicles, respectively, and incurred expenditure in the amount of RMB188.4 million and RMB5.3 million, respectively. The Group did not purchase any new vehicles in 2021.

Purchase of Fuel and Auto Parts

The Group enters into procurement agreements with its suppliers and purchases compressed natural gas ("CNG") and diesel from them. It usually settles the purchase amount on a monthly basis.

Mianyang Public Transport's supply guarantee department is responsible for the centralised procurement of auto parts. It enters into supply agreements with individual suppliers, monitors the consumption of vehicle parts and settles the purchase amount on a monthly basis.

The table below sets forth the Group's top five fuel suppliers for the years ended 31 December 2019, 2020 and 2021:

Year ended 31 December 2019

<u>Supplier</u>	<u>Type of Fuel</u>	<u>Procurement Amount</u> (RMB'0000)	<u>Procurement Proportion</u> (%)
Mianyang Bus Compressed Natural Gas Co., Ltd. 綿陽公交壓縮天然氣有限責任公司	CNG	2,963.39	48.5
Mianyang Ganghua Compressed Natural Gas Co., Ltd. 綿陽港華壓縮天然氣有限公司	CNG	2,252.68	36.9
Sichuan Menglin Energy Investment and Development Co., Ltd. 四川孟林能源投資開發有限公司	CNG	541.48	8.9
Sichuan Menglin Bus Gas Co., Ltd. 四川孟林公交燃氣有限公司	CNG	267.18	4.4
Sichuan-Chongqing Changyun Petrochemical Co., Ltd. 川渝長運石化有限公司	Diesel fuel	83.07	1.4
Total		6,107.81	100.0

Year ended 31 December 2020

<u>Supplier</u>	<u>Type of Fuel</u>	<u>Procurement Amount</u> (RMB'0000)	<u>Procurement Proportion</u> (%)
Mianyang Bus Compressed Natural Gas Co., Ltd. 綿陽公交壓縮天然氣有限責任公司	CNG	2,591.95	50.6
Mianyang Ganghua Compressed Natural Gas Co., Ltd. 綿陽港華壓縮天然氣有限公司	CNG	1,738.20	33.9
Sichuan Menglin Energy Investment and Development Co., Ltd. 四川孟林能源投資開發有限公司	CNG	379.07	7.4
Sichuan Menglin Bus Gas Co., Ltd. 四川孟林公交燃氣有限公司	CNG	281.34	5.5
Sichuan-Chongqing Changyun Petrochemical Co., Ltd. 川渝長運石化有限公司	Diesel fuel	130.26	2.5
Total		5,120.82	100.0

Year ended 31 December 2021

Supplier	Type of Fuel	Procurement Amount (RMB'0000)	Procurement Proportion (%)
Mianyang Bus Compressed Natural Gas Co., Ltd. 綿陽公交壓縮天然氣有限責任公司	CNG	2,880.72	50.5
Mianyang Ganghua Compressed Natural Gas Co., Ltd. 綿陽港華壓縮天然氣有限公司	CNG	1,924.36	33.8
Sichuan Menglin Energy Investment and Development Co., Ltd. 四川孟林能源投資開發有限公司	CNG	432.48	7.6
Sichuan Menglin Bus Gas Co., Ltd. 四川孟林公交燃氣有限公司	CNG	399.14	7.0
Sichuan-Chongqing Changyun Petrochemical Co., Ltd. 川渝長運石化有限公司	Diesel fuel	64.06	1.1
Total		5,700.76	100.0

Collection of Toll Fees

Mianyang Transportation's subsidiary, Mianyang Highway Development Co., Ltd. (綿陽市高等級公路開發有限責任公司) ("Mianyang Highway"), is responsible for the collection of toll fees, forming part of the Group's income from its public transportation business. Established in 1992, Mianyang Highway has undertaken the investment and development of highways, bridges and properties surrounding passenger and freight stations and been entrusted to collect highway toll. Over the years, Mianyang Highway has invested in a number of highway construction projects including Dejin Road, Mianzi Road, Jinjiang Road, Miansan Road and Sanshe Road.

As at 31 December 2021, the total length of tolled highways operated by Mianyang Highway was approximately 287.0 kilometres, further details of which are set out in the table below.

Name of Highway	Length of Tolled Highway (km)
S205 Miansan Road (including Sanshe Road) S205 綿三路(含三射路)	33.30
Mianjiang Road 綿江路	153.13
Mianzi Road 綿梓路	40.00
Ring Expressway South Ring Road 繞城高速南環線	60.52
Total	286.95

The table below sets forth the Group's vehicle toll revenue for the years ended 31 December 2019, 2020 and 2021:

Name of Highway	Toll Fees Collected (RMB '0000)		
	Year ended 31 December		
	2019	2020	2021
S205 Miansan Road (including Sanshe Road)			
S205 綿三路(含三射路)	2,200.0	2,200.0	2,200.0
Mianjiang Road			
綿江路	1,500.0	1,500.0	1,500.0
Mianzi Road			
綿梓路	2,000.0	2,000.0	2,000.0
Ring Expressway South Ring Road			
繞城高速南環線	6,128.0	3,107.0	4,231.0

Water Supply

The Group's water supply service is primarily provided by the Group's wholly-owned subsidiary, Mianyang Water (Group) Co., Ltd. (綿陽市水務(集團)有限公司) ("Mianyang Water"). Mianyang Water is the only enterprise in the main urban area of Mianyang City supplying water to residents and industrial users. Over 60 per cent. of water that the Group supplies is for residential use.

As at 31 December 2021, the designed water supply ability of the Group was 400,000 tonnes per day. The Group owned 2,637 kilometres of water pipes, covering a total water supply area of 140 square kilometres. The table below sets forth the daily amount of water production, water supplied, water sales volume, the amount of water users and the total length of water pipelines owned as at and for the years ended 31 December 2019, 2020 and 2021.

	Year ended 31 December		
	2019	2020	2021
Water Production ('0000 tonnes per day)	24.95	26.56	29.88
Water Supplied ('0000 tonnes)	9,176.73	9,887.47	11,006.40
Water Sales Volume ('0000 tonnes)	8,158.68	8,526.29	9,293.11
Number of Water Users ('0000)	47	50	52.54
Water Pipelines (kilometres)	2,537.00	2,627.00	2,637.00

In addition, the Group is also responsible for setting up and replacing the water meters and the redevelopment of water pipelines in Mianyang City. The table below sets forth the details of the revenue generated from this business and the relevant costs involved for the years ended 31 December 2019, 2020 and 2021.

		Water Meters	
		Installation	Pipeline Engineering
		(RMB '0000)	(RMB '0000)
2019	Costs	2,497.70	2,086.65
	Revenue	8,425.28	2,295.87
2020	Costs	1,403.56	2,876.42
	Revenue	7,066.30	3,073.13
2021	Costs	4,924.23	1,661.77
	Revenue	7,003.32	1,882.86

Procurement and Supply of Food and Edible Oil

In 2020, the Group commenced its food and edible oil procurement and supply business following the transfer of 100 per cent. of the equity interest in Mianyang Food and Oils Group Co., Ltd. (綿陽市糧油集團有限公司) from Mianyang SASAC to the Group. The Group enters into procurement agreements with its suppliers and purchases a variety of food and edible oil products from them. The Group also purchases grain from local farmers, where farmers deliver their produce directly to the Group's granary and are paid on site without having to enter into any contracts. The Group then sells food and edible oil to its downstream customers, deriving income from the price difference, and the settlement method is usually cash on delivery.

The table below sets forth the breakdown of revenue derived from the Group's food and edible oil procurement and supply business for the years ended 31 December 2020 and 2021:

Year ended 31 December 2020

Type of Food/Edible Oil	Revenue Recognised	% of total
	(RMB '0000)	(%)
Corn	42,457.13	76.9
Grain	9,151.27	16.6
Grease and oil	3,575.15	6.5
Total	55,183.55	100.0

Year ended 31 December 2021

Type of Food/Edible Oil	Revenue Recognised	% of total
	(RMB '0000)	(%)
Corn	58,056.80	45.9
Grain	36,880.26	29.2
Grease and oil	32,660.38	25.8
Total	127,597.44	100.0

The tables set forth the Group's top five suppliers of food and edible oil for the years ended 31 December 2020 and 2021:

Year ended 31 December 2020

<u>Supplier</u>	<u>Type of Food/ Edible Oil</u>	<u>Procurement Amount</u> (RMB'0000)	<u>Procurement Proportion</u> (%)
Zizhong County Guirong Grain and Oil Co., Ltd. 資中縣貴榮糧油有限公司	Corn	25,411.48	46.40
Farmers 農戶	Grain	9,272.23	16.93
Mianyang Huida Grain and Oil Co., Ltd. 綿陽市輝達糧油有限公司	Grease and oil	2,989.50	5.46
Dulbot Mongolia Autonomous County Shirengou Grain Depot Co., Ltd. 杜爾伯特蒙古族自治縣石人溝糧庫有限責任公司	Corn	2,525.00	4.61
Zhangye Faji Grain and Oil Co., Ltd. 張掖市發基糧油有限公司	Corn	1,404.40	2.56
Total		41,602.61	75.97

Year ended 31 December 2021

<u>Supplier</u>	<u>Type of Food/ Edible Oil</u>	<u>Procurement Amount</u> (RMB'0000)	<u>Procurement Proportion</u> (%)
Xiamen Oriental Yinxiang Oil Co., Ltd. 廈門東方銀祥油脂有限公司	Vegetable oil	12,823.64	10.34
Anhui Anliang International Development Co., Ltd. 安徽安糧國際發展有限公司	Vegetable oil	11,945.07	9.64
Zizhong County Guirong Grain and Oil Co., Ltd. 資中縣貴榮糧油有限公司	Corn	6,732.97	5.43
Sichuan Guanghan Oil Co., Ltd. 四川省廣漢市油脂有限公司	Vegetable oil	5,499.94	4.44
Yihai (Guanghan) Grain, Oil and Feed Co., Ltd. 益海(廣漢)糧油飼料有限公司	Vegetable oil	5,292.44	4.27
Total		42,294.06	34.12

The tables set forth the Group's top five downstream customers of food and oil for the years ended 31 December 2020 and 2021:

Year ended 31 December 2020

<u>Customer</u>	<u>Type of Food/ Edible Oil</u>	<u>Procurement Amount</u> (RMB'0000)	<u>Procurement Proportion</u> (%)
Sichuan Tieqi Lishi Industrial Co., Ltd. 四川鐵騎力士實業有限公司	Corn	11,414.77	20.69
Zizhong Yinshan Hongzhan Industrial Co., Ltd. 資中銀山鴻展工業有限責任公司	Grease and oil	25,525.63	46.26
Mianyang Xiante Rice Industry Co., Ltd. 綿陽仙特米業有限公司	Corn	3,815.09	6.91
Jilin Province Zecheng Grain and Oil Purchase and Sales Co., Ltd. 吉林省澤成糧油購銷有限公司	Corn	1,060.00	1.92
Sichuan Deyang Nianfeng Food Co., Ltd. 四川德陽年豐食品有限公司	Grain	1,114.93	2.02
Total		42,930.42	77.80

Year ended 31 December 2021

<u>Customer</u>	<u>Type of Food/ Edible Oil</u>	<u>Procurement Amount</u> (RMB'0000)	<u>Procurement Proportion</u> (%)
Deyang Nianfeng Food Co., Ltd. 德陽市年豐食品有限公司	Vegetable oil and soybean oil	28,550.51	22.38
Zizhong Yinshan Hongzhan Industrial Co., Ltd. 資中銀山鴻展工業有限責任公司	Corn	11,474.46	8.99
Mianyang Xiante Rice Industry Co., Ltd. 綿陽仙特米業公司	Wheat and corn	6,570.04	5.15
Sichuan Tieqi Lishi Industrial Co., Ltd. 四川鐵騎力士實業有限公司	Wheat and corn	5,247.75	4.11
Sichuan Deyang Zhongli Grain and Oil Co., Ltd. 四川省德陽市中立糧油有限公司	Rapeseed oil and rapeseed	4,746.19	3.72
Total		56,588.95	44.35

Real Estate Sales

The Group's real estate sales business is mainly conducted by two of its subsidiaries, Sichuan Jialai Real Estate Co., Ltd. (四川嘉來置業有限公司) and Mianyang Transportation.

Completed Projects

As at 31 December 2021, the Group had completed the following major real estate projects:

Project Name	Type of Properties	Location	Sales progress (%)
Dongshan Jun 東山郡	Fixed-pricing commercial housing	Mianyang	100
Jialai-Shengshi Huating 嘉來•盛世華庭	Commercial housing	Mianyang	100
Shengshui Jiayuan 聖水家園	Fixed-pricing commercial housing	Mianyang	100
Fubin Yinxiang 涪濱印象	Commercial housing	Mianyang	100
Jialai-Bingou Tiandi 嘉來•繽購天地	Commercial housing	Mianyang	100
Kaiyue-Ruitian Yangguang 凱越•瑞天陽光	Commercial housing	Mianyang	100
Jiaofa-Yijia 交發•逸家	Commercial housing	Mianyang	80
Chuhui Garden 春暉花園	Commercial housing	Mianyang	100
Gongjiao-Nanyao House 公交•南耀府	Commercial housing	Mianyang	70
Jialai-South River Plaza 嘉來•南河廣場	Commercial housing	Mianyang	19

For the years ended 31 December 2019, 2020 and 2021, the Group had recognised revenue of approximately RMB353.7 million, RMB160.6 million and RMB261.2 million, respectively, further details of which are set out in the tables below.

Year ended 31 December 2019

Project Name	Type of Properties	Sales Area (square metres)	Revenue (RMB'0000)
Remaining properties resettled by Wanda 萬達安置剩餘房源	Second-hand housing	7,975.90	4,505.35
Sanxing Small District 三星小區	Resettlement housing	1,006.93	75.52
Jialai-Bingou Tiandi 嘉來•繽購天地	Commercial housing	26,174.47	19,593.23
Mianyang Jiaofa-Yijia 綿陽交發•逸家	Commercial housing	20,352.29	11,178.62
Chuhui Garden 春暉花園	School District Housing	69.19	22.14
Total		55,578.78	35,374.86

Year ended 31 December 2020

Project Name	Type of Properties	Sales Area (square metres)	Revenue (RMB'0000)
Jialai-Bingou Tiandi 嘉來•續購天地	Commercial housing	13,195.72	12,186.26
Jiaofa-Yijia 交發•逸家	Parking space	1,197.00	274.26
Kaiyue-Ruitian Yangguang 凱越•瑞天陽光	Commercial housing	926.00	711.00
Huaxing Mingcheng 華興名城	Parking space and commercial housing	5,045.59	2,180.30
Fubin Yinxiang 涪濱印象	Commercial housing	1,277.69	707.19
Total		21,642.00	16,059.01

Year ended 31 December 2021

Project Name	Type of Properties	Sales Area (square metres)	Revenue (RMB'0000)
Sanxing Community 三星小區	Resettlement housing	524.53	39.34
Jialai South River Plaza 嘉來•南河廣場	Commercial housing	24,835.44	23,847.43
Jialai Dongshanjun 嘉來•東山郡	Parking space	355.43	78.66
Gongjiao Nanyao House 公交•南耀府	Commercial housing	47,367.00	/
Fubin Yinxiang 涪濱印象	Commercial housing	0.33	0.10
Huaxing City 華興名城	Parking space and commercial housing	1,924.88	725.61
Renovation project of 13 dilapidated residential buildings in Yuying Point 禦營點十三幢住宅危房改造項目	Dilapidated buildings renovation	4,463.48	1,427.25
Total		79,471.10	26,118.39

Ongoing Projects

As at 31 December 2021, the Group had five real estate projects under construction.

Project Name	Type of Properties	Commencement of Construction	Total Investment	Amount Invested	Construction Area	Cumulative Area Sold	Sales Revenue
			(RMB'0000)	(RMB'0000)	(square metres)	(square metres)	(RMB'0000)
South River Plaza 南河廣場	Commercial and residential housing	2017-2022	114,711.00	100,487.87	176,886.00	3,185.15	32,941.00
Bingou Tiandi 繽購天地	Commercial and residential housing	2017-2019	33,051.00	29,331.63	61,130.00	41,957.48	34,599.65
Gongjiao Nanyao House 公交南耀府	Commercial and residential housing	2020-2022	55,000.00	18,000.00	117,185.64	47,367.00	0
Jiayuan Jingshang Jianglan 嘉遠•璟上江瀾	Commercial and residential housing	2021-2023	195,200.00	67,024.69	81,179.75	0	0
Jialai Xishan Heming 嘉來•溪山和鳴	Commercial and residential housing	2021-2023	56,582.36	12,808.11	99,925.88	0	0
Total			454,544.36	227,652.30	536,307.27	92,509.63	67,540.65

Hotel Management

The Group's hotel management business is primarily conducted by its wholly-owned subsidiary, Mianyang Culture Tourism Group Co., Ltd. (綿陽文化旅遊集團有限公司). The Group primarily operates four hotels, including one five-star hotel Fulejiuzhou International Resort (富樂山九洲國際酒店), two four-star hotels Mianzhou Hotel (綿州酒店) and Luofushan Mianzhou Hotel (羅浮山綿州溫泉酒店) and one three-star hotel Mianzhou Kaiyuan Hotel (綿州開元酒店), all of which are located in Mianyang City.

Fulejiuzhou International Hotel (富樂山九洲國際酒店) is located in the Fuleshan AAAA scenic region and has a total area of 310.0 Mu. The gross floor area of the hotel is 26,000.0 square metres. It offers Chinese and western restaurants and business meeting rooms, as well as a tennis court, a SPA centre, a swimming pool and a billiard room. It is one of the most important hotels in Mianyang City for hosting politicians and party members.

Mianzhou Hotel (綿州酒店) is located in the centre of Mianyang City's central business district and has a total area of 24.0 Mu. The gross floor area of the 20-storey hotel is 43,000.0 square metres. It offers Chinese and western restaurants and business meeting rooms, as well as a swimming pool, a gym and a coffee shop. It is one of the designated hotels for the Mianyang Government to host meetings and exhibitions.

Luofushan Mianzhou Resort (羅浮山綿州溫泉酒店) is located in Luofushan Tourist and Economic Development Centre and has a total area of 125.0 Mu. The gross floor area of the hotel is 34,000.0 square metres. It offers Chinese and other types of cuisine, and features an outdoor barbeque venue, a water park as well as indoor and outdoor hot spring swimming pools.

Mianzhou Kaiyuan Hotel (綿州開元酒店) is located next to Bingjiang Square in Mianzhou and has a total area of 16.0 Mu. The gross floor area of the 14-storey hotel is 32,000.0 square metres. It features a Chinese restaurant and several recreational facilities. It is one of the tourist reception hotels designated by Mianyang Tourism Bureau (綿陽市旅遊局).

The table below sets forth the number of rooms, the number of beds and the number of guests that the hotel restaurants are able to host of each of the above hotels as at 31 December 2021.

Hotel	Opening Year	Hotel Rooms	Hotel Beds	Restaurant Capacity (Number of Guests)
Fulejiuzhou International Hotel (富樂山九洲國際酒店)	1997	176	241	1,299
Mianzhou Hotel (綿州酒店)	1997	298	449	940
Luofushan Mianzhou Resort (羅浮山綿州溫泉酒店)	2002	341	602	824
Mianzhou Kaiyuan Hotel (綿州開元酒店)	2001	129	204	714
Total		944	1,496	3,777

The table below sets forth the guests hosted, the occupancy rates and the average rates of the rooms of the four hotels for the years ended 31 December 2019, 2020 and 2021.

Hotel	Period	Total Number of Guests Hosted (*0000)	Occupancy Rate (%)	Average Rates (RMB/room)
Fulejiuzhou International Hotel (富樂山九洲國際酒店)	2019	19.15	45.07	410.01
	2020	12.63	34.67	438.28
	2021	14.03	36.7	435.00
Mianzhou Hotel (綿州酒店)	2019	26.24	65.67	397.23
	2020	19.80	36.38	301.52
	2021	21.37	52.72	368.04
Luofushan Mianzhou Resort (羅浮山綿州溫泉酒店)	2019	26.86	53.20	491.42
	2020	16.08	37.44	489.78
	2021	39.44	57.22	559.02
Mianzhou Kaiyuan Hotel (綿州開元酒店)	2019	13.27	54.77	244.83
	2020	10.71	40.59	246.49
	2021	13.15	49.5	229.68

Other Businesses

Apart from its principal business segments, the Group also derives revenue from various ancillary businesses, including (i) airport and supporting services provided by the Issuer's subsidiary, Mianyang Airport (Group) Co., Ltd. (綿陽機場(集團)有限公司), (ii) ancillary services (including motor vehicle inspection services, driving licence training services, property services, car parking) and (iii) rental business (including the leasing of the properties and shops owned by the Group to individuals, shop owners and companies). For

the years ended 31 December 2019, 2020 and 2021, the Group's operating revenue derived from such other businesses accounted for 13.4 per cent., 10.4 per cent. and 10.3 per cent., respectively, of the total operating revenue of the Group for the corresponding periods.

INSURANCE

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

EMPLOYEES

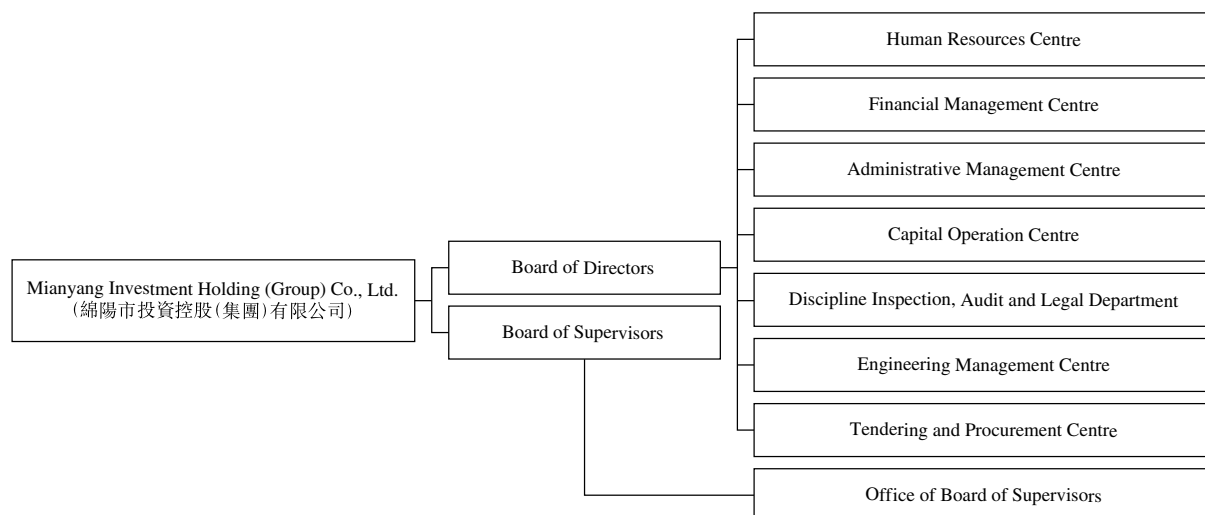
As at 31 December 2021, the Group had 9,877 employees. The Group believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group considers its relationship with its workforce to be good and the Group has not experienced a work stoppage or strike. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance.

LITIGATION

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

MANAGEMENT OF THE GROUP

The Issuer has set up a board of directors (the “**Board of Directors**”), a board of supervisors (the “**Board of Supervisors**”) and seven other functional departments to oversee the management of the Group. The following chart sets out the simplified organisational structure for the Group as at the date of this Offering Circular:



Directors

The Board of Directors currently consists of five directors, including one chairman. Apart from the employee representative(s) elected at the Issuer’s employee representative congress, other directors can be appointed or removed by Mianyang SASAC. Each director’s term of office is three years. The term of office of directors who are employee representatives can be extended upon being re-elected at the Issuer’s employee representative meeting.

The members of Board of Directors of the Issuer as at the date of this Offering Circular are as follows:

Name	Age	Position
Mr. XIAO Lin (肖林)	56	Chairman of the Board of Directors
Mr. CHENG Yi (程一)	59	Director
Mr. ZHANG Yan (張雁)	50	Director
Mr. JING Maobin (景茂斌)	59	Director
Mr. WANG Yuliang (王玉梁)	53	Director

Mr. XIAO Lin (肖林), aged 56, is the Chairman of the Board of Directors. Mr. Xiao graduated from Sichuan Party School with a bachelor’s degree in law. Prior to joining the Group, Mr. Xiao served at the Mianyang Discipline and Inspection Committee and as a deputy director at the Office of Supervision Bureau of Mianyang Discipline and Inspection Committee, a director of the Institute Supporting Service Centre, a deputy director at the Party Working Style Office of Supervision Bureau of the Mianyang Discipline and Inspection Committee, a member of the Standing Committee and the secretary general of the Mianyang Discipline and Inspection Committee and the deputy secretary general of the Mianyang Government. He was formerly the deputy secretary of the Party Committee of the Issuer. Mr. Xiao is currently the secretary of the Party Committee of the Issuer.

Mr. CHENG Yi (程一), aged 59, is a director of the Issuer. Mr. Cheng holds a bachelor's degree. Prior to joining the Group, Mr. Cheng served as a deputy director of the Production Technology Section, a workshop director and the garment branch director of Mianyang Silk Dyeing Factory. He also served as a manager of Mianyang Jintuoling Silk and Clothes Co., Ltd., a deputy director of the Foreign-Capital Introduction Projects Office of Mianyang Economy Planning Committee, a deputy director and director of the Comprehensive Division of Mianyang Investment Promotion Bureau, a deputy director of Science and Technology Office and the deputy director of the Planning Department of Technology Administration. He was formerly a director, the secretary of the Party Committee and the general manager of Mianyang Technology Development Investment (Group) Co., Ltd., and the chairman of the board of directors of Mianyang Technology Development Financing Guarantee Co., Ltd.. Mr. Cheng is currently the deputy secretary of the Party Committee of the Issuer.

Mr. ZHANG Yan (張雁), aged 50, is a director of the Issuer. Mr. Zhang holds a postgraduate degree. Prior to joining the Group, Mr. Zhang successively served as the assistant engineer, engineer and chief engineer of the 502 Research Office of the Fifth Research Institute of the 29th Test and Training Base of the General Armament Department, a member and the secretary of the 502 Youth Committee, and a chief staff member of the General Section of the Mianyang Municipal Economic Reform Office. He served several roles at the office of Mianyang SASAC, including deputy director, chief of the Letters and Visits Section, deputy researcher, member and office director of the Party Committee Office, organising committee member and branch secretary of the Organ Party Branch and secretary of the Organ Party Committee. He also served as director, deputy secretary of the Party Committee and the chairman of the Labour Union of Mianyang Science and Technology City Development Investment (Group) Co., Ltd. Mr. Zhang is currently a member of the Party Committee of the Issuer.

Mr. JING Maobin (景茂斌), aged 59, is a director of the Issuer. Mr. Jing holds a master's degree. Prior to joining the Group, he served as a deputy director of the Infrastructure Construction Division of the Mianyang Municipal Education Committee. He also served as a deputy director of the Secretary Division, a deputy director of the Information Division and a director of the Standing Committee Office of Mianyang Municipal Committee Office. He concurrently serves as the chairman of board of directors and the general manager of Mianyang Culture Tourism Group Co., Ltd.. Mr. Jing is currently a member of the Party Committee of the Issuer.

Mr. WANG Yuliang (王玉梁), aged 53, is a director of the Issuer. Mr. Wang graduated from Department of Law, Correspondence College of Sichuan Provincial Party School with a part-time college degree. Prior to joining the Group, Mr. Wang served as the forest farm manager and group officer of Shangwu Village (Qingpian Township, Beichuan County), deputy secretary of the Party Committee and township head of Baishi Township (Beichuan County), deputy secretary of the Party Committee and township head of Yuli Township (Beichuan County), secretary of the Party Committee of Qushan Town (Beichuan County) and deputy director of the Mianyang Government Target Supervision Office. Mr. Wang is concurrently the secretary of the Party Branch and chairman of Mianyang Fuda Asset Management Co., Ltd..

Supervisors

The Board of Supervisors currently consists of three supervisors, including one chairman. One of the Issuer's supervisors is an employee representative elected at the employee representatives' congress, and the remaining supervisors are appointed by Mianyang SASAC. Each supervisor's term of office is three years which can be renewed for not more than twice. Members of the Board of Directors and of the Issuer's management are not allowed to be elected as supervisors.

According to the Company Law of the PRC, the members of the supervisory board of a wholly state-owned company shall not be less than five, of which the proportion of employee representatives shall not be less than one third. According the Issuer's articles of association, the Board of Supervisors shall comprise five

members, including two employee representatives. As at the date of this Offering Circular, one of the employee representatives on the Board of Supervisors has not been appointed and the Issuer is taking steps to appoint his/her employment in accordance with the Issuer's articles of association and the relevant PRC laws.

The members of Supervisory Committee of the Issuer as at the date of this Offering Circular are as follows:

Name	Age	Position
Mr. LIU Hongbo (劉洪波)	53	Chairman of the Supervisory Committee
Ms. WEI Jing (魏靜)	40	Employee supervisor
Mr. YANG Yungang (楊雲剛)	46	Supervisor

Mr. LIU Hongbo (劉洪波), aged 53, is the chairman of the Board of Supervisors. Mr. Liu has a postgraduate degree and is a senior registered consultant. Prior to joining the Group, Mr. Liu served as the manager of the Planning Information Department and the Industrial Investment Department and assistant to the general manager of Chengdu Custody Management Co., Ltd., manager of the Evaluation and Guarantee Centre and assistant to the general manager of Chengdu Small and Medium Enterprises Credit Guarantee Co., Ltd., manager of the Investment Banking Department of Chengdu Industrial Investment Management Co., Ltd., and general manager of Sichuan Huiyi Chemical Co., Ltd. He also served as the deputy general manager of the Issuer.

Ms. WEI Jing (魏靜), aged 40, is an employee supervisor of the Issuer. Ms. Wei holds a bachelor's degree. Prior to joining the Group, she served as an employee in the General Department and Party Group Working Department of Mianyang Water (Group) Co., Ltd..

Mr. YANG Yungang (楊雲剛), aged 46, is a supervisor of the Issuer. Mr. Yang is a senior accountant. Prior to joining the Group, Mr. Yang served as an accountant of Mianyang Hydropower Engineering Company and the accounting supervisor of Mianzhou Hotel. He formerly served several roles at the Issuer, including accountant, deputy manager and manager of the Finance Department, deputy manager of the Financial Management Centre, member of the Disciplinary Committee, director of the Supervisory Board Office, general manager of the Engineering Management Centre and general manager of the Audit Legal Centre. He previously served as the chief financial officer of Sichuan Jialai Construction Engineering Co., Ltd. He is currently a member of the Discipline Inspection Commission and the head of the Disciplinary Inspection and Audit Legal Department of the Issuer.

Senior Management

The members of the senior management of the Group as at the date of this Offering Circular are as follows:

Name	Age	Position(s)
Mr. CHENG Yi (程一)	59	Director and general manager
Mr. WANG Tao (王濤)	56	Deputy general manager
Mr. NI Dan (倪丹)	52	Deputy general manager
Mr. QI Fei (齊飛)	37	Chief accountant

For details regarding Mr CHENG Yi (程一), see “– Directors” above.

Mr. WANG Tao (王濤), aged 56, is a deputy general manager of the Issuer. Mr. Wang holds a bachelor's degree and is also a senior accountant and Certified Public Accountant. Prior to joining the Group, he served as a cashier, an accountant, the chief accountant, the assistant to director and the deputy director of the Finance Department of China Nuclear Industry Ersi Construction Co., Ltd. and an accountant in Sichuan Zigong Accounting Firm. He also previously served as a chief accountant, deputy manager and manager of the Finance Department of the Group.

Mr. NI Dan (倪丹), aged 52, is a deputy general manager of the Issuer. Mr. Ni holds a bachelor's degree. Prior to joining the Group, he served as the deputy director of the Social Development Bureau of the High-tech Zone, deputy director of the Investment Service Bureau of the High-tech Zone, deputy director of the Urban Construction and Housing Management and Environmental Protection Bureau of the High-tech Zone, deputy director of the Finance Bureau of the High-tech Zone, and deputy general manager of Mianyang Science and Technology City Development Investment (Group) Co., Ltd.

Mr. QI Fei (齊飛), aged 37, is the chief account of the Issuer. Mr. Qi holds a bachelor's degree and is a registered account. Prior to joining the Group, he served as the financial management accountant of Mianyang Lingtong Telecommunications Equipment Co., Ltd. and financing director of Chengdu Modern Industry Investment and Development Co., Ltd. He also served as the fund management accountant, deputy general manager and general manager of the Financial Management Centre of the Issuer..

PRC REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's businesses and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's businesses and operations.

The PRC Legal System

The PRC legal system is based on the PRC Constitution (中華人民共和國憲法) and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC Government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

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

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

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

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

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

The PRC Judicial System

Under the PRC Constitution and Organic Law of the People's Courts (中華人民共和國人民法院組織法), the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the primary people's courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

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

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法), which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

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

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely exchangeable into foreign exchange at this time. SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could exchange Renminbi into foreign currency through the PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be exchanged into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of the SAFE.

On 28 December 1993, the PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System (中國人民銀行關於進一步改革外匯管理體制的公告), effective from 1 January 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional exchangeability of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the “Provisional Regulations”), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, the PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated Regulations of the PRC on Foreign Exchange Administration (中華人民共和國外匯管理條例) (the “**Foreign Exchange Administration Regulations**”) which became effective from 1 April 1996. The Foreign Exchange Administration Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Administration Regulations was subsequently amended on 14 January 1997 and 5 August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20 June 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the “**Settlement Regulations**”) which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on exchangeability of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale through Banks by Foreign-invested Enterprises (外商投資企業實行銀行結售工

作實施方案)。The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, the PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (中國人民銀行、國家外匯管理局關於停辦外匯調劑業務的通知) pursuant to which and with effect from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 8 January 2003, Interim Provision on Foreign Debts Management (外債管理暫行辦法) was promulgated by the NDRC, SAFE and MOF, according to which, the summation of the accumulated medium-term and long-term loans borrowed by a foreign invested entity and the balance of short-term shall not exceed the surplus between the total investment and the registered capital of the foreign-invested entity. Within the range of the surplus, the foreign invested entity may borrow foreign loans at its own will. If the loans exceed the surplus, the total investment of the foreign invested entity shall be re-examined by its original examination and approval authorities.

On 21 July 2005, the PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. The PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of Securities and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks.

Exchangeability of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore return/round-trip investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardisation of all cross-border flows of funds.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) which became effective as at 1 November 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. On 4 July 2014, SAFE issued the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies (國家外匯管理局關於境內居民通過特殊目的公司境外融資及返程投資外匯管理有關問題的通知), which became effective at the same day. This notice replaced the notice issued by SAFE in October 2005 mentioned above. According to the notice, “special purpose company” refers to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by Mainland residents (including Mainland institutions and resident individuals) with their legitimate holdings of the assets or interests in Mainland enterprises, or their legitimate holdings of overseas assets or interests. Under the notice, a mainland resident can make contribution to a special purpose company with legitimate holdings of domestic or overseas assets or interests, and a mainland enterprise directly or indirectly controlled by a Mainland resident may, on the basis of real and reasonable needs, disburse loans to its registered special purpose companies pursuant to prevailing provisions, and, a mainland resident may, on the basis of real and reasonable needs, purchase foreign exchanges to remit funds overseas for the establishment, share repurchase, delisting, etc. of a special purpose company. Prior to the establishment or assumption of control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

On 5 August 2008, the State Council issued the Regulation of the PRC on Foreign Exchange Administration (中華人民共和國外匯管理條例) (the “**New Forex Regulation**”). The New Forex Regulation came into effect with the intention to further limit the inbound of foreign currency while relaxing the requirement of outbound investment, taking into consideration the capital reserve structure of the PRC then. Under the New Forex Regulation, foreign currency received under the current account by domestic entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. Unless otherwise required by laws and regulations, applicants may go to commercial banks directly for capital investment overseas without SAFE approval.

On 30 March 2015, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), effective from 1 June 2015, which replaced the Notice of the General Affairs Department of the State Administration of Foreign Exchange on Relevant Issues Relating to the Business Operation to Improve the Administration of Payment and Exchange Settlement of Capital of Foreign-Funded Enterprises (Hui Zong Fa [2008] No. 142) (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知 (匯綜發[2008]142號)) and the Supplementary Notice of the General Affairs Department of the State Administration of Foreign Exchange on Relevant Issues Relating to the Business Operation to Improve the Administration of Payment and Exchange Settlement of Capital of Foreign-Funded Enterprises (Hui Zong Fa [2011] No. 88 (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的補充通知 (匯綜發[2011]88號)). Under the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), foreign-invested enterprises are allowed to settle their foreign exchange capitals on a discretionary basis, and a foreign-invested enterprise shall be facilitated to make domestic equity investment with the amount of foreign exchanges settled.

On 1 July 2009, the PBOC, MOF, MOFCOM, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Measures for the Administration of Pilot Renminbi Settlement in Cross-border Trade (跨境貿易人民幣結算試點管理辦

法), under which, eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot Renminbi trade settlement scheme, are allowed to settle the cross-border trade transactions in Renminbi.

The PBOC, MOF, MOFCOM, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Circular on Issues Concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (中國人民銀行、財政部、商務部、海關總署、國家稅務總局、銀監會關於擴大跨境貿易人民幣結算試點有關問題的通知) on 17 June 2010 and the Circular on Expansion of the Region of Renminbi Settlement of Cross-Border Trades on 27 July 2011, which, together, extended the pilot scheme to the whole of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

Regulations regarding Overseas Investment and Acquisition Activities

NDRC Supervision

According to Administrative Measures for the Outbound Investment by Enterprises (企業境外投資管理辦法) issued on 26 December 2017 and became effective on 1 March 2018 which replaced Measures for the Administration of Approval and Filing of Overseas Investment Projects (境外投資項目核准和備案管理辦法), projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby. The approval authority is NDRC. The sensitive projects referred to in these Measures include: (i) projects involving sensitive countries and regions; and (ii) projects involving sensitive industries. The sensitive countries and regions include (i) countries and regions that have not yet established diplomatic relations with China; (ii) countries and regions where wars and civil strife occur; (iii) countries and regions where investment made by enterprises shall be restricted according to the international treaties and protocols concluded or acceded by China; and (iv) other sensitive countries and regions. The sensitive industries include: (i) research, production, maintenance and repair of weapons and equipment; (ii) development and utilisation of cross-border water resources; (iii) news media; and (iv) industries for which outbound investments by enterprises shall be restricted according to Chinese laws, regulations and related regulatory policies. The category of sensitive industries shall be released by NDRC.

Projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ, the same below); (ii) NDRC, if the investor is a local enterprise and the amount of investment by the Chinese investor is U.S.\$0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of investment by the Chinese investor is less than U.S.\$0.3 billion.

According to the Notice on Issues Concerning the Implementation of Measures for the Administration of Approval and Filing of Overseas Investment Projects (關於實施《境外投資項目核准和備案管理辦法》有關事項的通知), the Circular of the NDRC on Properly Handling the Delegation of Approval Authority over Outbound Investment Projects to Lower-level Authorities (關於做好境外投資項目下放核准權限工作的通知) terminated.

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

MOFCOM supervision

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “**Sensitive countries and regions**” mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “**Sensitive industries**” mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted.

For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days of accepting such local enterprise’s application and report all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill and complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business license, for filing at MOFCOM (for a central enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form. The investing enterprise must carry out the investment within 2 years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of “China” (“**中國**” or “**中華**”) in its name, unless otherwise approved.

Foreign Exchange Administration

According to Administrative on Foreign Exchange of PRC (中華人民共和國外匯管理條例) and Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions (關於發布境內機構境外直接投資外匯管理規定的通知), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau. The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate for overseas direct investment to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureau for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

The SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**2015 SAFE Circular**”) on 13 February 2015. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business, improve the administration efficiency. The 2015 SAFE Circular sets forth the following reformation: (i) cancel two administrative examination and approval items: verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment; After the implementation hereof, a bank that has obtained the financial institution identification code assigned by the relevant Foreign Exchange Bureau and has activated the capital account information system with the Foreign Exchange Bureau at its domicile may handle Foreign Exchange Registration of Direct Investment for foreign-invested enterprises in the Mainland and the domestic investors of enterprises invested overseas directly through the capital account information system of the Foreign Exchange Bureau; (ii) cancel the confirmation and registration of foreign investors’ non-monetary contribution and the confirmation and registration of foreign investors’ contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors’ monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution.

The 2015 SAFE Circular, which is new regulation, has been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulation will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

State-owned Assets Supervision

Relevant applicable laws and regulations include Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) and Interim Measures for the Supervision and Management of Overseas Investment of Central Enterprises (中央企業境外投資監督管理辦法).

If the domestic enterprise is a central enterprise, it shall establish and perform investment decision-making procedures and management control systems, shall establish and improve administration systems to be submitted to the SASAC for record-filing, and shall establish an annual investment plan and submit it to SASAC and make a copy of the project approval documents to SASAC.

Overseas enterprises which have completed overseas registration shall make state-owned assets ownership registration with SASAC.

Enterprise Income Tax Law

Prior to 1 January 2008, under the then applicable PRC law and regulations (the “**Old EIT Law**”), entities established in the PRC were generally subject to a 33 per cent. enterprise income tax, or EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period not less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years (“**two-year exemption and three-year reduction by half**”).

On 16 March 2007, the NPC enacted the EIT Law, which was amended on 24 February 2017 and 29 December 2018, respectively, together with its related implementation rules (中華人民共和國企業所得稅法實施條例) which was issued by the State Council on 6 December 2007, became effective on 1 January 2008 and was amended on 23 April 2019. The EIT Law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies (國務院關於實施企業所得稅過渡優惠政策的通知). Further, as at 1 January 2008, the enterprises that previously enjoyed “two-year exemption and three-year reduction by half” of the enterprise income tax and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

Under the Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalogue of Encouraged Industries in Western Region (國家稅務總局關於執行〈西部地區鼓勵類產業目錄〉有關企業所得稅問題的公告) which issued by the State Administration of Taxation on 10 March 2015 and became effective on 1 October 2014, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. The Chinese and foreign-invested enterprises within the state-encouraged industry located in western China may be taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020 after being approved by the competent tax authority.

Value Added Tax

According to the Tentative Regulations on the Value-added Tax of the PRC (中華人民共和國增值稅暫行條例) which was promulgated by the State Council on 10 November 2008, amended respectively on 6 February 2016 and 19 November 2017, and the Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC (中華人民共和國增值稅暫行條例實施細則) promulgated by MOF which came into effect on 1 January 2009 and was amended on 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC’s territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17 per cent. or 11 per cent., depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be zero per cent.

With the reform of value-added tax since 2012, MOF and the State Administration of Taxation promulgated a series of regulations and commenced pilot from the transport industry and part of the modern service industries which gradually expands to the scope of the pilot reform region and the applicable industry scope, and ultimately under the Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) which was promulgated on 23 March 2016 and came into effect on 1 May 2016, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective since 1 May 2016 and all business tax payers in construction industry, real estate industry, finance industry and service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax. Under the Decision of State Council on Abolition of the Provisional Regulations of the People's Republic of China on Business Tax and Revision of the Provisional Regulations of the People's Republic of China on Value-added Tax (國務院關於廢止《中華人民共和國營業稅暫行條例》和修改《中華人民共和國增值稅暫行條例》的決定) which was promulgated on 19 November 2017 and came into effect at the same day, business tax is officially replaced by value-added tax.

Environmental Protection Laws

The Ministry of Ecology and Environment is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC (中華人民共和國環境保護法), Prevention and Control of Water Pollution Law of the PRC (中華人民共和國水污染防治法), Prevention and Control of Air Pollution Law of the PRC (中華人民共和國大氣污染防治法), Prevention and Control of Environmental Noise Pollution Law of the PRC (中華人民共和國環境噪聲污染防治法) and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC (中華人民共和國固體廢物污染環境防治法), and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warnings, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standards, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against office-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other major environmental protection laws applicable to the Group include: Regulations of Environmental Management on Project (建設項目環境保護管理條例), Regulations of Environmental Protection Acceptance Inspection on Projects Completion (建設項目竣工環境保護驗收管理辦法) and Environmental Impact Evaluation Law of the PRC (中華人民共和國環境影響評價法).

TAXATION

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

Hong Kong

Withholding Tax

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

Stamp Duty

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

The PRC

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

EIT and IIT

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

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by 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 cumulated in a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income.

According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, the Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

VAT

According to Circular 36, the entities and individuals providing services within PRC will be subject to VAT. Services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Services subject to VAT include the provision of financial services, such as the provision of loans and the transfer of financial products. 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.

The Issuer may be obliged to withhold VAT of 6 per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Bonds is located within the PRC.

Circular 36 remains subject to further clarification and/or interpretations by the competent tax authority. There is uncertainty as to the application of the Circular 36 in the context of the issuance of the Bonds, payments thereunder, and their sale and transfer.

Pursuant to the VAT reform detailed above, the Issuer may need to withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that Bondholders would receive the full amount of the scheduled payment, as further set out in the Conditions.

Stamp Duty

No PRC stamp duty will be chargeable upon the issue or transfer of a Bond (for so long as the register of Bondholders is maintained outside the PRC and the issuance and the sale of the Bonds is made outside of the PRC).

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign pass thru payments are published in the U.S. Federal Register and, Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 1 August 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

<u>Joint Lead Manager</u>	<u>Principal amount of the Bonds to be subscribed</u> (U.S.\$)
Guotai Junan Securities (Hong Kong) Limited	132,500,000
China CITIC Bank International Limited	132,500,000
BOSC International Company Limited	5,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	5,000,000
CMBC Securities Company Limited	5,000,000
CNCB (Hong Kong) Capital Limited	5,000,000
Haitong Bank, Macau Branch	5,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	5,000,000
TFI Securities and Futures Limited	5,000,000
Total	<u>300,000,000</u>

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

The Joint Lead Managers and certain of their subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers, and their 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 Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds) and such orders and/or allocations of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being ‘offered’ should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained. See “*Risk Factors – Risks relating to the Bonds – The liquidity and price of the Bonds following this offering may be volatile*”. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

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

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

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal 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 and the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed offering of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer and 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.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

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

United Kingdom

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

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

The European Economic Area

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive (EU)2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

The PRC

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

Hong Kong

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

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

securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

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 of the Joint Lead Managers has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), 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.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Bonds may not be circulated or distributed, nor may any Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or

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

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

Japan

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

Macau

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and upon their communication to the Macau Monetary Authority, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may be 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 standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Provision for Future Development Fund and Work Safety Cost

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the Group has to accrue special reserves such as future development funds and work safety cost, which are presented as cost of expenses of the period and the amount that has been accrued, are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety reserve, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the above mentioned standards give rise to differences in deferred tax.

Government Grant

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period

and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

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

Reversal of 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.

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.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream with Common Code 247825720 and ISIN XS2478257202.
2. **LEI:** The Issuer's Legal Entity Identifier is 3003004GLFUP01M43910.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a board resolution of the Issuer dated 1 December 2021 and a shareholders' resolution of the Issuer dated 24 December 2021. PRC counsels to the Issuer and the Joint Lead Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for the Enterprise Foreign Debt Pre-Issuance Registration Certificate in respect of the issue of the Bonds from the NDRC, which was obtained and dated 8 March 2022 pursuant to the NDRC Circular, the reporting of the information relating to the issue of the Bonds with the NDRC in accordance with the Notice, the registration of the Bonds with SAFE pursuant to the Cross Border Financing Circular effective as at 11 January 2017 and the approval from the Hong Kong Stock Exchange on the listing of the Bonds on the Hong Kong Stock Exchange.
4. **No Material Adverse Change:** Except for those as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer and the Group since 31 December 2021.
5. **Litigation:** None of the Issuer or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Bonds, nor is the Issuer aware that any such proceedings are pending or threatened.
6. **Available Documents:** Copies of the Audited Financial Statements and the Articles of Association of the Issuer will be available for inspection from the Issue Date at the Issuer's registered office at Jianshe Building, No. 76, Fucheng Road, Fucheng District, Mianyang City, Sichuan, China. Copies of the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date at the specified office of the Trustee following prior written request and proof of holding and identity satisfactory to the Trustee at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. Monday to Friday, public holidays excepted), so long as any of the Bonds remains outstanding.
7. **Financial Statements:** This Offering Circular contains the Audited Financial Statements. The Audited Financial Statements were prepared in accordance with PRC GAAP. These consolidated financial statements have been audited and reviewed, as the case may be, by ShineWing, independent auditor of the Issuer. The Issuer has prepared the Financial Statements Translation, as set out elsewhere in this Offering Circular. The Financial Statements Translation does not itself constitute audited and reviewed, as the case may be, financial statements. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has independently verified or checked the accuracy of the Financial Statements Translation and gives no assurance that the information contained in the Financial Statements Translation is accurate, truthful or complete.
8. **Listing:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 9 August 2022.

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Mianyang Investment Holding (Group) Co., Ltd.



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ENGLISH TRANSLATION OF AUDITOR'S REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY
2021 TO 31 DECEMBER 2021, IF THERE IS ANY
CONFLICT BETWEEN THE CHINESE VERSION AND ITS
ENGLISH TRANSLATION, THE CHINESE VERSION WILL
PREVAIL



信永中和会计师事务所

ShineWing
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Auditor's Report

XYZH/2022CDAA70357

To all shareholders of Mianyang Investment Holding (Group) Co., Ltd.,

1. Opinion

We have audited the accompanying financial statements of Mianyang Investment Holding (Group) Co., Ltd. (hereinafter referred to as "Mianyang Investment Group"), which comprise the consolidated and the Company's balance sheet as at 31 December 2021, the consolidated and the Company's income statements for the year then ended, the consolidated and the Company's cash flow statements for the year then ended, the consolidated and the Company's statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs") in all material respects, and present fairly the consolidated and Mianyang Investment Group's financial conditions as at 31 December 2021, and their operating results and cash flows for the year then ended.

2. Basis for Opinion

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

3. Other Information

Mianyang Investment Group's management (hereinafter referred to as "Management") is responsible for the other information. The other information comprises all the information included in 2021 annual report of Mianyang Investment Group, other than the financial statements and our auditor's report thereon.

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

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

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

4. Management and Governance's Responsibilities for the Financial Statements

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

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

The governance is responsible for overseeing the financial reporting process of Mianyang Investment Group.

5. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- (1) Identify and assess the risk 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 audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

(4) 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 Mianyang Investment Group's ability to continue as a going concern. If we conclude that material uncertainties exist, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Mianyang Investment Group to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Mianyang Investment Group to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of group audit, and assume full responsibility for the audit opinion.

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



28 April 2022

ENGLISH TRANSLATION OF AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2021 TO 31 DECEMBER 2021, IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL.



Consolidated Balance Sheet

As at 31 December 2021

Prepared by: Wanyang Investment Holding (Group) Co., Ltd.

Currency: Renminbi Yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand	VIII.1	9,278,870,275.69	11,529,759,501.21
Financial assets held for trading			
☆ Financial assets designated as at fair value through current profit or loss			
Derivative financial assets			
Bills receivable	VIII.2	5,115,884.75	1,901,500.83
Accounts receivable	VIII.3	4,787,192,106.47	4,666,049,473.84
Receivables under financing			
Prepayments	VIII.4	6,754,237,974.93	6,555,295,448.22
Other receivables	VIII.5	13,261,411,423.16	9,719,022,718.64
Inventories	VIII.6	6,663,510,755.07	4,350,337,262.40
Contract assets	VIII.7	81,847,384.43	
Assets held for sale			
Non-current assets due within one year	VIII.8	2,147,676,103.69	104,555,716.77
Other current assets	VIII.9	686,548,879.95	559,445,267.27
Total current assets		43,666,410,788.14	37,486,366,889.18
Non-current assets:			
Debt investments	VIII.10	5,545,839,436.21	6,424,620,000.00
☆ Available-for-sale financial assets			
Other debt investments			
☆ Held to maturity investment			
Long-term receivables	VIII.11	1,486,853,274.84	1,435,356,497.81
Long-term equity investments	VIII.12	12,969,729,264.32	6,075,442,435.88
Investment in other equity instruments	VIII.13	6,914,953,027.25	5,097,925,781.62
Other non-current financial assets			
Investment properties	VIII.14	5,710,698,149.61	5,416,156,139.52
Fixed assets	VIII.15	9,674,511,296.87	9,427,646,450.55
Construction in progress	VIII.16	8,415,926,595.18	13,876,046,768.08
Right-of-use assets	VIII.17	55,439,464.80	42,495,847.96
Intangible assets	VIII.18	1,948,701,856.92	2,063,384,004.20
Development costs			
Goodwill	VIII.19	1,952,648.50	1,952,648.50
Long-term deferred expenses	VIII.20	164,096,938.76	124,405,668.08
Deferred tax assets	VIII.21	66,537,875.17	63,073,004.90
Other non-current assets	VIII.22	18,516,529,543.07	13,042,908,076.35
Total non-current assets		71,471,769,371.50	63,091,413,323.45
Total assets		115,138,180,159.64	100,577,780,212.63

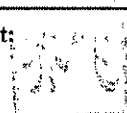
Legal Representative:



Chief Financial Officer:



Head of Accounting Department:



Consolidated Balance Sheet (Continued)

As at 31 December 2021

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: Renminbi Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans	VIII.23	6,304,268,560.00	3,892,670,984.32
Financial liabilities held for trading			
☆ Financial liabilities designated as at fair value through current profit or loss			
Derivative financial liabilities			
Bills payable	VIII.24	236,600,000.00	130,265,698.02
Accounts payable	VIII.25	2,133,033,820.73	1,914,818,864.37
Advance payments received	VIII.26	66,913,087.38	88,377,629.74
Contract liabilities	VIII.27	1,700,874,004.54	983,007,307.37
Employee benefits payable	VIII.28	170,313,319.83	196,501,928.73
Taxes payable	VIII.29	583,205,906.86	452,119,662.76
Other payables	VIII.30	4,221,536,776.35	1,116,935,337.11
Liabilities held for sale			
Non-current liabilities due within one year	VIII.31	15,815,861,348.91	9,037,755,002.05
Other current liabilities	VIII.32	186,746,599.41	3,657,141,795.57
Total current liabilities		31,419,353,424.01	21,469,594,210.04
Non-current liabilities:			
Long-term loans	VIII.33	15,751,212,850.27	16,087,330,496.68
Debentures payable	VIII.34	23,748,582,834.17	27,693,360,664.80
Lease liabilities	VIII.35	34,666,710.06	27,210,139.74
Long-term payables	VIII.36	10,062,887,661.68	10,291,300,215.57
Provisions	VIII.37	198,331,341.14	88,733,275.87
Deferred income	VIII.38	187,732,919.37	212,659,027.23
Deferred tax liabilities	VIII.21	246,891,912.34	208,045,194.88
Other non-current liabilities			
Total non-current liabilities		50,230,306,229.03	54,608,639,014.77
Total liabilities		81,649,659,653.04	76,078,233,224.81
Shareholders' equity:			
Share capital	VIII.39	850,000,000.00	850,000,000.00
Other equity instruments	VIII.40	993,891,509.43	993,891,509.43
Capital reserves	VIII.41	18,389,831,432.60	18,422,133,834.51
Other comprehensive income	VIII.42	342,576,072.85	199,040,477.71
Special reserves	VIII.43	11,637,619.35	7,941,653.07
Surplus reserves	VIII.44	280,645,102.92	256,050,980.85
△ General risk provisions		2,612,935.61	2,612,935.61
Retained earnings	VIII.45	1,987,446,202.44	2,003,887,197.46
Total equity attributable to shareholders of the Company		22,858,640,875.20	22,735,558,588.64
*Non-controlling interests		10,629,879,631.40	1,763,988,399.18
Total shareholders' equity		33,488,520,506.60	24,499,546,987.82
Total liabilities and shareholders' equity		115,138,180,159.64	100,577,780,212.63

Legal Representative: 肖林

Chief Financial Officer: 齐飞

Head of Accounting Department: 齐飞

Company Balance Sheet

As at 31 December 2021

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: Renminbi Yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		2,877,495,323.95	5,650,854,350.91
Financial assets held for trading			
☆ Financial assets designated as fair value through current profit or loss			
Derivative financial assets			
Bills receivable			
Accounts receivable	XII.1	3,866,248,221.89	4,055,857,193.58
Receivables under financing			
Prepayments		5,888,213,764.47	5,935,692,068.38
Other receivables	XII.2	13,813,613,924.16	10,273,286,439.72
Inventories		1,508,938,977.97	469,259,580.49
Contract assets			
Assets held for sale			
Non-current assets due within one year		2,068,875,433.00	
Other current assets		344,624,068.97	254,289,191.64
Total current assets		30,368,009,714.41	26,639,238,824.72
Non-current assets:			
Debt investment		5,545,839,436.21	6,424,620,000.00
☆ Available-for-sale financial assets			
Other debt investments			
☆ Held to maturity investment			
Long-term receivables			
Long-term equity investments	XII.3	22,881,474,114.59	24,165,413,813.82
Investment in other equity instruments		4,107,000,000.00	2,607,000,000.00
Other non-current financial assets			
Investment properties		1,171,079,538.00	1,146,544,713.00
Fixed assets		7,009,167.69	8,246,739.60
Construction in progress		2,386,229,821.09	4,546,262,270.70
Productive biological assets			
Oil and gas assets			
Right-of-use assets		2,869,536.94	3,826,049.26
Intangible assets		975,947.84	1,007,813.84
Development costs			
Goodwill			
Long-term deferred expenses		4,214,795.23	428,452.62
Deferred tax assets		25,234,054.10	25,313,387.85
Other non-current assets		13,933,991,972.64	12,513,504,308.56
Total non-current assets		50,065,918,384.33	51,442,167,549.25
Total assets		80,433,928,098.74	78,081,406,373.97

Legal Representative:



Chief Financial Officer:



Head of Accounting Department:



Company Balance Sheet (Continued)

As at 31 December 2021

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: Renminbi Yuan

Item	Note	Closing balance	Opening balance
Current liabilities			
Short-term loans		4,100,741,166.67	2,097,883,444.32
Financial liabilities held for trading			
☆ Financial liabilities designated as at fair value through current profit or loss			
Derivative financial liabilities			
Bills payable			
Accounts payable		1,295,609,657.08	1,292,097,506.25
Advance payments received		3,211,225.37	2,509,263.14
Contract liabilities		227,202,453.96	238,712,613.03
Employee benefits payable		15,982,136.41	15,048,272.88
Taxes payable		453,497,373.22	280,885,614.34
Other payables		4,657,419,947.88	1,774,487,468.92
Liabilities held for sale			
Non-current liabilities due within one year		13,618,611,482.61	7,119,691,321.26
Other current liabilities		49,726,843.45	3,603,972,946.51
Total current liabilities		24,422,002,286.65	16,425,288,450.65
Non-current liabilities:			
Long-term loans		9,305,680,039.00	11,206,385,039.00
Debentures payable		21,013,966,215.81	24,669,012,219.51
Lease liabilities		1,924,077.39	2,788,357.83
Long-term payables		3,813,163,467.74	4,223,106,064.99
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		42,939,532.11	43,103,654.99
Other non-current liabilities			
Total non-current liabilities		34,177,673,332.05	40,144,395,336.32
Total liabilities		58,599,675,618.70	56,569,683,786.97
Shareholders' equity:			
Share capital		850,000,000.00	850,000,000.00
Other equity instruments		993,891,509.43	993,891,509.43
Capital reserve		18,679,193,985.23	18,475,370,172.22
Less: Treasury shares			
Other comprehensive income		95,770,234.45	95,770,234.45
Special reserve			
Surplus reserve		280,645,102.92	256,050,980.85
Retained earnings		934,751,648.01	840,639,690.05
Total shareholders' equity		21,834,252,480.04	21,511,722,587.00
Total liabilities and shareholders' equity		80,433,928,098.74	78,081,406,373.97

Legal Representative:



Chief Financial Officer:



Head of Accounting Department:



Consolidated Income Statement
For the year ended 31 December 2021

Prepared by: Nianwang Investment Holding (Group) Co., Ltd.

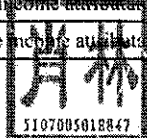
Currency: Renminbi Yuan

Item	Note	2021	2020
I. Total operating income		9,773,365,062.52	8,662,555,135.93
Including: Operating income	VII. 46	9,768,379,548.99	8,647,883,334.52
△ Interest income	VIII. 47	4,985,513.53	14,671,801.41
II. Total operating costs		11,096,698,612.37	9,174,724,524.54
Including: Operating costs	VIII. 46	8,571,922,965.34	6,980,067,492.94
△ Interest expenses	VIII. 47		
Taxes and surcharges	VIII. 48	62,153,855.22	59,178,650.67
Selling expenses	VII. 49	217,060,685.52	222,986,275.94
Administration expenses	VII. 50	712,963,632.89	625,701,670.03
Research and development expenses	VII. 51	3,623,030.11	2,046,460.17
Financial expenses	VIII. 52	1,528,974,443.29	1,284,743,974.79
Add: Other income	VIII. 53	359,790,171.87	473,685,878.29
Investment income (Loss listed with "-")	VIII. 54	935,987,169.04	58,134,858.80
Gains from changes in fair value ("-" for losses)	VII. 55	-92,221,477.12	23,049,253.09
Credit losses ("-" for losses)	VII. 56	-346,625.60	
Impairment losses ("-" for losses)	VII. 57	-651,181.19	-12,627,043.15
Gains from asset disposals ("-" for losses)	VII. 58	907,674.95	400,433.41
III Operating profit (Loss listed with "-")		-119,867,817.90	30,473,991.83
Add: Non-operating income	VIII. 59	506,345,186.81	739,614,232.55
Less: Non-operating expenses	VII. 60	29,051,851.21	13,108,684.53
IV. Profit before income tax (Total losses listed with "-")		357,425,517.70	756,979,539.85
Less: Income tax expenses	VIII. 61	67,368,503.41	114,308,646.82
V. Net profit for the year (Net losses listed with "-")		290,057,014.29	642,670,893.03
(I) Classified by the attribution of ownership		290,057,014.29	642,670,893.04
Net profits attributable to the owner of parent company		264,388,445.70	592,287,960.27
*Non-controlling interests income		25,668,568.59	50,382,932.77
(II) Classified by continuity of operations		290,057,014.29	642,670,893.03
Net profits from continuing operations		290,057,014.29	642,670,893.03
Net profits of discontinued operations			
VI. Other comprehensive income, net of tax		143,535,595.14	8,641,031.41
The net after-tax value of Other comprehensive income attributable to the owner of parent company		143,535,595.14	8,641,031.41
(I) Items that will not be reclassified to profit or loss			
(II) Items that may be reclassified to profit or loss		143,535,595.14	8,641,031.41
1. Other comprehensive income recognised under equity method			
2. Changes in fair value of other debt investments			
☆3. Fair value changes of assets held for sale			
4. Amount reclassified from financial assets to other comprehensive income			
☆5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
6. Credit losses of other debt investments			
7. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
8. Foreign currency statement translation balance			
9. Others		143,535,595.14	8,641,031.41
* Other comprehensive income (net of tax) attributable to non-controlling interests			
VII. Total comprehensive income		433,592,609.43	651,311,924.44
Total comprehensive income attributable to shareholders of the Company		407,924,040.84	600,928,991.67
*Total comprehensive income attributable to non-controlling interests		25,668,568.59	50,382,932.77

Legal Representative:

Chief Financial Officer

Head of Accounting Department:

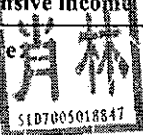


Company Income Statement
For the year ended 31 December 2021

Prepared by: **Shanyang Investment Holding (Group) Co., Ltd.**

Currency: Renminbi Yuan

Item	Note	2021	2020
I. Total operating income	XII.4	1,884,086,721.43	2,841,636,571.06
Including: Operating income	XII.4	1,792,022,345.02	2,086,335,411.03
Taxes and surcharges		6,344,390.58	4,255,465.91
Selling expenses		2,600.00	403,272.00
Administration expenses		48,158,280.82	41,711,828.24
Research and development expenses			
Financial expenses		1,133,075,227.90	955,492,455.46
Add: Other income		33,059.15	239,615.18
Investment income (Loss listed with "-")	XII.5	952,253,786.46	-51,265,569.94
Gains from changes in fair value ("-" for losses)		-656,491.51	1,838,669.00
Credit losses ("-" for losses)		317,334.98	
Impairment losses ("-" for losses)			3,026,941.65
Gains from asset disposals ("-" for losses)		-217,546.00	-24,309.64
II. Operating profit (Loss listed with "-")		-143,785,979.81	-292,746,515.33
Add: Non-operating income		392,253,989.78	507,522,896.00
Less: Non-operating expenses		2,611,578.40	25,715.86
III. Profit before income tax (Total losses listed with "-")		245,856,431.57	214,750,664.81
Less: Income tax expenses		-84,789.13	1,216,402.66
IV. Net profit for the year (Net losses listed with "-")		245,941,220.70	213,534,262.15
(I) Net profits from continuing operations		245,941,220.70	213,534,262.15
(II) Net profits of discontinued operations			
V. Other comprehensive income, net of tax			
(I) Items that will not be reclassified to profit or loss			
(II) Items that may be reclassified to profit or loss			
1. Other comprehensive income recognised under equity method			
2. Changes in fair value of other debt investments			
☆3. Fair value changes of assets held for sale			
4. Amount reclassified from financial assets to other comprehensive income			
☆5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
6. Credit losses of other debt investments			
7. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
8. Foreign currency statement translation balance			
9. Others			
VI. Total comprehensive income		245,941,220.70	213,534,262.15

Legal Representative: 

Chief Financial Officer: 

Head of Accounting Department: 

Consolidated Cash Flow Statement
For the year ended December 31, 2021

Prepared by: **Shianchang Investment Holding (Group) Co., Ltd.**

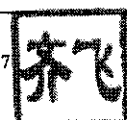
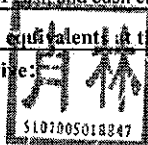
Currency: **Renminbi Yuan**

Item	Note	2021	2020
I. Cash flow from operating activities			
Proceeds from sale of goods and rendering of services		8,650,680,844.27	5,601,945,705.75
△ Cash received from interest, fees and commissions		6,742,740.88	15,489,366.70
Refund of taxes		69,431,559.92	
Proceeds from other operating activities		3,734,801,506.81	4,169,315,136.16
Subtotal of cash inflow from operating activities		12,461,656,651.88	9,786,750,208.61
Payment for goods and services		7,417,602,079.70	4,793,817,246.83
△ Net increase in loans and advances to customer		-48,280,511.94	-77,646,804.84
Payment to and for employees		1,614,998,176.88	1,334,209,451.74
Payment of various taxes		553,517,245.72	250,673,653.26
Payment for other operating activities		2,564,233,889.39	2,179,333,168.34
Subtotal of cash outflows from operating activities		12,102,070,879.75	8,480,386,715.33
Net cash flow from operating activities		359,585,772.13	1,306,363,493.28
II. Cash flow from investment activities:			
Proceeds from disposal of investments		2,742,946,198.10	485,395,536.88
Investment returns received		6,359,076.99	19,827,915.46
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		2,955,534.38	384,798.13
Net proceeds from disposal of subsidiaries and other business units			
Proceeds from other investing activities		3,159,885,327.77	250,922,282.88
Subtotal of cash inflow from investing activities		5,912,146,137.24	756,530,533.35
Payment for acquisition of fixed assets, intangible assets and other long-term assets		942,190,681.58	2,475,093,191.78
Payment for acquisition of investments		4,372,819,433.00	5,985,266,617.89
Net payment for acquisition of subsidiaries and other business units			
Payment for other investing activities		3,861,599,750.49	3,063,049,731.26
Subtotal of cash outflows from investing activities		9,176,609,865.07	11,523,409,540.93
Net cash flow from investing activities		-3,264,463,727.83	-10,766,879,007.58
III. Cash flow from financing activities:			
Proceeds from investors		602,164,324.40	63,572,098.26
Including: Proceeds from non-controlling shareholders of subsidiaries		602,164,324.40	63,572,098.26
Proceeds from borrowings		22,751,056,285.19	24,375,726,081.56
Proceeds from other financing activities		2,904,105,626.39	1,384,091,412.72
Subtotal cash inflow from financing activities		26,257,326,235.98	25,823,389,592.54
Repayments of borrowings		21,154,051,034.74	13,979,009,449.64
Payment for dividends, profit distributions or interest		3,704,814,537.63	2,901,772,747.94
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		449,400.00	3,439,276.85
Payment for other financing activities		1,019,435,053.80	
Subtotal cash outflow from financing activities		25,878,300,626.17	16,880,782,197.58
Net cash flow from financing activities		379,025,609.81	8,942,607,394.96
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-204,185.28	103,368,981.44
V. Net increase in cash and cash equivalents		-2,526,056,531.17	-414,539,137.90
Add: balance of cash and cash equivalents at the beginning of the period		9,850,629,023.68	10,265,168,161.58
VI. Cash and cash equivalents at the end of the year		7,324,572,492.51	9,850,629,023.68

Legal Representative:

Chief Financial Officer:

Head of Accounting Department:



Company Cash Flow Statement

For the year ended 31 December 2021

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: Renminbi Yuan

Item	Note	2021	2020
I. Cash flow from operating activities:			
Proceeds from sale of goods and rendering of services		991,869,306.14	483,990,042.74
Refund of taxes			
Proceeds from other operating activities		92,771,291.38	1,673,607,329.46
Subtotal of cash inflow from operating activities		1,084,640,597.52	2,157,597,372.20
Payment for goods and services		597,568,058.44	352,263,289.48
Payment to and for employees		41,511,754.66	31,757,459.27
Payment of various taxes		229,599,359.73	59,044,835.21
Payment for other operating activities		192,378,369.82	88,083,206.75
Subtotal of cash outflows from operating activities		1,061,057,542.65	531,148,790.71
Net cash flow from operating activities		23,583,054.87	1,626,448,581.49
II. Cash flow from investment activities:			
Proceeds from disposal of investments		2,715,063,542.15	915,366,550.00
Investment returns received		24,336,953.88	64,134,421.86
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		274,634.40	500.00
Proceeds from other investing activities		1,321,056,437.23	251,922,282.88
Subtotal of cash inflow from investing activities		4,060,731,567.66	1,231,423,754.74
Payment for acquisition of fixed assets, intangible assets and other long-term assets		3,738,374.39	779,134.17
Payment for acquisition of investments		4,523,875,433.00	6,048,918,681.40
Payment for other investing activities		2,058,430,397.00	3,063,049,731.26
Subtotal of cash outflows from investing activities		6,586,044,204.39	9,112,747,546.83
Net cash flow from investing activities		-2,525,312,636.73	-7,881,323,792.09
III. Cash flow from financing activities:			
Proceeds from investors			
Proceeds from borrowings		16,484,511,166.67	16,502,272,188.13
Proceeds from other financing activities		3,411,859,944.21	1,148,097,566.47
Subtotal cash inflow from financing activities		19,896,371,110.88	17,650,369,754.60
Repayments of borrowings		16,461,328,444.32	9,095,019,641.82
Payment for dividends, profit distributions or interest		3,012,440,373.20	2,560,908,236.99
Payment for other financing activities		1,078,798,555.17	350,000,000.00
Subtotal cash outflow from financing activities		20,552,567,372.69	12,005,927,878.81
Net cash flow from financing activities		-656,196,261.81	5,644,441,875.79
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-204,185.28	102,419,828.74
V. Net increase in cash and cash equivalents		-3,158,130,028.95	-508,013,506.07
Add: balance of cash and cash equivalents at the beginning of the period		4,958,070,064.75	5,466,083,570.82
VI. Cash and cash equivalents at the end of the year		1,799,940,035.80	4,958,070,064.75

Legal representative



Chief Financial Officer:



Head of Accounting Department:



Consolidated statement of changes in shareholders' equity
For the year ended 31 December 2021

Currency: Renminbi Yuan

2021														
Equity attributable to shareholders of parent company														
Item	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	△General risk provisions	Retained earnings	Subtotal	Non-controlling interests	Total equity
	Preference shares	Perpetual bonds	Others											
Columns	1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Balance at the end of last year	850,000,000.00		993,891,509.43		18,422,133,834.51		199,040,477.71	7,941,653.07	256,050,980.85	2,612,935.61	2,003,887,197.46	22,735,558,588.64	1,763,988,399.18	24,499,546,987.82
Add: Changes in accounting policies														
Correction of prior-period errors														
Others														
II. Balance at the beginning of the year	850,000,000.00		993,891,509.43		18,422,133,834.51		199,040,477.71	7,941,653.07	256,050,980.85	2,612,935.61	2,003,887,197.46	22,735,558,588.64	1,763,988,399.18	24,499,546,987.82
III. Changes in equity during the year“+” for increases)														
(1) Total comprehensive income			68,000,000.00				143,535,595.14	3,695,966.28	24,594,122.07		-16,440,995.02	123,082,286.56	8,865,891,232.22	8,988,973,518.78
(2) Capital contribution and reduction from owners														
1. Common stock capital contribution from owners							143,535,595.14				196,388,445.70	407,924,040.34	25,668,568.59	433,592,609.43
2. Capital contribution from holders of other equity instruments														
3. Amount of share based payment included in owner's equity														
4. Others														
(3) Provision and Utilisation use of special reserve														
1. Provision of special reserve								3,695,966.28					8,751,233,694.06	8,718,931,292.15
2. Utilisation of special reserve								5,120,530.15						5,120,530.15
(4) Appropriation of profits														
1. Appropriation for surplus reserve			-68,000,000.00					-1,424,563.87						-1,424,563.87
Including: statutory provident fund														
Discretionary provident fund														
//Reserve fund														
//Enterprise development fund														
//Return of profits investment														
2. Appropriation to general risks provision														
3. Distribution to owners														
4. Others														
(5) Transfers within owners' equity														
1. Share capital increased by capital reserve transfer														
2. Share capital increased by surplus reserve transfer														
3. Transfer of surplus reserve to offset losses														
4. Changes arising from defined benefit plan transferred to retained earnings														
5. Transfer of other comprehensive income to retained earnings														
6. Others														
IV. Balance at the end of this year	850,000,000.00				18,389,831,432.60		342,576,072.85	11,637,619.35	280,645,102.92	2,612,935.61	1,987,447,348.16	22,735,558,588.64	10,629,879,631.40	33,488,520,506.60

Chief Financial Officer:

Head of Accounting Department:

齐飞

齐飞

Legal Representative:

肖林
5107005018847

Consolidated statement of changes in shareholders' equity (Continued)
For the year ended 31 December 2021

2020														Currency: Renminbi Yuan
Item	Equity attributable to shareholders of parent company													
	Share capital	Preference shares	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	ΔGeneral risk provisions	Retained earnings	Subtotal	Non-controlling interests	Total equity
	15	16	17	18	19	20	21	22	23	24	25	26	27	28
I. Balance at the end of last year	850,000,000.00	—	993,891,509.43	—	19,440,793,540.35	—	190,399,446.30	6,673,090.44	234,697,554.63	2,464,123.20	1,621,432,364.71	23,340,351,629.06	1,652,240,569.13	24,992,592,198.19
Add: Changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Correction of prior-period errors	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	850,000,000.00	—	993,891,509.43	—	19,440,793,540.35	—	190,399,446.30	6,673,090.44	234,697,554.63	2,464,123.20	1,621,432,364.71	23,340,351,629.06	1,652,240,569.13	24,992,592,198.19
III. Changes in equity during the year("—" for decreases)														
(1) Total comprehensive income	—	—	68,000,000.00	—	-1,018,659,705.84	—	8,641,031.41	—	21,353,426.22	148,812.41	382,454,832.75	-604,793,040.42	111,747,830.05	-493,045,210.37
(2) Capital contribution and reduction from owners	—	—	—	—	-1,018,659,705.84	—	8,641,031.41	—	—	—	524,287,960.27	600,928,991.68	50,382,932.77	651,311,924.45
1. Common stock capital contribution from owners	—	—	—	—	-1,018,659,705.84	—	—	—	—	—	—	-1,018,659,705.84	64,804,174.13	-953,855,531.71
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	63,572,098.25	63,572,098.25
3. Amount of share based payment included in owner's equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	-1,018,659,705.84	—	—	—	—	—	—	-1,018,659,705.84	1,232,075.88	-1,017,427,629.96
(3) Provision and Utilisation use of special reserve	—	—	—	—	—	—	—	1,268,562.63	—	—	—	1,268,562.63	—	1,268,562.63
1. Provision of special reserve	—	—	—	—	—	—	—	1,579,735.15	—	—	—	1,579,735.15	—	1,579,735.15
2. Utilisation of special reserve	—	—	—	—	—	—	—	-311,172.52	—	—	—	-311,172.52	—	-311,172.52
(4) Appropriation of profits	—	—	-68,000,000.00	—	—	—	—	—	21,353,426.22	148,812.41	-141,833,127.52	-188,330,888.89	-3,439,276.85	-191,770,165.74
1. Appropriation for surplus reserve	—	—	—	—	—	—	—	—	21,353,426.22	—	-21,353,426.22	—	—	—
Including: statutory provident fund	—	—	—	—	—	—	—	—	21,353,426.22	—	-21,353,426.22	—	—	—
Discretionary provident fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—
//Reserve fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—
//Enterprise development fund	—	—	—	—	—	—	—	—	—	—	—	—	—	—
//Return of profits investment	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Appropriation to general risks provision	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Distribution to owners	—	—	-68,000,000.00	—	—	—	—	—	—	148,812.41	-148,812.41	-188,330,888.89	-3,439,276.85	-191,770,165.74
4. Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(5) Transfers within owners' equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Share capital increased by capital reserve transfer	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Share capital increased by surplus reserve transfer	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Transfer of surplus reserve to offset losses	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Changes arising from deficit benefit plan transferred to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Balance at the end of this year	850,000,000.00	—	993,891,509.43	—	18,422,133,834.51	—	199,040,477.71	7,941,653.07	256,050,980.85	2,612,935.61	2,003,887,197.46	22,735,588.89	1,763,988,399.18	24,499,546,987.82

Head of Accounting Department:

Chief Financial Officer:

Legal Representative:

5107005018847

Company statement of changes in shareholders' equity For the year ended 31 December 2021										Currency: Renminbi Yuan	
Item	2021										Total equity
	Share capital	Preferential shares	Perpetual bonds	Other equity instruments	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
Columns	1	2	3	4	5	6	7	8	9	10	11
I. Balance at the end of last year	850,000,000.00	—	993,891,509.43	—	18,475,370,172.22	—	95,770,234.45	—	256,050,980.85	840,639,690.05	21,511,722,587.00
Add: Changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Correction of prior-period errors	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	850,000,000.00	—	993,891,509.43	—	18,475,370,172.22	—	95,770,234.45	—	256,050,980.85	840,639,690.05	21,511,722,587.00
III. Changes in equity during the year ("—" for decreases)	—	—	—	—	203,823,813.01	—	—	—	24,594,122.07	94,111,957.96	322,529,893.04
(1) Total comprehensive income	—	—	—	—	—	—	—	—	—	177,941,220.70	245,941,220.70
(2) Capital contribution and reduction from owners	—	—	—	—	203,823,813.01	—	—	—	—	—	203,823,813.01
1. Common stock capital contribution from owners	—	—	—	—	—	—	—	—	—	—	—
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—	—	—	—	—
3. Amount of share based payment included in owner's equity	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	203,823,813.01	—	—	—	—	—	203,823,813.01
(3) Provision and Utilisation use of special reserve	—	—	—	—	—	—	—	—	—	—	—
1. Provision of special reserve	—	—	—	—	—	—	—	—	—	—	—
2. Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	—
(4) Appropriation of profits	—	—	—	—	—	—	—	—	—	—	—
1. Appropriation to surplus reserves	—	—	—	—	—	—	—	—	—	—	—
Including: statutory provident fund	—	—	—	—	—	—	—	—	—	—	—
Discretionary provident fund	—	—	—	—	—	—	—	—	—	—	—
#Reserve fund	—	—	—	—	—	—	—	—	—	—	—
#Enterprise development fund	—	—	—	—	—	—	—	—	—	—	—
#Return of profits investment	—	—	—	—	—	—	—	—	—	—	—
2. Distribution to owner	—	—	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—	—	—
(5) Transfers within owners' equity	—	—	—	—	—	—	—	—	—	—	—
1. Share capital increased by capital reserve transfer	—	—	—	—	—	—	—	—	—	—	—
2. Share capital increased by surplus reserve transfer	—	—	—	—	—	—	—	—	—	—	—
3. Transfer of surplus reserve to offset losses	—	—	—	—	—	—	—	—	—	—	—
4. Changes arising from defined benefit plan transferred to retained earnings	—	—	—	—	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of this year	850,000,000.00	—	993,891,509.43	—	18,679,193,985.23	—	95,770,234.45	—	280,645,102.92	934,751,648.01	21,834,252,480.04

Legal Representative:

肖林
3107005018847

Chief Financial Officer:

齐飞
3107005018847

Head of Accounting Department:

齐飞

Currency: Renminbi Yuan

2020

Head of Accounting Department:

Chief Financial Officer:

Legal Representative:

Head of Accounting Department:

Chief Financial Officer:

Head of Accounting Department:

Mianyang Investment Holding (Group) Co., Ltd.

Consolidated financial statement notes

As of 31 December 2021

(Except for special explanation, the amount is shown in Renminbi)

I. The Company's Profile

1. Corporate history, registration place, organizational form and headquarters address

Mianyang Investment Holding (Group) Co., Ltd. (hereinafter referred to as "Mianyang Investment Group" or "the Company", collectively referred to as "the Group" when including subsidiaries) is a state-owned holding limited liability company, formerly known as Mianyang Xindali Assets Management Co., Ltd., established in 1999. The Company's unified social credit code is 91510700709196960H with registered capital of RMB850 million. The legal representative is Xiao Lin and the registered address is Construction Building, No.76 of Fucheng Road, Fucheng District, Mianyang City, Sichuan Province.

Approved by the Mianyang Municipal People's Government on 17 May 1999 (*Mianyang Municipal People's Government Letter (1999) No. 35*), State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government (hereinafter referred to as "Mianyang SASAC") has the net state-owned assets of four units as of 31 December 1998, including the Mianyang Nanjiao Airport Administration, Mianyang City Water Supply Corporation No.3 Water Plant, Mianyang Fuleshan International Hotel, and Mianyang Mianzhou Hotel Co., Ltd., Invested and established Sichuan Province Mianyang City Xindali asset management Co. Ltd. with registered capital of RMB200 million. The capital contribution was verified by Sichuan Zhongping Certified Public Accountants Co., Ltd. in the *Capital Verification Report No. 19 of Zhongping Inspection (99)*.

In August 2000, the Company's name was changed to Mianyang Investment Holding (Group) Co., Ltd.

In July 2006, according to the Mianyang Municipal Committee of the CPC's *Opinions of Mianyang Municipal Government of Mianyang Municipal Committee of the CPC on Innovating the Government's Investment and Financing System (Mianweifa [2006] No.11)*, and the approval of the Mianyang Municipal People's Government *On the consent of Mianyang City Investment Holding (Group) Co., Ltd. to hold the state-owned shares of Mianyang Fuda Asset Management Co., Ltd. and Mianyang City High-grade Highway Development Co., Ltd. (Mianfu) Letter [2006] No. 127*), Mianyang SASAC increased the registered capital by RMB650 million from Mianyang Fuda Asset Management Co., Ltd. and Mianyang City High-grade Highway Development Co., Ltd. After this capital increase, the Company's registered capital was increased to RMB850 million. The capital increase was verified by Sichuan Zhongxin Certified Public Accountants Co., Ltd. and issued *Chuan Zhongxin Yan [2006] No. 1224 Capital Verification Report*.

In December 2008, in accordance with the *Approval of the Mianyang Municipal People's Government on the Spin-off of Mianyang High-grade Highway Development Co., Ltd. (Mianfu Letter [2008] No. 289)*, the Company transferred out the RMB600 million equity investment in Mianyang High-grade Highway Development Co., Ltd., and transferred the capital reserve of RMB600 million formed by the land use

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rights of the South New District allocated by the Mianyang Municipal People's Government in 2007 to the paid-in capital. After this change, the Company's registered capital is still RMB850 million.

In June 2014, according to the Mianyang SASAC's *Approval on the Transfer of State-owned Equity of Mianyang Education Investment Development Co., Ltd. to Mianyang Investment Holding (Group) Co., Ltd. at Nil Consideration* (Mianguo Assets [2014] No. 31), Mianyang SASAC transferred its 100% equity of Mianyang Education Investment Development Co., Ltd. (now known as "Mianyang Education Investment Development (Group) Co., Ltd.") to the company at nil consideration.

In November 2019, according to the requirements of the *Notice on Optimizing and Reorganizing State-owned Assets to Promote the Reform and Development of Municipal State-owned Enterprises* (Mianwei Office [2019] No.138) issued by the Offices of Mianyang Municipal Government and of Mianyang Municipal Committee of the CPC, the 100% equity of Mianyang Communications Development Group Co., Ltd. held by the Mianyang SASAC was transferred to the Company at nil consideration..

In June 2020, according to the requirements of the *Notice on Optimizing and Reorganizing State-owned Assets to Promote the Reform and Development of Municipal State-owned Enterprises* (Mianwei Office [2019] No.138) issued by the Offices of Mianyang Municipal Government and of Mianyang Municipal Committee of the CPC, Mianyang SASAC transferred 100% of the equity of Mianyang Youxian Cereal & Oil Purchase & Sales Company (hereinafter referred to as the Grain and Oil Group) held by it to the Company at nil consideration.

In December 2020, according to the *Notice on Printing and Distributing the Implementation Plan for the Transfer of Part of the State-owned Capital in Sichuan Province to Enrich the Social Security Fund* (Chuan Fu Fa [2019] No.9) issued by The People's Government of Sichuan Province, and *Notice on Transference of Partial State-owned Capital of State-owned Enterprises in Cities and Counties to Enlarge Social Security Fund (the First Batch)*" (Chuan Cai zi [2020] No. 95) issued by the Sichuan Provincial Finance Department, Department of Human Resources and Social Security of Sichuan Province, and Sichuan SASAC; Mianyang SASAC transferred its 10% equity of the Company to Sichuan Provincial Finance Department at nil consideration. After the share transfer, the registered capital of the Company is still RMB850 million, among which the Mianyang SASAC contributes RMB765 million (accounting for 90% of the registered capital), and the Sichuan Provincial Finance Department contributes RMB85 million (accounting for 10% of the registered capital).

2. The business nature and main business activities of the enterprise

The Company's main business scope: Investment and construction of urban infrastructure, comprehensive real estate development, commercial housing sales, rental properties, real estate information consultation, estate management, land consolidation, tourism and cultural creative project development, hotel management service and related supporting business, rental of mechanical equipment, new energy development, pension services, general cargo and storage services, import and export of goods, providing investment management services to the medical industry, E-commerce platform development and use of the Internet to engage in goods sales (for projects subject to approval according to law, business activities can be carried out only with the approval of relevant departments).

The main business segments of the Group are infrastructure construction, commodity sales, land consolidation, education investment, transportation, real estate development, water supply (including

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household meters installation, pipe network engineering) ,grain and oil reserves,hotel operation and other businesses.

3. the Company (Controlling Shareholder) and Ultimate Controller

The controlling shareholder of the Company: Mianyang State-owned Assets Supervision and Administration Commission.

The ultimate controller of the Company and the Group: Mianyang State-owned Assets Supervision and Administration Commission.

4. Business term

The business term of the company is from 17 May 1999 to permanent.

II. Basis for preparation of financial statements

The Group's financial statements have been prepared on a going concern basis and based on actual transactions and events, in accordance with *Accounting Standards for Business Enterprises and other related regulations* issued by Ministry of Finance of the People's Republic of China, and the accounting policies and accounting estimates of the Company as stated in Note IV: Significant accounting policies and accounting estimates.

III. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and presented truly and completely the financial position, operating results and cash flows etc. of the Company and the Group.

IV. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

2. Functional currency

The financial statements are presented in Renminbi("RMB") which is also the functional currency of the Company.

3. Accounting basis and pricing principle

The accounting of the Company is on the accrual basis. The Company generally adopts historical cost when measuring accounting elements. When the determined amount of accounting elements meets the requirements of the Accounting Standards for Business Enterprises and can be obtained and reliably measured, it can be measured by replacement cost, net realizable value, present value and fair value.

4. Business combination

The Group as a merger, its assets and liabilities acquired in a business combination under the common control are measured at their carrying amounts on the consolidated financial statements of the ultimate controlling shareholder at the combination date. The difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid is adjusted against capital reserves. Any excess over capital reserves is adjusted against retained earnings.

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The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination not under the common control are measured at fair value on the acquisition date. The combination cost is the fair value of the cash or non-cash assets, the issued or assumed liabilities, the issued equity securities etc., which are paid by the Group on the acquisition date to obtain control of acquiree, and the sum of the direct related expenses in the business combination (the business combination achieved through multiple transactions in a step-by-step manner, the cost of the merger is the sum of the cost of each individual transaction). As for the difference between the merger cost and the fair value of the identifiable net assets obtained in the combination, if the combination cost is greater than the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; if the combination cost is less than the fair value of the acquiree's identifiable net assets acquired in the merger, the fair value of the identifiable assets, liabilities or contingent liabilities, and the non-cash assets or the issued equity securities, etc., shall be reviewed first. After the review, if the merger cost is still less than the acquiree's identifiable net assets, the difference shall be included in the consolidated non-operating income for the current period.

5. Preparation of consolidated financial statements

(1) Principles for determining the scope of consolidated financial statements

The Group incorporates all controlled subsidiaries and structured entities into the scope consolidated financial statements.

(2) Principles, procedures and methods for the preparation of consolidated financial statements

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the company are inconsistent, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies or accounting periods of the company.

All major internal transactions, current balances and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated statement. The share of the subsidiary's owner's equity that is not attributable to the Company and the portion of the current net profit or loss, other comprehensive incomes and total comprehensive incomes that belong to minority shareholders' equity, were respectively disclosed, in the consolidated financial statements minority shareholders' equity, minority shareholders' gains and losses, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders.

For subsidiaries acquired under the common control, the operating results and cash flows are included in the consolidated financial statements from the beginning of the current period. When compiling the consolidated financial statements, the relevant items of the financial statements of the previous year are adjusted, and it is deemed that the reporting entity formed after the merger has existed since the time when the ultimate controlling party began to control.

Where the equity of the invested entity under the common control is acquired step by step through multiple transactions and the enterprise merger is finally formed, it shall, in the reporting period of the acquisition of the control right, make supplementary disclosure of the treatment method in the consolidated financial statements. For example, through multiple transactions to acquire the equity of the

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invested units step by step under the same control, and eventually form a business merger. When preparing the consolidated statements, the adjustments shall be deemed to exist in the current state when the ultimate controlling party begins to control them. When preparing the comparative statements, the relevant assets of the combined party shall not be earlier than the point when the Group and the consolidated party are both under the control of the ultimate controlling party. Liabilities are incorporated into the comparison statement of the consolidated financial statements of the Group, and the net assets resulting from the merger are adjusted to the relevant items under owners' equity in the comparison statement. In order to avoid the double calculation of the value of the net assets of the merged party, the Group has recognized the relevant gains and losses for the long-term equity investment held before the acquisition of the original equity and the date when the Group and the merged party are under the final control of the same party until the merger date. Other comprehensive income and other changes in net assets shall be written off against the retained earnings at the beginning of the comparative reporting period and the profits and losses of the current period respectively.

For subsidiaries that not under the common control, the operating results and cash flows are included in the consolidated financial statements from the date when the Group obtains control. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

Where the equity of the invested entity not under the common control is acquired step by step through multiple transactions and the enterprise merger is finally formed, it shall, in the reporting period of the acquisition of the control right, make supplementary disclosure of the treatment method in the consolidated financial statements. For example, the Company acquires the equity of the invested unit under different control step by step through multiple transactions, and finally forms the enterprise merger and prepares the consolidated statement. When preparing the consolidated statement, the equity held by the purchaser before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the carrying amount shall be recorded into the current investment income. The equity of the purchaser held before the relevant purchase date shall be converted into investment profit and loss in the current period of the purchase date due to other comprehensive income under the equity method and changes in the owner's equity other than net profit and loss, other comprehensive income and profit distribution. However, other comprehensive income arising from changes in net liabilities or net assets of the benefit plan re-measured by the investee shall be excluded.

The Group partially disposes of long-term equity investments in subsidiaries without losing control. In the consolidated financial statement, the difference between the disposal price and the disposal of long-term equity investment shall be equal to the balance between the shares of net assets continuously calculated by the subsidiary since the purchase date or the merger date, and the capital premium or equity premium shall be adjusted. If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.

If the Group loses the control right of the investee due to the disposal of part of the equity investment and other reasons, when preparing the consolidated financial statements, the remaining equity right shall be re-measured according to its fair value on the day of loss of control right. The sum of the consideration obtained from the disposal of the shares and the fair value of the remaining shares, minus the difference between the shares of the original subsidiary's net assets which should be continuously calculated since

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the purchase date or the merger date according to the original shareholding ratio, shall be included in the investment profit and loss of the current period of loss of control rights, and the goodwill shall be written off at the same time. The other comprehensive income related to the equity investment of the original subsidiary shall be converted into the current investment profit and loss when the control right is lost.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, if each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

6. Accounting treatment for the classification of joint venture arrangements and joint operations

Joint venture arrangements include joint operations and joint ventures. For joint operating projects, the Group recognizes the assets held separately and the liabilities assumed as joint ventures in the joint operation, and recognizes the assets held and the liabilities assumed by the shares and confirms the relevant income and/or share according to the relevant agreement cost. In the case of transactions in which the joint operation occurs in the purchase or sale of assets that do not constitute a business, only the portion of the profit or loss arising from the transaction that is attributable to other parties to the joint operation is recognized.

7. Cash and cash equivalents

Cash in the cash flows statement represents cash on hand and deposits that could be readily draw on demand. Cash equivalents in the cash flow statement represent investments held for no more than 3 months, highly liquid, easily converted into known amounts of cash and with insignificant risk of change in value.

8. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions

The foreign currency transactions of the Group are translated into Renminbi amounts at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated into Renminbi at the spot exchange rate on that day and the resulting exchange difference is the exchange difference arising from the foreign currency special borrowings borrowed for the acquisition, construction or production of assets eligible for capitalization. In accordance with the principle of capitalization, it is directly included in the current profit and loss.

(2) Translation of foreign currency financial statements

The assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on the balance sheet date; the owner's equity items are translated at the spot exchange rate at the time of business occurrence, except for retained earnings; income in the income statement and expense items, are converted at the spot exchange rate on the transaction date. The foreign currency statement translation difference arising from the above conversion is listed in other comprehensive income items. Foreign

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currency cash flows are translated at the spot exchange rate on the date the cash flows occur. The amount of impact of exchange rate changes on cash is presented separately in the cash flow statement.

9. Financial assets and financial liabilities

(1) Financial assets

1) Classification, recognition and measurement of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset of the Group is classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

The Group classifies financial assets that meet the following criteria as financial assets measured at amortized cost: ①The entity's business model is to collect the contractual cash flows rather than to sell the asset to realize any capital gains. ②The contractual cash flows of specific financial asset under consideration are on account of repayment of principal and interest and they occur on specified dates. Such financial assets are initially measured at fair value, with the associated transaction costs included in the initial recognition and subsequently measured at amortized costs. Except for those designated as hedged items, the difference between the initial amount and the amount due under the effective interest rate method shall be included in the profit or loss of the current period for amortization, impairment, exchange gains and losses, and gains or losses arising from derecognition.

The Group classifies financial assets that meet the following criteria as financial assets measured at fair value through other comprehensive income: ①The entity's business model involves both collecting contractual cash flows and selling financial assets. ②The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The asset is initially recognised at fair value plus transaction costs. Except for those designated as hedged items, other gains or losses arising from such financial assets, except for credit impairment losses or gains, exchange gains and losses and the interest of such financial assets calculated according to the effective interest rate method, shall be included in other comprehensive income; when a financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in the current profits and losses.

The Group recognizes interest income in accordance with the effective interest rate method. Interest income is calculated and determined by multiplying the book value of financial assets by the effective interest rate, except for the following circumstances: ①For the financial assets purchased or generated with credit impairment, the interest income shall be calculated and determined according to the amortized cost of the financial assets and the effective interest rate adjusted by credit from the initial recognition. ②For the financial assets purchased or generated without credit impairment but with credit impairment in the subsequent period, the interest income shall be calculated and determined according to the amortized cost and effective interest rate of the financial assets in the subsequent period.

The Group designates equity instrument investments not be held for trading as financial assets measured at

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fair value through other comprehensive income. Once the designation is made, it cannot be revoked. Investments in equity instruments that are classified as fair value through other comprehensive income are initially recognised at fair value plus transaction costs. Except that dividends (except those belonging to the recovery part of investment costs) are included in the current profits and losses, other relevant gains and losses (including exchange gains and losses) are included in other comprehensive income, and shall not be transferred into the current profits and losses in the subsequent period. When it is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

Financial assets other than the above categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, the Group classifies them as financial assets measured at fair value through profit or loss. Such financial assets are initially recognised at fair value, transaction costs are expensed to profit or loss. The gains or losses of such financial assets shall be included in the current profits and losses.

A financial asset consisting of contingent consideration recognized by the Group in the business combination not under common control is classified as a financial asset measured at fair value through profit or loss.

2) The recognition basis and measurement method of financial asset transfer

The group derecognizes financial assets if it meets one of the following conditions: ①The contractual right to receive the cash flow of the financial asset shall terminate; ②When financial assets are transferred, the Group transfers almost all the risks and rewards of the ownership of the financial asset to the transferee; ③The financial asset has been transferred. Although the Group has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has given up its control over the financial asset.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the carrying amount of the transferred financial assets and consideration received for transfer and the amount corresponding to the derecognized part in the cumulative amount of changes in fair value originally directly included in other comprehensive income(the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal) are included in the profit or loss for the current period.

3) Impairment of financial assets

1. Scope of application

The Group recognises loss allowances for expected credit loss (ECL) on: ① debt investment; ② Lease receivables; ③ Contract assets; ④ Accounts receivable; ⑤ Financial guarantee contracts issued, etc.

2. Determination method and accounting treatment of expected credit loss

Expected credit loss refers to the weighted average of credit loss of financial instruments with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all

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contractual cash flows that are due to an entity in accordance with the contract and all the cash flow that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

For the following items, the Group always measures its loss reserves according to the amount equivalent to the expected credit loss in the whole duration: ①The transactions regulated by “*Accounting Standards for Business Enterprises No. 14—Revenue*” form a provision for the loss of receivables or contract assets; ②Lease receivables.

In addition to the above items, the Group measures the loss reserves for other items according to the following circumstances: ①For financial assets with no significant increase in credit risk since initial recognition, the Group measures the loss allowance according to 12-month expected credit losses. ②For financial assets with significant increase in credit risk since the initial recognition, the Group measures the loss allowance according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration. ③For the financial assets purchased or generated with credit impairment, the Group measures the loss allowance according to the amount equivalent to the expected credit loss in the whole duration.

Judgment on whether the credit risk has increased significantly since initial recognition. The Group determines whether the credit risk of financial instruments has increased significantly by comparing the default probability within the expected duration determined by the financial instrument at the initial recognition with the default probability within the expected duration determined by the instrument at the balance sheet date. However, if the Group determines that the financial instrument has only low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

Portfolio based assessment. For accounts receivable, the Group cannot obtain sufficient evidence of significant increase in credit risk at a reasonable cost at the level of single instrument. But it is feasible to evaluate whether the credit risk increases significantly on the portfolio based assessment. Therefore, the Group grouped the financial instruments according to the type of financial instruments / credit risk rating / collateral type / initial recognition date / remaining contract term / industry of the borrower / geographical location of the borrower / loan mortgage rate as the common risk characteristics, and considered whether the credit risk increased significantly on the basis of the combination.

Measurement of expected credit loss. ① For debt investment, the credit loss is the present value of the difference between the contract cash flow to be received by the Group and the expected cash flow to be received. ② For lease receivables, the credit loss is the present value of the difference between the contractual cash flow to be received by the Group and the expected cash flow to be received. Among them, the cash flow used to determine the expected credit loss is consistent with the cash flow used by the Group to measure lease receivables in accordance with Lease Standards.

(2) Financial liabilities

1) Classification, recognition and measurement of financial liabilities

Except for the following items, the Group classifies financial liabilities as financial liabilities measured at amortized cost: ①Financial liabilities measured at fair value through profit or loss, including trading

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financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value through profit or loss. ②Transfer of financial assets that do not meet the conditions for derecognition or Financial liabilities formed by transferred financial assets. ③Financial guarantee contracts that do not fall under the circumstances of ① or ② above, and loan commitments that do not fall under the circumstances of ① above and loans at a rate lower than the market interest rate.

If the Group forms financial liabilities from the contingent consideration recognized as the purchaser in the business combination not under the common control, it shall be measured at fair value and the changes shall be included in the current profit and loss for accounting treatment.

2) Conditions for termination of recognition of financial liabilities

The financial liability or part of it can be terminated if all or part of the current obligation of the financial liability has been discharged. If the Group and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities and the contract terms are substantially different, the existing financial liabilities are terminated, and the new financial liabilities are recognized. If the Group makes material modification to all or part of the contract terms of the existing financial liability, it shall terminate the recognition of the existing financial liability or part thereof, and at the same time, the financial liability after the modification shall be recognized as a new financial liability. The differences between the carrying amount of the part of derecognition and the consideration paid shall be recorded into the current profit or loss.

(3) Method for determining the fair value of financial assets and financial liabilities

The Group measures the fair value of financial assets and financial liabilities at principal market price. If there is no principal market, the fair value of financial assets and financial liabilities is measured at the price of the most advantageous market. And adopt the valuation techniques applicable at that time and supported by sufficient available data and other information. The input values used in fair value measurement are categorised into three levels: The level 1 inputs are the quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; The level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; The level 3 inputs are unobservable inputs for the asset or liability. The group gives priority to the Level 1 inputs, and finally uses the Level 3 inputs.

The group's investment in equity instruments is measured at fair value. However, in limited circumstances, if the recent information used to determine the fair value is insufficient, or the possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within this range, the cost can represent its appropriate estimate of the fair value within this distribution range.

(4) Offset of financial assets and liabilities

The financial assets and financial liabilities of the Group are shown separately in the balance sheet and do not offset each other. However, when the following conditions are met at the same time, the net amount after offsetting shall be shown in the balance sheet: 1) The Group has the legal right to offset the confirmed amount and such legal right is currently enforceable; 2) The Group plans to settle on a net basis or realize the financial asset and liquidate the financial liabilities at the same time.

(5) The distinction between financial liability and equity instrument and relevant treatment method

The Group distinguishes between financial liabilities and equity instruments in accordance with the following principles: 1). If the Group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. 2). If a financial instrument is to be settled by or with the Group's own equity instrument, it is necessary to consider whether the Group's own equity instrument used to settle the instrument is to be used as a substitute for cash or other financial assets or to give the holder of the instrument a residual interest in the assets of the issuer after deducting all liabilities. If the former, the instrument is the financial liability of the issuer; If the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract requires the Group to settle the instrument with or with its equity instrument, where the amount of contractual rights or obligations is equal to the number of its equity instruments available or to be delivered times its fair value at the time of settlement, the amount of rights or obligations under the contract is fixed, or changes in all or in part based on changes in variables other than the market price of the Group's own equity instruments (such as interest rate, the price of a good or the price of a financial instrument), the contract is classified as a financial liability.

When the Group classifies financial instruments (or its constituent parts) in the consolidated statements, all terms and conditions agreed between group members and holders of financial instruments are considered. The instrument shall be classified as a financial liability if the group as a whole undertakes, as a result of the instrument, to deliver cash, other financial assets or to settle accounts in other ways that cause the instrument to become a financial liability, the instrument shall be classified as a financial liability.

A financial instrument or part thereof is a financial liability, relevant interest, dividends, gain or loss and gain or loss from redemption or refinancing etc., the Group recognize in the current profit or loss.

A financial instrument or part thereof is an equity instrument, when its issue (including refinancing), buy-back, sells or write off, the Group, as a change in equity, does not recognize the change in the fair value of equity instruments.

10. Bad Debt Provision for Receivables

For accounts receivable without major financing components (including contract assets), the Group measures loss allowance according to the amount equivalent to the expected credit loss in the whole duration; For accounts receivable (including contract assets) and lease receivables with significant financing components, the Group chooses to always measure the loss allowance according to the amount equivalent to the expected credit loss during the duration.

For other receivables, the Group 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 has increased significantly since the initial recognition. The Group measures the loss reserves of other receivables according to the following circumstances:①For financial assets with no significant increase in credit risk since initial recognition, the Group measures the loss allowance according to 12-month

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expected credit losses.②For financial assets with significant increase in credit risk since the initial recognition, the Group measures the loss allowance according to the amount equivalent to the expected credit loss of the financial instrument in the whole duration.③For the financial assets purchased or generated with credit impairment, the Group measures the loss allowance according to the amount equivalent to the expected credit loss in the whole duration.

In addition to the receivables that are individually assessed for credit risk, the Group divides them into different combinations based on their credit risk characteristics. On the basis of grouping, considering the elements that should be reflected in the measurement method of expected credit loss and referring to the experience of historical credit loss, the Group prepares the comparison table between the aging and fixed reserve rate of receivables as follows, and calculates the expected credit loss on this basis.

Determine the basis of the combination	
Transactions between units within the group	Currents between subsidiaries (sub-companies) included in the Group's consolidated statements
Portfolio 1	Divide portfolios according to the credit risk characteristics of account age - Integrated Business Section
Portfolio 2	Divide portfolios according to the credit risk characteristics of account age - Water Business Section
Portfolio 3	Divide portfolios according to the credit risk characteristics of account age - Transportation Business Section
Portfolio 4	Divide portfolios according to the credit risk characteristics of account age - Grain and oil business sector
Method of accruing bad debt provision by combination	
Transactions between units within the group	The expected credit loss rate is 0
Portfolio 1	Provision for bad debts based on aging analysis method
Portfolio 2	Provision for bad debts based on aging analysis method
Portfolio 3	Provision for bad debts based on aging analysis method
Portfolio 4	Provision for bad debts based on aging analysis method

(1) The proportion of provision for bad debts using the aging analysis portfolio 1 is as follows:

Aging	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 1 year (including 1 year)	0.5	0.5
1-2 years (including 2 years)	10	10
2-3 years (including 3 years)	20	20
3-4 years (including 4 years)	50	50
4-5 years (including 5 years)	50	50
5 years or more	100	100

(2) The proportion of provision for bad debts using the aging analysis portfolio 2 is as follows:

Aging	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)

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Aging	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 1 year (including 1 year)	0.5	0.5
1-2 years (including 2 years)	30	30
2-3 years (including 3 years)	80	80
3 years or more	100	100

(3) The proportion of provision for bad debts using the aging analysis portfolio 3 is as follows:

Aging	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 1 year (including 1 year)	1	1
1-2 years (including 2 years)	5	5
2-3 years (including 3 years)	10	10
3-4 years (including 4 years)	20	20
4-5 years (including 5 years)	30	30
5 years or more	50	50

(4) The proportion of provision for bad debts using the aging analysis portfolio 4 is as follows:

Aging	Expected credit loss rate of accounts receivable (%)	Expected credit loss rate of other receivables (%)
Within 1 year (including 1 year)	5	5
1-2 years (including 2 years)	10	10
2-3 years (including 3 years)	50	50
3 years or more	100	100

11. Inventories

The Group's inventory mainly includes contract performance costs (refers to note IV (26) "Contract Costs" for details), development products, development costs, stock goods, raw materials, low value consumables, etc.

The Company maintains a perpetual inventory system. The inventories are priced at the actual cost when obtained, and using the weighted average method when consumed and sent out. Low-value consumables and packaging materials are amortized using the one-off write-off method.

The inventory at the end of the period is valued on the basis of the lower of cost and net realizable value. For reasons such as damage to the inventory, complete or partial obsolescence, or sales price lower than cost, the unrecoverable part of the cost is expected to be provided for inventory depreciation. Provisions for inventory depreciation of inventory commodities and bulk raw materials shall be drawn based on the difference between the cost of a single inventory item and its net realizable value. Other raw and auxiliary materials with a large quantity and low unit prices are drawn inventory depreciation reserves by category.

The net realizable value of the inventory of goods that are directly used for sale, such as development

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products, stock goods, products in progress, and materials for sale, is determined by the estimated selling price of the inventory minus estimated sales expenses and related taxes. The net realizable value of the material inventory held for production is determined by the estimated selling price of the finished product produced minus the estimated cost, estimated sales expense and related taxes and fees to be incurred at the time of completion.

12. Long-term equity investments

Long term equity investment includes investment in subsidiaries and investment in associates / joint ventures.

The Group's judgment on joint control is based on the collective control of the arrangement by all participants or a combination of participants, and the policies of relevant activities of the arrangement must be unanimously agreed by the participants who collectively control the arrangement.

When the Group directly or through its subsidiaries indirectly owns a holding between 20% and 50% of the voting rights of the investee, it is usually presumed to have a significant influence on the invested companies. If the Group holds less than 20% of the voting rights of the investee, it is also necessary to comprehensively consider the facts and circumstances such as sending representatives to the board of directors or similar authorities of the investee, participating in financial and business policies making processes of the investee, material transactions with the investee, sending managerial personnel to the investee, or providing essential technical information to the investee, which have a significant impact on the investee.

If the Group can control the investee, the investee is a subsidiary of the Group. For the long-term equity investment obtained through business combination under the common control, on acquisition date, the share of the carrying amount of the net assets of the combined party in the consolidated statements of the final controller shall be taken as the initial investment cost of the long-term equity investment. If the carrying amount of the combined party's net assets on the acquisition date is negative, the cost of long-term equity investment shall be determined at zero.

If the Group obtains the equity of the investee under the common control step by step through multiple transaction and form business combination in final, the Group treats each transaction in package deal as a transaction to obtain control. If it is not a package deal, on the acquisition date, the share of the carrying amount of the combined party's net assets in the final controller's consolidated financial statements after the acquisition date shall be regarded as the initial investment cost of long-term equity investment. The capital reserve shall be adjusted based on the difference between the initial investment cost and the sum of the carrying amount of the long-term equity investment before the acquisition date and the carrying amount of the newly paid consideration for further shares on the acquisition date. If the capital reserve is insufficient to be offset, the retained earnings shall be offset.

For the long-term equity investment obtained through business combination not under the common control, the combination cost shall be taken as the initial investment cost.

If the Group obtains the equity of the investee not under the common control step by step through multiple transaction and form business combination in final, the group treats each transaction in package deal as a transaction to obtain control. If it is not a package deal, the sum of the carrying amount of the originally held equity investment plus the new investment cost shall be regarded as the initial investment cost

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calculated according to the cost method. If the equity held before the purchase date is accounted by the equity method, the relevant other comprehensive income accounted by the original equity method will not be adjusted temporarily. When disposing of the investment, the accounting treatment shall be carried out on the same basis as the direct disposal of relevant assets or liabilities by the investee. If the equity held before the purchase date is a financial asset designated to be measured at fair value through other comprehensive income, the accumulated gains or losses of the equity originally included in other comprehensive income shall be transferred out of other comprehensive income and reclassified in retained earnings. If it is a financial asset measured at fair value through profits and losses, the gains or losses of the equity originally included in the profits and losses of changes in fair value do not need to be transferred to investment income. If the equity held before the purchase date is other equity instrument investments, the changes in the fair value of the equity instrument investment accumulated in other comprehensive income before the purchase date are transferred to retained earnings.

In addition to the above long-term equity investment obtained through business combination, the long-term equity investment obtained by paying cash shall be recognised as the investment cost according to the actually paid purchase price. For the long-term equity investment obtained by issuing equity securities, the fair value of the issued equity securities shall be taken as the investment cost. The long-term equity investment invested by investors shall be regarded as the investment cost according to the value agreed in the investment contract or agreement.

The Group adopts the cost method to account for the investment in subsidiaries and the equity method to account for the investment in joint ventures and associates.

For the long-term equity investment measured by cost method in subsequent measurement, when additional investment is made, the carrying amount of the cost of long-term equity investment shall be increased according to the fair value of the cost paid for the additional investment with the related transaction costs. The cash dividends or profits declared to be distributed by the investee shall be recognized as the current investment income according to the amount to be shared.

The carrying amount of the long-term equity investment measured by the equity method for subsequent measurement shall be adjusted with the change of the owner's equity of the investee. Among them, when confirming the share of the net profit and loss of the investee that should be enjoyed, the net profit of the investee is recognized after adjusting the net profit of the investee based on the fair value of all identifiable assets of the investee at the time of obtaining the investment, according to the accounting policies and accounting periods of the Group, and offsetting the part attributable to the investor calculated according to the shareholding ratio of the profits and losses of internal transactions with associates and joint ventures.

Upon disposal of long-term equity investment, the difference between the carrying amount and the proceeds received should be recognised in current investment income. For the long-term equity investment accounted by the equity method, the relevant other comprehensive income accounted by the original equity method shall be accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is terminated. Owner's equity recognized due to changes in other owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be fully transferred to the current investment income when the equity method is terminated.

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If the joint control or significant influence on the investee is lost due to the disposal of some equity investments, the remaining equity after disposal shall be accounted according to the relevant provisions of the recognition and measurement standards of financial instruments. The difference between the fair value and carrying amount of the remaining equity on the date of loss of joint control or loss of significant influence shall be included in the current profits and losses. When the equity method is terminated, other comprehensive income recognized from the original equity investment as a result of accounting with the equity method shall be treated on the same basis as the investee's direct disposal of relevant assets or liabilities and carried forward in proportion. Owner's equity recognized due to changes in other owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be transferred into the current investment income in proportion.

If the control over the investee is lost due to the disposal of part of the long-term equity investment and the remaining equity after disposal can jointly control or exert significant influence on the investee, the accounting method should be changed to equity method. The difference between the carrying amount of equity disposal and the consideration for disposal is included in the investment income. And the remaining equity is deemed to be adjusted by adopting the equity method at the time of acquisition. 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 recognition and measurement standards of financial instruments. The difference between the carrying amount of the disposed equity and the disposal consideration shall be included in the investment income, and the difference between the fair value and the carrying amount of the remaining equity on the date of loss of control shall be included in the current profit and loss.

If the Group's transactions from step-by-step disposal of equity to loss of control are not package transactions, each transaction shall be subject to accounting treatment separately. If it is a "package deal", each transaction shall be treated as one transaction for disposal of subsidiaries and loss of control. However, before losing control, the difference between the disposal price of each transaction and the carrying amount of the long-term equity investment corresponding to the equity disposed shall be recognized as other comprehensive income. When the control right is lost, it will be transferred to the current profit and loss.

13. Investment properties

Investment property includes leased land use rights, land use rights held, prepared for transfer after appreciation, and leased buildings.

The Group's Investment property is measured at its cost. The cost of purchased Investment property includes purchase price, relevant taxes and other expenses directly attributable to the asset. The cost of self-built Investment property comprises the necessary expenses incurred before the asset reaches the expected operation condition.

The Group adopts the fair value model for subsequent measurement of Investment property. The Investment property is not depreciated or amortized. The carrying amount is adjusted based on the fair value of the Investment property on the balance sheet date. The difference between fair value and the original carrying amount is recognized in profit or loss for the current period. In the meantime, the Company will take into account the effects of deferred income tax or deferred income tax liabilities.

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The Group has conclusive evidence that the use of property has changed. When the Investment property is converted into self-use property, the fair value of the property at the conversion date is taken as the carrying amount of the self-use property. The difference between the fair value and the original carrying amount is included in the current profit and loss.

When the self-use property or inventories are converted into Investment properties measured using the fair value model, the Investment property is valued at the fair value on the date of conversion. If the fair value on the conversion date is less than the original carrying amount, the difference is recognized in profit or loss for the current period; If the value is greater than the original carrying amount, the difference shall be included in the owner's equity.

The characteristic of Investment property is terminated when the Investment property is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the current profit and loss after deducting its carrying amount and related taxes.

The Group adopts the fair value model on the balance sheet date to conduct subsequent measurement of Investment property, its basis mainly includes:

(1) There is an active real estate trading market where investment property is located. The Group's Investment property is mainly located in the core area of the city, and the real estate trading market is relatively active.

(2) The Group is able to obtain the market price and other relevant information of the same or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of the Investment property. Through real estate market trading inquiry and other surveys, the Group can obtain similar or similar real estate market prices and other relevant information from the real estate transaction market. The fair value of investment real estate can be obtained by employing professional appraisers with professional qualifications to reasonably evaluate the fair value of investment real estate.

(3) The key assumptions and major uncertainties adopted by the Group in the estimation of the fair value of Investment property are as follows:

Due to changes in the operating environment of the Group and the changing factors that affect the value of the assets, some assumptions must be established to make value judgments on the assets. It includes general assumptions and special assumptions. General assumptions include: corporate sustainability assumptions, trading assumptions, open market assumptions. Special assumptions include:

1) Economy environment stability assumption: It is assumed that there is no significant change in the relevant laws, regulations, and policies of the country and the national macroeconomic situation after the evaluation of the benchmark date. There is no major change in the political, economic and social environment of the regions, and no other significant adverse effects from unpredictable and force majeure factors where the parties are located.

2) No major change assumptions: It is assumed that the country does not have major changes in interest rates, exchange rates, tax bases and tax rates, and policy-based fees.

3) No adverse impact assumptions: It is assumed that no other human irresistible factors and unforeseen factors have a significant adverse effect on the assets being assessed.

When determining the fair value of Investment property, refer to the current market price of similar properties in an active market or similar real estate market. If the current market price of similar properties

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or similar real estate cannot be obtained, refer to the recent transaction price of similar properties in an active market or similar real estate market; the fair value of the Investment property should be estimated by considering the real estate market, the date of the transaction, the region and other factors; or the fair value is determined based on the expected future rental income and the present value of the relevant cash flow.

14. Fixed assets

The fixed assets refer to the tangible assets that have the following characteristics at the same time, that is, tangible assets held for the purpose of producing goods, provision of labor services, leasing or operation and management, and the useful life exceeds one year.

Fixed assets include return-loan toll highways, houses and buildings, machinery and equipment, transportation equipment, pipeline network assets, electronic equipment, office equipment and others. Among them, the cost of purchased fixed assets shall include the purchase price, import tariff and other related taxes, as well as other expenditures that can be directly attributable to the asset before the fixed asset reaches its intended usable state. The cost of self-built fixed assets consists of the necessary expenditures incurred before the construction of the asset reaches its intended useable state. The fixed assets invested by investors shall be recorded at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, it shall be recorded at fair value. For fixed assets leased by the finance lease, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date of the lease shall be taken as the accounting value.

Subsequent expenditures related to fixed assets, including repair expenditures, renewal and transformation expenditures, etc., which meet the conditions for the recognition of fixed assets, shall be included in the cost of fixed assets, and the carrying amount of the replaced part shall be terminated. Those that do not meet the conditions for the recognition of fixed assets shall be included in the current profits and losses when they occur.

Except for fixed assets that have been fully depreciated but are still in use and the land that is separately priced and accounted for, the Group accrues depreciation for all fixed assets. Depreciation is calculated using the average life method, and is separately recorded into the cost of the relevant assets or current expenses according to the purpose. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

No.	Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
1	Return-loan toll highways	Note1		
2	Plant and buildings	10-50	0-5	1.90-10
3	Machinery and equipment	2-20	0-5	4.75-50
4	Transportation equipment	5-15	0-5	6.33-20
5	Pipeline network assets	10-25	0-5	3.8-9.5
6	Electronic equipment	2-8	0-5	11.88-50
7	Office and other	3-15	0-5	6.33-33.33

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No.	Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
	equipment			

Note1: According to *Reply on the depreciation policy of fixed assets of Mianyang High-Grade Highway Development Co., Ltd (MCJ [2010] No. 206)*, Subsidiaries such as Mianyang Communications Development Group Co., Ltd. Mianyang High-Grade Highway Development Co., Ltd. and Mianyang Mianjiang Highway Construction Engineering Co., Ltd., don't accrue depreciation for the return-loan toll highways assets it holds.

Note2: When the fixed assets which have been withdrawn for impairment are depreciated, the depreciation rate and depreciation amount are determined based on the carrying amount of the fixed assets and the remaining useful life.

At the end of each year, the Group reviews the estimated useful life, estimated net residual value and depreciation method of fixed assets, and if there is any change, it is treated as a change in accounting estimates.

Subsequent expenses related to fixed assets are included in the cost of fixed assets and the carrying amount of the replaced portion is derecognized, if the economic benefits related to the fixed assets are likely to flow in and their costs can be reliably measured. Other subsequent expenditures other than this are recognized in profit or loss in the period in which they are incurred.

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The amount of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its carrying amount and relevant taxes and fees is booked into the current profit and loss. The Group shall review the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. Any changes will be treated as changes in accounting estimates.

15. Construction in progress

Construction in progress is measured at the actual cost incurred. Self-operated construction projects are measured based on direct materials, direct wages, and direct construction costs, etc.; outsourced construction projects are measured based on the project price payable, etc.; the cost of the equipment installation project shall be determined according to the value of the equipment installed, the installation cost, the expenditure incurred in the project test run, etc. Besides, the cost of construction in progress also includes borrowing costs and exchange gains and losses that should be capitalized.

Since the day when the construction in progress reaches the expected usable state, it shall carry forward fixed assets according to the estimated value by referring to the project budget, cost or actual cost of the project. Depreciation shall be calculated and carried out since the next month, and the difference of fixed assets original value shall be adjusted after the final accounting procedures for completion.

16. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization

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conditions, when the asset expenditure has occurred, the borrowing costs have occurred, and the acquisition and construction or production activities necessary for the asset to reach the predetermined usable or saleable state have started. When the assets purchased, built or produced in accordance with the capitalization conditions reach the intended usable or saleable state, the borrowing costs shall cease to be capitalized. The remaining borrowing costs are recognized as expenses in the current period incurred.

Where a special loan is borrowed for the purpose of purchasing, building or producing assets eligible for capitalization, the interest expense actually incurred in the current period of the special loan shall be used, the amount of interest to be capitalized shall be determined after deducting the amount of interest income from depositing unutilized loan funds in the bank or investment income from temporary investment. Where a general loan is occupied for the purchase, construction or production of assets meeting the capitalization conditions, the amount of interest to be capitalized on the general loan shall be calculated and determined on the basis of the weighted average of the accumulated asset expenditure exceeding the asset expenditure of the special loan multiplied by the capitalization rate of the occupied general loan.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventory and other assets that require a long period of time (usually more than one year) of purchase, construction or production activities to reach the intended usable or saleable state.

If the assets eligible for capitalization are abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production activities of the asset restart.

17. Intangible assets

Intangible assets include land use right, patented technology, non-patented technology, etc., which are measured at the actual cost at the time of acquisition. Among them, the actual cost of the purchased intangible assets shall be the actual payment and other related expenses. The actual cost of the intangible assets invested by the investor shall be determined according to the value agreed upon in the investment contract or agreement, but if the value agreed upon in the contract or agreement is not fair, the actual cost shall be determined according to the fair value.

Intangible assets owned by the purchaser acquired by the Group in the merger of enterprises not under the same control but not recognized in its financial statements shall be recognized at fair value if one of the following conditions is satisfied during the initial recognition of the purchaser's assets: 1. Derived from contractual rights or other legal rights; 2. Can be separated or divided from the purchaser, and can be used for sale, transfer, and grant alone or together with related contracts, assets and liabilities License, lease or exchange.

The land use right shall be amortized evenly according to the transfer period from the start date of transfer. The Patented technology, non-patented technology and other intangible assets shall be amortized evenly in installments according to the shortest of the expected useful life, the beneficial life specified in the contract, and the effective life specified in the law. The amortization amount shall be recorded into the cost of the relevant assets and the current profit and loss based on its beneficiaries.

On the balance sheet date, the useful life and amortization method of intangible assets with an estimated useful life are reviewed. When the service life and amortization method are different from the previous estimates, the amortization period and amortization method are changed. The service life of an intangible

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asset with an indefinite useful life is reviewed. If there is evidence that the useful life of the intangible asset can be estimated, it is amortized based on the intangible asset with an estimated useful life.

18. Long-term deferred expenses

The long-term deferred expenses refer to expenses that have been paid but should be amortized in the current period and subsequent periods with a period of more than one year (excluding one year), mainly including house decoration and decoration expenses, house major renovation expenses, etc., which shall be amortized on an average basis during the benefit period. If the long-term prepaid expense item does not benefit the subsequent accounting period, the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

19. Goodwill

Goodwill is the difference between the cost of equity investment or the cost of a business combination not under the common control and the fair value share of the investee's or the acquiree's identifiable net assets acquired in a business combination on the acquisition date or purchase date.

Goodwill related to subsidiaries is separately listed in the consolidated financial statements, and goodwill related to associates and joint ventures is included in the carrying amount of long-term equity investments.

20. Impairment of non-financial long-term assets

The Group inspects items such as long-term equity investment, fixed assets, construction in progress, and intangible assets with limited service life on each balance sheet date. The Group will conduct an impairment test when the indications indicate that the assets may have been impaired. For goodwill and intangible assets with uncertain service life, regardless of whether there are signs of impairment, an impairment test is carried out at the end of each year. If it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or combination of asset groups to which the asset belongs.

If the result of the impairment test indicates that the recoverable amount of the asset is lower than its carrying amount, the impairment provision is made based on the difference and is included in the impairment loss. Once the above asset impairment loss is confirmed, it will not be reversed in the later period. The recoverable amount is the higher of the fair value of the asset less the disposal expense or the present value of the estimated future cash flow of the asset.

The signs of impairment are as follows:

- (1) The market price of the asset falls sharply in the current period, and its decline is significantly higher than that expected due to the passage of time or normal use.
- (2) The economic, technical or legal environment in which the enterprise operates and the market in which the assets are located undergo major changes in the current period or in the near future, which will adversely affect the enterprise.
- (3) The market interest rate or the rate of return on investment in other markets has increased in the current period, which affects the discount rate for enterprises to calculate the present value of the expected future cash flow of assets, resulting in a significant decrease in the recoverable amount of assets.
- (4) There is evidence that the asset is obsolete or its entity has been damaged.

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(5) Assets have been or will be idle, terminated or planned to be disposed of in advance.

(6) Evidence from the internal report of the enterprise indicates that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is far lower (or higher) than the expected amount, etc.

(7) Other signs that the asset may have been impaired.

21. Employee benefits

Employee benefits refers to various forms of remuneration or compensation provided by an enterprise to obtain services provided by employees or to terminate labor relations. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits, and other long-term employee benefits. The benefits provided by the Group to employee spouses, children, dependants, survivors of deceased employees, and other beneficiaries are also Employee benefits.

(1) Short-term employee benefits refers to the employee benefits that the Group needs to pay in full within twelve months after the end of the annual reporting period during which the employee provides related services, except for compensation for termination of the labor relationship with the employee. The Group's short-term benefits includes: employee wages, bonuses, allowances and subsidies, employee welfare, medical insurance, work injury insurance and maternity insurance, housing provident fund, labor union funds and employee education funds, short-term paid absences, short-term profit sharing plans, non-monetary benefits and other short-term benefits.

During the accounting period in which the employees provide services, the Group recognizes the actual short-term benefits as liabilities, and includes it into the current profit and loss or the cost of relevant assets based on the beneficiaries of the services provided by the employees. If the short-term benefits is non-monetary benefits, it shall be measured at fair value.

(2) Post-employment benefits refer to the various forms of remuneration and benefits provided by the Group to the employee for the purpose of obtaining the service provided by the employee after the employee retires or terminates the labor relationship with the Group, except for short-term remuneration and dismissal benefits.

The defined contribution plan of the Group refers to the payment of basic endowment insurance, unemployment insurance, and enterprise annuity for employees in accordance with the relevant regulations of the local government. During the accounting period when the employee provides services to the Group, the amount payable shall be calculated according to the payment base and proportion stipulated by the local regulations, recognized as a liability, and recorded into the current profit and loss or the cost of relevant assets.

The Group establishes an enterprise annuity, and the enterprise annuity funds is jointly paid by the Group and individuals. The part paid by the company is withdrawn according to a certain proportion of the total salary and listed in the Group's cost. The part paid by individuals is withheld and remitted by the Group from the employee's salary.

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The Group assigns the welfare obligations arising from the defined benefit plan to the period during which the employees provide services according to the formula determined by the expected cumulative welfare unit method, and includes it in the current profit and loss or the cost of related assets. The deficit or surplus formed by the present value of the defined benefit plan's obligations minus the fair value of the defined benefit plan's assets is recognized as a defined benefit plan's net liabilities or net assets. If there is a surplus in the defined benefit plan, the Group uses the lower of the surplus of the defined benefit plan and the asset ceiling to measure the net assets of the defined benefit plan.

All defined benefit plan obligations, including obligations that are expected to be paid within twelve months after the end of the annual reporting period in which the employee provides services, are discounted based on the market yield on the balance sheet date of treasury bonds or high quality corporate bonds in the active market that match the maturity and currency of the defined benefit plan obligations.

The service cost generated by the set benefit plan and the net interest on the net liabilities or net assets of the set benefit plan are recorded into the current profit and loss or the cost of relevant assets. Changes resulting from the re-measurement of net liabilities or net assets of the defined benefit plan are recorded in other comprehensive income and are not rolled back to profit and loss in subsequent accounting periods.

At the time of settlement of the established benefit plan, the settlement gain or loss shall be recognized according to the difference between the present value of the established benefit plan obligation and the settlement price determined on the settlement date.

(3) Termination benefits refers to the compensation given to the employees by the Group for terminating the labor relationship with the employees before the expiration of the labor contract, or for encouraging the employees to accept the layoff voluntarily. For employees who have not terminated their labor contracts with the Group, but will no longer provide services in the future and cannot bring economic benefits to the Group, the Group promises to provide economic compensation that is essentially dismissal benefits, in the event of "early retirement" Circumstances, before the official retirement date, shall be treated as dismissal benefits, and after the official retirement date, the employees shall be treated as post-employment benefits.

Where the Company provides termination benefits to the employees, the employee benefit liability resulting from termination benefits shall be recognized as early as possible in either of the following two categories and shall be included in the current profit and loss: When the Company cannot unilaterally withdraw the termination benefits provided by the termination plan or the termination proposal; When the Company acknowledges the costs or expenses associated with the reorganization involving the payment of termination benefits.

For the termination benefits that are not expected to be fully paid within twelve months after the end of the annual reporting period, and the substantial termination work is completed within one year but the compensation payment exceeds one year for the termination plan, the Group selects an appropriate discount rate, and measures the amount of dismissal benefits of the accrued employee's current profit and loss based on the discounted amount.

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(4) Other long-term employee benefits refer to all Employee benefits except short-term remuneration, post-employment benefits, and dismissal benefits, including long-term paid absences, long-term disability benefits, and long-term profit sharing plans.

Other long-term employee benefits provided by the Group to employees that meet the conditions of the defined contribution plan shall be subject to accounting treatment in accordance with the relevant provisions of the defined contribution plan. If the other long-term employee benefits provided by the Group to employees meet the conditions of the defined benefit plan, the Group shall, in accordance with the relevant provisions of the defined benefit plan, confirm and measure the net negative components of other long-term employee benefits: service costs, other long-term employee benefits' net interest on liabilities or net assets; changes in re-measurement of other long-term employee benefits' net liabilities or net assets. The total net amount is accounted in the current profit and loss or the cost of related assets.

22. Debentures payable

The debentures payable by the Group are measured at fair value when they are initially recognized, and related transaction costs are included in the initial recognition amount. Subsequent measurement is based on amortized cost.

The difference between the bond payment price and the total face value of the bond should be treated as a bond premium or discount. During the duration of the bond, the bond premium or discount is amortized at the coupon rate when accrued interest and should be treated according to the principle of borrowing costs.

23. Provisions

When an obligation related to a contingent event, such as external guarantees, commercial acceptance bill discounts, pending litigation or arbitration, product quality assurance, etc. meets the following conditions, it is recognized as an estimated liability: the obligation is the current obligation assumed by the Company; the performance of the obligation is likely to result in the outflow of economic benefits; the amount of the obligation can be reliably measured.

The estimated liabilities are initially measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations, and comprehensively consider factors such as risks, uncertainties and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined after discounting the relevant future cash outflows. The carrying amount of the estimated liabilities is reviewed on the balance sheet date, and if there are any changes, the carrying amount is adjusted to reflect the current best estimate.

24. Other financial instruments of preference shares and perpetual bonds

The Group classifies preferred stock and perpetual bond that qualify as equity instruments as equity instruments, and classifies the others as financial liabilities. For details of relevant accounting policies, please refer to Note IV. 9 (5) Differentiation of Financial Liabilities and Equity Instruments.

Preferred stocks and perpetual bonds classified as debt instruments are initially measured at their fair value after deducting transaction costs, and are subsequently measured at amortized cost using the

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effective interest method. Their interest payments or dividend distributions are in principle treated as borrowing costs, and the profit or loss caused by its repurchase or redemption is booked into the current profit and loss.

For preferred stocks and perpetual bonds classified as an equity instrument, the consideration received at the time of issuance deducts transaction costs to increase the owner's equity, the interest payment or dividend distribution shall be regarded as the profit distribution of the Company, its repurchase and cancellation as the change of equity processing.

25. Revenue

The Group's income mainly includes commodity sales, land consolidation, real estate development, engineering construction, education, passenger transport, water supply and sewage treatment, hotel services, etc.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. If there is a significant financing component in the contract, the Group determines the transaction price according to the payable amount presumed that the customer will pay in cash when obtaining the control of goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period. The Group presumes at contract inception if the interval between the time the customer has the control over the goods and service and the time of payment will not exceed one year, the significant financing components will not be considered in the contract.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (2) the customer can control the asset created or enhanced during the Group's performance; or
- (3) the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the

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progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- (1) the Group has a present right to payment for the goods or services;
- (2) the Group has transferred the legal title of the goods ;
- (3) the Group has transferred physical possession of the goods to the customer;
- (4) the customer has the significant risk and rewards of ownership of the asset;
- (5) the customer has accepted the goods or services.

When the Group has recognised revenue before it has received consideration, then it should recognise either: a contract asset if the Group has an unconditional right to receive consideration if only the passage of time is required before payment is due; or a receivable if the right to the consideration is unconditional; or a contract liability if the entity has received consideration (or has an unconditional right to receive consideration) before the related revenue has been recognised.

26. Contract costs

(1) Determination method of the amount of assets related to contract costs

The Group's assets related to contract costs include the costs of fulfilling a contract and the costs of obtaining a contract.

The costs of fulfilling a contract refers to the costs incurred in fulfilling a contract by the Group are recognised as an asset if they meet the following criteria and does not fall within the scope of other accounting standards for business enterprises: the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to the contract; The costs generate or enhance resources of the entity that will be used in satisfying (or continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

The costs of obtaining a contract refers to the incremental cost incurred by the Group to obtain the contract, which is expected to be recovered, is recognized as an asset. If the amortization period of the asset does not exceed one year, it shall be included in the current profit and loss when it occurs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained (such as travel expenses that will occur regardless of whether the contract is obtained or not) shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(2) Amortisation of assets related to contract costs

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The group's assets related to contract costs shall be amortised on a systematic basis that is consistent with the recognition of income to which the asset relates, and expensed to profit or loss.

(3) Impairment of assets related to contract costs

When determining the impairment loss of assets related to contract cost, the group first recognise the impairment loss of other assets related to contract recognized in accordance with other relevant accounting standards for business enterprises; then, if the carrying amount is higher than the difference between the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates and the estimated costs to be incurred for the transfer of the relevant goods, the excess part shall be withdrawn for impairment provision and recognized as asset impairment loss.

If the impairment factors in the previous period change later, so that the above difference is higher than the carrying amount of the asset, the originally accrued asset impairment provision shall be reversed and included in the current profit and loss. However, the carrying amount of the asset after reversal shall not exceed the carrying amount of the asset on the reversal date if no impairment loss had been recognised previously.

27. Government grants

Government grants are the monetary or non-monetary assets obtained by the Company free of charge from the government. The government grants shall be recognized when the conditions attached to the government grants can be met and it can be received.

If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount. For the grants allocated according to the fixed quota standard, or if there is conclusive evidence at the end of the period that they can meet the relevant conditions stipulated by the financial support policies and are expected to receive financial support funds, the amount receivable shall be measured. Where 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 (1 Renminbi).

The Group's government grants are divided into government grants related to assets and government grants related to income. Government grants obtained by the company for the purchase, construction or otherwise formation of long-term assets shall be regarded as asset-related government grant. Government grants other than those related to assets obtained by the company shall be regarded as government grants related to income. If the government documents do not clearly specify the subsidy object, the Group will judge according to the above-mentioned distinguishing principle. If it is difficult to distinguish, it is classified as a government subsidy related to income.

Government grants related to assets are used to offset the carrying amount of related assets or be recognized as deferred income.

Asset-related government grants that are recognized as deferred income are included in profit and loss in installments according to the average distribution method over the useful life of the relevant assets.

If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed deferred income balance shall be transferred to the current profit and loss of asset disposal.

Government grants related to income, if used to compensate related costs or losses in subsequent periods, are recognized as deferred income and included in the current profits and losses during the period when

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the related costs or losses are recognized. If it is used to compensate related costs or losses that have occurred, it shall be directly included in the current profit and loss. Government grants related to daily activities are included in other income in accordance with the nature of economic business. Government's grants not related to daily activities are included in non-operating income and expenditure.

28. Deferred tax assets and deferred tax liability

The deferred tax assets and deferred tax liabilities of the Group are calculated and confirmed based on the difference (temporary difference) between the tax base of assets and liabilities and their carrying amount. For deductible losses and tax deductions that can be deducted from taxable income in subsequent years according to the tax law, the corresponding deferred income tax assets are recognized as temporary differences. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rates in the period that the related assets and liabilities are recovered in accordance with the tax laws.

The Group recognizes the deferred income tax assets arising from the deductible temporary differences within the limit of the taxable income that is likely to be obtained to deduct the deductible temporary differences. For confirmed deferred income tax assets, when it is estimated that it is unlikely to obtain sufficient taxable income to deduct the deferred income tax assets in the future, the carrying amount of the deferred income tax assets shall be written down. When it is possible to obtain sufficient taxable income, the reduced amount shall be reversed.

29. Leases

Lease refers to a contract in which the lessor transfers the right to use assets to the lessee for consideration within a certain period of time. At inception of a contract, the Group will assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. In order to determine whether the contract transfers the right to control the use of the identified assets within a certain period, the Group evaluates whether the customers in the contract have the right to obtain almost all the economic benefits arising from the use of the identified assets during the use period, and have the right to dominate the use of the identified assets during the use period.

If the contract contains multiple separate leases at the same time, the Group will split the contract and account for each lease component within the contract separately. If the contract contains both lease and non-lease components, the Group will account for each lease component within the contract as a lease separately from non-lease components of the contract.

(1) The Group act as the Lessee

At the commencement date, the Group recognises a right-of-use asset and a lease liability for a lease.

A lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date (less any lease incentives received); any initial direct costs incurred by the lessee; and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The group depreciates the right of use assets

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using the straight-line method. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability and included into the current profit and loss or the cost of relevant assets. The amount of variable lease payments not included in the measurement of the lease liability shall be included in the current profits and losses or relevant asset costs when actually incurred.

After the commencement date, in case of the following circumstances, the Group will re-determine the lease payment amount and remeasure the lease liability by discounting the revised lease payments using a revised discount rate: there is a change in the assessment of purchase option, renewal option or termination option, there is a change in the lease term because the actual exercise of the option to renew or terminate the lease is inconsistent with the original assessment results; there is a change in the expected payable amount based on the guarantee residual value, or there is a change in the index or ratio used to determine the lease payment.

The Group shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

The Group has chosen not to recognize the right of use assets and lease liabilities for short-term lease payments (leases with a lease term of no more than 12 months) and payment for leases of low-value asset, and the relevant lease payments are included in the current profit and loss or relevant asset costs according to the straight-line method in each period of the lease term.

(2) The Group act as the Lessor

At the commencement date, the Group classifies each of its leases as either a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Operating leases refer to leases other than finance leases.

When the Group acts as a sub-lessor, the sub-lease is classified based on right-of-use asset generated from the original lease rather than the underlying assets of the original lease. If the original lease is a short-term lease and the Group chooses to apply the simplified treatment of the above short-term lease to the original lease, the Group classifies the sub-lease as an operating lease.

Under the finance lease, at the commencement date, the Group recognizes the finance lease receivables for the finance lease and terminates the recognition of the finance lease assets. The group initially measures

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the finance lease receivables as a receivable at an carrying amount equal to the net investment in the lease. The net investment in the lease is the sum of residual value guarantees and the present value of the lease receipts not received at the commencement date of the lease term discounted at the interest rate implicit in the lease.

The Group calculates and recognizes the interest income of each period within the lease term at a constant periodic rate. The amount of variable lease payments not included in the measurement of net investment in the lease shall be included in the current profit and loss when it actually occurs.

Under operating leases, during each period of the lease term, the Group recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis. The initial direct costs related to operating leases are capitalized and amortized on the same basis as the rental income during the lease term, and are included in the current profits and losses by stages. The amount of variable lease payments not included in the lease receipts shall be included in the current profit and loss when it actually occurs.

30. Assets held for sale

(1) The Group classifies non-current assets or disposal groups that meet the following conditions as being held for sale: ①In accordance with the practice of selling such assets or disposal groups in similar transactions, the non-current asset or disposal group is immediately available for sale in its current condition. ②The sale is likely to take place where the Group has resolved on a sale plan and entered into a legally binding purchase agreement with other parties and the sale is expected to be completed within one year. Relevant regulations require the approval of the relevant authority or regulatory unit before the sale may require relevant approval. Before the Group classifies the non-current assets or disposal group as held for sale for the first time, it measures the carrying amount of the non-current assets or the assets and liabilities in the disposal group in accordance with the relevant accounting standards. When the Company initially measures or remeasures the non-current assets and disposal groups held for sale on the balance sheet date, if the carrying amount is higher than the fair value less the sales expenses, the carrying amount is reduced to the net amount of the fair value less the selling expenses. The amount of the write-down is recognized as the asset impairment loss, which is included in the current profit and loss, and the provision for impairment of assets held for sale is recorded.

(2) The non-current assets or disposal group acquired by the Group exclusively for resale, if the required conditions of "sales are expected to be completed within one year" are met on the acquisition date, and the other classification conditions of the held for sale category are likely to be met within a short period (usually three months), are classified as held for sale on the date of acquisition. At the time of initial measurement, compare the initial measurement amount and the net fair value minus the selling expense assuming that it is not classified as the holding for sale category, and the lower of the two is measured. Except for the non-current assets or disposal groups acquired in a business combination, the net amount of the non-current assets or disposal groups after the fair value minus the selling expenses is used as the initial measurement amount and the difference generated is included in the current profit and loss.

(3) If the Group loses control of the subsidiary due to the sale of its investment in a subsidiary, regardless of whether the group retains part of the equity investment after the sale, when the investment in the subsidiary to be sold meets the conditions for the classification of held for sale, the investment in the

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subsidiary is classified as held for sale in the individual financial statements of the parent company, and all the assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.

(4) If the net amount of the fair value of the non-current asset held for sale less selling expenses on the subsequent balance sheet date increases, the amount previously written down shall be recovered and rolled back within the amount of the impairment loss of the asset recognized after the classification of the non-current asset held for sale, and the rolled back amount shall be recorded into the current profit and loss. Impairment losses of assets recognized before they are classified as held for sale shall not be carried back.

(5) For the disposal group, the recognized asset impairment loss first deducts the carrying amount of the goodwill in the disposal group, and then proportionally deducts carrying amount of non-current assets in the disposal group.

If the net amount of the fair value of the disposal group held for sale on the subsequent balance sheet date minus the sale proceeds is increased, the amount previously written down shall be recovered and transferred back within the amount of asset impairment loss recognized by the relevant measurement provisions of the non-current assets after the classification of held for sale, and the transferred amount shall be recorded into the current profit and loss. The carrying value of goodwill that has been written off, as well as the impairment losses on non-current assets recognized before they are classified as held for sale, cannot be rolled back.

The subsequent reversal of the asset impairment loss confirmed by the disposal group held for sale is based on the proportion of the carrying amount of each non-current asset in the disposal group, excluding goodwill, to increase its carrying amount in proportion.

(6) Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortized. Interest and other expenses on liabilities in disposal groups of held for sale continue to be recognized.

(7) When a non-current asset or disposal group no longer meets the criteria for the held for sale category, the Company will remove non-current assets from the disposal group. The measurement is based on the lower of the following two principles: (1) The amount of the carrying amount before being classified as held for sale, adjusted for depreciation, amortization or impairment that should be confirmed if it is not classified as held for sale; (2) the recoverable amount.

(8) When terminating the recognition of non-current assets held for sale or the disposal group, the unrecognized gains or losses shall be included into the current profit and loss.

31. Fair value measurement

(1) Initial measurement of fair value

For the assets and liabilities measured at fair value, considering the characteristics of the asset or liability, the Group measures the fair value by adopting the price that market participants can receive from selling an asset or pay for transferring a liability in the orderly transaction occurring on the measurement date. When fair value is used to measure related assets or liabilities, a transaction in which market participants sell assets or transfer liabilities on the measurement date is an orderly transaction under current market

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conditions. Orderly transactions for the sale of assets or the transfer of liabilities are carried out in the main market for the relevant assets or liabilities. When there is no major market, it is assumed that the transaction is conducted in the most favourable market for the relevant assets or liabilities. Adoption of the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability. When measuring non-financial assets at fair value, the ability of market participants to use the asset for the best use to generate economic benefits or the ability to sell the asset to other market participants who can use the asset for the best use to generate economic benefits is taken into account.

(2) Valuation techniques for fair value

The Group measures related assets or liabilities at fair value, and adopts valuation techniques that are applicable under current circumstances and have sufficient data and other information to support. Valuation techniques used by the Company to measure related assets or liabilities at fair value mainly include market law, income method, and cost method. In the application of valuation techniques, the Company prioritizes the use of relevant observable inputs and uses unobservable inputs only if the relevant observable inputs are not available or not practicable.

(3) Hierarchical division of fair value

The Group determines the level of the fair value measurement result based on the lowest level of the input value that is important to the fair value measurement as a whole: The first level input is an unadjusted quote for the same asset or liability that can be obtained on the measurement date in an active market. An active market refers to a market where the transaction volume and transaction frequency of related assets or liabilities are sufficient to continuously provide pricing information. The second level input is an input value that is directly or indirectly observable for related assets or liabilities other than the first level input value. The third level input is the unobservable input value of the relevant assets or liabilities.

V. Changes in accounting policies and accounting estimates and correction of errors

1. Changes in Accounting Policies

(1) Changes in Accounting Policies Caused by the Implementation of the Standards for New Financial Instruments

On 31 March 2017, the Ministry of Finance(MOF) released the *Accounting Standards for Business Enterprises No.22- Recognition and Measurement of Financial Instruments (Revised in 2017)* (Caikuai [2017] No. 7), *Accounting Standards for Business Enterprises No.23 -Transfer of Financial Assets (Revised in 2017)*(Caikuai)[2017]No.8),*Accounting Standards for Business Enterprises No.24-Hedge Accounting (Revised in 2017)* (Caikuai)[2017] No. 9). On 2 May 2017, the MOF released the *Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (Revised in 2017)* (Caikuai)[2017] No. 14)(The above standards are collectively referred to as "Standards for New Financial Instruments"), requiring non listed enterprises implementing the accounting standards for business enterprises to implement them from 1 January 2021.

Under the Standards for New Financial Instruments, all recognized financial assets are subsequently measured at amortized cost or fair value. On the implementation date of the Standards for New Financial Instruments, the business model of the management of financial assets is evaluated based on the existing

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facts and conditions of the Group on that date, and the characteristics of the contractual cash flows of the financial assets are evaluated based on the facts and conditions at the initial recognition of the financial assets, and the financial assets are now classified in three categories: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. Among them, for the equity instrument investment measured at fair value through other comprehensive income, when the recognition of the financial asset is terminated, the cumulative gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and not included in the current profit and loss.

Under the Standards for New Financial Instruments, the Group, on the basis of expected credit losses, accrues depreciation reserves and recognizes credit impairment losses for financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, lease receivables, contract assets and financial guarantee contracts.

The Group retroactively applies the Standards for New Financial Instruments, but if the classification and measurement (including impairment) involves the inconsistency between the data of the previous comparative financial statements and the Standards for New Financial Instruments, the Group chooses not to restate. Therefore, for the cumulative impact of the first implementation of the New Standard, the Group adjusts the amount of retained earnings or other comprehensive income at the beginning of 2021 and other relevant items in the financial statements, and the financial statements in 2020 will not be restated.

(2) Changes in Accounting Policies Caused by the Implementation of the New Revenue Standards

On 5 July 2017, the Ministry of Finance (MOF) released the *Accounting Standards for Business Enterprises No.14 – Revenue (Revised in 2017)* (Caikuai)[2017] No. 22 (hereinafter referred to as the "New Revenue Standards"), requiring non listed enterprises implementing the accounting standards for business enterprises to implement them from 1 January 2021.

The New Revenue Standards establishes a new revenue recognition model for standardizing the revenue generated by contracts with customers. In order to standardize the revenue generated by contracts with customers, the New Revenue Standards establishes a new revenue recognition model. In order to implement the New Revenue Standards, the Group re-assesses the recognition, measurement, accounting and presentation of major contract revenue. According to the New Revenue Standards, the Group chooses to adjust only the cumulative impact of contracts that have not been completed on 1 January 2021. The cumulative impact amount of the first implementation of the New Standards adjusts the amount of retained earnings and other relevant items in the financial statements at the beginning of the first implementation period (1 January 2021), and does not adjust the information of the comparable period.

(3) Changes in Accounting Policies Caused by the Implementation of the New Leases Standards

On 7 December 2017, the Ministry of Finance (MOF) released the *Accounting Standards for Business Enterprises No.21 – Leases (Revised in 2018)* (Caikuai)[2018] No.35 (hereinafter referred to as the "New Leases Standards"), requiring non listed enterprises implementing the accounting standards for business enterprises to implement them from 1 January 2021. The Group implemented the above-mentioned new

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lease standards from 1 January 2021 and changed relevant accounting policies in accordance with the New Lease Standards.

According to the New Leases Standards, the Group chooses not to re-assess whether the contract that already exists before the first execution date is a lease or includes a lease. For the lease contract as the lessee, the Group chooses to adjust only the cumulative impact of the lease contract that has not been completed on 1 January 2021. For the cumulative impact caused by the first implementation of the new standards, the amount of retained earnings and other relevant items in the financial statements at the beginning of the current period (1 January 2021) shall be adjusted, and the information in the comparable period shall not be adjusted. Among them, for the financial lease on the first execution date, the Group, as the lessee, measures the right-of-use assets and lease liabilities respectively according to the original carrying amount of assets under finance lease and the financial lease payable. For the operating lease on the first execution date, the lessee shall measure the lease liability as the present value discounted by the incremental loan interest rate on the first execution date according to the remaining lease payment. The unpaid rent payable accrued on the accrual basis under the original lease standards shall be included in the remaining lease payments.

According to each lease option, the Group measures the right-of-use assets according to "the amount equal to the lease liability and make necessary adjustments according to the prepaid rent". In accordance with the *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Group conducts impairment test on the right-of-use assets and carries out corresponding accounting treatment.

The impact of the above changes in accounting policies on the financial statements on 1 January 2021 is as follows:

Items	Amount on 31 December 2020 (before adjustment)		Amount on 1 January 2021 (after adjustment)	
	Consolidated statement	Parent company statement	Consolidated statement	Parent company statement
Other receivables	9,718,356,982.75		9,719,022,718.64	
Inventories	4,363,733,777.33		4,350,337,262.40	
Other current assets	557,831,654.49		559,445,267.27	
Debt investments			6,424,620,000.00	6,424,620,000.00
Available-for-sale financial assets	9,442,210,348.62	6,962,744,567.00		
Long-term equity investments	6,086,902,435.88		6,075,442,435.88	
Investment in other equity instruments			5,097,925,781.62	2,607,000,000.00
Right-of-use assets			42,495,847.96	3,826,049.26
Long-term deferred expenses	124,961,782.19		124,405,668.08	
Other non-current assets	15,098,386,994.42	14,582,379,741.56	13,042,908,076.35	12,513,504,308.56

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Items	Amount on 31 December 2020 (before adjustment)		Amount on 1 January 2021 (after adjustment)	
	Consolidated statement	Parent company statement	Consolidated statement	Parent company statement
Advance payments received	1,078,895,990.87	241,221,876.17	88,377,629.74	2,509,263.14
Contract liabilities			983,007,307.37	238,712,613.03
Taxes payable	449,840,314.09		452,119,662.76	
Other payables	975,623,421.24		1,116,935,337.11	
Non-current liabilities due within one year	9,023,025,407.94	7,118,653,629.83	9,037,755,002.05	7,119,691,321.26
Other current liabilities	3,790,942,657.68		3,657,141,795.57	
Lease liabilities			27,210,139.74	2,788,357.83

2. Changes in accounting estimates

There were no significant changes in accounting estimates during the year.

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3. Correction of important prior period errors

Items	Amount at the beginning of the year before adjustment	Adjustments	Adjusted and restated amount at the beginning of the year	Adjustment Notes
Other receivables	10,193,109,789.72	-474,752,806.97	9,718,356,982.75	The subsidiaries Mian Senior Highway and Mianjiang Highway corrected the differences in transactions that had been misdirected to capital reserves in previous years
Inventories	4,363,338,400.65	395,376.68	4,363,733,777.33	The subsidiary Chunhui Printing corrected the wrong carry forward cost of previous years
Non-current assets due within one year	202,342,442.62	-97,786,725.85	104,555,716.77	The subsidiary Jinkong Microfinance corrected the provision for loan losses of previous years
Available-for-sale financial assets	9,490,260,348.62	-48,050,000.00	9,442,210,348.62	The subsidiary Water Group corrected equity investment
Construction in progress	13,898,101,896.93	-22,055,128.85	13,872,985,707.73	Subsidiary Jialai Construction Engineering corrected the provision for impairment of construction in progress of previous years
Intangible assets	2,109,909,509.15	-46,525,504.95	2,063,384,004.20	Subsidiary Jialai Construction Engineering corrected the provision for impairment of intangible assets of previous years
Deferred tax assets	38,502,511.06	24,570,493.84	63,073,004.90	Recognized the appropriate deferred income tax by the corrected impairment provision
Other payables	771,773,421.24	203,850,000.00	975,623,421.24	The subsidiary Mian Senior Highway corrected the difference of RMB202.5 million between prior years' transactions; The subsidiary Jiaofa Passenger Transport corrected the underpayment tax and overdue fine of RMB1.35 million of previous years
Long-term payables	10,246,945,672.57	44,354,543.00	10,291,300,215.57	The subsidiary Jiaofa Group corrected the classification of special funds of previous years
Deferred income	257,013,570.23	-44,354,543.00	212,659,027.23	The subsidiary Jiaofa Group corrected the classification of special funds of previous years
Capital reserve	19,103,512,679.12	-681,378,844.61	18,422,133,834.51	The subsidiaries Mian Senior Highway and Mianjiang Highway corrected the difference of prior years' transactions amounting of RMB677.25 million; The subsidiary Airport Group corrected the at-nil-consideration-transfer of prior years, amounting of RMB4.12 million.
Retained earnings	2,190,562,648.95	-186,675,451.49	2,003,887,197.46	Impact of the above correction on undistributed profits

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Items	Amount at the beginning of the year before adjustment	Adjustments	Adjusted and restated amount at the beginning of the year	Adjustment Notes
Operating costs	6,980,100,553.62	-395,376.68	6,979,705,176.94	The subsidiary <i>Chunhui Printing</i> corrected the multi carry forward cost of previous years
Assets impairment loss	-8,953,478.49	-3,673,564.66	-12,627,043.15	The subsidiary <i>Jinkong Microfinance</i> corrected the provision for loan losses of previous years
Income tax expenses	115,350,850.39	-1,042,203.57	114,308,646.82	Impact of the above corrected items on income tax

VI. Taxation

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax (VAT)	General taxpayer (general tax calculation method): the added value of taxable sales after deducting input VAT; General taxpayer (simple collection method) and small-scale taxpayers: taxable sales	3%、5%、6%、9%、11%、13%
City maintenance and construction tax	Based on VAT paid	7%、5%
Education surcharge	Based on VAT paid	3%
Local education surcharge	Based on VAT paid	2%
Corporate income tax	Based on taxable profits	15%、20%、25%

2. Tax incentives and approvals

The main tax incentives qualified for the group are as follow:

(1) Value added tax

① According to the *Notice on Comprehensively Launching the Pilot Reform of Business Tax to VAT (Caishui (2016) No. 36)*, the transitional policy for the pilot reform of VAT from the Ministry of Finance and the State Administration of Taxation, childcare and education services provided by nurseries and kindergartens, as well as educational services provided by schools engaged in academic education, are exempted from VAT. Secondary subsidiaries, Mianyang Education Investment Group's Mianyang Middle School Experimental School, Mianyang Nanshan Experimental School, Mianyang Foreign Language Experimental School, Mianyang Foreign Language School are engaged in academic education. Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd. and the kindergartens affiliated to Santai Chunhui Education Investment Co., Ltd. are engaged in preschool education, and the tuition income obtained by these units is exempt from VAT.

② According to the *Notice on Continued Implementation of Value-Added Tax Policies to Support the Development of Cultural Enterprises* by the Ministry of Finance and the State Administration of Taxation (Caishui [2019] No. 17), from 1 January 2019 to 31 December 2023, the film authorities (including the central, provincial, local and county-level) in accordance with their respective functions and authorities, approved the film group companies (including member enterprises), film studios, and other film enterprises engaged in film production, distribution and projection, the income from the sale of film copies (including digital copies), the transfer of film copyright (including transfer and licensing), the distribution of films and the income from the screening of films in rural areas shall be exempted from value-added tax. The city film screening service provided by ordinary taxpayers may, according to the current policies and regulations, choose to calculate and pay value-added tax according to the simple tax calculation method.

③ According to the *Notice on Printing and Distributing the Catalogue of Preferential Value-Added Tax on Products and Services for Comprehensive Utilization of Resources* by the Ministry of Finance and the State Administration of Taxation (Caishui [2015] No. 78), taxpayers who sell self-produced products for comprehensive utilization of resources and provide labor services for

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comprehensive utilization of resources can enjoy immediate refund of value-added tax. Mianyang Sanjiang Huize Urban Sewage Purification Co., Ltd., a subsidiary of the secondary subsidiary Mianyang Water (Group) Co., Ltd., enjoys a 70% refund of the value-added tax paid.

④ According to the *Announcement on Deepening the Relevant Policies of Value-added Tax Reform* by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs (Announcement No.39 of 2019), from 1 April 2019 to 31 December 2021, taxpayers in the production and living services industry are allowed to add 10% of the current deductible input tax to deduct the tax payable.

⑤ According to the *Notice on Issues Concerning the Exemption of Value-Added Tax in Vegetable Circulation Links* by the Ministry of Finance and the State Administration of Taxation (Caishui [2011] No. 137), VAT shall be exempted for vegetables sold by taxpayers engaged in vegetable wholesale and retail. According to the Ministry of Finance and the State Administration of Taxation *Notice on Exemption of Value-Added Tax Policies for Certain Fresh Meat and Egg Products in the Circulation Link* (Caishui [2012] No. 75), part of the fresh meat and egg products sold by taxpayers engaged in the wholesale and retail of agricultural products is exempt from value-added tax. Mianyang Gaoshui Agricultural and Sideline Products Wholesale Co., Ltd., a subsidiary of the second-level subsidiary Mianyang Communications Development Group Co., Ltd., is exempt from VAT on the sale of vegetables and fresh meat and eggs that meet the conditions for tax exemption.

(2) Corporate income tax

① According to the *Notice on Taxation Policy Issues Concerning the In-depth Implementation of the Western Development Strategy Announcement on the Continuation of the Enterprise Income Tax Policy for the Western Development* by the Ministry of Finance, the General Administration of Customs, and the State Administration of Taxation (Announcement of the national development and Reform Commission[2020] No.23), from 1 January 2021 to 31 December 2030, corporate income tax will be levied at a reduced rate of 15% for encouraged industrial enterprises located in the western region. The main units involved in the Group are: the secondary subsidiary Mianyang water (Group) Co., Ltd. and its subsidiaries Mianyang City Water Supply Co., Ltd., Mianyang Purun water supply Co., Ltd., Mianyang Sanshuiyuan water supply Co., Ltd., Mianyang Lingtong Comprehensive Service Co., Ltd., Mianyang Airport (Group) Co., Ltd., the secondary subsidiary Sichuan Longwei Security Service Co., Ltd., etc.

② According to Article 27, Paragraph 3 of the Enterprise Income Tax Law of the People's Republic of China and the *Notice of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the Publication of the Catalogue of Preferential Enterprise Income Taxes for Environmental Protection, Energy-saving and Water-saving Projects (for Trial Implementation)* (Financial Tax [2009] 166), *Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Corporate Income Tax Policies for Public Infrastructure Projects and Environmental Protection, Energy-saving and Water-saving Projects* (Caishui [2012] No. 10), income from eligible environmental protection, energy-saving and water-saving projects will be exempted from corporate income tax for the first to third years from the tax year in which the project obtains the first production and operation income, and halved for the fourth to sixth years corporate income tax. The "Seven Star dam sewage-treatment project" undertaken by the subsidiary Mianyang Sanjiang Huize Urban Sewage Purification Co., Ltd., a subsidiary of Mianyang Water (Group) Co., Ltd., a secondary subsidiary, complies with this regulation, and enjoys corporate income tax reduction and exemption tax benefits in accordance with the regulations.

③ According to the Notice on Implementing Inclusive Tax Relief Policy for Small and Micro Size

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Enterprises (Caishui [2019] No. 13), the Company enjoys the part of the annual taxable income of small and micro size enterprises that does not exceed RMB1 million, a reduction of 25% will be included in the taxable income, and corporate income tax will be paid at a tax rate of 20%. For the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million, 50% shall be included in the taxable income, and the corporate income tax shall be paid at the tax rate of 20%.

For small and micro size enterprise, the annual taxable income of which does not exceed RMB1 million, the enterprise income tax can be reduced by another half on the basis of the preferential policies stipulated in Article 2 of the *Notice of the Ministry of Finance and the State Administration of Taxation on Implementing Inclusive Tax Relief Policy for Small and Micro Size Enterprises* (Caishui[2019] No. 13).

(3) Other tax incentives and approvals

① According to the *Notice on Continuing the Preferential Policy for Urban Land Use Tax Reduction and Exemption for Urban Rail Transit Systems in Urban Bus Stations, Road Passenger Stations and Yards* (Caishui [2019] No.11), from 1 January 2019 to 31 December 2021, urban land use tax will be exempted for the operation land of urban bus stations, road passenger transport stations, and urban rail transit systems. The land used for bus station operation of Mianyang Public Transport (Group) Co., Ltd., a subsidiary of the secondary subsidiary Mianyang Communications Development Group Co., Ltd., is exempt from urban land use tax.

② According to the *Notice on Education Tax Policies* (Caishui [2004] No. 39) by the Ministry of Finance and the State Administration of Taxation, real estate tax and urban land use tax shall be exempted for the property and land used by various schools, nurseries, and kindergartens run by the state for undertaking funds allocated by the state and for self-use by enterprises. Secondary subsidiary Mianyang Education Investment Group's Mianyang Middle School Experimental School, Mianyang Nanshan Experimental School, Mianyang Foreign Language Experimental School, Mianyang Foreign Language School, Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd., and the kindergartens affiliated to Santai Chunhui Education Investment Co., Ltd. are exempt from property tax and urban land use tax.

③ According to the Ministry of Finance and the State Administration of Taxation, *Notice on Continuing the Implementation of Preferential Policies for Urban Land Use Taxes in Agricultural Products Wholesale Markets, Farm Trade Markets, Property Taxes* (Caishui [2019] No.12), from 1 January 2019 to 31 December 2021, for agricultural product wholesale markets and agricultural product markets (including self-owned and leased, the same below), real estate and land specially used for agricultural products are temporarily exempt from property tax and urban land use tax. For the real estate and land used by the agricultural product wholesale market and the farmer's market that also operate other products, the property tax and urban land use tax shall be exempted according to the ratio of other products to the area of the agricultural product transaction site. Mianyang Gaoshui Agricultural and Sideline Products Wholesale Co., Ltd., a subsidiary of the second-level subsidiary Mianyang Communications Development Group Co., Ltd., specializes in operating real estate and land for agricultural products, and is temporarily exempt from property tax and urban land use tax.

④ According to the *Notice on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises* by the Ministry of Finance and the State Administration of Taxation (Caishui [2019] No.13), from 1 January 2019 to 31 December 2021, VAT small-scale taxpayers are levied at a 50% reduction in resource tax, urban maintenance and construction tax, property tax,

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urban land use tax, stamp tax (excluding securities transaction stamp tax), farmland occupation tax, education surcharge, and local education surcharge.

VII. Business consolidation and consolidated financial statements

1. Basic information of sub-enterprises included in the consolidated financial statements

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(1) The information of second-level subsidiaries is as follow:

Serial Number	Company Name	Business type	Principal place of business	Business Nature	Actual Capital (RMB Ten thousand)	% Investment	% of Voting Rights	Acquisition Type
2-1	Mianyang Kangju Real Estate Management Co., Ltd.	1	Mianyang, Sichuan	Management and sale of public housing; house demolition, etc.	1,000	100	100	1
2-2	Mianyang Jialai Asset Management Co., Ltd.	1	Mianyang, Sichuan	Investment in construction projects	500	100	100	1
2-3	Mianyang Cultural Tourism Group Co., Ltd.	1	Mianyang, Sichuan	Radio and television program production, film production, etc.	10,000	100	100	1
2-4	Mianyang Fuleshan Jiuzhou International Hotel Co., Ltd.	1	Mianyang, Sichuan	Conference and exhibition services, hotel operations, etc.	12,500	83	83	1
2-5	Mianyang Jinkong Microfinance Co., Ltd.	1	Mianyang, Sichuan	Loan (excluding entrusted loans) and related consulting activities	32,293.10	100	100	1
2-6	Sichuan Youyue Culture Media Co., Ltd.	1	Mianyang, Sichuan	Domestic advertising design, production, agency, release, animation design, production, exhibition services, computer network technology services	1,674	100	100	1
2-7	Mianyang Fuda Asset Management Co., Ltd.	1	Mianyang, Sichuan	Asset management, real estate development, etc.	5,000	-	100	4
2-8	Mianyang Communications Development Group Co., Ltd.	1	Mianyang, Sichuan	Investment and operation of highway traffic engineering projects, etc.	76,000	100	100	2
2-9	Sichuan Jialai Construction Engineering Co., Ltd.	1	Mianyang, Sichuan	Building construction, water and electricity installation, building decoration, etc.	50,000	100	100	1
2-10	Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	Real estate development	10,000	100	100	1
2-11	Sichuan Jialai Real Estate Co., Ltd.	1	Mianyang, Sichuan	Real estate development, operation, real estate marketing planning, etc.	10,000	100	100	1
2-12	Sichuan Xijin Logistics Co., Ltd.	1	Mianyang, Sichuan	Freight agent and distribution, sales of hardware, building materials, etc.	10,000	100	100	1
2-13	Mianyang Mianzhou Jialai Conference Service Co., Ltd.	1	Mianyang, Sichuan	Accommodation, Chinese food, song and dance entertainment, etc.	10,000	100	100	1
2-14	Mianyang Youxian Cereal & Oil	1	Mianyang, Sichuan	Grain and oil storage, processing, sales, etc.	10,000	100	100	4

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Purchase & Sales Company				Business type	Principal place of business	Business Nature	Actual Capital (RMB Ten thousand)	% Investment	% of Voting Rights	Acquisition Type
Serial Number	Company Name									
2-15	Mianyang Education Investment Development (Group) Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Education investment, asset management, development of educational resources, etc.	5,000	100	100	4
2-16	Mianyang Jinkong Investment Management Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Corporate management consulting services	3,000	100	100	1
2-17	Sichuan Yuewanglou Culture Communication Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Conference and exhibition services, tour management of Yuewanglou Scenic Area, department stores, arts and crafts and collectibles (excluding cultural relics), etc.	1,709.18	100	100	1
2-18	Mianyang Jianan Tourism Development Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Tourism projects, real estate development projects, etc.	1,000	100	100	1
2-19	Mianyang City Parking Management Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Static traffic IoT system construction management, parking berth management, public parking management, etc.	1,000	100	100	1
2-20	Sichuan Longwei Security Service Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Labor dispatch; guard, patrol, guard, armed escort, bodyguard, safety inspection, safety risk assessment, etc.	1,000	100	100	4
2-21	Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Real estate development; building decoration engineering construction; house leasing, property management, etc.	500	100	100	1
2-22	Sichuan Yuxing Construction Engineering Supervision Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Water conservancy project construction supervision, water and soil conservation project construction supervision, housing construction supervision, etc.	200	96.70	96.70	4
2-23	Mianyang Automobile Experimental Driving Technology School Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Motor vehicle driver training, operating driver qualification training	1,500	100	100	1
2-24	Mianyang Kanglai Property Service Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Property management and consulting services, housing leasing and sales agents, etc.	300	100	100	1
2-25	Mianyang water (Group) Co., Ltd.	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Tap water production, supply, urban sewage purification, water supply and drainage engineering design.	13,241.08	77.34	77.34	4
2-26	Mianyang Sanjiang Medical	1	Mianyang, Sichuan	1	Mianyang, Sichuan	Medical investment	45,000	70	70	1

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Investment Co., Ltd.						
Serial Number	Company Name	Business type	Principal place of business	Business Nature	Actual Capital (RMB Ten thousand)	% Invest ment % of Voting Rights Acquisition Type
2-27	Mianyang Jiachuang Incubator Management Co., Ltd.	1	Mianyang, Sichuan	Business Incubator Management and Service	30,000	51 1
2-28	Sichuan Xingtu Kunpeng Aerospace Technology Co., Ltd.	1	Mianyang, Sichuan	Rocket launch equipment research and development and manufacturing, rocket engine R&D and manufacturing, rocket control system R&D	4,000	100 1
2-29	Mianyang Water Conservancy Planning Design Institute	1	Mianyang, Sichuan	Planning and design management, project management services, etc	4,000	100 1
2-30	Mianyang Miantai Industrial Co., Ltd.	1	Mianyang, Sichuan	Construction engineering construction, real estate development and management, drug wholesale; Pharmaceutical retail, etc.	10,000	70 1
2-31	Mianyang Jiuhe Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	Real estate development	800	100 1
2-32	Mianyang Mingyue Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	Real estate development	800	100 1

(2) The important third and fourth level sub-enterprises are as follows:

Serial number	Company Name	Level	Entity Type	Main place of business	Business Nature	Actual capital (RMB Ten thousand)	% Invest ment % of Voting Rights Acquisition Type
1	Mianyang Mianzhou Hotel Co., Ltd.	3	1	Mianyang, Sichuan	Tourism	4,100	100 1
2	Mianyang City Water Supply Co., Ltd.	3	1	Mianyang, Sichuan	Production and supply of tap water	1,415	25 1
3	Mianyang Sanshuiyuan water supply Co., Ltd.	3	1	Mianyang, Sichuan	Production and supply of tap water	3,329.27	51.94 1
4	Mianyang Sanjiang Huize urban sewage purification Co., Ltd.	3	1	Mianyang, Sichuan	Urban sewage purification	500	100 1
5	Mianyang sprun Municipal Engineering Construction Co., Ltd.	3	1	Mianyang, Sichuan	Installation and maintenance of water supply and drainage equipment	831.09	100 1

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Serial number	Company Name	Level	Entity Type	Main place of business	Business Nature	Actual capital (RMB Ten thousand)	% Investment	% of Voting Rights	Acquisition Type
6	Mianyang Lingtong Comprehensive Service Co., Ltd.	3	1	Mianyang, Sichuan	Estate management	100	100	100	5
7	Mianyang jiaofa Industry Co., Ltd.	3	1	Mianyang, Sichuan	Business services	5,000	100	100	1
8	Mianyang jiaofa Shunda Taxi Co., Ltd.	3	1	Mianyang, Sichuan	Services	1,000	100	100	1
9	Mianyang Airport (Group) Co., Ltd.	3	1	Mianyang, Sichuan	Transportation	5,000	100	100	4
10	Mianyang High-grade Highway Development Co., Ltd.	3	1	Mianyang, Sichuan	Infrastructure investment	60,000	100	100	4
11	Mianyang Mianjiang Road Construction Engineering Co., Ltd.	3	1	Mianyang, Sichuan	Infrastructure construction	5,000	100	100	4
12	Mianyang jiaofa automobile passenger transport (Group) Co., Ltd.	3	1	Mianyang, Sichuan	Transportation	5,000	100	100	4
13	Mianyang Qianfo Transportation Co., Ltd.	4	1	Mianyang, Sichuan	Services	2,000	85	85	4
14	Mianyang road and Bridge Construction Co., Ltd.	3	1	Mianyang, Sichuan	Infrastructure construction	1,200	100	100	4
15	Mianyang Lutongyuan Construction Co., Ltd.	4	1	Mianyang, Sichuan	Civil-engineering construction	5,000	95	95	1
16	Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	3	1	Mianyang, Sichuan	Engineering construction	10,000	100	100	1
17	Mianyang gaoshui agricultural and sideline products wholesale Co., Ltd.	3	1	Mianyang, Sichuan	Trade	1,881	76.07	76.07	4
18	Mianyang public transport (Group) Co., Ltd.	3	1	Mianyang, Sichuan	Transportation	13,655.84	100	100	4
19	Mianyang Mianzhou Tong Co., Ltd.	4	1	Mianyang, Sichuan	Business services	3,000	50	50	4
20	Sichuan Dadao Zhiyuan Supply Chain Management Co., Ltd.	3	1	Mianyang, Sichuan	Trade	2,900	100	100	1
21	Mianyang High-tech Grain and Oil Purchase and Sale Co., Ltd.	3	1	Mianyang, Sichuan	Trade	3,000	100	100	4
22	Mianyang Fucheng Grain and Oil Purchase and Sale Co., Ltd.	3	1	Mianyang, Sichuan	Trade	2,000	100	100	4

Note: Entity types: ① Domestic non-financial subsidiaries, ② Domestic financial subsidiaries, ③ Overseas subsidiaries, ④ Institutions.

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Infrastructure units Acquisition types: ①Investment establishment, ②Business combination under the common control, ③ Business combination not under the common control, ④ Transfer at nil consideration, ⑤Others.

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2. The reason why the parent company has less than half of the voting rights of the invested entity but can control the invested entity

Serial number	Company Name	% of Holding shares	% of Voting Rights	Registered Capital (RMB Ten thousand)	Investment Amount (RMB Ten thousand)	Reason for inclusion in the scope of consolidation
1	Mianyang City Water Supply Co., Ltd.	25	25	1,415	353.75	Note 1
2	Mianyang Zhuojing Education Consulting Co., Ltd.	34	34	3,000	102	Note 2

Note 1: The secondary subsidiary Mianyang Water (Group) Co., Ltd. directly holds 25% of the equity of Mianyang City Water Supply Co., Ltd. and is the single largest shareholder. Mianyang City Water (Group) Co., Ltd. essentially controls Mianyang City Water Supply Co., Ltd.

Note 2: Mianyang Education Investment Group, a secondary subsidiary, directly holds 34% of the equity of Mianyang Zhuojing Education Consulting Co., Ltd., making it the single largest shareholder. According to the articles of association, Mianyang Education Investment Group appoints 5 members in the board of directors (7 members in total), substantially controlling Mianyang Zhuojing Education Consulting Co., Ltd.

3. Changes in consolidation scope

(1) Subjects newly included into consolidation scope for the year

① Invest in new important subsidiaries

Name of the subsidiaries	Shareholding ratio%	Net assets at the end of the period (RMB Ten thousand)	Net profit of the year (RMB Ten thousand)	Notes
Mianyang Miantai Industrial Co., Ltd.	70	878,123.35	-0.02	
Mianyang Jiahong Real Estate Development Co., Ltd.	100	7,354.49		
Mianyang Mingyue Real Estate Development Co., Ltd.	100	2,470.27		

② Important subsidiaries obtained through transfer

Name of the subsidiaries	Shareholding ratio%	Net assets at the end of the period (RMB Ten thousand)	Net profit of the year (RMB Ten thousand)	Notes
Mianyang Water Conservancy Planning Design Institute	100	5,965.27	5.71	

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(2) Subjects not included in the scope of consolidation

Serial number	Company Name	Registration Place	Business Nature	Shareholding ratio before disposal (%)	Proportion of voting rights before disposal (%)	Reasons not included in the scope of consolidation
1	Mianyang Ruihao Real Estate Development Co., Ltd.	Mianyang, Sichuan	Real estate development and operation	100	100	Equity transfer

VIII.Explanation of important Notes to the key items of the consolidated financial statements

As for the financial statements disclosed below, except for being specifically indicated, Opening refers to 1 January 2021, Closing refers to 31 December 2021, current year refers to the period from 1 January 2021 to 31 December 2021, and prior year refers to the period from 1 January 2020 to 31 December 2020. Unless otherwise specified, the amounts are expressed in Renminbi("RMB").

1. Cash at bank and on hand

(1) Cash at bank and on hand

Item	Closing balance	Opening balance
Cash on hand	969,199.25	945,530.26
Deposits with banks	9,167,369,104.40	11,269,129,271.88
Other monetary funds	110,531,972.04	259,684,699.07
Total	9,278,870,275.69	11,529,759,501.21
Of which: Total overseas deposits		

(2) Details of restricted cash and cash equivalents

Item	Closing balance	Opening balance
Pledged certificate of deposit	1,348,000,000.00	1,227,967,888.12
Cash deposit	211,677,248.50	65,562,513.74
School charge right pledge account	353,716,213.65	349,876,091.98
Managed account	13,808,583.39	14,271,621.33
Migrant workers' wage guarantee letter	12,833,024.93	21,452,362.36
Other restricted cash and cash equivalents	14,262,712.71	
Total	1,954,297,783.18	1,679,130,477.53

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2. Bills receivable

(1) Bills receivable classification

Item	Closing balance	Opening balance
Bank acceptance bills	5,115,884.75	1,901,500.83
Commercial acceptance bills		
Total	5,115,884.75	1,901,500.83

3. Accounts receivable

Category	Closing balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate %
Accounts receivable with single provision for bad debts	4,646,131,754.67	95.83	23,778,390.79	0.52
Accounts receivable for bad debt provision according to credit risk characteristics combination	202,002,998.05	4.17	37,164,255.46	18.40
Of which: Aging Portfolio 1 - integrated business	29,700,806.24	0.61	6,611,283.29	22.26
Aging portfolio 2 - water sector	20,932,099.44	0.43	2,770,083.42	13.23
Aging portfolio 3 - Transportation Sector	103,029,133.71	2.13	11,401,422.93	11.07
Aging portfolio 4 - grain and oil sector	48,340,958.66	1.00	16,381,465.82	33.89
Total	4,848,134,752.72	100	60,942,646.25	

(Continued)

Category	Opening balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate %
Accounts receivable with single provision for bad debts	4,475,470,890.77	94.77	21,332,771.93	0.48

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Accounts receivable for bad debt provision according to credit risk characteristics combination	247,208,800.32	5.23	35,297,445.32	14.28
Of which: Aging Portfolio 1 - integrated business	28,421,625.6	0.6	6,829,586.73	24.03
Aging portfolio 2 - water sector	16,065,397.59	0.34	2,034,797.63	12.67
Aging portfolio 3 - Transportation Sector	144,919,783.13	3.07	8,827,301.69	6.09
Aging portfolio 4 - grain and oil sector	57,801,994.00	1.22	17,605,759.27	30.46
Total	4,722,679,691.09	100.00	56,630,217.25	

(1) Receivables for single provision for bad debts at the end of the year

Creditor name	Debtor name	Closing balance	Bad debt provision	Expected credit loss rate%	Note
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	2,069,297,071.91			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing and Urban-rural Development Commission	1,735,546,639.22			Expected to be recoverable
Mianyang water (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	118,584,504.97			Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	China Construction Eighth Engineering Bureau Co., Ltd.	68,408,728.55			Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	Mianyang Xincheng Construction Group Co., Ltd.	57,457,312.89			Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	China Construction Eighth Bureau Development and Construction Co., Ltd.	42,150,947.20			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jingkai Real Estate Co., Ltd.	40,837,800.00			Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	China Railway No.5 Chengdu Engineering Group Co., Ltd.	40,622,697.91			Expected to be recoverable
Mianyang Communications	Zitong County Transportation Bureau	33,418,100.00			Expected to be recoverable

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Creditor name	Debtor name	Closing balance	Bad debt provision	Expected credit loss rate%	Note
Development Group Co., Ltd.					
Sichuan Xijin Logistics Co., Ltd.	CSCEC Xinjiang Construction Engineering (Group) Co., Ltd.	31,902,870.34			Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	Chinese Er Ye Group Co., Ltd.	30,630,418.06			Expected to be recoverable
Mianyang Kanglai Property Service Co., Ltd.	Fubin impression proprietor	7,618,758.30	2,084,257.00	27.36	Expected to be partially recoverable
Mianyang Cultural Tourism Group Co., Ltd.	Emei Film Group Co., Ltd.	7,000,000.00	7,000,000.00	100.00	Expected to be unrecoverable
Sichuan Xijin Logistics Co., Ltd.	Sichuan Zhongcheng coal construction (Group) Co., Ltd.	6,790,813.86	6,790,813.86	100.00	Expected to be unrecoverable
Mianyang Kanglai Property Service Co., Ltd.	Dongshan Jun homeowners	2,826,488.29	1,623,287.00	57.43	Expected to be partially recoverable
Mianyang water (Group) Co., Ltd.	People's Government of Shitang Town, Fucheng District	1,580,586.88	1,264,469.50	80.00	Expected to be partially recoverable
Mianyang Communications Development Group Co., Ltd.	China First Highway Engineering Co., Ltd.	3,795,501.50	181,271.34	4.78	Expected to be partially recoverable
Sichuan Youyue Culture Media Co., Ltd.	Mianyang Renren Culture Communication Co., Ltd.	1,763,625.54	634,535.00	35.98	Expected to be partially recoverable
Sichuan Jialai Construction Engineering Co., Ltd.	Sichuan Em Technology Co., Ltd.	1,399,970.08	214,262.05	15.30	Expected to be partially recoverable
Mianyang Communications Development Group Co., Ltd.	Jiangxi Transportation Engineering Group Ltd	316,588.80	316,588.80	100.00	Expected to be unrecoverable
	Others	344,182,330.37	3,668,906.24	1.07	Expected to be partially recoverable
Total		4,646,131,754.67	23,778,390.79		

(2) Accounts receivable for bad debt provision according to credit risk characteristics combination

1) Adopting the aging analysis method (1) accounts receivable for provision for bad debts

Mianyang Investment Holding (Group) Co., Ltd.

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Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (inclusive)	16,435,592.41	55.34	82,177.96
Over 1 year but within 2 years (inclusive)	4,041,126.95	13.61	404,112.70
Over 2 years but within 3 years(inclusive)	3,296,118.66	11.10	659,223.73
Over 3 years but within 4 years (inclusive)	448,296.98	1.51	224,148.50
Over 4 years but within 4 years (inclusive)	476,101.71	1.60	238,050.86
Over 5 years	5,003,569.53	16.84	5,003,569.54
Total	29,700,806.24	100.00	6,611,283.29

(Continued)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (inclusive)	17,353,264.10	61.06	86,766.31
Over 1 year but within 2 years (inclusive)	3,684,258.72	12.96	368,425.88
Over 2 years but within 3 years(inclusive)	569,098.89	2.00	113,819.78
Over 3 years but within 4 years (inclusive)	1,056,024.40	3.72	528,134.50
Over 4 years but within 4 years (inclusive)	53,078.48	0.19	26,539.25
Over 5 years	5,705,901.01	20.07	5,705,901.01
Total	28,421,625.60	100.00	6,829,586.73

2) Adopting the aging analysis method (2) accounts receivable for provision for bad debts

Aging	Closing balance		
	Book value		Bad debt provision
	Amount	Proportion%	
Within 1 year (inclusive)	17,105,194.88	81.72	85,525.98
Over 1 year but within 2 years (inclusive)	1,286,735.83	6.15	386,020.75
Over 2 years but within 3 years(inclusive)	1,208,160.23	5.77	966,528.19
Over 3 years	1,332,008.50	6.36	1,332,008.50
Total	20,932,099.44	100.00	2,770,083.42

(Continued)

Aging	Opening balance		
	Book value		Bad debt provision
	Amount	Proportion%	

Mianyang Investment Holding (Group) Co., Ltd.

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Within 1 year (inclusive)	12,616,113.17	78.53	63,081.40
Over 1 year but within 2 years (inclusive)	2,101,051.45	13.08	630,314.60
Over 2 years but within 3 years(inclusive)	34,155.02	0.21	27,323.68
Over 3 years	1,314,077.95	8.18	1,314,077.95
Total	16,065,397.59	100.00	2,034,797.63

3) Adopting the aging analysis method (3) accounts receivable for provision for bad debts

Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (inclusive)	58,869,518.62	57.14	51,916.42
Over 1 year but within 2 years (inclusive)	10,434,218.71	10.13	521,692.58
Over 2 years but within 3 years(inclusive)	1,458,954.27	1.42	145,895.42
Over 3 years but within 4 years (inclusive)	274,546.35	0.27	54,909.27
Over 4 years but within 4 years (inclusive)	26,844,693.18	26.06	8,053,407.96
Over 5 years	5,147,202.58	4.98	2,573,601.28
Total	103,029,133.71	100.00	11,401,422.93

(Continued)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (inclusive)	107,502,013.95	74.18	502,865.34
Over 1 year but within 2 years (inclusive)	3,972,020.42	2.74	198,601.02
Over 2 years but within 3 years(inclusive)	285,422.30	0.20	28,542.23
Over 3 years but within 4 years (inclusive)	27,567,733.20	19.02	5,513,546.64
Over 4 years but within 4 years (inclusive)	1,062,750.85	0.73	318,825.26
Over 5 years	4,529,842.41	3.13	2,264,921.20
Total	144,919,783.13	100.00	8,827,301.69

4) Adopting the aging analysis method (4) accounts receivable for provision for bad debts

Aging	Closing balance		
	Book value		Bad debt provision
	Amount	Proportion%	
Within 1 year (inclusive)	33,626,868.51	69.56	1,681,343.42
Over 1 year but within 2 years (inclusive)	14,348.50	0.03	1,434.85
Over 2 years but within 3 years(inclusive)	2,108.20	0.00	1,054.10

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Over 3 years	14,697,633.45	30.41	14,697,633.45
Total	48,340,958.66	100.00	16,381,465.82

(Continued)

Aging	Opening balance		
	Book value		Bad debt provision
	Amount	Proportion%	
Within 1 year (inclusive)	42,107,303.80	72.85	2,105,365.19
Over 1 year but within 2 years (inclusive)	215,884.58	0.37	21,588.46
Over 2 years but within 3 years(inclusive)	0.00	0.00	0.00
Over 3 years	15,478,805.62	26.78	15,478,805.62
Total	57,801,994.00	100.00	17,605,759.27

(3) Five largest accounts receivable by debtor at the end of the year

Creditor name	Debtor Name	Closing balance	Total accounts receivable as%	Bad debt provision
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	2,069,297,071.91	44.04	
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing and Urban-rural Development Commission	1,646,864,443.14	35.05	
Mianyang water (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	118,584,504.97	2.52	
Sichuan Xijin Logistics Co., Ltd.	China Construction Eighth Engineering Bureau Co., Ltd	68,408,728.55	1.46	
Sichuan Xijin Logistics Co., Ltd.	Mianyang Xincheng Construction Group Co., Ltd.	57,457,312.89	1.22	
Total		3,960,612,061.46	84.30	

4. Prepayments

(1) Prepayments are listed by aging

Aging	Closing balance			Opening balance		
	Book value		Bad debt provision	Book value		Bad debt provision
	Amount	Proportion %		Amount	Proportion%	
Within 1 year (inclusive)	1,437,657,729.00	21.28	115,728.09	539,477,753.74	8.23	576,451.39
Over 1 year but within 2 years (inclusive)	180,167,199.68	2.67		611,312,133.41	9.32	

Mianyang Investment Holding (Group) Co., Ltd.

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Aging	Closing balance			Opening balance		
Over 2 years but within 3 years (inclusive)	388,645,080.63	5.75		635,738,996.60	9.70	
Over 3 years	4,747,883,693.71	70.30		4,769,343,015.86	72.75	
Total	6,754,353,703.02	100.00	115,728.09	6,555,871,899.61	100.00	576,451.39

(2) Aged over 1 year of large prepayments

Creditor name	Debtor Name	Closing balance	Aging	Unsettlements reason
Mianyang Investment Holding (Group) Co., Ltd.	Fucheng District Finance Bureau	1,344,170,276.44	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Sanjiang Development and Construction Co., Ltd.	651,878,890.34	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Youxian District Finance Bureau	599,056,281.60	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Youxian District Finance Treasury Payment Center	243,000,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Fucheng District Bureau of poverty alleviation and development of Mianyang City	240,430,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Kefa Changtai Industrial Co., Ltd.	230,000,000.00	2-3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang land acquisition and reserve center	221,000,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Shima Town Government of Youxian District	189,692,196.80	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Youxian District Finance Bureau	175,000,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Economic and Technological Development Zone Management Committee	154,447,053.00	More than 3 years	Demolition compensation, to be settled
Total		4,048,674,698.18		

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(3) Top five prepayments of year end balance collected by debtor

Creditor name	Debtor Name	Book value	Accounting for the proportion of total prepayments%
Mianyang Investment Holding (Group) Co., Ltd.	Fucheng District Finance Bureau	1,344,170,276.44	19.90
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Sanjiang Development and Construction Co., Ltd.	651,878,890.34	9.65
Mianyang Investment Holding (Group) Co., Ltd.	Youxian District Finance Bureau	599,056,281.60	8.87
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Tangxun Town Finance Office	248,100,615.00	3.67
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Youxian District Finance Treasury Payment Center	243,000,000.00	3.60
Total		3,086,206,063.38	45.69

5. Other receivables

Item	Closing balance	Opening balance
Interest receivable	145,318,273.55	665,735.89
Dividends receivable	10,500,000.00	
Others	13,105,593,149.61	9,718,356,982.75
Total	13,261,411,423.16	9,719,022,718.64

(1) Interest receivable

Item	Closing balance		Opening balance	
	Book value	Bad debt provision	Book value	Bad debt provision
Loan interest	193,721.84		665,735.89	
Interest on debt investment (note)	145,124,551.71			
Total	145,318,273.55		665,735.89	

Note: According to the "tripartite agreement" and "the attached list of interest (subsidy) payment details" signed by the People's Government of Fucheng District, Mianyang City, HKC Corporation Limited and d Mianyang Investment Group on April 29, 2021, The interest receivable of Mianyang Investment Group on the disguised debt of Mianyang Huike Photoelectric Technology Co., Ltd. shall be borne by the People's Government of Fucheng District, Mianyang City. As of December 31, 2021, the interest receivable from the People's Government of Fucheng District, Mianyang City totaled RMB145,124,551.71.

(2) Dividends receivable

Creditor Name	Debtor Name	Closing balance

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Creditor Name	Debtor Name	Closing balance
Mianyang water (Group) Co., Ltd.	Mianyang Zhongke Miantou Environmental Service Co., Ltd.	10,500,000.00

(3) Others

Category	Closing balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate%
Other receivables with single provision for bad debts	13,129,560,912.89	99.63	48,423,944.36	0.37
Other receivables for bad debt provision according to credit risk characteristics combination	48,423,884.69	0.37	23,967,703.61	49.50
Of which: Aging Portfolio 1 - integrated business	11,096,730.86	0.08	4,469,693.84	40.28
Aging portfolio 2 - water sector	8,816,430.13	0.07	6,449,147.46	73.15
Aging portfolio 3 - Transportation Sector	15,996,191.03	0.12	5,853,328.01	36.59
Aging portfolio 4 - grain and oil sector	12,514,532.67	0.09	7,195,534.30	57.50
Total	13,177,984,797.58	100	72,391,647.97	

(Continued)

Category	Opening balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate%
Other receivables with single provision for bad debts	9,725,956,311.50	99.48	34,108,670.79	0.35
Other receivables for bad debt provision according to credit risk characteristics combination	51,119,150.28	0.52	24,609,808.24	48.14
Of which: Aging Portfolio 1 - integrated business	11,686,225.01	0.12	4,584,379.09	39.23
Aging portfolio 2 - water sector	7,207,816.57	0.07	6,332,870.96	87.86
Aging portfolio 3 - Transportation Sector	20,015,393.03	0.20	5,893,678.05	29.45
Aging portfolio 4 - grain and oil sector	12,209,715.67	0.12	7,798,880.14	63.87
Total	9,777,075,461.78	100.00	58,718,479.03	

1) Other receivables for single provision for bad debts

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Creditor name	Debtor Name	Book value	Bad debt provision	Expected credit loss rate%	Accrual reason
Mianyang Communications Development Group Co., Ltd.	Mianyang Municipal Finance Bureau	1,837,421,047.52			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Science and technology city development investment (Group) Co., Ltd	1,797,059,961.51			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing and Urban-rural Development Commission	1,007,795,471.80			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	People's Government of Fucheng District, Mianyang City	932,055,563.79			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau (municipal infrastructure project construction)	640,384,281.74			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Mianyang Transportation Bureau (special fund for class I and II roads)	454,210,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Department of Transportation Bureau of Mianyang City	372,328,287.77			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Pingwu County People's Government	366,276,958.90			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Jiangyou Finance Bureau	365,506,185.69			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Key Project Construction Headquarters	338,609,013.69			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau (Xishan North Road)	110,584,102.04			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Chengdu YeChang Enterprise Management Consulting Co., Ltd.	330,061,898.97			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Jiangyou Hongfei investment (Group) Co., Ltd	329,531,250.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	HKC Corporation Limited	314,977,157.85			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang key highway construction headquarters office	294,777,315.89			Expected to be recoverable

Mianyang Investment Holding (Group) Co., Ltd.

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Creditor name	Debtor Name	Book value	Bad debt provision	Expected credit loss rate%	Accrual reason
Mianyang Education Investment Development (Group) Co., Ltd.	Chengdu Dongchangrui Real Estate Co., Ltd.	290,584,478.00			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Mianyang Science And Technology City Development Investment (Group) Co., Ltd.	200,000,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Hongda Asset Investment Management (Group) Co., Ltd.	190,000,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Investment Group Co., Ltd.	184,722,833.35			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Post disaster reconstruction project of railway station	156,876,171.74			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City key project construction office	150,288,746.12			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Some roads in Mianyang City and Chengdu-Mianyang-Leshan railway passenger crossing project	148,035,891.42			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Finance Bureau of Mianyang Economic and Technological Development Zone	174,323,708.31			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Huidong Investment Holding Co., Ltd.	104,294,307.95			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Xincheng Engine Co., Ltd.	79,591,853.43			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Huarong Financial Leasing Co., Ltd.	72,000,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau (South GaoKai Siyan Road)	68,678,137.24			Expected to be recoverable
Mianyang Education Investment Development (Group) Co., Ltd.	People's Government of Chengjiao Township, Fucheng District	61,860,000.00			Expected to be recoverable
Mianyang Fuda Asset Management Co., Ltd.	Mianyang land acquisition and reserve center	61,723,294.40			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Zhonglei Investment Development (Group) Co., Ltd.	58,245,833.15			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	China Sculpture Park Project	55,503,620.39			Expected to be recoverable

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Creditor name	Debtor Name	Book value	Bad debt provision	Expected credit loss rate%	Accrual reason
	Others	1,360,803,275.36	48,423,944.36	3.56	Expected to be partially recoverable
Total		13,129,560,912.89	48,423,944.36		

2) Other receivables for bad debt provision according to credit risk characteristics combination

① Other receivables with provision for bad debts using the aging analysis method (1)

Aging	Closing balance			Opening balance		
	Book value	Proportion %	Bad debt provision	Book value	Proportion%	Bad debt provision
Within 1 year (inclusive)	5,613,031.41	50.58	28,065.17	6,320,610.78	54.09	31,603.06
Over 1 year but within 2 years (inclusive)	703,858.36	6.34	70,385.84	361,933.98	3.10	36,193.39
Over 2 years but within 3 years (inclusive)	107,277.91	0.97	21,455.58	196,721.37	1.68	39,344.28
Over 3 years but within 4 years (inclusive)	275,666.41	2.48	137,833.22	369,885.48	3.17	184,942.75
Over 4 years but within 5 years (inclusive)	369,885.48	3.33	184,942.75	289,555.52	2.48	144,777.74
Over 5 years	4,027,011.29	36.30	4,027,011.28	4,147,517.88	35.48	4,147,517.87
Total	11,096,730.86	100.00	4,469,693.84	11,686,225.01	100.00	4,584,379.09

② Other receivables with provision for bad debts using the aging analysis method (2)

Aging	Closing balance			Opening balance		
	Book value	Proportion %	Bad debt provision	Book value	Proportion%	Bad debt provision
Within 1 year (inclusive)	1,880,475.60	21.33	9,402.38	184,083.08	2.55	919.39
Over 1 year but within 2 years	509,505.88	5.78	152,851.77	717,776.68	9.96	215,333.00

Mianyang Investment Holding (Group) Co., Ltd.

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(inclusive)						
Over 2 years but within 3 years(inclusive)	697,776.68	7.91	558,221.34	946,687.72	13.13	757,350.77
Over 3 years	5,728,671.97	64.98	5,728,671.97	5,359,269.09	74.36	5,359,267.80
Total	8,816,430.13	100.00	6,449,147.46	7,207,816.57	100.00	6,332,870.96

③ Other receivables with provision for bad debts using the aging analysis method (3)

Aging	Closing balance			Opening balance		
	Book value	Proportion %	Bad debt provision	Book value	Proportion%	Bad debt provision
Within 1 year (inclusive)	3,077,461.91	19.24	28,152.26	5,916,747.45	29.56	56,550.92
Over 1 year but within 2 years (inclusive)	435,687.81	2.72	21,783.99	1,387,366.88	6.93	69,367.49
Over 2 years but within 3 years(inclusive)	242,914.83	1.52	24,290.76	1,168,544.96	5.84	116,854.50
Over 3 years but within 4 years (inclusive)	1,099,052.74	6.87	219,810.55	532,149.20	2.66	154,293.74
Over 4 years but within 4 years (inclusive)	182,289.20	1.14	79,898.16	43,402.87	0.22	13,020.86
Over 5 years	10,958,784.54	68.51	5,479,392.29	10,967,181.67	54.79	5,483,590.54
Total	15,996,191.03	100.00	5,853,328.01	20,015,393.03	100.00	5,893,678.05

④ Other receivables with provision for bad debts using the aging analysis method (4)

Aging	Closing balance			Opening balance		
	Book value	Proportion %	Bad debt provision	Book value	Proportion%	Bad debt provision
Within 1 year (inclusive)	3,739,398.84	29.88	186,969.94	4,226,054.87	34.61	211,302.75
Over 1 year but within 2 years (inclusive)	1,867,690.03	14.92	186,769.01	452,259.34	3.70	71,225.93

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Over 2 years but within 3 years(inclusive)	171,296.90	1.37	85,648.45	30,100.00	0.25	15,050.00
Over 3 years	6,736,146.90	53.83	6,736,146.90	7,501,301.46	61.44	7,501,301.46
Total	12,514,532.67	100.00	7,195,534.30	12,209,715.67	100.00	7,798,880.14

3) Five largest others-by debtor at the end of the year

Creditor Name	Debtor Name	Book value	Proportion to the total of other receivables (%)	Bad debt provision
Mianyang Communications Development Group Co., Ltd.	Mianyang Municipal Finance Bureau	1,837,421,047.52	14.02	
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Science and technology city development investment (Group) Co., Ltd.	1,797,059,961.51	13.71	
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing and Urban-rural Development Commission	1,007,795,471.80	7.69	
Mianyang Investment Holding (Group) Co., Ltd.	People's Government of Fucheng District, Mianyang City	932,055,563.79	7.11	
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	640,384,281.74	4.89	
Total		6,214,716,326.36	47.42	

6. Inventories

(1) Classification of inventory

Project	Closing balance		
	Book value	Provision for depreciation	Carrying amount
Raw materials	20,019,123.85	2,794,012.62	17,225,111.23
Goods in stock (finished goods)	394,578,246.19	75,025.43	394,503,220.76
Turnover materials (packing materials, low value consumables, etc.)	3,139,626.04		3,139,626.04
Expendable biological assets	3,534,434.42		3,534,434.42
Real estate development cost	5,599,765,525.90		5,599,765,525.90
Real estate development products	245,509,193.06	3,597,055.08	241,912,137.98
Goods issued	2,281,339.73		2,281,339.73
Contract performance cost	401,149,359.01		401,149,359.01
Total	6,669,976,848.20	6,466,093.13	6,663,510,755.07

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(Continued)

Project	Opening balance		
	Book value	Provision for depreciation	Carrying amount
Raw material	18,926,050.96	3,589,074.80	15,336,976.16
Goods in stock (finished goods)	349,102,817.23	75,025.43	349,027,791.80
Turnover materials (packing materials, low value consumables, etc.)	4,366,293.98		4,366,293.98
Expendable biological assets	3,534,434.42		3,534,434.42
Real estate development cost	2,995,679,663.44		2,995,679,663.44
Real estate development products	538,846,770.84	3,597,055.08	535,249,715.76
Goods issued	71,038.00		71,038.00
Contract performance cost	447,071,348.84		447,071,348.84
Total	4,357,598,417.71	7,261,155.31	4,350,337,262.40

1) Land reserve area (unit: square meter)

Land Area	Opening balance	Increase	Decrease	Closing balance
Plot M9 of Fuyan community on the right bank of Chengnan New Area		12,344.92		12,344.92
Plot M12 of Fuyan community on the right bank of Chengnan New Area		37,531.49		37,531.49
Jiuzhou gymnasium land	88,299.12		88,299.12	-
Sanxing village, xiaojiangou Town, Youxian District	40,810.60			40,810.60
Group 1 and 2, Wenwu village, Chengnan Street office, Economic Development Zone	112,095.81			112,095.81
Mian Natural Resources Planning[2021] No. 408		6,281.04		6,281.04
Mian Natural Resources Planning[2021] No. 412		90,519.30		90,519.30
Mian Natural Resources Planning[2021] No. 413		16,064.17		16,064.17
Jiuhua (Plot A)	36,184.34			36,184.34
Jiuhua (Plot B)		153,544.55		153,544.55
Right bank of Sanjiang, economic and Technological Development Zone (Group D)	19,685.77			19,685.77
Right bank of Sanjiang, economic and Technological Development Zone (Group G)	45,361.34			45,361.34
Right bank of Chengnan New Area (253)	4,730.15			4,730.15

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Land Area	Opening balance	Increase	Decrease	Closing balance
No.24 Wulidui Road, Youxian District		10,924.49		10,924.49
Flood land	22,797.69			22,797.69
Sanxing J	19,914.73			19,914.73
Dahe G	18,090.02			18,090.02
Dahe M	11,917.57			11,917.57
Dahe N	10,293.13			10,293.13
Jialai Nanhe Plaza	21,997.50			21,997.50
Reconstruction project of No. 61, Hongxing street, Mianyang City	3,856.58			3,856.58
Jinjialin land	12,153.71			12,153.71
Total	468,188.06	327,209.96	88,299.12	707,098.90

2) The amount of land reserve (unit: RMB)

Land Area	Opening balance	Increase	Decrease	Closing balance
Plot M9 of Fuyan community on the right bank of Chengnan New Area		23,240,742.00		23,240,742.00
Plot M12 of Fuyan community on the right bank of Chengnan New Area		70,891,602.00		70,891,602.00
Jiuzhou gymnasium land	131,161,574.72		131,161,574.72	-
Sanxing village, xiaojiangou Town, Youxian District	105,045,454.58			105,045,454.58
Group 1 and 2, Wenwu village, Chengnan Street office, Economic Development Zone	188,604,896.59			188,604,896.59
Mian Natural Resources Planning[2021] No. 408		56,306,726.00		56,306,726.00
Mian Natural Resources Planning[2021] No. 412		808,379,413.00		808,379,413.00
Mian Natural Resources Planning[2021] No. 413		151,735,412.00		151,735,412.00
Jiuhua fu (Plot A)	35,881,167.00	141,797,410.70		177,678,577.70
Jiuhua fu (Plot B)		687,850,680.00		687,850,680.00

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Land Area	Opening balance	Increase	Decrease	Closing balance
Right bank of Sanjiang, economic and Technological Development Zone (Group D)	175,366,421.56			175,366,421.56
Right bank of Sanjiang, economic and Technological Development Zone (Group G)	421,081,283.94			421,081,283.94
Right bank of Chengnan New Area (253)	8,587,774.00	36,413,345.15		45,001,119.15
No.24 Wulidui Road, Youxian District	72,765,987.30			72,765,987.30
Flood land	29,062,389.10			29,062,389.10
Sanxing J	62,095,062.16			62,095,062.16
Dahe G	56,547,349.82			56,547,349.82
Dahe M	37,304,237.31			37,304,237.31
Dahe N	32,389,900.06			32,389,900.06
Jialai Nanhe Plaza	434,209,982.55			434,209,982.55
Reconstruction project of No. 61, Hongxing street, Mianyang City	23,831,131.82			23,831,131.82
Jinjialin land	16,807,115.95			16,807,115.95
Total	1,830,741,728.46	1,976,615,330.85	131,161,574.72	3,676,195,484.59

7. Contract assets

(1) Contract assets situation

Item	Closing balance		
	Book value	Provision for impairment	Carrying amount
Amount to be settled for S209PPP Project	74,032,558.74		74,032,558.74
Supervision fee	6,254,556.79	295,038.43	5,959,518.36
Engineering funds	1,855,307.33		1,855,307.33
Total	82,142,422.86	295,038.43	81,847,384.43

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(2) Provision for impairment of contract assets

Item	Opening balance	Additions during the year	Recoveries or reversals during the year	Written-off during the year	Closing balance	Reason
Supervision fee to be settled		295,038.43			295,038.43	

8. Non-current assets due within one year

Item	Closing balance	Opening balance
Loans and advances maturing within one year	78,800,670.69	104,555,716.77
Debt investment maturing within one year	2,068,875,433.00	
Total	2,147,676,103.69	104,555,716.77

(1) Details of loans and advances due within one year

1) Disclosure of loans and advances by individuals and enterprises

Item	Closing balance	Opening balance
Personal loans and advances	38,509,679.32	37,691,868.70
Corporate loans and advances	124,498,247.40	168,643,648.07
Subtotal	163,007,926.72	206,335,516.77
Less: Provision for loan losses	84,207,256.03	101,779,800.00
Total	78,800,670.69	104,555,716.77

2) Disclosure of loans and advances by guarantee

Item	Closing balance	Opening balance
Personal loans and advances	38,509,679.32	37,691,868.70
—Credit Card		
—Other	38,509,679.32	37,691,868.70
Corporate loans and advances	124,498,247.40	168,643,648.07
—Loans	124,498,247.40	168,643,648.07
—Other		
Total loans and advances	163,007,926.72	206,335,516.77
Less: Provision for loan losses	84,207,256.03	101,779,800.00
Of which: Single provision		
Combined provision	84,207,256.03	101,779,800.00

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Item	Closing balance	Opening balance
Carrying amount of loans and advances	78,800,670.69	104,555,716.77

3) Overdue loan

Item	Closing balance				
	Overdue for 1 day to 90 days (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue for 360 days to 3 years (including 3 years)	Overdue for more than 3 years	Total
Credit loan				664,377.44	664,377.44
Guaranteed loan				10,310,000.00	10,310,000.00
Collateral loan				118,533,549.28	118,533,549.28
Of which : Mortgage loan				118,533,549.28	118,533,549.28
Pledge loans					
Total				129,507,926.72	129,507,926.72

(Continued)

Item	Opening balance				
	Overdue for 1 day to 90 days (including 90 days)	90 to 360 days overdue (including 360 days)	Overdue for 360 days to 3 years (including 3 years)	Overdue for more than 3 years	Total
Credit loan				683,377.44	683,377.44
Guaranteed loan				10,310,000.00	10,310,000.00
Collateral loan		15,295,400.67		132,146,738.66	147,442,139.33
Of which : Mortgage loan		15,295,400.67		132,146,738.66	147,442,139.33
Pledge loans					-
Total		15,295,400.67		143,140,116.10	158,435,516.77

4) Provision for loan losses

Item	Current year		Prior year	
	Single	Portfolio	Single	Portfolio
Opening balance		101,779,800.00		98,878,035.69
Accrued this year				2,901,764.31
Transfer out this year				

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Item	Current year		Prior year	
	Single	Portfolio	Single	Portfolio
Write off of current year				
Reversal of current year		17,572,543.97		
-Reversal caused by recovery of original write off loans and advances				
-Loans and advances are reversed due to the rise in value		17,572,543.97		
-Reversal caused by other factors				
Closing balance		84,207,256.03		101,779,800.00

9. Other current assets

Item	Closing balance	Opening balance
Accrued interest receivable not yet due	347,509,517.59	256,785,789.13
VAT to be certified / deducted	280,716,551.91	269,681,308.00
Taxes paid in advance	32,169,597.74	25,221,976.62
Deferred expenses	1,254,049.42	384,135.33
Others	24,899,163.29	7,372,058.19
Total	686,548,879.95	559,445,267.27

10. Debt investment

(1) Debt investment situation

Item	Closing balance			Opening balance		
	Book value	Impairment Provision	Carrying amount	Book value	Impairment Provision	Carrying amount
Mianyang HKC Optoelectronics Technology Co., Ltd.(Equity financing with repurchase clause)	5,304,844,436.21		5,304,844,436.21	4,342,024,567.00		4,342,024,567.00
Mianyang HKC Optoelectronics Technology Co., Ltd.	230,000,000.00		230,000,000.00			
Yunnan International Trust Co., Ltd.	10,995,000.00		10,995,000.00	13,720,000.00		13,720,000.00

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Item	Closing balance			Opening balance		
	Book value	Impairment Provision	Carrying amount	Book value	Impairment Provision	Carrying amount
Mianyang HKC Optoelectronics Technology Co., Ltd.(Entrusted Loan)	2,068,875,433.00		2,068,875,433.00	2,068,875,433.00		2,068,875,433.00
Subtotal	7,614,714,869.21		7,614,714,869.21	6,424,620,000.00		6,424,620,000.00
Less: non current assets due within one year	2,068,875,433.00		2,068,875,433.00			
Total	5,545,839,436.21		5,545,839,436.21	6,424,620,000.00		6,424,620,000.00

(2) Important debt investment at the end of the year

Bond projects	Face value	Nominal interest rate(%)	Effective interest rate(%)	Bond due date
Mianyang HKC Optoelectronics Technology Co., Ltd.(Equity financing with repurchase clause)	5,304,844,436.21	6.50	6.50	2025-1-1
Mianyang HKC Optoelectronics Technology Co., Ltd.(Entrusted Loan)	2,068,875,433.00	6.50	6.50	2022-9-30
Mianyang HKC Optoelectronics Technology Co., Ltd.	230,000,000.00	6.52	6.52	2027-2-18
Yunnan International Trust Co., Ltd.	10,995,000.00	5.60	5.60	2024-6-18
Total	7,614,714,869.21	—	—	—

11. Long-term receivables

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Receivables of government projects	1,486,853,274.84		1,486,853,274.84	1,435,356,497.81		1,435,356,497.81

(1) Important long-term receivables at the end of the year

Creditor Name	Debtor Name	Closing balance	Proportion in total long-term receivables (%)	Provision for impairment
Mianyang jiaofa Hengtong Construction	Pingwu County Transportation Bureau	618,011,549.49	41.57	

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Creditor Name	Debtor Name	Closing balance	Proportion in total long-term receivables (%)	Provision for impairment
Engineering Co., Ltd.	Mianyang Transportation Bureau	141,001,009.27	9.48	
	Zitong County Transportation Bureau	156,766,242.24	10.54	
Santai County Jiaheng Zhongfu Road and Bridge Engineering Co., Ltd.	Santai County Transportation Bureau	163,338,040.40	10.99	
Total		1,079,116,841.40	72.58	

12. Long-term equity investments

(1) Long-term equity investments by category:

Item	Opening balance	Increase	Decrease	Closing balance
Investment in subsidiaries				
Investment in joint ventures				
Investment in associates	6,075,442,435.88	9,210,323,116.94	2,316,036,288.50	12,969,729,264.32
Sub-total	6,075,442,435.88	9,210,323,116.94	2,316,036,288.50	12,969,729,264.32
Less: Long-term equity investment impairment provision				
Total	6,075,442,435.88	9,210,323,116.94	2,316,036,288.50	12,969,729,264.32

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(2) Long-term equity investments details

Investee	Cost of investment	Opening balance	Increase or decrease in the current year						Closing balance	Balance of provision for impairment at the end of the year
			Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	
1. Joint ventures										
2. Investment in associates										
Mianyang HKC Optoelectronics Technology Co., Ltd.	5,900,000,000.00	5,934,803,004.22		2,304,000,000.00	436,464,771.10					4,067,267,775.32
*Jiangyou Hongfei Investment (Group) Co., Ltd.									2,941,303,312.98	2,941,303,312.98
*Jiangyou Chuangyuan Development and Construction Investment Co., Ltd.									2,200,547,913.78	2,200,547,913.78
*Jiangyou City Investment Development Co., Ltd.									1,992,220,502.24	1,992,220,502.24
*Jiangyou Xingyi Agricultural Investment Co., Ltd.									1,617,161,965.06	1,617,161,965.06
Mianyang Zhongke Miantou Environmental Service Co., Ltd.	28,000,000.00	52,657,624.00			20,340,100.20			10,500,000.00		62,497,724.20
Sichuan Natural Gas Mianyang Gas Co., Ltd.	55,577,886.94	59,721,361.77			-4,143,474.83					55,577,886.94
Mianyang Fuda Innovation And Entrepreneurship Equity Investment Fund Partnership	8,700,499.00	10,000,000.00		1,299,501.00						8,700,499.00
Mianyang Xiantie Rice Industry Co., Ltd.	8,525,759.12	8,699,602.41								8,699,602.41
Sichuan Venture Capital Fuda Investment Management Co., Ltd.	5,326,732.17	2,488,243.63	1,715,000.00		1,123,488.54					5,326,732.17

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Investee	Cost of investment	Opening balance	Increase or decrease in the current year						Closing balance	Balance of provision for impairment at the end of the year
			Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Other
Sichuan Jiaolite New Energy Co., Ltd.	3,500,000.00		2,000,000.00							1,500,000.00
Mianyang Shandian aviation food Co., Ltd.	1,960,000.00	3,367,822.52								-236,787.50
Sichuan Bashu Grainary Technology Co., Ltd.	1,451,440.53	1,451,440.53								
Jiuzhaigou Jiube Smart Supply Chain Management Co., Ltd.	2,550,000.00	1,412,466.73								
Sichuan Haodong Food Technology Co., Ltd.	651,852.00	840,870.07			89,537.87					
Total	6,016,244,169.76	6,075,442,435.88	3,715,000.00	2,305,299,501.00	453,874,422.88			10,500,000.00		8,752,496,906.56
										12,969,729,264.32

*Note: On 17 August 2021, the Company and Jiangyou Hongfei Investment (Group) Co., Ltd., a state-owned enterprise of Jiangyou City, jointly established Mianyang Miantai Industrial Co., Ltd. (hereinafter referred to as "Miantai Industry"). On 31 December 2021, Jiangyou SASAC injected 33% of the state-owned equity of each of the four companies into Miantai Industry, a subsidiary of the company at nil consideration in accordance with the "Notice on Agreeing to Transfer 33% of the State-owned Equity of Jiangyou City Investment and Development Co., Ltd." (Jiang national asset office(2021) No. 372), the "Notice on Agreeing to Transfer 33% of the State-owned Equity of Jiangyou Chuanyuan Development and Construction Investment Co., Ltd." (Jiang national asset office(2021) No. 373), the "Notice on Agreeing to Transfer 33% of the State-owned Equity of Jiangyou Hongfei Investment (Group) Co., Ltd." (Jiang national asset office(2021) No. 374), the "Notice on Agreeing to Transfer 33% of the State-owned Equity of Jiangyou Xingyi Agricultural Investment Co., Ltd." (Jiang national asset office(2021) No. 375). On 3 March 2022, the Company signed the "strategic cooperation framework agreement" with Jiangyou Municipal People's Government, which stipulated the exit situation and mechanism, exit mode and exit price of the company's equity in Miantai Industry. The company reflects the long-term equity investment reflected at the consolidation level in the above table as minority interest.

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13. Investment in other equity instruments

(1) Investment in other equity instruments situation

Item	Closing balance	Opening balance
Equity instrument designated as fair value through other comprehensive income	6,914,953,027.25	5,097,925,781.62

(2) Investment in other equity instruments at the end of year

Item	Closing balance	Opening balance
Sichuan Xingshu Railway Investment Co., Ltd.	1,947,400,000.00	1,947,400,000.00
Mianyang Miangao Equity Investment Fund (Limited Partnership)	1,500,000,000.00	
Mianyang Science and technology city development investment (Group) Co., Ltd	1,250,000,000.00	1,250,000,000.00
HKC Corporation Limited	1,200,000,000.00	1,200,000,000.00
Mianyang Rural Commercial Bank Co., Ltd.	264,000,000.00	
Sichuan Innovation And Entrepreneurship Equity Investment Fund Partnership (Limited Partnership)	150,000,000.00	150,000,000.00
Sichuan Mianjiu Expressway Co., Ltd	147,000,000.00	147,000,000.00
Sichuan miannan Expressway Development Co., Ltd	142,600,000.00	94,600,000.00
Mianyang Suining Neijiang Railway Co., Ltd	73,297,644.00	73,297,644.00
Mianyang Xinhua Internal Combustion Engine Co., Ltd	53,150,479.00	53,150,479.00
Guokai Jingcheng (Beijing) Investment Fund Co., Ltd.	44,444,444.46	75,146,198.83
Mianyang Science and Technology City win-win aid Investment Fund (limited partnership)	38,000,000.00	20,000,000.00
Mianyang Jiangsan Highway Engineering Co., Ltd.	30,000,000.00	30,000,000.00
Mianyang Jinshang education and Sports Development Co., Ltd	26,000,000.00	23,000,000.00
Mianyang Jinjiantou Project Management Co., Ltd	24,900,000.00	10,660,200.00
Sichuan Development Equity Investment Fund Management Co., Ltd	7,000,000.00	7,000,000.00
Mianyang Xinyong water supply Co., Ltd.	3,711,509.79	3,711,509.79
Mianyang Science and Technology City Jiuzhou general Airport Co., Ltd	2,500,000.00	2,500,000.00
Mianyang Ganghua Puxiang Compressed Natural Gas Co., Ltd.	2,250,000.00	2,250,000.00
Mianyang Public Traffic Compressed Natural Gas Co., Ltd.Labour Union	2,023,600.00	2,023,600.00
Sichuan Menglin bus Gas Co., Ltd	2,681,250.00	2,418,750.00
Mianyang Jianxin Motor Vehicle Inspection Co., Ltd.	1,080,100.00	853,400.00
Sichuan Jiuzhou Electronic Technology Co., Ltd	1,000,000.00	1,000,000.00

Mianyang Investment Holding (Group) Co., Ltd.

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Item	Closing balance	Opening balance
Mianyang Traffic Gas Station	900,000.00	900,000.00
Mianyang Jiaofa Tourism Distribution Center Management Co., Ltd.	510,000.00	510,000.00
Mianyang Commercial Bank Co., Ltd.	504,000.00	504,000.00
Total	6,914,953,027.25	5,097,925,781.62

Mianyang Investment Holding (Group) Co., Ltd.

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14. Investment properties

(1) Investment properties are subsequently measured using the fair value model

Item	Opening fair value	Increase		Changes in Fair Value Gains and Losses	Decrease		Closing fair value
		Purchase and Financial transfer	Self-use real estate or inventory transfer		Disposal	Switch to self-use real estate	
Total costs	4,687,686,465.19	23,058,300.00	149,089,429.49		2,043,100.00	24,735,850.01	4,833,055,244.67
1. Buildings	4,624,167,665.19	23,058,300.00	149,089,429.49			24,735,850.01	4,771,579,544.67
2. Land use rights	63,518,800.00				2,043,100.00		61,475,700.00
Total changes in fair value	728,469,674.33		191,380,793.52	-42,207,562.91			877,642,904.94
1. Buildings	728,469,674.33		191,380,793.52	-44,225,691.86			875,624,775.99
2. Land use rights				2,018,128.95			2,018,128.95
Carrying amount	5,416,156,139.52	23,058,300.00	340,470,223.01	-42,207,562.91	2,043,100.00	24,735,850.01	5,710,698,149.61
1. Buildings	5,352,637,339.52	23,058,300.00	340,470,223.01	-44,225,691.86		24,735,850.01	5,647,204,320.66
2. Land use rights	63,518,800.00			2,018,128.95	2,043,100.00		63,493,828.95

Mianyang Investment Holding (Group) Co., Ltd.
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(2) Important investment properties pending certificates of ownership:

Item	Carrying amount	Notes
Mianyang Kangju Real Estate Management Co., Ltd - Rental property	269,672,800.00	It was not handled due to historical problems such as the transformation of the old city.
Mianyang Fuda Asset Management Co., Ltd - Rental property	190,811,888.00	At the time of handover, the original property right unit did not handle it, the materials were incomplete and the certificate was not handled.
Mianyang Communications Development Group Co., Ltd.	16,801,275.64	When the original property right unit was transferred into the assets, it failed to complete the application for approval and construction according to the procedures, failed to obtain a number of completion acceptance certificates, and was in arrears with the project payment of the construction unit. So far, it has failed to handle the house ownership certificate.
Mianyang grain and Oil Group Co., Ltd. - houses, warehouses, etc	5,860,861.30	Due to historical problems and incomplete materials, unable to apply for certificates
Mianyang Fuhai Asset Management Co., Ltd. - Nanhua Palace	5,564,970.00	Incomplete information, unable to apply for certificate
Mianyang Fucheng grain and oil purchase and sales Co., Ltd. - Grain Management Office	912,185.83	Incomplete information, unable to apply for certificate
Total	489,623,980.77	

15. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	9,674,483,136.49	9,382,959,274.80
Disposal of fixed assets	28,160.38	44,687,175.75
Total	9,674,511,296.87	9,427,646,450.55

(1) Fixed assets situation

Item	Opening balance	Increase	Decrease	Closing balance
Total of original price	12,510,374,854.02	1,384,201,094.31	885,665,366.62	13,008,910,581.71
Plant & buildings	6,714,899,295.12	650,772,326.82	537,052,493.45	6,828,619,128.49
Return-loan toll highways	3,213,226,667.26	168,000,000.00		3,381,226,667.26
Transportation	928,282,857.79	36,770,320.99	85,706,850.13	879,346,328.65
Machinery & equipment	554,894,106.85	350,862,902.46	152,938,803.79	752,818,205.52
Pipe network assets	570,813,680.17	49,869,599.60	37,519,100.94	583,164,178.83
Electronic equipment	121,335,348.15	28,843,691.39	29,297,033.50	120,882,006.04
Instrumentation	15,443,331.78	3,537,396.94	4,092,655.86	14,888,072.86

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Item	Opening balance	Increase	Decrease	Closing balance
Office & other equipment	391,479,566.90	95,544,856.11	39,058,428.95	447,965,994.06
Total accumulated depreciation	3,122,066,928.17	440,617,230.07	233,605,364.07	3,329,078,794.17
Plant & buildings	1,662,581,827.12	181,632,830.63	74,300,011.21	1,769,914,646.54
Return-loan toll highways				
Transportation	611,268,559.95	90,646,316.13	79,556,766.80	622,358,109.28
Machinery & equipment	316,979,013.67	74,422,154.60	40,026,109.82	351,375,058.45
Pipe network assets	162,629,588.60	22,806,129.34	4,490,340.23	180,945,377.71
Electronic equipment	82,125,866.00	20,177,005.95	11,716,897.55	90,585,974.40
Instrumentation	9,587,408.27	1,126,799.53	460,654.12	10,253,553.68
Office & other equipment	276,894,664.56	49,805,993.89	23,054,584.34	303,646,074.11
Total amount of impairment provision	5,348,651.05			5,348,651.05
Plant & buildings	5,084,747.83			5,084,747.83
Return-loan toll highways				
Transportation	13,459.84			13,459.84
Machinery & equipment	212,214.09			212,214.09
Pipe network assets				
Electronic equipment	31,860.07			31,860.07
Instrumentation				
Office & other equipment	6,369.22			6,369.22
Carrying amount of fixed assets	9,382,959,274.80			9,674,483,136.49
Plant & buildings	5,047,232,720.17			5,053,619,734.12
Return-loan toll highways	3,213,226,667.26			3,381,226,667.26
Transportation	317,000,838.00			256,974,759.53
Machinery & equipment	237,702,879.09			401,230,932.98
Pipe network assets	408,184,091.57			402,218,801.12
Electronic equipment	39,177,622.08			30,264,171.57
Instrumentation	5,855,923.51			4,634,519.18
Office & other equipment	114,578,533.12			144,313,550.73

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(2) Fixed assets pending certificates of ownership

Item	Carrying amount	Notes
Mianyang Airport (Group) Co., Ltd-Multi-functional Building	35,482,654.82	In the process
Mianyang Airport (Group) Co., Ltd	106,397,672.67	Because the airport was built earlier and the relevant information archived in the early stage of infrastructure can not meet the current requirements for property rights requirements, resulting in the inability to handle.
Mianyang Kunlun Asphalt Co., Ltd.	219,500.00	The transportation bureau transfers it at nil consideration, without certificate of title
Mianyang Senior Highway Development Co., Ltd.(gas station)	3,229,400.54	In the process
Mianyang Youxian Cereal & Oil Purchase & Sales Company	18,784,375.28	Due to historical reasons, there is no title certificate
Mianyang Nanshan middle school experimental school	277,160,498.72	In the process
Mianyang Foreign Language Experimental School	248,489,372.58	
Mianyang middle school experimental school	231,332,085.13	
Mianyang Foreign Language School-Teaching building	151,463,175.67	
Mianyang Fuda Asset Management Co., Ltd.	107,281,647.33	At the time of transfer, the original unit did not handle it, the materials were incomplete
Total	1,179,840,382.74	

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(3) The disposal of fixed assets

Item	Closing Balance	Provision for impairment at the end of the period	Closing carrying amount	Opening Balance	Provision for impairment at the beginning of the period	Opening carrying amount	Notes
Special equipment for damage reporting	28,160.38		28,160.38				
Land bureau				25,461,355.36		25,461,355.36	Replacement
Lightweight association				9,461,623.20		9,461,623.20	Replacement
Jianye Coal Association				3,950,200.00		3,950,200.00	Replacement
Housing Authority				3,561,727.07		3,561,727.07	Replacement
Biogas office				1,065,900.00		1,065,900.00	Replacement
Construction Bureau				667,372.08		667,372.08	Replacement
Material retirement service				476,586.68		476,586.68	Replacement
Office equipment and others				39,711.36		39,711.36	
Others				2,700.00		2,700.00	
Total	28,160.38		28,160.38	44,687,175.75		44,687,175.75	

16. Construction in progress

Item	Closing balance			Opening balance		
	Book value	Impairment Provision	Carrying amount	Book value	Impairment Provision	Carrying amount
Construction in progress	8,437,749,213.67	22,055,128.85	8,415,694,084.82	13,895,040,836.58	22,055,128.85	13,872,985,707.73
Engineer material	232,510.36		232,510.36	3,061,060.35		3,061,060.35
Total	8,437,981,724.03	22,055,128.85	8,415,926,595.18	13,898,101,896.93	22,055,128.85	13,876,046,768.08

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(1) Movements of major construction projects in progress during the year

Project	Opening balance	Additions during the year	Transfers to fixed assets	Other decreases	Closing balance	Accumulated capitalised interest
Post disaster reconstruction asset package of Mianyang Transportation Bureau (note)	2,509,280,836.05				2,509,280,836.05	
circle freeway	1,870,768,555.40	45,641,406.40		53,100.00	1,916,356,861.80	
Reception hall project	1,385,184,304.41	452,935,258.18			1,838,119,562.59	457,632,322.59
No.1 Bridge project of reception hall	873,981,426.24	1,092,648.00			875,074,074.24	409,187,766.83
Mianyan Miansan Fubin By-pass Reconstruction Project	846,667,639.68	5,627,287.00		22,795.74	852,272,130.94	292,954,733.20
Total	7,485,882,761.78	505,296,599.58		75,895.74	7,991,103,465.62	1,159,774,822.62

Note: According to the Notice on Establishing Mianyang Transportation Development Group Co., Ltd. (MFF [2013] No. 20) issued by Mianyang Municipal Government and the Notice on Transferring Post Disaster Transportation Reconstruction Assets to Mianyang Transportation Development Group for accounting (MJH [2017] No. 162) issued by the Department of Transportation of Mianyang City, the Department of Transportation of Mianyang City handed over the asset package of the post disaster traffic reconstruction project implemented by it (The office of Mianyang key highway construction headquarters establishes special accounts for capital construction) to Mianyang Transportation Development Group, a subsidiary of the Company according to the book cumulative investment of RMB2,509,280,800 as of 31 December 2016 (The final amount shall be subject to the approval amount of financial completion and financial settlement). The Group's accumulated investment completed on the transfer deadline is listed in construction in progress and capital reserve projects. Up to now, there is no increase or decrease.

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17. Right-of-use assets

Item	Opening balance	Increase	Decrease	Closing balance
Total original price	42,495,847.96	22,102,484.45		64,598,332.41
Of which: Land and housing	42,495,847.96	22,102,484.45		64,598,332.41
Total accumulated depreciation(amortization)amount		9,158,867.61		9,158,867.61
Of which: Land and housing		9,158,867.61		9,158,867.61
Total impairment provision for intangible assets				
Of which: Land and housing				
Carrying amount	42,495,847.96			55,439,464.80
Of which: Land and housing	42,495,847.96			55,439,464.80

18. Intangible assets

(1) The classification of intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
Total original price	2,498,160,522.24	601,851,970.72	777,594,573.06	2,322,417,919.90
Of which: Software	47,187,985.98	3,017,001.53	237,185.01	49,967,802.50
Land use rights	1,754,216,632.82	107,231,224.43	744,335,488.05	1,117,112,369.20
Patent	250,965.15	72,393.85	21,900.00	301,459.00
Concession	696,504,938.29	490,685,087.73	33,000,000.00	1,154,190,026.02
Copyright		846,263.18		846,263.18
Total accumulated amortization amount	388,251,013.09	100,096,945.57	161,157,400.63	327,190,558.03
Of which: Software	12,964,581.09	4,156,585.95	198,894.84	16,922,272.20
Land use rights	258,144,667.39	50,160,405.15	160,936,605.79	147,368,466.75
Patent	194,588.23	14,212.43	21,900.00	186,900.66
Concession	116,947,176.38	45,743,351.24		162,690,527.62
Copyright		22,390.80		22,390.80
Total impairment provision for intangible assets	46,525,504.95			46,525,504.95
Of which: Software				
Land use rights				
Patent				
Concession	46,525,504.95			46,525,504.95
Copyright				

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Item	Opening balance	Increase	Decrease	Closing balance
Carrying amount	2,063,384,004.20			1,948,701,856.92
Of which: Software	34,223,404.89			33,045,530.30
Land use rights	1,496,071,965.43			969,743,902.45
Patent	56,376.92			114,558.34
Concession	533,032,256.96			944,973,993.45
Copyright				823,872.38

Note: The increase in this year is mainly due to the identification of the franchise right of Qixing Dam Sewage Treatment Plant and Tangxun Sewage Treatment Plant Expansion Project (Area A / B) by the subsidiary Mianyang Water Group. The decrease in this year is mainly due to the recovery of six land with a carrying amount of about RMB387.65 million of subsidiary Mianyang Education Investment Group by the government.

19. Goodwill

Name of investee or events from which goodwill arose	Opening balance	Increase	Decrease	Closing balance
Mianyang City Water Supply Co., Ltd.'s investment in Mianyang High-Tech Zone Water Supply Co., Ltd.	1,952,648.50			1,952,648.50

20. Long-term deferred expenses

Item	Opening balance	Increase	Amortisation for the year	Other Decreases	Closing balance
Decoration cost	67,422,021.70	44,454,422.38	22,177,644.83	3,390,041.69	86,308,757.56
Smart classroom project of three experimental schools		17,276,484.38	239,951.18		17,036,533.20
Basic network reconstruction project of three experimental schools	19,564,335.30		2,608,578.09		16,955,757.21
Strong electricity, lighting, elevator, terminal technology and other works of terminal building	4,344,870.42		142,845.00		4,202,025.42
Airfield Road Engineering	3,243,246.36		106,627.32		3,136,619.04
Video monitoring project of Mianzhong experimental school		3,736,855.86	467,106.98		3,269,748.88

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Item	Opening balance	Increase	Amortisation for the year	Other Decreases	Closing balance
Campus video monitoring project of Mianyang Foreign Language Experimental School	3,210,120.10	458,588.55			3,668,708.65
Library Informationalization project of Mianzhong experimental school		2,586,308.62			2,586,308.62
Computer room reconstruction project of Nanshan Experimental School		2,951,858.43	368,982.30		2,582,876.13
Campus monitoring system project of Nanshan Experimental School		3,216,385.40	725,336.76		2,491,048.64
Art Center Project	2,936,325.41		471,608.22		2,464,717.19
Reconstruction project of computer classroom of mianzhong Experimental School	2,414,319.12		329,225.37		2,085,093.75
Reconstruction project of computer classroom of Mianyang Foreign Language Experimental School	2,014,605.21		287,800.77		1,726,804.44
Guidepost of Mianyang Urban Road	2,117,406.07		423,480.00		1,693,926.07
Self built marking works	2,710,111.06	617,778.20	2,048,765.78		1,279,123.48
Reconstruction of dosing ditch, street lamp and road blackening project	1,459,199.90	286,400.00	539,581.47		1,206,018.43
Roof leakage treatment and maintenance engineering of greenhouse in vegetable area	1,356,791.23		152,163.48		1,204,627.75
Canteen project of Mianyang Foreign Language School	366,385.73	1,901,828.69	1,148,167.23		1,120,047.19
Others	11,245,930.47	26,471,759.07	24,097,870.06	4,541,622.37	9,078,197.11
Total	124,405,668.08	103,958,669.58	56,335,734.84	7,931,664.06	164,096,938.76

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21. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities are not presented as net amount after offset

Item	Closing balance		Opening balance	
	Deferred tax Assets/Liability	Deductible or taxable Temporary difference	Deferred tax Assets/Liability	Deductible or taxable Temporary difference
1. Deferred tax assets	66,537,875.17	325,675,088.14	63,073,004.90	265,147,600.09
Bad debt provision	57,632,158.30	268,991,586.19	58,802,721.30	239,131,826.81
Inventory falling price reserves	47,191.16	314,607.74	47,191.16	314,607.74
Decrease in changes in fair value	2,621,972.45	18,121,667.21	2,111,314.49	13,922,879.77
Recoverable loss	862,587.71	3,450,350.84	862,587.71	3,450,350.84
Others	5,373,965.55	34,796,876.16	1,249,190.24	8,327,934.93
2. Deferred tax liabilities	246,891,912.34	825,395,395.48	208,045,194.88	832,180,779.52
Increase in changes in fair value	246,891,912.34	825,395,395.48	208,045,194.88	832,180,779.52

22. Other non-current assets

(1) Details of projects

Item	Closing balance	Opening balance
Municipal engineering projects entrusted by the government to be settled	18,285,834,492.56	12,760,399,162.25
EMU assets	58,066,013.57	60,085,701.00
Deductible input tax	31,858,454.35	149,933,909.24
Housing maintenance fund	1,852,422.93	2,274,427.86
Houses and buildings	643,453.00	643,453.00
Escrow assets	66,373,530.00	66,373,530.00
Others	71,901,176.66	3,197,893.00
Total	18,516,529,543.07	13,042,908,076.35

(2) Main municipal engineering projects entrusted by the government to be settled

Item	Closing balance	Opening balance
Mianyang Second Ring Road phase I, II and III Project	3,143,611,346.06	3,724,511,841.64
Infrastructure project of science and Education Innovation Zone	1,423,296,987.81	1,326,450,953.96
Upgrading project of comprehensive regional transportation hub in Mianyang City(Mianyang - Yanting section)	1,102,039,960.46	1,031,406,398.79
Sanglin dam project	996,654,075.84	

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Item	Closing balance	Opening balance
Sanxing community resettlement housing project	892,474,368.07	851,497,905.35
East extension project of the first ring road north section	744,867,292.29	646,155,393.07
S418 Anxian JuShui first class highway construction project	702,069,029.66	13,396,514.93
East extension project of the first ring road south section	645,940,212.50	560,623,230.77
Yuewanglou project	628,999,236.71	595,373,164.73
Horticultural New District project	589,760,325.76	
Xiyuan public rental housing	553,793,908.67	551,135,982.72
Tangxun public rental housing phase I	523,885,336.50	523,353,669.54
Reconstruction project of Zitong County Jiangyou Hekou section of S209 line	481,165,401.50	
Jiannan road reconstruction project	462,314,800.06	
Public rental housing project for teachers	318,515,601.48	
Municipal Party School relocation project	313,191,240.98	
Grain logistics center	289,708,946.42	
Construction project of No. 1 and No. 4 roads in the Education Park	287,183,045.00	287,183,045.00
Resettlement housing in Banqiao community	284,974,023.82	267,474,221.14
Post disaster recovery and reconstruction project of Yong'an North Highway	265,503,198.46	265,554,378.41
Vehicle management center	231,702,106.49	
First ring road south section project	218,323,232.24	
Industrial and commercial bureau office building project	200,907,601.01	
Technical housing project of Municipal Public Security Bureau	159,280,372.49	
Sanjiang lake wharf	149,884,921.51	133,780,903.49
Changhong PDP project	134,580,223.46	
Projects of Environmental Protection Bureau, Justice Bureau, etc	128,322,483.45	
National defense education base	125,987,341.73	
Party History and Archives Group Project	121,042,584.61	
Shengshui community	115,524,311.59	115,474,843.37
Binhe South Road comprehensive reconstruction project (anchangqiao to Baiyi'an)	113,495,812.97	
Employment skills training program	108,292,451.83	
Shangma regional construction project	101,601,522.61	

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Item	Closing balance	Opening balance
Total	16,558,893,304.04	10,893,372,446.91

23. Short-term loans

(1) Short-term loans by category

Item	Closing balance	Opening balance
Credit loan	1,137,358,860.00	1,946,437,540.00
Credit guaranteed	2,140,900,000.00	1,496,900,000.00
Mortgage loan	2,505,687,033.33	124,450,000.00
Pledged loan	520,322,666.67	324,883,444.32
Total	6,304,268,560.00	3,892,670,984.32

(2) Situation of overdue short-term loans

The mortgage loan includes the financial entrusted loan principal of RMB6 million obtained by Mianyang Fuhai Asset Management Co., Ltd. (hereinafter referred to as "Fuhai Asset"), a subsidiary of Mianyang Grain and Oil Group Co., Ltd from Mianyang Xinhua branch of ICBC in 2007 which expired on 30 January 2008. According to the records of the Enterprise Credit Report, by the end of 2021, the accumulated unpaid interest was more than RMB23.53 million. Fuhai Asset has suspended interest calculation since 2021, but has not obtained the written consent of the borrowing bank.

24. Bills payable

Category	Closing balance	Opening balance
Bank acceptance bills	236,600,000.00	130,265,698.02

25. Accounts payable

(1) Aging of accounts payable

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	1,199,465,497.35	531,355,228.85
Over 1 year but within 2 years (inclusive)	286,558,120.22	1,142,693,357.74
Over 2 years but within 3 years (inclusive)	475,696,155.84	90,342,992.15
Over 3 years	171,314,047.32	150,427,285.63
Total	2,133,033,820.73	1,914,818,864.37

(2) Significant payables aging over one year

Debtor Name	Debtor Name	Amount owed	Aging	Notes
Mianyang Public Traffic Group Co., Ltd.	Sinotruk Group Jinan Howo Bus Co., Ltd.	109,649,280.00	2-3 years	Unsettled

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Debtor Name	Debtor Name	Amount owed	Aging	Notes
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Bohong Construction Service Co., Ltd.	24,751,351.92	0-3years	Unsettled
Mianyang Investment Holding (Group) Co., Ltd.	Chengdu Road & Bridge Engineering Co., Ltd.	23,326,092.00	More than 3 years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Sichuan Baotong Logistics Co., Ltd.	22,615,914.53	0-3years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Huarui Haozhen Trading Co., Ltd.	15,641,128.99	0-2years	Unsettled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang land acquisition and demolition headquarters	15,358,791.65	More than 3 years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Weimin Construction Engineering Co., Ltd.	14,163,714.59	0-2years	Unsettled
Mianyang Public Traffic Group Co., Ltd.	Hunan Csr Times Electric Vehicle Co., Ltd.	12,823,720.00	2-3 years	Unsettled
Mianyang Fuda Asset Management Co., Ltd.	Guangxi Xinghua Construction Engineering Co., Ltd.	10,476,753.50	1-2 years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Baolai Construction Service Co., Ltd.	10,314,064.91	0-3years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang ChiXiang Construction Engineering Co., Ltd.	9,874,047.52	within 1 year/1-2years/2-3years/more than 3 years	Unsettled
Mianyang Airport (Group) Co., Ltd.	Chongqing Qiling Technology Co., Ltd.	8,608,490.00	0-2years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Sichuan Jingwei Tiancheng Construction Engineering Co., Ltd.	7,227,717.61	0-3years	Unsettled
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	6,362,759.70	More than 3 years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Xinxinyi Building Materials Sales Co., Ltd.	6,202,071.91	0-2years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Jianye New Material Technology Co., Ltd.	6,111,616.25	0-3years	Unsettled
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Sichuan Kaize Construction Co., Ltd.	5,889,402.98	within 1 year/2-3years	Unsettled

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Debtor Name	Debtor Name	Amount owed	Aging	Notes
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Fude Construction Labor Co., Ltd.	5,759,980.13	2-3years/more than 3 years	Unsettled
Sichuan Jialai Construction Engineering Co., Ltd.	Santai Meichun Building Materials Trading Co., Ltd.	5,636,884.11	1-2 years	Unsettled
Mianyang Airport (Group) Co., Ltd.	Chengdu Civil Aviation Southwest Kaiya Co., Ltd.	5,500,000.00	0-2years	Unsettled
Mianyang City Parking Management Co., Ltd.	Mianyang Juncheng Parking Management Co., Ltd.	5,162,319.09	1-3years	Unsettled
Sichuan Jialai Construction Engineering Co., Ltd.	Sichuan Wanlida Construction Service Co., Ltd.	5,029,307.43	1-2 years	Unsettled
Total		336,485,408.82		

26. Advance from customers

Aging	Closing balance	Opening balance
Within 1 year (inclusive)	40,312,849.46	71,062,986.28
Over 1 year	26,600,237.92	17,314,643.46
Total	66,913,087.38	88,377,629.74

27. Contract liabilities

Item	Closing balance	Opening balance
Advance payment for goods	595,497,357.83	164,151,969.02
Project funds received in advance	546,086,643.20	311,237,753.24
Student tuition, living expenses, accommodation, etc	416,121,161.57	412,355,596.34
Service payment received in advance	55,177,608.14	24,624,904.53
Driving training	17,305,906.99	17,356,294.85
Other payments	70,685,326.81	53,280,789.39
Total	1,700,874,004.54	983,007,307.37

28. Employee benefits payable

(1) Employee benefits payable by category

Item	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	185,818,527.38	1,425,315,179.81	1,447,745,742.32	163,387,964.87
Post-employment benefits-defined contribution plans	10,574,625.30	180,215,488.79	184,153,959.15	6,636,154.94

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Item	Opening balance	Increase	Decrease	Closing balance
Termination benefits	53,358.48	614,768.25	434,344.28	233,782.45
Other benefits due within one year	55,417.57			55,417.57
Total	196,501,928.73	1,606,145,436.85	1,632,334,045.75	170,313,319.83

(2) Short-term benefits

Item	Opening balance	Increase	Decrease	Closing balance
Salary, bonus, allowance and subsidies	160,441,375.67	1,222,672,980.92	1,243,566,211.19	139,548,145.40
Staff welfare	3,806,519.57	36,199,501.78	35,865,259.15	4,140,762.20
Social insurance	6,508,629.37	67,667,288.58	69,788,867.31	4,387,050.64
Of which: Medical insurance	6,352,807.17	61,714,563.13	63,956,851.62	4,110,518.68
Work-related injury insurance	64,773.62	2,497,249.92	2,370,348.63	191,674.91
Maternity insurance	91,048.58	3,455,475.53	3,461,667.06	84,857.05
Housing fund	-198,310.39	68,042,181.89	68,190,368.97	-346,497.47
Labour union fee, staff and workers' education fee	13,360,838.20	21,810,603.59	21,474,075.67	13,697,366.12
Short-term paid absences		576.72	576.72	
Other short-term employee benefits	1,899,474.96	8,922,046.33	8,860,383.31	1,961,137.98
Total	185,818,527.38	1,425,315,179.81	1,447,745,742.32	163,387,964.87

(3) Post-employment benefits - defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	1,207,029.43	135,358,462.15	135,484,439.64	1,081,051.94
Unemployment insurance	59,300.99	5,011,204.05	5,053,835.28	16,669.76
Annuity	9,308,294.88	39,845,822.59	43,615,684.23	5,538,433.24
Total	10,574,625.30	180,215,488.79	184,153,959.15	6,636,154.94

29. Taxes payable

Item	Closing balance	Opening balance
Land appreciation tax	406,675,260.53	196,305,217.07
Corporate income tax	85,735,863.22	128,496,105.58
Value-added tax	41,806,451.44	79,570,960.91
City construction tax	13,576,795.42	11,928,565.52
Property tax and land use tax	4,689,385.08	4,817,794.25
Deed tax	2,542,505.63	2,541,092.04

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Item	Closing balance	Opening balance
Water resource tax	2,735,070.80	2,292,164.35
Individual income tax	1,800,197.65	1,784,326.16
Other taxes	23,644,377.09	24,383,436.88
Total	583,205,906.86	452,119,662.76

30. Other payables

Item	Closing balance	Opening balance
Interest payable	21,815,610.85	22,754,925.60
Dividends payable / profits payable	58,287,943.70	59,209,207.28
Others	4,141,433,221.80	1,034,971,204.23
Total	4,221,536,776.35	1,116,935,337.11

(1) Interest payable

Item	Closing balance	Opening balance
Interest payable on financial entrusted loan of ICBC(note)	21,815,610.85	21,815,610.85
Others		939,314.75
Total	21,815,610.85	22,754,925.60

Note: The interest payable is related to the financial entrusted loan obtained by Fuhai Asset, a subsidiary of Mianyang Grain and Oil Group Co., Ltd from Mianyang Xinhua branch of ICBC, the principal and interest of the loan are overdue,(refer to the relevant part of note VII (23) Short-term loans).The accumulated unpaid interest recorded in the book of Fuhai Assets is more than RMB21.81 million. Fuhai Asset has suspended interest calculation since 2021, but has not obtained the written consent of the borrowing bank. According to the records of the Enterprise Credit Report, by the end of 2021, the accumulated unpaid interest was more than RMB23.53 million.

(2) Dividends payable

Item	Closing balance	Opening balance
Ordinary stock dividend	58,287,943.70	59,209,207.28

(3) Others

1) Others are listed by aging

Item	Closing balance	Opening balance
Within 1 year(including 1 year)	3,177,770,130.96	705,386,948.25
Over 1 year	963,663,090.84	329,584,255.98

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Item	Closing balance	Opening balance
Total	4,141,433,221.80	1,034,971,204.23

2) Significant others aged over one year

Debtor Name	Debtor Name	Closing balance	Note
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	377,733,110.51	
Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	168,000,000.00	Special replacement bond of jinjialin land consolidation project
Total		545,733,110.51	

3) Details of other important payables at the end of the period

Debtor Name	Debtor Name	Closing balance	Proportion(%)
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jurong Equity Investment Fund Management Co., Ltd.	590,000,000.00	14.25
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	377,733,110.51	9.12
Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Changhong Electronic (Group) Co., Ltd.	500,000,000.00	12.07
Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jiuzhou Investment Holding Group Co., Ltd.	300,000,000.00	7.24
Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Municipal Finance Bureau	168,000,000.00	4.06
Total		1,935,733,110.51	46.74

31. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	5,568,349,146.48	2,249,191,778.11
Debentures payable due within one year	9,441,769,332.70	6,141,353,177.17
Long-term payables due within one year	796,899,924.59	632,480,452.66
Other long-term liabilities due within one year	8,842,945.14	14,729,594.11
Total	15,815,861,348.91	9,037,755,002.05

32. Other current liabilities

(1) Other current liabilities by category

Item	Closing balance	Opening balance
Short-term debentures payable		3,580,032,511.59

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Accrued loan interest not yet due for interest payment	78,598,048.68	66,859,498.79
Output tax to be written off	102,800,022.34	5,075,316.34
Beichuan New County City Water Supply and Drainage Operation Management Transfers Asset Related Liabilities (Note)	5,170,468.85	5,170,468.85
Others	178,059.54	4,000.00
Total	186,746,599.41	3,657,141,795.57

Note: The water supply and drainage operation management for Beichuan New County City originally entrusted by Beichuan Water Environment Resources Co., Ltd. (hereinafter referred to as "Beichuan water"), has been transferred to Beichuan Qiang Autonomous County Yuqiang Investment Co., Ltd. In 2016. The settlement work with the relevant departments of the Beichuan government is still in progress, so all related liabilities will be recorded as other current liabilities.

(2) Short-term debentures payable

Debenture	Face value (Original currency)	Issuance date	Maturity period	Issuance amount
20 Mian kong 01	2,200,000,000.00	2020-4-7	1 year	2,200,000,000.00
20 Mian kong 02	1,300,000,000.00	2020-8-17	1 year	1,300,000,000.00
Total	3,500,000,000.00			3,500,000,000.00

(Continued)

Debenture	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment during the year	Closing balance
20 Mian kong 01	2,259,239,508.19		29,670,577.47		2,288,910,085.66	
20 Mian kong 02	1,320,793,003.40		33,571,890.88		1,354,364,894.28	
Total	3,580,032,511.59		63,242,468.35		3,643,274,979.94	

33. Long-term loans

(1) Long-term loans by category

Item	Closing balance	Opening balance
Pledged and credit guaranteed loans	1,720,289,420.00	660,979,900.00
Pledged loans	2,221,317,518.30	2,662,953,487.30
Mortgage loans	795,690,000.00	1,324,010,000.00
Credit guaranteed	8,948,123,951.45	6,842,762,173.94
Credit loans	7,634,141,107.00	6,845,816,713.55
Sub-total	21,319,561,996.75	18,336,522,274.79

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Item	Closing balance	Opening balance
Less: long term loans due within one year	5,568,349,146.48	2,249,191,778.11
Total	15,751,212,850.27	16,087,330,496.68

34. Debentures payable

(1) Debentures payable by category

Item	Closing balance	Opening balance
16 Mianyang Investment debt		943,328,079.81
18 Sichuan Mianyang Investment ZR001		204,012,139.23
18 Mianyang Investment PPN001		1,018,096,085.85
15 Mianyang Investment Control		1,697,556,863.41
18 Mianyang Investment PPN002		505,860,008.87
16 Mianyang Investment 01	1,047,025,549.59	1,044,470,304.96
16 Mianyang Investment 02	1,047,103,778.19	1,044,480,204.15
19 mianshu 01	1,030,923,121.54	1,028,976,231.14
19 Sichuan Mianyang investment ZR001		1,032,728,767.12
19 Sichuan Mianyang investment ZR002	207,224,647.27	207,236,164.38
17 Mianyang Investment PPN001	1,522,418,266.04	1,520,714,889.59
19 Sichuan Mianyang investment ZR003	400,000,000.00	450,000,000.00
US dollar debt	1,924,586,938.03	1,961,823,836.23
19 mianshu 02	1,000,658,155.33	998,767,921.57
18 Mianyang Investment 01	929,510,195.90	1,889,975,198.45
18 Mianyang Investment 02	546,293,023.26	835,809,120.79
18 Mianyang Investment 03	408,926,440.25	408,386,478.45
19 Mianyang Holding01	2,085,990,800.02	2,083,758,378.58
21 Sichuan Mianyang Investment ZR001	25,618,373.49	
19 Mianyang Holding02	1,038,757,186.06	1,037,800,085.86
21 Sichuan Mianyang Investment ZR002	484,460,295.37	
19 Mianyang Holding03	517,067,134.07	516,513,531.19
Asset backed notes (ABN)	962,570,136.42	1,237,446,415.02
19 Mianyang Investment 01	1,512,271,254.60	1,510,494,711.60
21 Sichuan Mianyang Investment ZR 003	1,017,326,027.40	

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Item	Closing balance	Opening balance
19 Mianyang Investment PPN001	1,512,867,534.25	1,512,867,534.25
20 Mianyang Investment 01	1,027,496,023.65	1,026,294,635.65
20 Sichuan Mianyang Investment MTN001	1,025,713,728.34	1,024,594,511.42
20 Mianyang Investment MTN002	1,022,583,916.62	1,021,469,683.46
20 Sichuan Mianyang Investment PPN001	1,548,628,436.53	1,546,903,615.65
21 Mianyang Investment PPN001	522,221,995.01	
21 Mianyang Investment01	519,475,124.32	
21 Mianyang Holding01	1,032,815,935.55	
21 Mianyang Holding02	648,933,883.40	
21 Mianyang Investment02	610,020,847.08	
21 Mianyang Holding03	1,092,230,897.00	
21 Mianyang Holding04	652,713,261.31	
21 Mianyang HoldingY1	269,473,765.91	
Medium term notes of Mianyang transportation in 2016		516,583,013.70
Medium term notes of Mianyang transportation in 2017	714,159,013.70	714,102,027.40
2018 Mianyang transportation PPN001		501,972,602.74
2018 Mianyang transportation PPN002		541,720,547.94
2019 Mianyang transportation PPN001	522,669,863.01	522,669,863.01
2019 Mianyang transportation PPN001	1,226,465,753.42	1,226,465,753.42
2021 Mianyang transport MTN	1,031,304,109.59	
2019 income bond of Mianyang Urban Parking lot construction project (phase I)	501,846,755.35	500,834,637.08
Sub-total	33,190,352,166.87	33,834,713,841.97
Less: Debentures payable due within one year	9,441,769,332.70	6,141,353,177.17
Total	23,748,582,834.17	27,693,360,664.80

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(2) Changes in the amount of debentures payable (excluding financial instruments such as preferred stocks and perpetual bonds classified as equity instruments)

Debenture	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
16 Mianyang Investment debt	910,000,000.00	2016-4-28	3+2	901,810,000.00	943,328,079.81		16,180,547.94	541,372.25	960,050,000.00	
18 Sichuan Mianyang Investment ZR001	200,000,000.00	2018-9-14	3	199,547,169.81	204,012,139.23		9,694,069.82	93,790.95	213,800,000.00	
18 Mianyang Investment PPN001	1,000,000,000.00	2018-9-17	3	993,905,660.38	1,018,096,085.85		48,110,136.97	1,593,777.18	1,067,800,000.00	
15 Mianyang Investment Control	1,675,000,000.00	2015-10-13	3+3	1,658,635,994.78	1,697,556,863.41		97,518,458.91	4,712,177.68	1,799,787,500.00	
18 Mianyang Investment PPN002	500,000,000.00	2018-10-17	3	497,000,000.00	505,860,008.87		25,821,917.81	818,073.32	532,500,000.00	
16 Mianyang Investment 01	1,000,000,000.00	2016-3-28	3+3	992,576,937.20	1,044,470,304.96		63,000,000.00	2,555,244.63	63,000,000.00	1,047,025,549.59
16 Mianyang Investment 02	1,000,000,000.00	2016-3-29	3+3	993,479,116.21	1,044,480,204.15		63,000,000.00	2,623,574.04	63,000,000.00	1,047,103,778.19

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Debtature	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
19 mianshu 01	1,000,000,000.00	2019-6-10	3	994,339,622.64	1,038,976,231.14		56,900,000.00	1,946,890.40	56,900,000.00	1,030,923,121.54
19 Sichuan Mianyang investment ZR001	1,000,000,000.00	2019-6-25	3	997,169,811.32	1,032,728,767.12		62,567,174.98	-2,830,188.68	1,092,465,753.42	
19 Sichuan Mianyang investment ZR002	200,000,000.00	2019-6-28	3	200,000,000.00	207,236,164.38		14,200,000.00	-11,517.11	14,200,000.00	207,224,647.27
17 Mianyang Investment PPN001	1,500,000,000.00	2017-9-27	3+2	1,491,000,000.00	1,520,714,889.59		85,200,000.00	1,703,376.45	85,200,000.00	1,522,418,266.04
19 Sichuan Mianyang investment ZR003	450,000,000.00	2019-9-29	3	450,000,000.00	450,000,000.00		26,711,666.67		76,711,666.67	400,000,000.00
US dollar debt	1,957,470,000.00	2019-10-23	3	1,933,980,360.00	1,961,823,836.23		114,635,012.22	7,908,580.83	159,780,491.25	1,924,586,938.03
19 mianshu 02	1,000,000,000.00	2019-12-12	3	994,339,622.62	998,767,921.57		48,700,000.00	1,890,233.76	48,700,000.00	1,000,658,155.33
18 Mianyang Investment 01	1,800,000,000.00	2018-3-30	3+2	890,007,400.06	1,889,975,198.45	260,000,000.00	68,314,582.06	1,860,415.39	1,290,640,000.00	929,510,195.90
18 Mianyang Investment 02	800,000,000.00	2018-4-26	3+2	524,290,213.74	835,809,120.79	366,509,433.96	39,058,108.56	836,359.95	695,920,000.00	546,293,023.26

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Debiture	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
18 Mianyang Investment 03	400,000,000.00	2018-8-17	3+2	397,488,301.89	408,386,478.45	100,000,000.00	26,000,000.00	539,961.80	126,000,000.00	408,926,440.25
19 Mianyang Holding01	2,000,000,000.00	2019-3-13	3+2	1,988,679,245.27	2,083,758,378.58		113,800,000.00	2,232,421.44	113,800,000.00	2,085,990,800.02
21 Sichuan Mianyang Investment ZR001	25,000,000.00	2021-3-23	3	24,433,962.26		24,433,962.26	1,046,712.34	137,698.89		25,618,373.49
19 Mianyang Holding02	1,000,000,000.00	2019-4-2	3+2	994,339,622.64	1,037,800,083.86		55,700,000.00	957,100.20	55,700,000.00	1,038,757,186.06
21 Sichuan Mianyang Investment ZR002	475,000,000.00	2021-4-21	3	464,245,283.02		464,245,283.02	17,849,389.04	2,365,423.31		484,460,295.37
19 Mianyang Holding03	500,000,000.00	2019-5-6	3+2	497,169,811.32	516,513,531.19		28,250,000.00	553,602.88	28,250,000.00	517,067,134.07
Asset backed notes (ABN)	1,216,400,000.00	2019-6-18	3+2	1,195,472,924.52	1,237,446,415.02		72,236,357.54	5,027,261.77	352,139,897.91	962,570,136.42
19 Mianyang Investment 01	1,500,000,000.00	2019-9-26	5	1,490,801,886.80	1,510,494,711.60		66,750,000.00	1,776,543.00	66,750,000.00	1,512,271,254.60

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Debt instrument	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
19 Sichuan Mianyang investment ZR003 (Debt financing)	1,000,000,000.00	2021-9-29	3	1,000,000,000.00		1,000,000,000.00	17,326,027.40			1,017,326,027.40
19 Mianyang Investment PPN001	1,500,000,000.00	2019-10-29	3+2	1,500,000,000.00	1,512,867,534.25		74,550,000.00		74,550,000.00	1,512,867,534.25
20 Mianyang Investment 01	1,000,000,000.00	2020-2-28	3+2	993,867,924.53	1,026,294,635.65		37,200,000.00	1,201,388.00	37,200,000.00	1,027,496,023.65
20 Sichuan Mianyang Investment MTN001	1,000,000,000.00	2020-3-10	3+2	994,339,622.62	1,024,594,511.42		36,500,000.00	1,119,216.92	36,500,000.00	1,025,713,728.34
20 Mianyang Investment MTN002	1,000,000,000.00	2020-3-10	3+2	994,000,000.00	1,021,469,683.46		37,600,000.00	1,114,233.16	37,600,000.00	1,022,583,916.62
20 Sichuan Mianyang Investment PPN001	1,500,000,000.00	2020-3-23	3+2	1,491,509,433.96	1,546,903,615.65		67,500,000.00	1,724,820.88	67,500,000.00	1,548,628,436.53
21 Mianyang Investment PPN001	500,000,000.00	2021-2-8	3+2	497,169,811.32		497,169,811.32	24,561,643.82	490,539.87		522,221,995.01

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Debiture	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
21 Mianyang Investment 01	500,000,000.00	2021-3-5	3+2	497,169,811.32		497,169,811.32	21,853,424.65	451,888.35		519,475,124.32
21 Mianyang Holding 01	1,000,000,000.00	2021-4-27	3+2	994,811,320.75		994,811,320.76	37,369,863.02	634,751.77		1,032,815,935.55
21 Mianyang Holding 02	630,000,000.00	2021-4-30	3+2	626,731,132.08		623,900,943.28	24,526,849.31	506,090.81		648,933,883.40
21 Mianyang Investment 02	600,000,000.00	2021-8-5	3+2	596,603,773.58		596,400,000.00	13,380,821.92	240,025.16		610,020,847.08
21 Mianyang Holding 03	1,080,000,000.00	2021-9-23	3+2	1,074,396,226.42		1,074,396,226.41	17,575,890.41	258,780.18		1,092,230,897.00
21 Mianyang Holding 04	650,000,000.00	2021-11-3	3+2	646,627,358.49		646,627,358.50	5,990,684.93	95,217.88		652,713,261.31
21 Mianyang Holding Y1	270,000,000.00	2021-12-13	3+2	268,599,056.60		268,543,018.87	918,739.73	12,007.31		269,473,765.91
Medium term notes of Mianyang transportation in 2016	500,000,000.00	2016-3-17	5	500,000,000.00	516,583,013.70		4,216,986.30		520,800,000.00	

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Debt instrument	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
Medium term notes of Mianyang transportation in 2017	700,000,000.00	2017-8-29	5	700,000,000.00	714,102,027.40		41,566,986.30		41,510,000.00	714,159,013.70
2018 Mianyang transportation PPN001	500,000,000.00	2018-2-12	3	500,000,000.00	501,972,602.74		4,113,798.17		506,086,400.91	
2018 Mianyang transportation PPN002	500,000,000.00	2018-9-5	3	500,000,000.00	541,720,547.94		24,193,051.15		565,913,599.09	
2019 Mianyang transportation PPN001	500,000,000.00	2019-4-30	3	500,000,000.00	522,669,863.01		33,500,000.00		33,500,000.00	522,669,863.01
2020 Mianyang transportation PPN001	1,200,000,000.00	2020-7-20	3	1,200,000,000.00	1,226,465,753.42		60,000,000.00		60,000,000.00	1,226,465,753.42
2021 Mianyang transportation MTN	1,000,000,000.00	2021-6-18	3	1,000,000,000.00		1,000,000,000.00	31,304,109.59			1,031,304,109.59

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Debiture	Face value (Original currency)	Issuance date	Maturity period	Issuance amount	Opening balance	Issuance during the year	Interest at face value	Amortisation of discounts or premium	Repayment during the year	Closing balance
2019 income bond of Mianyang Urban Parking lot construction project	500,000,000.00	2019-11-13	10	494,987,788.99	500,834,637.08		35,486,111.12	526,007.15	35,000,000.00	501,846,755.35
Total	40,738,870,000.00	—	—	39,335,526,207.14	33,834,713,841.97	8,414,207,169.70	1,872,479,322.68	48,207,141.77	10,979,255,309.25	33,190,352,166.87

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35. Lease liabilities

Item	Closing balance	Opening balance
Lease payable	54,040,073.86	49,027,383.35
Less: unrecognized financing expenses	10,530,418.66	7,087,649.50
Lease liabilities reclassified to maturity within one year	8,842,945.14	14,729,594.11
Total	34,666,710.06	27,210,139.74

36. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	8,136,250,014.66	7,907,133,292.89
Special payables	2,723,537,571.61	3,016,647,375.34
Sub-total	10,859,787,586.27	10,923,780,668.23
Less: long term payables due within one year	796,899,924.59	632,480,452.66
Total	10,062,887,661.68	10,291,300,215.57

(1) Five largest long-term payables at the end of the year

Item	Closing balance	Opening balance
Mianyang Municipal Finance Bureau	2,481,345,632.38	2,307,211,869.43
Special government debt	1,503,000,000.00	1,093,000,000.00
Far Eastern International Financial Leasing Co., Ltd.	617,145,531.78	374,766,419.79
Sichuan Xingshu Railway Investment Co., Ltd.	479,704,895.50	487,988,392.15
Huaxia financial leasing Co. Ltd.	517,167,752.71	701,046,594.21
Subtotal	5,598,363,812.37	4,964,013,275.58

(2) Five largest special payables at the end of the year

Item	Opening balance	Increase	Decrease	Closing balance
1. National Highway 108 Mianyang Urban Transit section project	437,297,600.00		37,297,600.00	400,000,000.00
2. Teachers' public rental housing	310,187,532.31			310,187,532.31
3. Special government debt for Mianjiang Miansan highway reconstruction	270,000,000.00			270,000,000.00
4. Special bond funds for T2 terminal construction project	120,000,000.00	100,000,000.00		220,000,000.00

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5. Special subsidy for Mianjiu Expressway	120,000,000.00			120,000,000.00
Subtotal	1,257,485,132.31	100,000,000.00	37,297,600.00	1,320,187,532.31

37. Provisions

Item	Closing balance	Opening balance
Estimated expenditure for overhaul and equipment renewal of sewage treatment plant	198,151,341.14	88,553,275.87
Pending litigation	180,000.00	180,000.00
Total	198,331,341.14	88,733,275.87

38. Deferred income

Item	Opening balance	Increase	Decrease	Closing balance
Government grant	212,659,027.23	39,672,345.67	64,598,453.53	187,732,919.37

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Items relating to government grant:

Items	Opening balance	New subsidy amount in this period	Amounts recognised in non - operating income during the year	Amounts recognised in other income during the year	Other changes	Closing balance
Airport construction project	8,842,793.34	1,625,000.00		966,721.90		9,501,071.44
Automobile passenger transport upgrading and reconstruction project	8,472,243.04	800,000.00		999,861.29		8,272,381.75
Maintenance station construction and equipment maintenance and update of road and bridge construction company	9,122,331.48	3,899,500.00		632,846.72		12,388,984.76
Qixingba Wastewater Treatment Plant	30,799,999.95				30,799,999.95	
Subsidy for agricultural modernization	9,919,811.36	3,325,400.00			3,109,811.36	10,135,400.00
Grain logistics center	36,019,449.36	500,000.00		1,202,709.04		35,316,740.32
Fenggu Water Supply Pipe Network Project	3,884,163.42	240,000.00	218,181.72			3,905,981.70
Pipe network reconstruction project	16,437,983.86	6,800,210.43		928,914.09		22,309,280.20
Equipment upgrading and reconstruction of grain and oil companies and post disaster reconstruction	52,597,245.00	12,980,795.04		10,082,776.43		55,495,263.61
Intelligent upgrading of grain depot	2,533,000.00	3,000.00				2,536,000.00
Subsidies for water supply, power supply, heat supply and property management	4,475,266.77	2,000,000.00			2,858,753.37	3,616,513.40
Subsidy for No.4 and No.5 roads in the Zone	15,575,734.00	16,662.31		1,548,700.31		14,043,696.00
Subsidy fund for quality inspection equipment	3,000,000.00			450,000.00		2,550,000.00
Military grain price difference subsidy and special maintenance subsidy	2,847,349.53	4,132,756.51	2,737,853.31			4,242,252.73
Unemployment Insurance to Enterprises for Stabilizing Employment	1,150,993.19	-1,326,304.00	-181,998.81		6,688.00	

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Items	Opening balance	New subsidy amount in this period	Amounts recognised in non - operating income during the year	Amounts recognised in other income during the year	Other changes	Closing balance
Financial allocation for updating cash carrying vehicles		3,000,000.00		2,858,442.48		141,557.52
Others	6,980,662.93	1,675,325.38	1,346,696.55	1,074,141.66	2,957,354.16	3,277,798.94
Total	212,659,027.23	39,672,345.67	4,120,732.77	20,745,113.92	39,732,606.84	187,732,919.37

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39. Share capital

Investor name	Opening balance		Increase	Decrease	Closing balance	
	Investment amount	% of the proportion			Investment amount	% of the proportion
Mianyang State-owned Assets Supervision and Administration Commission	765,000,000	90			765,000,000	90
Department of finance of Sichuan Province	85,000,000	10			85,000,000	10
Total	850,000,000	100			850,000,000	100

Note: Please refer to the relevant content of Notes I for changes.

40. Other equity instruments

Financial instruments issued	Opening balance	Increase	Decrease	Closing balance
Perpetual bond(2017 medium-term notes)	993,891,509.43			993,891,509.43

In August 2017, the company issued 1 billion first phase of the Group's 2017 medium-term notes of RMB1 billion. The underwriting fee was RMB6 million and the issuance registration fee was RMB108,490.57.

(1) Preferred shares, perpetual bonds and other financial instruments issued at the end of the year

Name of financial instrument	Issue date	Classification	dividend yield or interest rate	Issue price	Quantity	Amount / RMB	Expiration date or renewal
2017 MTN001	August 15, 2017	Equity instruments	6.80%	100	10,000,000	1,000,000,000	5+Nyears

(2) Itemize the main terms of financial instruments

1) Determination method of interest rate: Adopt fixed-rate; the coupon rate of the first five interest bearing years of the current medium-term notes will be determined by bookkeeping, filing and centralized placement, and will remain unchanged in the first five interest bearing years; Since the 6th interest year, the coupon rate will be reset every five years; the coupon rate of the first five interest years is the initial base interest rate plus the initial interest margin;; among them, the initial base interest rate is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 5 years in the Treasury bond inter-bank fixed rate treasury bond yield curve published by China Bond Information Network(www.chinabond.com.cn) (or other websites recognized by China National Debt Depository and Clearing Co., Ltd.) five working days before

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the bookkeeping filing date. If the issuer fails to exercise the redemption right, the coupon rate shall be adjusted to the current base interest rate plus the initial interest margin plus 300 basis points from the 6th Interest Year, and shall remain unchanged from the 6th Interest Year to the 10th Interest Year. The current base interest rate is the arithmetic mean (rounded to 0.01%) of the Treasury bond yield with a repayment period of 5 years in the Treasury bond inter-bank fixed rate treasury bond yield curve published by China Bond Information Network (www.chinabond.com.cn) (or other websites recognized by China National Debt Depository and Clearing Co., Ltd.) five working days before the face rate reset date. Thereafter, the coupon rate shall be reset every five years, which shall be determined by the current base interest rate plus the initial interest margin plus 300 basis points. If the base interest rate of the current period is unavailable on the interest rate reset date due to macroeconomic and policy changes and other factors in the future, the coupon rate will be determined by the base interest rate of the period before the coupon rate reset date plus the initial interest margin plus 300 basis points.

2) Deferred interest payment term: In addition to the occurrence of mandatory interest payment events, the company may, at its option, postpone the payment of the current interest and all interests and Fructus deferred in accordance with this Term to the next interest payment date on each interest payment date of the current Medium-term Notes, without any restriction on the number of deferred interest payments. If interest is deferred, each deferred interest shall accrue interest at the current coupon rate during the deferred period. If the company decides to pay interest, the company shall publish the "interest payment announcement" on the information disclosure media designated by the authority in accordance with relevant regulations five working days before each interest payment day, and the Shanghai Clearing House shall complete the interest payment on the interest payment day according to the coupon rate; If the company decides to postpone the payment of interest, the company and relevant intermediaries shall disclose the announcement of deferred payment of interest five working days before the interest payment date. If the company defers the payment of interest at the end of an interest year, for each deferred payment, the coupon rate of the Medium-term Note will be increased by 300 basis points from the previous interest year from the next interest year until the deferred interest and fruit are fully paid off. However, the maximum coupon rate shall not exceed the interest rate level limited by laws and regulations.

3) Interest payment date: August 17 of each year during the duration of the bonds (in case of legal holidays, it will be postponed to the next working day).

4) Payment method: Five working days before the maturity date of the current Medium-term Notes, the issuer shall publish the "cashing announcement" on the designated information media in accordance with relevant regulations, and cash the notes according to the face value plus the last interest on the maturity date, and the Shanghai Clearing House shall complete the cashing work.

(3) Changes in preferred shares, perpetual bonds and other financial instruments issued abroad

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Financial instruments issued	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value	Quantity	Carrying value
2017 MTN001	10,000,000	993,891,509.43					10,000,000	993,891,509.43

(4) Dividend (or interest) Setting Mechanism

See note VIII (40) 2 for details.

(5) Relevant information of amounts attributable to holders of equity instruments

Item	Closing balance	Opening lance
Equity attributable to shareholders of the Company	22,920,432,765.28	22,735,558,588.64
- Equity attributable to ordinary shareholders of the Company	21,926,541,255.85	21,741,667,079.21
- Equity attributable to holders of the Company's other equity instruments	993,891,509.43	993,891,509.43
Of which: Total comprehensive income	68,000,000.00	68,000,000.00
Dividends distributed in the current period	68,000,000.00	68,000,000.00
Accumulated undistributed dividends		
Equity attributable to non-controlling shareholders	10,629,879,631.39	1,763,988,399.17
- Equity attributable to non-controlling ordinary shareholders	10,629,879,631.39	1,763,988,399.17
- Equity attributable to non-controlling shareholders of other equity instruments		

41. Capital reserve

Item	Beginning balance	Increase	Decrease	Ending balance
Capital reserve	18,422,133,834.51	822,715,608.31	855,018,010.22	18,389,831,432.60

Main increase of capital reserve this year:

- (1) According to the *Notice on Issuing Special Subsidy Funds* (Mian financial asset [2021] No. 89) issued by Mianyang Municipal Finance Bureau, the Company will increase the capital reserve by RMB 45 million from the special funds received;
- (2) According to the Reply of Mianyang SASAC on matters related to the restructuring of *Mianyang Water Conservancy Planning Design Institute into Mianyang Water Conservancy Planning Design Institute Co., Ltd. in accordance with the Company Law* (Mian Guo Zi Qi [2021] No. 4), the former Mianyang Water Conservancy Planning Design Institute was transformed into a limited liability company, and 100% of its state-owned equity was transferred to the company at nil consideration, with an increase of capital reserve of RMB59,595,529.67;

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(3) According to the *Reply on the Land Transfer of Yongxing Driving School* (miancai asset [2021] No. 88) issued by Mianyang Municipal Finance Bureau, the original land of Yongxing Driving School was officially transferred to the Company, with an increase of capital reserve of RMB 23,058,300;

(4) According to the *Reply on seven sets of assets related to the transfer of the office building of the former Municipal Bureau of industry and Commerce* (miancai asset [2021] No. 22) issued by Mianyang Municipal Finance Bureau, the office building of the former Trade and Industry Bureau is transferred to the company, and the capital reserve is increased by RMB7,302,127;

(5) Mianyang Municipal Finance Bureau issued a special subsidy of RMB56 million to increase the capital reserve of the subsidiary Mianyang Transportation Development Group Co., Ltd., so as to improve the financing capacity and guard against and defuse debt risks;

(6) Mianyang Municipal Finance Bureau issued the 2021 Civil Aviation Development Fund for civil aviation infrastructure construction, and the subsidiary Mianyang Airport (Group) Co., Ltd. increased the capital reserve by RMB26.03 million;

(7) The subsidiary Mianyang Airport (Group) Co., Ltd., according to the reply of Mianyang Municipal Finance Bureau on checking current accounts received on October 14, 2021, verified and reduced the loan payable to Mianyang Municipal Finance Bureau of RMB15.1692 million recorded in the book, and increased the capital reserve of RMB15.1692 million at the same time;

(8) The subsidiary Mianyang Water (Group) Co., Ltd. transferred the investment subsidy and state-owned capital operation budget expenditure in the central budget of the landfill project into the increased capital reserve of RMB75 million this year;

(9) According to the *Notice on Issuing the Funds of Municipal State-owned Capital Operation Budget Expenditure Projects in 2021* (Mian cai asset [2021] No. 73) issued by Mianyang Municipal Finance Bureau, the subsidiary Mianyang Education Investment Development (Group) Co., Ltd. received the funds of municipal state-owned capital operation budget expenditure projects in 2021 from Mianyang Municipal Finance Bureau of RMB40 million;

(10) The subsidiary Mianyang Education Investment Development (Group) Co., Ltd. transferred the other capital expenditure of RMB44.8746 million from the land transfer income of the Education Park in the supplementary notice of the budget of Mianyang Municipal Finance Bureau in 2016 (miancai Zongzhui [2016] No. 03, 56 and 60) from the special accounts payable originally included into the capital reserve.

Main decrease of capital reserve this year:

(1) According to the *Notice on printing and Distributing the Annual Rectification Plan for Land-based Financing* (mfbh [2018] No. 124) issued by the office of Mianyang Municipal Government, "it is required to recover and cancel 13 land certificates of the Education Investment Group, totaling 700 Mu". Seven of them have been cancelled in 2020, and six of them have been cancelled in 2021. The capital reserve has been reduced simultaneously by RMB441,722,488.38.

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(2) According to the *Notice on the Transfer of Relevant Assets of Jiuzhou Gymnasium at Nil Consideration* (mian national assets [2021] No. 35) issued by Mianyang SASAC, the assets of Jiuzhou gymnasium under the Company were transferred to Mianyang Science and Technology Development Investment (Group) Co., Ltd., and the capital reserve was reduced by RMB131,161,574.72.

(3) The company offset the repurchase fund of government municipal projects in 2021 with the funds allocated from the early stage finance, reducing the capital reserve by RMB230,750,568.94.

(4) The subsidiary Mianyang Fuda Asset Management Co., Ltd. cleared and cancelled the assets transferred to the Property Management Bureau, Light Chemical Association, Construction and Metallurgy Coal Association and other assets in previous years, reducing the capital reserve by RMB20,036,371.17.

42. Other comprehensive income

Item	Opening balance	Amount incurred this year					Closing balance
		Amount before income tax of this year	Less: other comprehensive income in the previous period transferred into profit and loss in the current period	Less: income tax expense	After tax attributable to the parent company	After tax attributable to minority shareholders	
1. Items that will not be reclassified to profit or loss							
2. Items that may be reclassified to profit or loss	199,040,477.71	191,380,793.52		47,845,198.38	143,535,595.14		342,576,072.85
2.1 Profit and loss from changes in fair value of investment property	199,040,477.71	191,380,793.52		47,845,198.38	143,535,595.14		342,576,072.85
Total	199,040,477.71	143,535,595.14		47,845,198.38	143,535,595.14		342,576,072.85

43. Special Reserve

Item	Opening balance	Additions during the year	Reductions during the year	Closing balance
Safety production fund	7,941,653.07	4,176,260.70	1,424,563.87	10,693,349.90
Special fund for supporting the aged of teaching staff in three experimental schools (note)		944,269.45		944,269.45
Total	7,941,653.07	5,120,530.15	1,424,563.87	11,637,619.35

Note: The three experimental schools (Mianyang Nanshan middle school experimental school, Mianyang foreign language experimental school and Mianyang middle school experimental

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school) established by the subsidiary Mianyang Education Investment Development (Group) Co., Ltd. withdraws the basic guarantee fund of retirement endowment insurance for teaching staffs according to the “reply on agreeing to the request for instructions on establishing the basic guarantee mechanism of retirement endowment insurance for teaching staffs in the three experimental schools” issued by Mianyang SASAC and Mianyang Education and Sports Bureau (mianjiaotihan [2021] No. 6). And refers to the “Notice on Printing and Distributing the Administrative Measures for the Withdrawal and Use of Work Safety Expenses of Enterprises (Cai Qi[2012] No. 16) issued by Ministry of Finance, former State Administration of Work Safety and “Notice on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 3 (Cai Kuai [2009] No. 8) issued by Ministry of Finance, the company shall recognise the cost of relevant products (or services) or current profits and losses when withdrawing, and recognise them into special reserves at the same time.

44. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	256,050,980.85	24,594,122.07		280,645,102.92

45. Retained earnings

Item	2021	2020
Balance at the end of last year	2,003,887,197.46	1,621,432,364.71
Opening adjustment amount		
Opening balance of the current period	2,003,887,197.46	1,621,432,364.71
Increase in current period	196,388,445.70	524,287,960.27
of which: transfer in of net profit attributable to owners of parent company (Deducting the part attributable to other equity instruments) in current period	196,388,445.70	524,287,960.27
Other adjustment factors		
Current period reduction	187,461,970.72	141,833,127.52
Of which: the current period surplus reserves	24,594,122.07	21,353,426.22
Current period general risk preparation		148,812.41
Cash dividends distributed in the current period	162,867,848.65	120,330,888.89
Others	25,367,470.00	
Closing balance of the current period	1,987,446,202.44	2,003,887,197.46

46. Operating income and operating costs

Item	Current year		Prior year	
	Income	Cost	Income	Cost

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1. Principal activities	9,467,124,161.98	8,502,840,433.64	8,407,681,400.40	6,934,817,232.22
2. Other operating activities	301,255,387.01	69,082,531.70	240,201,934.12	45,250,260.72
Total	9,768,379,548.99	8,571,922,965.34	8,647,883,334.52	6,980,067,492.94

Operating income/ costs details:

(1) Principal activities

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Commodity sales income	2,445,523,365.16	2,274,519,656.68	1,942,906,767.09	1,787,457,515.79
2. Land Consolidation income(note 1)	649,783,755.00	649,783,755.00	1,697,844,294.96	964,666,498.51
3. School income	989,460,820.55	816,337,473.76	877,962,564.82	700,625,847.38
4. Project income	1,196,108,463.50	1,102,488,412.35	877,308,206.00	807,207,404.20
5. Municipal infrastructure construction	1,199,909,633.30	1,113,630,776.56	1,101,250,500.00	1,101,250,500.00
6. House sales income	261,183,918.64	225,745,244.50	43,018,107.53	36,233,931.72
7. Public transport income	237,111,807.04	380,547,015.15	226,629,738.65	336,179,593.67
8. Income from airport and supporting services	169,634,634.80	114,558,312.66	146,032,344.29	118,635,961.92
9. Water income(note 2)	296,826,196.85	177,981,110.43	240,684,639.24	135,372,540.86
10. Hotel income	114,258,430.56	34,665,394.47	96,975,828.52	26,987,450.72
11. Vehicle toll	91,542,302.28	66,205,915.83	90,151,294.51	59,504,839.31
12. Income from grain and oil	1,275,974,406.89	1,239,679,255.20	551,835,462.25	547,609,966.10
13. Others	539,806,427.41	306,698,111.05	515,081,652.54	313,085,182.04
Total	9,467,124,161.98	8,502,840,433.64	8,407,681,400.40	6,934,817,232.22

Note1: According to the "Notice on Issues Related to the Transfer of Four Government Non-tax Income from the Transfer of State-owned Land Use Right, Special Income from Mineral Resources, Sea Area Use Fund and Non-resident Island Use Fund (Cai Zong [2021] No. 19) issued by Ministry of Finance, Ministry of Natural Resources, the State Administration of Taxation, People's Bank of China on 21 May 2021, "The four government non-tax revenues collected by Ministry of natural resources, including the income from the transfer of state-owned land use right, the special income of mineral resources, the sea area use fund and the non-resident Island use fund, will be transferred to the tax department for collection", the land consolidation income of the Company measured at the land transfer price less government income payable to provincial and above governments and relevant tax expenses. The company judges that there is certain uncertainty in the measurement of income related to land consolidation business since 2021, it is expected that the costs incurred can be compensated. Based on the principle of prudence, from 2021, the amount of the company's land consolidation income is temporarily

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measured according to the corresponding cost amount, which will be adjusted according to further conditions in the later stage.

Note 2: Water business includes tap water, sewage treatment, household meter / pipe network engineering, etc.

(2) Other operating activities

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Service income	128,575,994.38	45,361,334.09	77,380,344.99	19,295,673.82
2. Rental income	168,542,906.81	23,164,962.33	144,393,877.86	19,928,762.74
3. Other income	4,136,485.82	556,235.28	18,427,711.27	6,025,824.16
Total	301,255,387.01	69,082,531.70	240,201,934.12	45,250,260.72

47. Δ Interest income/ Interest expense

Item	Current year	Prior year
Interest income	4,985,513.53	14,671,801.41
Of which: Loans and advances	4,985,513.53	14,671,801.41
Interest expense		
Net interest income	4,985,513.53	14,671,801.41

48. Taxes and surcharges

Item	Current year	Prior year
Land appreciation tax	-5,937,085.09	5,976,149.63
Urban maintenance and construction tax	7,067,485.42	6,437,641.88
Education surcharge (local education surcharge)	4,868,259.12	4,684,620.39
Property tax	27,668,374.26	20,165,352.96
Land using tax	12,628,226.26	7,559,881.12
Stamp duty	3,935,601.75	3,004,364.63
Vehicle usage tax	412,335.01	415,896.94
Water resource tax	10,141,635.06	9,307,474.30
Others	1,369,023.43	1,627,268.82
Total	62,153,855.22	59,178,650.67

49. Selling expenses

Item	Current year	Prior year
Employee benefits	99,640,350.05	91,164,132.49

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Item	Current year	Prior year
Depreciation and amortization	26,909,034.64	36,028,444.89
Airline subsidy	12,607,337.08	34,203,937.97
Water and electricity cost	11,906,645.60	10,235,271.48
Engineering materials and maintenance	7,956,723.60	10,283,807.66
Rental and property management fees	2,526,298.50	5,052,844.15
Advertising expenses	6,825,063.18	5,370,508.76
Sales commission and agency fee	25,963,532.38	5,266,690.57
Vehicle cost and fuel	476,180.77	1,689,662.18
Office expenses	7,687,342.05	1,294,263.70
Business Hospitality	946,811.99	833,508.33
Business travel expenses	645,774.23	540,699.43
Others	12,969,591.45	21,022,504.33
Total	217,060,685.52	222,986,275.94

50. Administrative expenses

Item	Current year	Prior year
Employee benefits	454,178,091.23	371,734,933.01
Depreciation and amortization	106,867,105.95	139,314,985.46
Intermediary consultation	24,507,640.09	18,268,891.61
Rental and property management fees	16,092,134.06	15,190,341.12
maintenance cost	19,393,638.92	12,203,862.40
Office and communication expenses	24,053,266.84	12,348,071.90
Energy cost	7,290,464.64	6,664,973.87
Advertising expenses	2,038,985.03	4,755,848.05
Business travel expenses	2,428,269.31	3,868,003.49
Business Hospitality	4,646,092.98	4,578,311.92
Car expenses	4,345,910.02	4,081,203.22
Labor protection fee	4,320,614.31	3,265,570.51
Social security fund for the disabled	1,640,845.53	1,304,141.72
Others	41,160,573.98	28,122,531.75
Total	712,963,632.89	625,701,670.03

51. Research and development (R&D) expenses

Item	Current year	Prior year

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Current R&D expenditure	3,623,030.11	2,046,460.17
Amortization of intangible assets formed by internal R&D		
Total	3,623,030.11	2,046,460.17

52. Financial expenses

Item	Current year	Prior year
Interest expense	2,483,849,120.24	2,202,717,763.98
Less: Interest income	1,058,456,086.07	898,373,861.74
Foreign exchange losses		118,917.68
Less: Foreign exchange gains	50,010,944.15	98,277,421.83
Add: Other expenses	153,592,353.27	78,558,576.70
Total	1,528,974,443.29	1,284,743,974.79

53. Other income

Item	Current year	Prior year
Government subsidies (details attached)	353,396,381.82	470,366,706.39
Tax reduction and refund	6,135,036.19	3,019,605.02
Refund of individual income tax withholding service charge	258,753.86	299,566.88
Total	359,790,171.87	473,685,878.29

Details of government subsidies:

Item	Current year	Prior year
Subsidy for bus operation loss	152,600,000.00	152,650,000.00
subsidy for S205 Ring Road rerouting project	41,443,500.00	
Public administration appropriations	29,408,844.74	26,183,382.13
Motor car rental subsidy	27,800,000.00	
Special financial subsidies for grain and oil subsidies	27,018,451.90	18,288,885.91
High speed subsidy	23,000,000.00	7,083,647.00
Subsidies for urban and rural compulsory education in 2021	13,105,600.00	8,211,500.00
Special financial appropriation for water supply, power supply, heat supply and property management	2,858,753.37	1,889,206.67
Unemployment Insurance to Enterprises for Stabilizing Employment	1209148.64	27,198,444.60
Tax incentives	135,953.83	624,873.60
Special subsidy for civil aviation logistics development		3,000,000.00
Cancel subsidies for provincial toll stations		5,278,500.00

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Item	Current year	Prior year
Mianyang Civil Aviation Bureau appropriates airport subsidy		44,688,793.22
Provincial subsidy for large and medium-sized repair of national and provincial trunk lines		65,430,000.00
Financial appropriation of secondary road subsidy		61,780,000.00
Others	34,816,129.34	48,059,473.26
Total	353,396,381.82	470,366,706.39

54. Investment income

Source of investment income	Current year	Prior year
Long term equity investment income measured at cost method	1,852,794.25	-39,311,834.17
Long term equity investment income measured at equity method	454,108,582.05	53,794,207.16
Investment income from disposal of long term equity	471,825,276.76	38,738,888.36
Hold to Maturity Investment Income earned on an investment during the holding period	4,705,961.49	
Investment income obtained during the holding period of available for sale financial assets		4,682,105.78
Investment income obtained during the holding period of other equity instrument investment	3,494,554.49	
Other investment income		231,491.67
Total	935,987,169.04	58,134,858.80

55. Gains from changes of fair value

Item	Current year	Prior year
Investment property measured at fair value	-92,221,477.12	23,049,253.09

56. Credit losses

Item	Current year	Prior year
Bad debt loss	-17,919,169.57	—
Loan loss	17,572,543.97	—
Total	-346,625.60	—

57. Impairment losses

Item	Current year	Prior year
Bad debt loss	—	-6,481,195.62
Inventory depreciation loss		-3,274,467.06
Impairment loss of contract assets	-295,038.43	—

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Item	Current year	Prior year
Impairment loss of fixed assets		30,383.84
Impairment loss of right of use assets	-356,142.76	—
Others		-2,901,764.31
Total	-651,181.19	-12,627,043.15

58. Gains from asset disposals

Item	Current year	Prior year
Disposal of fixed assets	780,056.95	400,433.41
Other non-current assets	127,618.00	
Total	907,674.95	400,433.41

59. Non-operating income

(1) Non-operating income by items is as follows:

Item	Current year	Prior year
Net income from disposal of land assets	309,384.91	539,964.29
Government subsidies unrelated to the daily activities of the enterprise	579,983,176.10	512,369,958.44
IC card deposit(note)	844,344.77	699,000.00
Gains from accepting donations	4,779,179.00	15,969,271.60
Income from fines and overdue fines	144,924.28	62,851.85
Non-current assets damage and retirement gains	726,395.84	20,351.32
Others	152,826,827.65	22,828,825.52
Total	739,614,232.55	552,490,223.02

Note: The subsidiary Mianyang Public Traffic Group Co., Ltd. (hereinafter referred to as "Mianyang Public Transport Group") issued public transport IC card (old card) in 2014 and before, and included the deposit and recharge account collected in advance receipts. In December 2013, Mianyang Public Transport Group invested in the establishment of Mianyang MianZhouTong Technology Co., Ltd. and began to issue MianZhouTong public transport cards (new cards), and stopped issuing old cards and recharging, relevant matters have been publicized through the media, "By 30 June 2015, free card replacement service will be provided for the public. Those who fail to replace the card within the time limit can replace the old card and return the deposit after depreciation and the balance in the card at Mianyang Public Transport Group by themselves." On 31 December 2021, based on the historical card refund data and combined with the current situation, Mianyang Public Transport Group judged that the refund possibility of the old card deposit and the balance in the card was minimal, the Company carried forward the Old IC card deposit and the balance in one time into non operating income.

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(2) Details of government grants unrelated to the daily activities of the enterprise:

Item	Current year	Prior year
Government bonds subsidy	80,000,000.00	50,000,000.00
Supplementary fund for financial interactive financing Award	6,000,000.00	11,000,000.00
Subsidy for enterprise transformation	2,001,000.00	
Maintenance funds allocated by Government Finance	1,005,673.56	
Subsidy funds for government financial infrastructure projects		496,500,000.00
Subsidy for initial expenses of rail transit		18,000,000.00
Others	1,419,297.69	4,429,304.11
Total	90,425,971.25	579,929,304.11

60. Non-operating expenses

Item	Current year	Prior year
Non-current assets damage loss	4,924,374.22	5,389,750.80
Loss on exchange of non-monetary assets	1,083.91	
External donation	1,990,098.20	2,177,644.76
Confiscation and overdue fine expenditure	352,769.17	61,462.42
Compensation expenses for taxi rental perators(note)	2,847,255.69	3,214,850.43
Other	2,993,103.34	1,445,176.57
Total	13,108,684.53	12,288,884.98

Note: According to the "Meeting Minutes on Contact and Coordination of Petition Matters of Original Taxi Rental Operator"(Phase V) issued by Mianyang Joint Conference Office of Petition Work on 25 August 2021, the Group paid one off compensation of RMB26,369,876,800 to relevant original taxi rental operators in this year.

61. Income tax expenses

Item	Current year	Prior year
Current income tax expense	79,593,703.10	109,147,338.58
Deferred income tax adjustment	-12,225,199.69	5,161,308.24
Total	67,368,503.41	114,308,646.82

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62. Other comprehensive income attributable to the owner's equity of the parent company

Item	Current year			Prior year		
	Pre-tax amount	Income tax	Net after tax	Pre-tax amount	Income tax	Net after tax
1. Items that will not be reclassified to profit and loss						
1. Gains or losses due to remeasurement of net liabilities or net assets under defined benefit plans						
2. Share of gain other comprehensive income of associates under equity method						
3. Changes in fair value changes of investments in equity instruments						
4. Changes in fair value of enterprise's own credit risk						
5. Others						
2. Items that may be reclassified subsequently to profit and loss	191,380,793.52	47,845,198.38	143,535,595.14	11,521,375.21	2,880,343.80	8,641,031.41
1). The self-use real estate or the real estate that is in stock is converted into the investment real estate measured by the fair value model. The fair value on the conversion date is greater than the original carrying amount.	191,380,793.52	47,845,198.38	143,535,595.14	11,521,375.21	2,880,343.80	8,641,031.41
Less: Previously included in other comprehensive income, transferred to profit and loss in the current period						
Subtotal	191,380,793.52	47,845,198.38	143,535,595.14	11,521,375.21	2,880,343.80	8,641,031.41
3. Total of other comprehensive income for the year	191,380,793.52	47,845,198.38	143,535,595.14	11,521,375.21	2,880,343.80	8,641,031.41

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63. Consolidated cash flow

(1) Supplementary information of consolidated cash flow

Item	Current year	Prior year
1. Adjust net profit to cash flow from operating activities:	—	—
Net profit	290,057,014.29	642,670,893.03
Add: Asset impairment provision	651,181.19	12,627,043.15
Credit impairment provision	346,625.60	
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	440,617,230.07	350,654,065.32
Depreciation of right of use assets	9,018,941.13	
Amortization of intangible assets	100,096,945.57	54,087,090.70
Long-term deferred expenses amortization	56,335,734.84	72,408,945.01
Disposal of fixed assets, intangible assets and other long-term assets (income is marked with " - ")	-907,674.95	400,433.41
Loss of fixed assets (income is marked with " - ")		
Loss of fair value change (income is marked in with " - ")	92,221,477.12	-23,049,253.09
Financial expenses (income is marked with " - ")	1,425,393,034.17	1,419,926,442.32
Investment losses (income is marked with " - ")	-935,987,169.04	-58,134,858.80
Deferred income tax assets decreased (increase by " - ")	-3,464,870.27	-7,714,762.61
Deferred income tax liabilities increased (reduced by " - ")	38,846,717.46	85,858,094.92
Reduction in inventory (increase by " - ")	-2,313,173,492.67	1,459,649,780.63
Reduction of operational receivables (increased by " - ")	-2,961,992,583.13	-2,866,694,033.78
Increase in operational payables (reduced by " - ")	4,121,526,660.75	163,673,613.07
Other items		
Net cash flow from operating activities	359,585,772.13	1,306,363,493.28
2. Significant investment and fundraising activities that do not involve cash receipts and payments:	—	—
Debt transferred to capital		
Convertible bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:	—	—
Closing balance of cash	7,324,572,492.51	9,850,629,023.68
Less: Opening balance of cash	9,850,629,023.68	10,265,168,161.58
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-2,526,056,531.17	-414,539,137.90

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(2) Cash and cash equivalents

Item	Current year	Prior year
Cash at bank and on hand	7,324,572,492.51	9,850,629,023.68
Including: Cash on hand	969,199.25	945,530.26
Bank deposits available on demand	7,295,601,325.10	9,779,670,396.71
Other monetary funds available on demand	28,001,968.16	70,013,096.71
Cash equivalents		
Including: Bond investments with a maturity of three months or less		
Closing balance of cash and cash equivalents		
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Group		

64. Foreign currency monetary items

Item	Closing balance in foreign currency	Exchange rate	Closing balance in Renminbi
Cash and cash equivalents			
Of which: Dollar	6,451.44	6.3757	41,115.03
Euro	0.06	7.1297	0.43
Long term borrowings			
Of which: Won	7,461,396,000.00	0.00536	39,994,618.35
Bonds payable			
Of which: Dollar	301,862,844.56	6.3757	1,924,586,938.03

65. Assets with restrictive ownership title or right of use

Item	Closing Balance	Restricted reason
Cash and cash equivalents	1,954,297,783.18	Provide guarantee for financing and etc.
Accounts receivable	660,000,000.00	Pledge guarantee
Inventory	479,050,000.00	Mortgage guarantee
Investment properties	260,436,261.78	Mortgage guarantee
Fixed assets	926,238,057.61	Mortgage guarantee/Finance lease
Intangible assets	5,837,205.30	Mortgage guarantee
Construction in progress	4,835,016,993.98	Mortgage guarantee/Finance lease
Other non current assets	2,619,013,497.18	Mortgage guarantee/Finance lease

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IX. Description of contingent items

1. As of 31 December 2021, the group's guarantee situation

Serial number	Guarantee unit	Guarantee object	Guarantee method	Actual guarantee amount(RMB Ten thousand)
	Total			1,954,750.31
	1. Within the group			1,529,379.64
1	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	2,609.00
2	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	3,281.00
3	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	3,350.00
4	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	4,700.00
5	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	7,000.00
6	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	4,700.00
7	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	Joint liability guarantee	50.00
8	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee	6,097.00
9	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee	6,000.00
10	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee	4,900.00
11	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee	7,630.00
12	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee	301.00
13	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee	1,799.00
14	Mianyang Investment Holding (Group) Co., Ltd./Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Joint liability guarantee/Mortgage	40,000.00
15	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	45,000.00
16	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	7,020.00
17	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	4,840.00
18	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	4,890.00
19	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	19,700.00

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Serial number	Guarantee unit	Guarantee object	Guarantee method	Actual guarantee amount(RMB Ten thousand)
20	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	14,684.78
21	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	15,567.78
22	Mianyang Investment Holding (Group) Co., Ltd./Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Xinjiarui Road and Bridge Engineering Co., Ltd.	Joint liability guarantee	49,923.95
23	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	4,869.50
24	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	14,980.00
25	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	19,990.00
26	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	15,388.15
27	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Mortgage	21,530.83
28	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Joint liability guarantee	14,000.00
29	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Pledge	5,985.00
30	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Cultural Tourism Group Co., Ltd.	Joint liability guarantee	3,060.00
31	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Cultural Tourism Group Co., Ltd.	Joint liability guarantee	16,737.15
32	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Cultural Tourism Group Co., Ltd.	Joint liability guarantee	19,700.00
33	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Chunhui Technology Co., Ltd.	Joint liability guarantee	1,000.00
34	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	Joint liability guarantee	14,950.00
35	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	Joint liability guarantee	16,820.00
36	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Chunhui Printing Co., Ltd.	Joint liability guarantee	1,000.00
37	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jiaxin School Logistics Management Service Co., Ltd.	Joint liability guarantee	1,000.00
38	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd.	Joint liability guarantee	1,000.00
39	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd.	Joint liability guarantee	9,815.00
40	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	Joint liability guarantee	8,045.00
41	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	Joint liability guarantee	

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Serial number	Guarantee unit	Guarantee object	Guarantee method	Actual guarantee amount(RMB Ten thousand)
42	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	Joint liability guarantee	8,400.00
43	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	Joint liability guarantee	11,200.00
44	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd.	Joint liability guarantee	15,000.00
45	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	Joint liability guarantee	3,400.00
46	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang fuleshan Kaiyuan Hotel	Pledge/Joint liability guarantee	5,000.00
47	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Mianzhou Hotel Co., Ltd.	Joint liability guarantee	4,890.00
48	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City Parking Management Co., Ltd.	Joint liability guarantee	50,000.00
49	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jialai Engineering Project Management Co., Ltd.	Joint liability guarantee	14,685.00
50	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jialai Asset Management Co., Ltd.	Joint liability guarantee	1,000.00
51	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Youyue Culture Media Co., Ltd.	Joint liability guarantee	1,000.00
52	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Kanglai Property Service Co., Ltd.	Joint liability guarantee	1,000.00
53	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Kanglai Property Service Co., Ltd.	Joint liability guarantee	1,000.00
54	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Miangao equity investment fund	Joint liability guarantee	70,000.00
55	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	19,700.00
56	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	39,800.00
57	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	2,478.06
58	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	1,982.25
59	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	17,896.16
60	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	12,721.34
61	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	37,211.04
62	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	30,000.00
63	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	49,000.00
64	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	5,000.00

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Serial number	Guarantee unit	Guarantee object	Guarantee method	Actual guarantee amount(RMB Ten thousand)
65	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	15,000.00
66	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	12,103.72
67	Sichuan Xijin Logistics Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	44,000.00
68	Mianzhou Jialai Conference Company	Mianyang Investment Holding (Group) Co., Ltd.	Mortgage	10,000.00
69	Mianyang Education Group Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Pledge	109,950.00
70	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	40,000.00
71	Sichuan Jialai Construction Engineering Co., Ltd./Mianyang Education Investment Group Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	63,000.00
72	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	29,990.00
73	Sichuan Jialai Construction Engineering Co., Ltd./Mianyang Education Investment Group Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee/Mian ou mortgage and pledge guarantee	48,000.00
74	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	80,000.00
75	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	50,000.00
76	Mianzhou Jialai Conference Company/Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Mortgage/Pledge	40,000.00
77	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	27,000.00
78	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	26,087.66
79	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	15,000.00
80	Mianyang Cultural Tourism Group Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	14,000.00
81	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	Joint liability guarantee	16,000.00
82	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Dongjin Hotel Management Co., Ltd.	Joint liability guarantee	490.00
83	Mianyang Cultural Tourism Group Co., Ltd.	Mianyang Cultural Tourism Group Co., Ltd.	Pledge	5,769.00
84	Mianyang Cultural Tourism Group Co., Ltd.	Mianyang Cultural Tourism Group Co., Ltd.	Pledge	3,420.00
85	Sichuan Jialai Construction Engineering Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	Pledge	19,700.00

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Serial number	Guarantee unit	Guarantee object	Guarantee method	Actual guarantee amount(RMB Ten thousand)
86	Sichuan Xijin Logistics Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	Pledge	6,300.00
87	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.	Joint liability guarantee	2,401.27
88	Mianyang Communications Development Group Co., Ltd.	Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Joint liability guarantee	84,000.00
89	Mianyang Communications Development Group Co., Ltd.	Mianyang gaoshui agricultural and sideline products wholesale Co., Ltd.	Joint liability guarantee	1,000.00
90	Mianyang Communications Development Group Co., Ltd.	Mianyang Lutongyuan Construction Co., Ltd.	Joint liability guarantee	49,000.00
91	Mianyang Communications Development Group Co., Ltd.	Mianyang road and Bridge Construction Co., Ltd.	Joint liability guarantee	7,000.00
	2. Outside the group			426,870.67
92	The company and its subordinate units	China Science Industry Holding Group Co., Ltd.	Joint liability guarantee	9,250.28
93	The company and its subordinate units	SICHUAN AI-CHANCE TEC Co., Ltd.	Joint liability guarantee	29,358.39
94	The company and its subordinate units	Mianyang HKC Optoelectronics Technology Co., Ltd.	Joint liability guarantee	99,500.00
95	The company and its subordinate units	Mianyang Jitai Industrial Co., Ltd.	Joint liability guarantee	14,500.00
96	The company and its subordinate units	Mianyang Xincheng Construction Co., Ltd.	Joint liability guarantee	9,700.00
97	The company and its subordinate units	Mianyang Fucheng Construction Engineering Co., Ltd.	Joint liability guarantee	15,000.00
98	The company and its subordinate units	Mianyang Fucheng Investment Group Co., Ltd.	Joint liability guarantee	100,000.00
99	The company and its subordinate units	Sichuan Xingshu Railway Investment Co., Ltd.	Mortgage	48,062.00
100	The company and its subordinate units	Sichuan Changhong Electronic (Group) Co., Ltd.	Joint liability guarantee	100,000.00
101	The company and its subordinate units	Mianyang Hongda Asset Investment Management (Group) Co., Ltd.	Joint liability guarantee	1,500.00

2. Contingent liabilities formed by other events of the group as of 31 December 2021

Mianyang High-grade Highway Development Co., Ltd. (hereinafter referred to as "High-grade Development Company"), a subsidiary of the Company, obtained three loans totaling RMB425 million from China Construction Bank Corporation Mianyang Branch (hereinafter referred to as "CCB") in December 1998, December 1999 and February 2004 respectively. The agreed maturity dates are 4 November 2019, 28 November 2025 and 8 February 2014. Since 2008, High-grade Development Company has failed to repay the loan in full and on time as agreed. As of 31 December 2010, the outstanding principal balance of the above loans of High-grade Development Company was RMB417

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

million and the unpaid interest was RMB92.09 million. According to the *Debt Restructuring Relief Agreement* signed by High-grade Development Company and CCB, High-grade Development Company was exempted from the interest owed by RMB92.09 million, and it was agreed that High-grade Development Company would repay all the principal and corresponding interest by stages before the end of 2025. As of 31 December 2021, the outstanding loan principal balance of High-grade Development Company was RMB97 million. According to the relevant contract agreements, the total outstanding interest was about RMB127.2 million. High-grade Development Company has communicated with CCB to exempt the loan interest and negotiate a new installment repayment plan, according to the early communication, High-grade Development Company is likely not to have to repay the calculated interest of the above borrowings. As of the date of this Financial Report, High-grade Development Company and CCB have not reached an agreement on this.

X. Subsequent events

None.

XI. Related party and related party transactions

1. Related party relationships

(1) Controlling shareholder and ultimate controller

Name of Controlling shareholder and ultimate controller	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Proportion of voting rights (%)
State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government	Mianyang	Supervision and management of state owned assets	—	90.00	90.00

The actual controller of the company and the group is State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government.

(2) Subsidiaries

For details of the subsidiaries, please refer to Note VII.1 of the financial statements.

(3) Joint ventures and associates

For details of the Company's associates and joint ventures, please refer to Note VIII.12 Long-term equity investment.

XII. Notes on major items to the Company's financial statements

1. Accounts receivable

(1) Accounts receivable are listed by the provision method for bad debt reserves

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Category	Closing balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate %
Accounts receivable with single provision for bad debts	3,865,909,561.97	99.89	94,951.14	
Accounts receivable for bad debt provision according to credit risk characteristics combination	4,284,149.95	0.11	3,850,538.89	89.88
Total	3,870,193,711.92	100.00	3,945,490.03	—

(Continued)

Category	Opening balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate %
Accounts receivable with single provision for bad debts	4,053,372,330.02	99.84	18,020.07	
Accounts receivable for bad debt provision according to credit risk characteristics combination	6,455,740.50	0.16	3,952,856.87	61.23
Total	4,059,828,070.52	100.00	3,970,876.94	—

1) Receivables for single provision for bad debts

Debtor Name	Closing balance				
	Book value	Bad debt provision	Aging	Expected credit loss rate%	Accrual reason
Mianyang Municipal Finance Bureau	2,069,297,071.91		0-4years		Expected to be recoverable
Mianyang Housing and Urban-rural Development Commission	1,735,546,639.22		0-4 years		Expected to be recoverable
Mianyang Jingkai Real Estate Co., Ltd	40,837,800.00		4-5 years/more than 5years		Expected to be recoverable

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Debtor Name	Closing balance				
	Book value	Bad debt provision	Aging	Expected credit loss rate%	Accrual reason
Sichuan Jialai Construction Engineering Co., Ltd.	16,436,449.70		Within 1 year		Expected to be recoverable
Mianyang Kangju Real Estate Management Co., Ltd.	3,671,850.00		Within 1 year		Expected to be recoverable
Mianyang investment holding Wanda resettlement housing project	94,951.14	94,951.14	0-2 years/3-4 years	100.00	Expected to be unrecoverable
Fucheng District Finance Bureau	24,800.00		3-4years		Expected to be recoverable
Total	3,865,909,561.97	94,951.14			

(2) Provision for bad debts of accounts receivable by portfolio

1) Aging combination

Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Within 1 year	388,985.30	9.08	1,944.93
Over 1 year but within 2 years			
Over 2 years but within 3 years			
Over 3 years but within 4 years	93,141.38	2.17	46,570.69
Over 4 years but within 4 years			
Over 5 years	3,802,023.27	88.75	3,802,023.27
Total	4,284,149.95	100.00	3,850,538.89

(Continued)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Within 1 year	2,319,358.79	35.93	11,596.79
Over 1 year but within 2 years			
Over 2 years but within 3 years	93,141.38	1.44	18,628.28
Over 3 years but within 4 years	241,217.06	3.74	120,608.53
Over 4 years but within 4 years			
Over 5 years	3,802,023.27	58.89	3,802,023.27

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

1 January 2021 - 31 December 2021

(Unless otherwise specified, the amounts are expressed in Renminbi)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Total	6,455,740.50	100.00	3,952,856.87

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	145,124,551.71	
Dividends receivable	15,117,782.81	
Others	13,653,371,589.64	10,273,286,439.72
Total	13,813,613,924.16	10,273,286,439.72

(1) Interest receivable

Item	Closing balance	Opening balance
People's Government of Fucheng District, Mianyang City	145,124,551.71	

(2) Dividends receivable

Company name	Closing balance	Opening balance
Mianyang Jialai Asset Management Co., Ltd.	11,120,069.39	
Sichuan Jialai Construction Engineering Co., Ltd.	3,997,713.42	
Total	15,117,782.81	

(3) Others

Category	Closing balance			
	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate %
Other receivables with single provision for bad debts	13,747,515,848.77	99.98	94,245,539.52	0.69
Other receivables for bad debt provision according to credit risk characteristics combination	2,846,467.25	0.02	2,745,186.86	96.44
Total	13,750,362,316.02	100.00	96,990,726.38	—

(Continued)

Category	Opening balance

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

	Book value		Bad debt provision	
	Amount	Proportion%	Amount	Expected credit loss rate %
Other receivables with single provision for bad debts	10,367,352,593.58	99.97	94,245,539.52	0.91
Other receivables for bad debt provision according to credit risk characteristics combination	3,216,520.59	0.03	3,037,134.93	94.42
Total	10,370,569,114.17	100.00	97,282,674.45	—

1) Other receivables for single provision for bad debts at the end of year

Debtor Name	Closing balance			
	Book value	Bad debt provision	Expected credit loss rate%	Notes
Mianyang Fuda Asset Management Co., Ltd.	2,189,172,015.57			Expected to be recoverable
Mianyang Science and technology city development investment (Group) Co., Ltd	1,797,059,961.51			Expected to be recoverable
Mianyang Housing and Urban-rural Development Commission	1,007,796,511.80			Expected to be recoverable
People's Government of Fucheng District, Mianyang City	932,055,563.79			Expected to be recoverable
Sichuan Jialai Real Estate Co., Ltd.	912,619,306.61			Expected to be recoverable
Municipal infrastructure project construction	640,384,281.74			Expected to be recoverable
Mianyang Education Investment Development Co., Ltd	515,832,193.34			Expected to be recoverable
Mianyang Transportation Bureau	372,328,287.77			Expected to be recoverable
Jiangyou Finance Bureau (Jiangyou state owned assets supervision and Administration Office)	365,506,185.69			Expected to be recoverable
Municipal key project construction headquarters	338,609,013.69			Expected to be recoverable
Chengdu YeChang Enterprise Management Consulting Co., Ltd.	330,061,898.97			Expected to be recoverable
Jiangyou Hongfei investment (Group) Co., Ltd	329,531,250.00			Expected to be recoverable
Mianyang Miangao Equity Investment Fund (Limited Partnership)	323,400,000.00			Expected to be recoverable

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Debtor Name	Closing balance			
	Book value	Bad debt provision	Expected credit loss rate%	Notes
Huikong Electronics (Shenzhen) Co., Ltd.	314,977,157.85			Expected to be recoverable
Mianyang key highway construction headquarters office	294,777,315.89			Expected to be recoverable
Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd.	218,695,843.34			Expected to be recoverable
Sichuan Jialai Construction Engineering Co., Ltd.	200,817,492.95			Expected to be recoverable
Mianyang Hongda Asset Investment Management (Group) Co., Ltd.	190,000,000.00			Expected to be recoverable
Mianyang Fucheng Investment Group Co., Ltd.	184,722,833.35			Expected to be recoverable
Mianyang Jianan Tourism Development Co., Ltd.	180,601,875.29			Expected to be recoverable
Finance Bureau of Mianyang Economic and Technological Development Zone	174,323,708.31			Expected to be recoverable
Post disaster reconstruction project of railway station	156,876,171.74			Expected to be recoverable
Mianyang City key project construction office	150,288,746.12			Expected to be recoverable
Some roads in Mianyang City and Chengdu-Mianyang-Leshan railway passenger crossing project	148,035,891.42			Expected to be recoverable
Mianyang Municipal Finance Bureau (Xishan North Road)	110,584,102.04			Expected to be recoverable
Beijing fuleshan Hotel Co., Ltd	105,710,589.42	94,245,539.52	89.15	Not expected to be fully recovered
Mianyang Huidong Investment Holding Co., Ltd	104,294,574.11			Expected to be recoverable
Other sporadic customers	1,158,453,076.46			Expected to be recoverable
Total	13,747,515,848.77	94,245,539.52		

2) Provision for bad debts of other receivables by portfolio

① Aging combination

Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Within 1 year	1,977.00	0.07	9.88
Over 1 year but within 2 years	13,475.86	0.47	1,347.59
Over 2 years but within 3 years	18,355.00	0.64	3,671.00

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Over 3 years but within 4 years	106,972.00	3.76	53,486.00
Over 4 years but within 4 years	38,030.00	1.34	19,015.00
Over 5 years	2,667,657.39	93.72	2,667,657.39
Total	2,846,467.25	100	2,745,186.86

(Continued)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Within 1 year	1,977.00	0.07	9.88
Over 1 year but within 2 years	13,475.86	0.47	1,347.59
Over 2 years but within 3 years	18,355.00	0.64	3,671.00
Over 3 years but within 4 years	106,972.00	3.76	53,486.00
Over 4 years but within 4 years	38,030.00	1.34	19,015.00
Over 5 years	2,667,657.39	93.72	2,667,657.39
Total	2,846,467.25	100	2,745,186.86

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(Unless otherwise specified, the amounts are expressed in Renminbi)

3. Long-term equity investment

(1) Long-term equity investment classification

Item	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Investment in subsidiaries	18,814,206,339.27		18,814,206,339.27	18,230,610,809.60		18,230,610,809.60
Investment in joint ventures						
Investment in associated enterprises	4,067,267,775.32		4,067,267,775.32	5,934,803,004.22		5,934,803,004.22
Subtotal	22,881,474,114.59		22,881,474,114.59	24,165,413,813.82		24,165,413,813.82
Less: Long-term equity investment impairment provision						
Total	22,881,474,114.59		22,881,474,114.59	24,165,413,813.82		24,165,413,813.82

(2) Long-term equity investment details

Investee	Opening balance	Opening balance							Closing balance
		Additional investment	Withdraw investment	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	
I. Subsidiaries	18,230,610,809.60	554,566,778.88	30,566,778.88					59,595,529.67	18,814,206,339.27
Mianyang water conservancy planning and Design Institute Co.,Ltd								59,595,529.67	59,595,529.67

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Investee	Opening balance	Opening balance							Closing balance
		Additional investment	Withdraw investment	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	Other
Sichuan Yuxing Construction Engineering Supervision Co., Ltd.	2,099,741.45								2,099,741.45
Sichuan Longwei Security Service Co., Ltd.	158,460,390.69								158,460,390.69
Mianyang Communications Development Group Co., Ltd.	8,093,843,564.45								8,093,843,564.45
Mianyang Youxian Cereal & Oil Purchase & Sales Company	377,206,385.07								377,206,385.07
Mianyang Jinkong Investment Management Co., Ltd.	112,830,479.00	264,000,000.00							376,830,479.00
Mianyang Jinkong Microfinance Co., Ltd.	292,731,000.00								292,731,000.00
Sichuan Yuewanglou Culture Communication Co., Ltd.	17,621,800.00								17,621,800.00
Mianyang Jialai Asset Management Co., Ltd.	55,000,000.00								55,000,000.00
Sichuan Youyue Culture Media Co., Ltd.	10,940,000.00								10,940,000.00
Mianyang Fuda Asset Management Co., Ltd.	1,574,221,150.46								1,574,221,150.46
Mianyang City Parking Management Co., Ltd.	10,000,000.00								10,000,000.00

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(Unless otherwise specified, the amounts are expressed in Renminbi)

Investee	Opening balance	Opening balance							Closing balance
		Additional investment	Withdraw investment	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	
Mianyang Jiachuang Incubator Management Co., Ltd.	566,026,500.00								566,026,500.00
Mianyang Automobile Experimental Driving Technology School Co., Ltd.	2,257,011.74								2,257,011.74
Mianyang Cultural Tourism Group Co., Ltd.	1,416,833,073.21		25,566,778.88						1,391,266,294.33
Mianyang Kangju Real Estate Management Co., Ltd.	1,353,264,681.05								1,353,264,681.05
Sichuan Jialai Construction Engineering Co., Ltd.	861,663,498.86								861,663,498.86
Mianyang water (Group) Co., Ltd.	214,732,290.88								214,732,290.88
Mianyang Education Investment Development Co., Ltd.	1,627,296,697.29								1,627,296,697.29
Fulejiuzhou International Hotel	20,000,000.00	45,566,778.88							65,566,778.88
Mianyang Mianzhou Jialai Conference Service Co., Ltd.	192,245,968.83								192,245,968.83
Mianyang Kanglai Property Service Co., Ltd.	4,720,218.95								4,720,218.95
Sichuan Jialai Real Estate Co., Ltd.	206,638,894.84								206,638,894.84

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

1 January 2021 - 31 December 2021

(Unless otherwise specified, the amounts are expressed in Renminbi)

Investee	Opening balance	Opening balance							Closing balance
		Additional investment	Withdraw investment	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment	
Sichuan Xijin Logistics Co., Ltd.	46,470,324.80								46,470,324.80
Mianyang Jianan Tourism Development Co., Ltd.	10,000,000.00								10,000,000.00
Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.	798,507,138.03								798,507,138.03
Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd.	100,000,000.00								100,000,000.00
Mianyang Sanjiang Medical Investment Co., Ltd.	105,000,000.00	210,000,000.00							315,000,000.00
Mianyang Ruihao Real Estate Development Co., Ltd.		5,000,000.00	5,000,000.00						
Mianyang Miantai Industrial Co., Ltd.		30,000,000.00							30,000,000.00
2. Joint ventures									
None									
3. Associates	5,934,803,004.22		2,304,000,000.00	436,464,771.10					4,067,267,775.32
Mianyang HKC Optoelectronics Technology Co., Ltd.	5,934,803,004.22		2,304,000,000.00	436,464,771.10					4,067,267,775.32
Total	24,165,413,813.82	554,566,778.88	2,334,566,778.88	436,464,771.10				59,595,529.67	22,881,474,114.59

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

1 January 2021 - 31 December 2021

(Unless otherwise specified, the amounts are expressed in Renminbi)

4. Operating income and operating costs

(1) Classification of operating income and operating costs

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Principal activities	1,865,146,936.75	1,778,912,735.32	2,820,309,907.04	2,084,163,244.69
2. Other operating activities	18,939,784.68	13,109,609.70	21,326,664.02	2,172,166.34
Total	1,884,086,721.43	1,792,022,345.02	2,841,636,571.06	2,086,335,411.03

(2) Details of principal activities

Item	Current year		Prior year	
	Income	Cost	Income	Cost
Income from land consolidation	649,783,755.00	649,783,755.00	1,697,844,294.96	964,666,498.51
Municipal infrastructure construction	1,199,909,633.30	1,113,630,776.56	1,101,250,500.00	1,101,250,500.00
House sales income	15,453,548.45	15,498,203.76	21,215,112.08	18,246,246.18
Total	1,865,146,936.75	1,778,912,735.32	2,820,309,907.04	2,084,163,244.69

(3) Details of other operating activities

Item	Current year		Prior year	
	Income	Cost	Income	Cost
Rental income	17,477,554.03	13,109,609.70	12,580,823.35	2,172,019.16
Service income	1,452,857.72		6,535,272.26	
Other income	9,372.93		2,210,568.41	147.18
Total	18,939,784.68	13,109,609.70	21,326,664.02	2,172,166.34

5. Investment income

Source of investment income	Current year	Prior year
Long term equity investment income measured at cost method	39,257,777.11	7,626,100.00
Long term equity investment income measured at equity method	436,464,771.10	34,803,004.22
Investment income from disposal of long term equity	471,825,276.76	-93,926,165.83
Investment income obtained during the holding period of debt investment	4,705,961.49	231,491.67
Total	952,253,786.46	-51,265,569.94

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

1 January 2021 - 31 December 2021

(Unless otherwise specified, the amounts are expressed in Renminbi)

6. Cash flow of the Company

(1) Supplementary information of cash flow of the Company

Item	Current year	Prior year
1. Adjust net profit to cash flow from operating activities:		
Net profit	245,941,220.70	213,534,262.15
Add: Asset impairment provision		-3,026,941.65
Credit impairment provision	-317,334.98	
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	875,391.28	1,012,987.65
Depreciation of right of use assets	956,512.32	
Amortization of intangible assets	31,866.00	-21,634.86
Long-term deferred expenses amortization	266,899.09	
Disposal of fixed assets, intangible assets and other long-term assets (income is marked with " - ")	217,546.00	24,809.64
Loss of fixed assets (income is marked with " - ")		
Loss of fair value change (income is marked in with " - ")		-1,838,669.00
Financial expenses (income is marked with " - ")	207,453,011.50	1,075,570,774.74
Investment losses (income is marked with " - ")	-952,253,786.46	51,265,569.94
Deferred income tax assets decreased (increase by " - ")	79,333.75	756,735.41
Deferred income tax liabilities increased (reduced by " - ")		
Reduction in inventory (increase by " - ")	-358,911,391.14	-54,094,003.51
Reduction of operational receivables (increased by " - ")	-2,120,176,309.25	-2,496,710,346.64
Increase in operational payables (reduced by " - ")	2,999,420,096.06	2,839,975,037.62
Other items		
Net cash flow from operating activities	23,583,054.87	1,626,448,581.49
2. Significant investment and fundraising activities that do not involve cash receipts and payments:		
Debt transferred to capital		
Convertible bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,799,940,035.80	4,958,070,064.75
Less: Opening balance of cash	4,958,070,064.75	5,466,083,570.82
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

1 January 2021 - 31 December 2021

(Unless otherwise specified, the amounts are expressed in Renminbi)

Item	Current year	Prior year
Net increase in cash and cash equivalents	-3,158,130,028.95	-508,013,506.07

(2) Cash and cash equivalents

Item	Current year	Prior year
Cash at bank and on hand	1,799,940,035.80	4,958,070,064.75
Including: Cash on hand	579.10	593.81
Bank deposits available on demand	1,799,939,456.70	4,958,069,470.94
Other monetary funds available on demand		
Cash equivalents		
Including: Bond investments with a maturity of three months or less		
Closing balance of cash and cash equivalents	1,799,940,035.80	4,958,070,064.75
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Group		

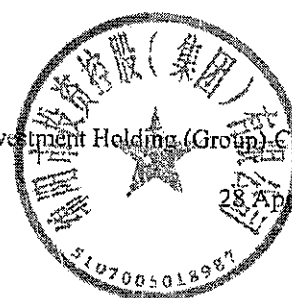
XIII. Other matters that should be disclosed in accordance with the relevant financial and accounting system

None.

XIV. Approval of financial statements

The financial statements were approved by the board of directors of the Company.

Mianyang Investment Holding (Group) Co., Ltd.



28 April 2022

Mianyang Investment Holding (Group) Co., Ltd.

Auditor's Report 2020

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ENGLISH TRANSLATION OF AUDITOR'S REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR 1 JANUARY
2020 TO 31 DECEMBER 2020, IF THERE IS ANY
CONFLICT BETWEEN THE CHINESE VERSION AND ITS
ENGLISH TRANSLATION, THE CHINESE VERSION WILL
PREVAIL



信永中和会计师事务所

ShineWing
certified public accountants

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Auditor's Report

XYZH/2021CDAA70238

To all shareholders of Mianyang Investment Holding (Group) Co., Ltd.,

1. Opinion

We have audited the accompanying financial statements of Mianyang Investment Holding (Group) Co., Ltd. (hereinafter referred to as "Mianyang Investment Group"), which comprise the consolidated and the Company's balance sheet as at December 31st, 2020, the consolidated and the Company's income statements for the year then ended, the consolidated and the Company's cash flow statements for the year then ended, the consolidated and the Company's statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements were prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs") in all material respects, and present fairly the consolidated and Mianyang Investment Group's financial conditions as at December 31st, 2020, and their operating results and cash flows for the year then ended.

2. Basis for Opinion

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

3. Other Information

Mianyang Investment Group's management (hereinafter referred to as "Management") is responsible for the other information. The other information comprises all the information included in 2020 annual report of Mianyang Investment Group, other than the financial statements and our auditor's report thereon.

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

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

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

4. Management and Governance's Responsibilities for the Financial Statements

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

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

The governance is responsible for overseeing the financial reporting process of Mianyang Investment Group.

5. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

(1) Identify and assess the risk 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 audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- (4) 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 Mianyang Investment Group's ability to continue as a going concern. If we conclude that material uncertainties exist, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause Mianyang Investment Group to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieve fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Mianyang Investment Group to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of group audit, and assume full responsibility for the audit opinion.

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



April 30, 2021

ENGLISH TRANSLATION OF AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2020 TO 31 DECEMBER 2020, IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH TRANSLATION, THE CHINESE VERSION WILL PREVAIL.

Consolidated Balance Sheet Statement

As at December 31st, 2020

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Cash and cash equivalents	VII.1	11,529,759,501.21	12,069,704,544.98
△ Settlement reserves			
△ Lending funds			
Financial assets designated as at fair value through current profit or loss	VII.2		10,455,536.88
Derivative financial assets			
Notes receivable	VII.3	1,901,500.83	
Accounts receivable	VII.4	4,666,049,473.84	2,294,298,700.69
Prepayments	VII.5	6,555,295,448.22	6,379,621,376.13
△ Premium receivable			
△ Reinsurance accounts receivable			
△ Provision of cession receivable			
Other receivables	VII.6	10,193,109,789.72	9,700,413,343.13
Including: Dividends receivable			
△ Buyback of the financial assets sold			
Inventory	VII.7	4,363,338,400.65	5,826,334,534.47
Assets held for sale			
Non-current assets due within 1 year	VII.8	202,342,442.62	274,249,062.76
Other current assets	VII.9	557,831,654.49	267,508,169.62
Total current assets		38,069,628,211.58	36,822,585,268.66
Non-current assets:			
△ Loans and advances			
Available-for-sale financial assets	VII.10	9,490,260,348.62	8,648,986,169.39
Held to maturity investment			
Long-term receivables	VII.11	1,435,356,497.81	978,654,597.07
Long-term equity investments	VII.12	6,086,902,435.88	117,406,847.22
Investment properties	VII.13	5,416,156,139.52	2,607,044,028.76
Fixed assets	VII.14	9,427,646,450.55	8,903,191,160.33
Construction in progress	VII.15	13,898,101,896.93	15,523,246,210.14
Productive biological assets			
Oil and gas assets			
Intangible assets	VII.16	2,109,909,509.15	2,300,687,220.97
Development costs			
Goodwill	VII.17	1,952,648.50	1,952,648.50
Long-term deferred expenses	VII.18	124,961,782.19	86,099,990.23
Deferred tax assets	VII.19	38,502,511.06	30,787,748.45
Other non-current assets	VII.20	15,098,386,994.42	14,829,740,135.48
Total non-current assets		63,128,137,214.63	54,027,796,756.54
Total assets		101,197,765,426.21	90,850,382,025.20

Legal representative:

Chief Financial Officer:

Head of Accounting Department:



Consolidated Balance Sheet (Continued)

At December 31st, 2020

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans			
△ Loans from the central bank		3,892,670,984.32	2,435,795,408.01
△ Borrowing funds			
loss			
Derivative financial liabilities			
Notes payable	VII.22	130,265,698.02	128,232,279.60
Accounts payable	VII.23	1,914,818,864.37	1,632,197,648.18
Advances from customers	VIII.24	1,078,895,990.87	1,112,179,043.44
△ Sale of the financial liabilities bought back			
△ Deposits from customers and the interbank			
△ Funds received as agent of stock exchange			
△ Securities underwriting brokerage deposits			
Employee benefits payable	VII.25	196,501,928.73	271,968,580.71
Taxes payable	VI.26	449,840,314.09	460,573,001.32
Other payables	VII.27	771,773,421.24	1,699,804,928.85
Including: Interests payable		64,166,025.22	65,025,445.61
△ Handling charges and commissions payable			
△ Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within 1 year	VIII.28	9,023,025,407.94	4,235,610,481.80
Other current liabilities	VII.29	3,790,942,657.68	987,313,033.24
Total current liabilities		21,248,735,267.26	12,963,674,405.15
Non-current liabilities:			
△ Provision for insurance contracts			
Long-term loans	VII.30	16,087,330,496.68	13,380,812,065.43
Bonds payable	VIII.31	27,693,360,664.80	29,664,874,476.03
Including: Preferred shares			
Perpetual bonds			
Long-term payables	VIII.32	10,246,945,672.57	8,566,362,201.24
Long-term employee benefits payable			
Provisions	VII.33	88,733,275.87	81,989,300.03
Deferred income	VII.34	257,013,570.23	112,071,967.47
Deferred tax liabilities	VII.19	208,045,194.88	122,187,099.96
Other non-current liabilities			
Total non-current liabilities		54,581,428,875.03	52,028,297,110.16
Total liabilities		75,830,164,142.29	64,991,971,515.31
Owner's equity:			
Paid in capital	VIII.35	850,000,000.00	850,000,000.00
State capital		850,000,000.00	850,000,000.00
State owned corporate capital			
Collective capital			
Private capital			
Foreign capital			
#Less: returned investment			
Net paid in capital		850,000,000.00	850,000,000.00
Other equity instruments	VIII.36	993,891,509.43	993,891,509.43
Including: Preferred shares			
Perpetual bonds		993,891,509.43	993,891,509.43
Capital reserves	VIII.37	19,103,512,679.12	20,122,172,384.96
Less: Treasury shares			
Other comprehensive income	VII.38	199,040,477.71	190,399,446.30
Including: translation difference of foreign currency statements			
Special reserves	VII.39	7,941,653.07	6,673,090.44
Surplus reserves	VII.40	256,050,980.85	234,697,554.63
Including: statutory provident fund		256,050,980.85	234,697,554.63
Discretionary provident fund			
#Reserve fund			
#Enterprise development fund			
#Return of profits investment			
△ General risk provisions		2,612,935.61	2,464,123.20
Retained earnings	VIII.41	2,190,562,648.95	1,805,871,831.80
Total equities attributable to shareholders of parent company		23,603,612,884.74	24,206,169,940.76
*Minority interests		1,763,983,399.18	1,652,240,569.13
Total owners' equities		25,367,601,283.92	25,858,410,509.89
Total liabilities and owners' equities		101,197,765,426.21	90,850,382,025.20

Legal representative

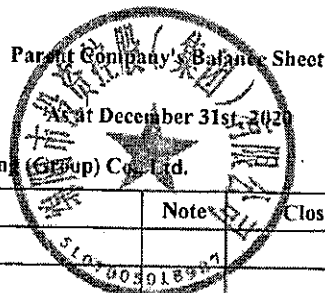
肖林
5107005018847

Chief Financial Officer:

王涛

Head of Accounting Department

朱飞



Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Cash and cash equivalents		5,650,854,350.91	6,735,286,010.55
Financial assets designated as at fair value through current profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	XII.1	4,055,857,193.58	1,732,015,050.71
Prepayments		5,935,692,068.38	5,956,789,904.07
Other receivables	XII.2	10,273,286,439.72	10,679,502,410.58
Including: Dividends receivable			
Inventory		469,259,580.49	415,165,576.98
Assets held for sale			
Non-current assets due within 1 year			
Other current assets		254,289,191.64	35,102,963.12
Total current assets		26,639,238,824.72	25,553,861,916.01
Non-current assets:			
☆ Debt instruments			
Available-for-sale financial assets		6,962,744,567.00	6,296,916,364.60
Held to maturity investment			
Long-term receivables			
Long-term equity investments	XII.3	24,165,413,813.82	16,977,541,539.90
Investment properties		1,146,544,713.00	273,479,705.00
Fixed assets		8,246,739.60	9,226,172.89
Including: original price of fixed assets		20,420,830.15	20,879,139.97
Accumulated depreciation		12,174,090.55	11,652,967.08
Construction in progress		4,546,262,270.70	7,256,268,136.84
Productive biological assets			
Oil and gas assets			
Intangible assets		1,007,813.84	724,811.87
Development costs			
Goodwill			
Long-term deferred expenses		428,452.62	
Deferred tax assets		25,313,387.85	26,070,123.26
Other non-current assets		14,582,379,741.56	14,395,032,750.61
Total non-current assets		51,438,341,499.99	45,235,259,604.97
Total assets		78,077,580,324.71	70,789,121,520.98

Legal representative:

Chief Financial Officer:

Head of Accounting Department:



Parent Company Balance Sheet (Continued)

Prepared by: Minyang Investment Holding (Group) Co., Ltd.

Currency: RMB Yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term loans		2,097,883,444.32	1,150,295,408.01
☆ Financial liabilities designated as at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,292,097,506.25	676,243,659.88
Advances from customers		241,221,876.17	112,927,863.29
Employee benefits payable		15,048,272.88	12,202,182.13
Taxes payable		280,885,614.34	306,219,004.08
Other payables		1,774,487,468.92	1,194,874,321.91
Including: Interests payable			
Liabilities held for sale			
Non-current liabilities due within 1 year		7,118,653,629.83	3,633,184,817.69
Other current liabilities		3,603,972,946.51	806,223,364.86
Total current liabilities		16,424,250,759.22	7,892,170,621.85
Non-current liabilities:			
Long-term loans		11,206,385,039.00	8,467,555,000.00
Bonds payable		24,669,012,219.51	26,368,562,116.69
Including: Preferred shares			
Perpetual bonds			
Long-term payables		4,223,106,064.99	5,172,672,628.95
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		43,103,654.99	42,643,987.74
Other non-current liabilities			
Total non-current liabilities		40,141,606,978.49	40,051,433,733.38
Total liabilities		56,565,857,737.71	47,943,604,355.23
Owner's equity:			
Paid in capital		850,000,000.00	850,000,000.00
State capital		850,000,000.00	850,000,000.00
State owned corporate capital			
Collective capital			
Private capital			
Foreign capital			
#Less: returned investment			
Net paid in capital		850,000,000.00	850,000,000.00
Other equity instruments		993,891,509.43	993,891,509.43
Including: Preferred shares			
Perpetual bonds			
Capital reserves		18,475,370,172.22	19,942,099,994.12
Less: Treasury shares			
Other comprehensive income		95,770,234.45	95,770,234.45
Including: translation difference of foreign currency statements			
Special reserves			
Surplus reserves		256,050,980.85	234,697,554.63
Including: statutory provident fund		256,050,980.85	234,697,554.63
Discretionary provident fund			
#Reserve fund			
#Enterprise development fund			
#Return of profits investment			
Retained earnings		840,639,690.05	729,057,873.12
Total owners' equities		21,511,722,587.00	22,845,517,165.75
Total liabilities and owners' equities		78,077,580,324.71	70,789,121,520.98

Legal representative:

Chief Financial Officer:

Head of Accounting Department:



Consolidated Income Statement			
For the year ended December 31, 2020			
Prepared by: Mianyang Investment Holding (Group) Co., Ltd.			
Currency: RMB Yuan			
Item	Code	2020	2019
I. Total operating income		8,662,555,135.93	7,278,475,905.32
Including: Operating income	VII.42	8,647,883,334.52	7,250,813,553.58
△ Interest income	VII.42	14,671,801.41	27,662,351.74
△ Insurance premium earned			
△ Handling charge and Commission income			
II. Total operating costs		9,175,119,901.22	7,846,290,765.73
Including: Operating costs	VIII.42	6,980,100,553.62	5,991,802,161.56
△ Interest expenses			
△ Handling charge and Commission income			
△ Insurance termination refund			
△ Net expenses for insuran indemnity			
△ Net provision for insurance contracts			
△ Commissions on insurance policies			
△ Cession charges			
Taxes and surcharges	VIII.43	59,178,650.67	59,846,817.53
Selling expenses	VIII.44	223,348,591.94	217,018,544.26
Administration expenses	VIII.45	625,701,670.03	604,064,550.09
Research and development expenses		2,046,460.17	239,160.74
Financial expenses	VIII.46	1,284,743,974.79	973,319,531.55
Others			
Add: Other income	VIII.47	473,685,878.29	380,446,357.17
Investment income (Loss listed with "-")	VIII.48	58,134,858.80	19,615,782.51
Including: Investment income from associates and joint ventures			
☆ Derecognition of gains on financial assets measured at amortized costs			
△ Exchange earnings (Loss listed with "-")			
☆ Net exposure hedging gains (Loss listed with "-")			
Gains or losses from changes of fair value (Loss listed with "-")	VIII.49	23,049,253.09	64,405,871.19
☆ Impairment loss of credit (Loss listed with "-")			
Impairment loss of assets (Loss listed with "-")	VIII.50	-8,953,478.49	-25,245,571.32
Disposal income of assets (Loss listed with "-")	VIII.51	400,433.41	1,423,677.75
III Operating profit (Loss listed with "-")		33,752,179.81	-127,168,743.11
Add: Non-operating income	VIII.52	739,614,232.55	552,490,223.02
Less: Non-operating expenses	VIII.53	13,108,684.53	12,288,884.98
IV. Total profits (Total losses listed with "-")		760,257,727.83	413,032,594.93
Less: Income tax expenses	VIII.54	115,350,850.39	80,947,024.31
V. Net profits (Net losses listed with "-")		644,906,877.44	332,085,570.62
(I) Classified by the attribution of ownership			
Net profits attributable to the owner of parent company		644,906,877.44	332,085,570.62
* Non-controlling interests income		50,382,932.77	55,486,438.93
(II) Classified by continuity of operations			
Net profits from continuing operations		644,906,877.44	332,085,570.62
Net profits of discontinuing operations			
VI. Net after-tax amount of Other comprehensive income		8,641,031.41	21,025,098.40
The net after-tax value of Other comprehensive income attributable to the owner of parent company	VIII.55	8,641,031.41	21,025,098.40
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of defined benefit plan liability			
2. Other comprehensive income not converted into profit or loss			
3. Others			
(II) Other comprehensive income reclassified into profit and loss		8,641,031.41	21,025,098.40
1. Other comprehensive income converted into profit or loss under the equity method			
☆ 2. Fair value changes of other debt instruments			
3. Fair value changes of assets held for sale			
☆ 4. Amount reclassified from financial assets to other comprehensive income			
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
☆ 6. Provision for credit impairment on other debt instruments			
7. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
8. Foreign currency statement translation balance			
9. Others		8,641,031.41	21,025,098.40
* Net Other comprehensive income (net of tax) attributable to minority interests			
VII. Total comprehensive income		653,547,908.85	353,110,669.02
Total comprehensive income attributable to shareholders of the Company		603,164,976.08	297,624,230.09
* Total comprehensive income attributable to non-controlling interests		50,382,932.77	55,486,438.93

If businesses combination under the same control occurred in this year, the combined party before the combination is _____

Legal representative:

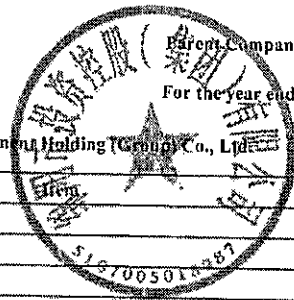
肖林
5107065018847

Chief Financial Officer:

王涛

Head of Accounting Department:

齐飞



Parent Company's Income Statement

For the year ended December 31, 2020

Prepared by: Mianyang Investment Holding Group Co., Ltd.

Currency: RMB Yuan

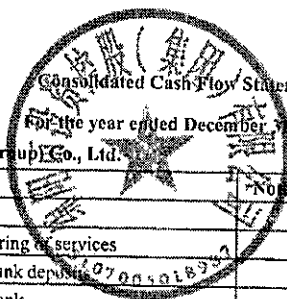
	Note	2020	2019
I. Operating income	XII.4	2,841,636,571.06	2,102,742,911.69
Less: Operating costs		2,086,335,411.03	1,838,264,654.39
Taxes and surcharges		4,255,465.91	3,265,905.99
Selling expenses		403,272.00	2,553,993.45
Administration expenses		41,711,828.24	43,664,859.74
Research and development expenses			
Financial expenses		955,492,435.46	731,519,148.50
Including: Interest expenses			
Interest income			
Net Exchange earnings (Net loss listed with "-")			
Others			
Add: Other income		239,615.18	
Investment income (Loss listed with "-")	XII.5	-51,265,569.94	71,667,298.98
Including: Investment income from associates and joint ventures			
☆ Derecognition of gains on financial assets measured at amortized costs			
☆ Net exposure hedging gains (Loss listed with "-")			
Gains or losses from changes of fair value (Loss listed with "-")		1,838,669.00	4,621,105.00
☆ Impairment loss of credit (Loss listed with "-")			
Impairment loss of assets (Loss listed with "-")		3,026,941.65	-11,472,473.15
Disposal income of assets (Loss listed with "-")		-24,309.64	140,525.41
II Operating profit (Loss listed with "-")		-292,746,515.33	-451,569,194.14
Add: Non-operating income		507,522,896.00	508,733,603.45
Including: Government grants			
Less: Non-operating expenses		25,715.86	27,259.99
III. Total profits (Total losses listed with "-")		214,750,664.81	57,137,149.32
Less: Income tax expenses		1,216,402.66	-1,712,842.04
IV. Net profits (Net losses listed with "-")		213,534,262.15	58,849,991.36
1. Net profits from continuing operations (Net losses marked with "-")		213,534,262.15	58,849,991.36
2. Net profits of discontinuing operations (Net losses listed with "-")			
V. Net after-tax amount of Other comprehensive income			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Remeasurement of defined benefit plan liability			
2. Other comprehensive income not converted into profit or loss under equity method			
☆ 3. Fair value changes of equity instruments designated as measured at fair value through other comprehensive income			
☆ 4. Profit and loss from fair value changes of enterprise's own credit risks			
5. Others			
(II) Other comprehensive income reclassified into profit and loss			
1. Other comprehensive income converted into profit or loss under the equity method			
☆ 2. Fair value changes of other debt instruments			
3. Fair value changes of assets held for sale			
☆ 4. Amount reclassified from financial assets to other comprehensive income			
5. Profit and loss of held to maturity investment reclassified as available for sale financial assets			
☆ 6. Provision for credit impairment on other debt instruments			
7. Cash flow hedge reserves (effective portion of cash flow hedge gains and losses)			
8. Foreign currency statement translation balance			
9. Others			
VI. Total Other comprehensive income		213,534,262.15	

Legal representative:

Chief Financial Officer:

Head of Accounting Department:





Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Consolidated Cash Flow Statement
For the year ended December 31, 2020

Currency: RMB Yuan

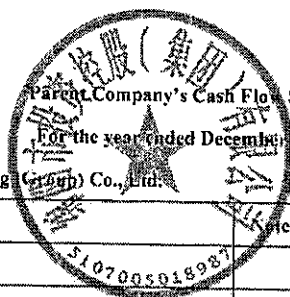
Item	2020	2019
I. Cash flow from operating activities:		
△ Cash received from sales of goods and rendering of services	5,601,945,705.75	4,616,916,409.59
△ Net increase in customer deposits and interbank deposits		
△ Net increase in borrowing from the central bank		
△ Net increase in borrowing from other financial institutions		
△ Cash received from the original insurance contract premium		
△ Cash received from reinsurance		
△ Net increase of savings and investment from insured		
△ Net increase in disposal of financial assets measured at fair value with changes included in current profits and losses		
△ Cash received from interest, fees and commissions	15,489,366.70	32,686,011.27
△ Net increase in borrowed funds		
△ Repurchase business funds net increase		
△ Net cash received from dealers in securities		
Received tax refunds		19,239,506.46
Cash received related to other operating activities	4,169,315,136.16	3,282,716,256.50
Subtotal of cash inflow from operating activities	9,786,750,208.61	7,951,558,183.82
△ Cash paid for the purchase of goods and services	4,793,817,246.83	4,178,049,406.52
△ Net increase in loans and advances to customer	-77,646,804.84	-25,894,062.74
△ Net increase of deposits in central bank and interbank		
△ Cash paid for the original insurance contract		
△ Net increase in lending funds		
△ Cash for paid for interest, fees and commissions		
△ Paid policy dividends in cash		
Cash paid to and for employees	1,334,209,451.74	1,363,966,076.87
Taxes paid	250,673,653.26	282,533,654.43
Cash paid related to other operating activities	2,179,333,168.34	2,001,024,094.09
Subtotal of cash outflows from operating activities	8,480,386,715.33	7,799,679,169.17
Net cash flow from operating activities	1,306,363,493.28	151,879,014.65
II. Cash flow from investment activities:		
Cash received from disinvestment	485,395,536.88	164,708,888.90
Cash received from the return of investment	19,827,915.46	14,407,382.40
other long-term assets	384,798.13	24,273,872.80
Net cash received from dispose of subsidiaries and other business units		
Cash received related to other investing activities	250,922,282.88	280,155,154.09
Subtotal of cash inflow from investing activities	756,530,533.35	483,545,298.19
term assets	4,588,142,923.04	2,670,266,567.57
Cash paid for investment	5,985,266,617.89	6,108,010,138.08
△ Net increase in pledge loans		
Net cash paid by subsidiaries and other business units		
Cash paid related to other investing activities	950,000,000.00	2,387,209,031.09
Subtotal of cash outflows from investing activities	11,523,409,540.93	11,165,485,736.74
Net cash flow from investing activities	-10,766,879,007.58	-10,681,940,438.55
III. Cash flow from financing activities:		
Cash received from external investment	63,572,098.26	133,714,200.00
investment	63,572,098.26	16,044,200.00
Cash received from loans granted	24,375,726,081.56	24,851,967,000.00
Cash received relating to other financing activities	1,384,091,412.72	5,615,194,770.44
Subtotal cash inflow from financing activities	25,823,389,592.54	30,600,875,970.44
Payment of debt in cash	13,979,009,449.64	11,708,125,300.96
Cash used to pay dividends, profits, or interest payments	2,901,772,747.94	2,517,864,868.58
Including: dividends and profits paid to minority interests by subsidiaries	3,439,276.85	3,931,638.21
Cash paid related to other financing activities		4,764,744,113.90
Subtotal cash outflow from financing activities	16,880,782,197.58	18,990,734,283.44
Net cash flow from financing activities	8,942,607,394.96	11,610,141,687.00
IV. Impact of exchange rate fluctuations on cash and cash equivalents	103,368,981.44	-18,534,671.90
V. Net increase in cash and cash equivalents	-414,539,137.90	1,061,545,591.20
Add: balance of cash and cash equivalents at the beginning of the period	10,265,168,161.58	9,203,622,570.38
VI. Balance of cash and cash equivalents at the end of the period	9,850,629,023.68	10,265,168,161.58

Legal representative:

Chief Financial Officer:

Head of Accounting Department





Prepared by: Mianyang Investment Holding Group Co., Ltd.

Currency: RMB Yuan

Item	2020	2019
I. Cash flow from operating activities:		
Cash received from sales of goods and rendering of services	483,990,042.74	688,264,677.09
Received tax refunds		
Cash received related to other operating activities	1,673,607,329.46	2,892,159,691.13
Subtotal of cash inflow from operating activities	2,157,597,372.20	3,580,424,368.22
Cash paid for the purchase of goods and services	352,263,289.48	354,426,057.84
Cash paid to and for employees	31,757,459.27	38,164,199.85
Taxes paid	59,044,835.21	57,614,570.10
Cash paid related to other operating activities	88,083,206.75	3,505,462,545.81
Subtotal of cash outflows from operating activities	531,148,790.71	3,955,667,373.60
Net cash flow from operating activities	1,626,448,581.49	-375,243,005.38
II. Cash flow from investment activities:		
Cash received from disinvestment	915,366,550.00	31,505,825.63
Cash received from the return of investment	64,134,421.86	71,598,617.26
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets	500.00	257,798.50
Net cash received from dispose of subsidiaries and other business units		
Cash received related to other investing activities	251,922,282.88	31,312,483.11
Subtotal of cash inflow from investing activities	1,231,423,754.74	134,674,724.50
Cash paid for the acquisition of fixed assets, intangible assets and other long-term assets	2,113,828,865.43	1,188,860,767.88
Cash paid for investment	6,048,918,681.40	5,342,334,384.00
Net cash paid by subsidiaries and other business units		
Cash paid related to other investing activities	950,000,000.00	2,279,024,002.58
Subtotal of cash outflows from investing activities	9,112,747,546.83	8,810,219,354.46
Net cash flow from investing activities	-7,881,323,792.09	-8,675,544,629.96
III. Cash flow from financing activities:		
Cash received from external investment		
Cash received from loans granted	16,502,272,188.13	20,796,837,000.00
Cash received relating to other financing activities	1,148,097,566.47	4,607,822,619.18
Subtotal cash inflow from financing activities	17,650,369,754.60	25,404,659,619.18
Payment of debt in cash	9,095,019,641.82	11,335,636,094.92
Cash used to pay dividends, profits, or interest payments	2,560,908,236.99	2,304,063,785.81
Cash paid related to other financing activities	350,000,000.00	2,532,006,934.96
Subtotal cash outflow from financing activities	12,005,927,878.81	16,171,706,835.69
Net cash flow from financing activities	5,644,441,875.79	9,232,952,783.49
IV. Impact of exchange rate fluctuations on cash and cash equivalents	102,419,828.74	-18,534,671.90
V. Net increase in cash and cash equivalents	-508,013,506.07	163,630,476.25
Add: balance of cash and cash equivalents at the beginning of the period	5,466,083,570.82	5,302,453,094.57
VI. Balance of cash and cash equivalents at the end of the period	4,958,070,064.75	5,466,083,570.82

Legal representative:

Chief Financial Officer:

Head of Accounting Department:



Consolidated Statement of Changes in Equity
For the year ended December 31, 2020

Currency: RMB Yuan													
Item	2020											Non-controlling interests	Total equity
	Equity attributable to shareholders of parent company												
	Paid in capital	Preferred shares	Other equity instruments	Capital reserves	Loss: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Retained earnings	Subtotal		
Columns	1	2	3	4	5	6	7	8	9	10	11	12	13
I. Balance at the end of last year	850,000,000.00	—	993,891,509.43	—	20,122,172,384.96	190,399,446.30	6,673,090.44	234,697,554.63	2,464,123.20	1,805,871,831.80	24,206,169,940.76	1,652,240,569.13	25,858,410,509.89
Add: Changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—	—
Correction of prior-period errors	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—	—
II. Current year Opening balance	850,000,000.00	—	993,891,509.43	—	20,122,172,384.96	190,399,446.30	6,673,090.44	234,697,554.63	2,464,123.20	1,805,871,831.80	24,206,169,940.76	1,652,240,569.13	25,858,410,509.89
III. Changes in current year (Less marked with "x")	—	—	—	—	-1,018,659,705.84	8,641,031.41	1,268,562.63	21,353,426.22	148,812.41	384,690,817.15	-602,537,056.02	-490,809,225.97	-490,809,225.97
(1) Total comprehensive income	—	—	—	—	-1,018,659,705.84	8,641,031.41	—	—	—	526,523,944.67	603,164,976.08	653,547,908.85	653,547,908.85
(2) Capital contribution and reduction from owners	—	—	—	—	-1,018,659,705.84	—	—	—	—	—	-1,018,659,705.84	-953,855,531.71	-953,855,531.71
1. Common stock capital contribution from owners	—	—	—	—	—	—	—	—	—	—	—	63,572,098.25	63,572,098.25
2. Capital contribution from holders of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Amount of share based payment included in owner's equity	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	-1,018,659,705.84	—	—	—	—	—	—	—	—
(3) Provision and Utilisation use of special reserve	—	—	—	—	—	—	1,268,562.63	—	—	—	-1,018,659,705.84	1,232,075.88	-1,017,427,629.96
1. Provision of special reserve	—	—	—	—	—	—	1,579,735.15	—	—	—	1,268,562.63	1,268,562.63	1,268,562.63
2. Utilisation of special reserve	—	—	—	—	—	—	—	—	—	—	1,579,735.15	1,579,735.15	1,579,735.15
(4) Profit distribution	—	—	—	—	—	—	-311,172.52	21,353,426.22	148,812.41	—	-311,172.52	-311,172.52	-311,172.52
1. Appropriation to surplus reserves	—	—	—	—	—	—	—	21,353,426.22	148,812.41	-141,833,127.52	-488,330,888.89	-3,439,276.85	-491,770,165.74
Including: statutory provident fund	—	—	—	—	—	—	—	21,353,426.22	—	-21,353,426.22	—	—	—
Discretionary provident fund	—	—	—	—	—	—	—	21,353,426.22	—	-21,353,426.22	—	—	—
^a Reserve fund	—	—	—	—	—	—	—	—	—	—	—	—	—
^a Enterprise development fund	—	—	—	—	—	—	—	—	—	—	—	—	—
Return of profits investment	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Appropriation to general risks provision	—	—	—	—	—	—	—	—	148,812.41	-148,812.41	-120,330,888.89	-3,439,276.85	-191,770,165.74
3. Distribution to owners	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Others	—	—	—	—	-68,000,000.00	—	—	—	—	—	—	—	—
(5) Transfers within owner's equity	—	—	—	—	—	—	—	—	—	—	—	—	—
1. Capitalisation of capital reserves	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Capitalisation of surplus reserves	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Loss offset by surplus reserves	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Changes in employee benefit plan convert to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
^a 5. Other comprehensive income convert to retained earnings	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—	—	—	—	—
IV. Balance at the end of this year	850,000,000.00	—	993,891,509.43	—	19,103,512,679.12	199,040,477.71	7,941,653.07	256,050,980.85	2,612,935.61	2,190,562,648.95	23,603,612,884.74	1,763,988,399.18	25,367,601,283.92

Prepared by: Manyang Investment Holding (Group) Co., Ltd.

Currency: RMB Yuan

Head of Accounting Department:

Chief Financial Officer:

Legal representative:



Consolidated Statement of Changes in Equity (Continued)
For the year ended December 31, 2020

2020															Currency: RMB Yuan
Item	Equity attributable to shareholders of parent company														
	Paid in capital	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk provisions	Retained earnings	Subtotal	Non-controlling interests	Total equity			
	15	16	17	18	19	20	21	22	23	24	25	26	27	28	
I. Balance at the end of last year	850,000,000.00	993,891,509.43	20,261,742,921.42		20,261,742,921.42		169,374,347.90	2,945,989.80	226,066,510.97	2,177,168.26	2,335,000,423.84	24,841,198,871.62	1,598,303,579.62	26,439,502,451.24	
Add: Changes in accounting policies															
Correction of prior-period errors															
Others					334,615,576.39			2,615,682.04			-403,316,830.71	-66,085,572.28	9,570,547.22	-56,515,025.06	
II. Current year Opening balance	850,000,000.00	993,891,509.43	20,596,358,497.81		20,596,358,497.81		169,374,347.90	5,561,671.84	226,066,510.97	2,177,168.26	1,931,683,593.13	24,775,113,299.54	1,607,874,126.84	26,382,987,426.18	
III. Changes in current year (Less marked with "-")					-474,186,112.85		21,025,098.40	1,111,418.60	8,631,043.66	286,954.94	-125,811,761.33	-568,943,358.58	44,366,442.29	-524,576,916.29	
(1) Total comprehensive income			68,000,000.00				21,025,098.40				208,599,131.69	297,624,230.09	55,486,438.93	353,110,669.02	
(2) Capital contribution and reduction from owners															
1. Common stock capital contribution from owners															
2. Capital contribution from holders of other equity															
3. Amount of share based payment included in owner's															
4. Others															
(3) Provision and Utilisation use of special reserve					-474,186,112.85							-474,186,112.85	881,953.00	-473,304,159.85	
1. Provision of special reserve								1,111,418.60				1,111,418.60		1,111,418.60	
2. Utilisation of special reserve								1,675,993.11				1,675,993.11		1,675,993.11	
(4) Profit distribution			-68,000,000.00					-564,574.51				-564,574.51		-564,574.51	
1. Appropriation to surplus reserves									8,631,043.66	286,954.94	-334,410,893.02	-393,492,894.42	-48,046,149.64	-441,539,044.06	
Including: statutory provident fund															
Discretionary provident fund															
#Reserve fund															
#Enterprise development fund															
#Return of profits investment															
2. Appropriation to general risks provision															
3. Distribution to owners															
4. Others			68,000,000.00							286,954.94	-286,954.94	-325,492,894.42	-48,046,149.64	-373,539,044.06	
(5) Transfers within owners' equity															
1. Capitalisation of capital reserves															
2. Capitalisation of surplus reserves															
3. Loss offset by surplus reserves															
4. Changes in employee benefit plan convert to retained															
5. Other comprehensive income convert to retained															
6. Others															
V. Balance at the end of this year	850,000,000.00	993,891,509.43	20,122,172,384.96		20,122,172,384.96		190,399,446.30	6,673,090.44	234,697,554.63	2,464,123.20	1,805,871,831.80	24,206,169,940.76	1,652,240,369.13	25,858,410,509.89	

Head of Accounting Department:

Chief Financial Officer:

Legal representative:

王清

肖林

5107005018847

Parent Company's Statement of Changes in Equity
For the year ended December 31, 2020

Prepared by: Mianyang Investment Holding (Group) Co., Ltd.

Currency: RMB Yuan

Item	Paid in capital (in thousands of RMB)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
		Preference shares	Perpetual bonds	Other equity instruments							
		2	3	4	5	6	7	8	9	10	11
I. Balance at the end of last year	850,000,000.00	993,891,509.43			19,942,099,994.12		95,770,234.45		234,697,554.63	729,057,873.12	22,845,317,165.75
Add: Changes in accounting policies											
Correction of prior-period errors											
Others											
II. Current year Opening balance	850,000,000.00		993,891,509.43		19,942,099,994.12		95,770,234.45		234,697,554.63	729,057,873.12	22,845,317,165.75
III. Changes in current year (Less marked with "-")					-1,466,729,821.90				21,353,426.22	111,581,816.93	-1,333,794,578.75
(1) Total comprehensive income			68,000,000.00		-1,466,729,821.90					145,534,262.15	213,534,262.15
(2) Capital contribution and reduction from owners											
1. Common stock capital contribution from owners											
2. Capital contribution from holders of other equity											
3. Amount of share based payment included in owner's											
4. Others					-1,466,729,821.90						-1,466,729,821.90
(3) Provision and Utilisation use of special reserve											
1. Provision of special reserve											
2. Utilisation of special reserve											
(4) Profit distribution			-68,000,000.00						21,353,426.22	-33,952,445.22	-80,599,019.00
1. Appropriation to surplus reserves											
Including: statutory provident fund									21,353,426.22	-21,353,426.22	
Discretionary provident fund											
#Reserve fund											
#Enterprise development fund											
#Return of profits investment											
2. Distribution to owners			-68,000,000.00							-12,599,019.00	-80,599,019.00
3. Others											
(5) Transfers within owners' equity											
1. Capitalisation of capital reserves											
2. Capitalisation of surplus reserves											
3. Loss offset by surplus reserves											
4. Changes in employee benefit plan convert to retained											
☆5. Other comprehensive income convert to retained											
6. Others											
IV. Balance at the end of this year	850,000,000.00		993,891,509.43		18,475,370,172.22		95,770,234.45		256,050,980.85	840,639,690.05	21,511,722,587.00

Legal representative:

Chief Financial Officer:

Head of Accounting Department:



2020

Item	Paid in capital			Other equity instruments		Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total equity
	1	2	3	4	5							
Columns												
I. Balance at the end of last year	850,000,000.00	13,566,213,373.43	993,891,509.43									22
Add: Changes in accounting policies												
Correction of prior-period errors												
Others												
II. Current year Opening balance	850,000,000.00	13,566,213,373.43	993,891,509.43									398,649,217.82
III. Changes in current year (Less marked with "X")												
(1) Total comprehensive income												
(2) Capital contribution and reduction from owners												
1. Common stock capital contribution from owners												
2. Capital contribution from holders of other equity												
3. Amount of share based payment included in												
4. Others												
(3) Provision and Utilisation use of special reserve												
1. Provision of special reserve												
2. Utilisation of special reserve												
(4) Profit distribution												
1. Appropriation to surplus reserves												
Including: statutory provident fund												
Discretionary provident fund												
#Reserve fund												
#Enterprise development fund												
*Return of profits investment												
2. Distribution to owners												
3. Others												
(5) Transfers within owners' equity												
1. Capitalisation of capital reserves												
2. Capitalisation of surplus reserves												
3. Loss offset by surplus reserves												
4. Changes in employee benefit plan convert to												
☆ 5. Other comprehensive income convert to retained												
6. Others												
IV. Balance at the end of this year	850,000,000.00	19,942,099,994.12	993,891,509.43									22,845,517,165.75

Legal representative:

林氏

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Mianyang Investment Holding (Group) Co., Ltd.

Consolidated financial statement notes

As of December 31, 2020

(Except for special explanation, the amount is shown in RMB)

I. The Company's Profile

1. Corporate history, registration place, organizational form and headquarters address

Mianyang Investment Holding (Group) Co., Ltd. (hereinafter referred to as “Mianyang Investment Group” or “the Company”, collectively referred to as “the Group” when including subsidiaries) formerly known as Mianyang Xindi Assets Management Co., Ltd., established in 1999, is a state-owned holding limited liability company. The Company's unified social credit code is 91510700709196960H with registered capital of RMB 850 million. The legal representative is Xiao Lin and the registered address is No.22, South Section of Binjiang West Road, Mianyang City (3rd Floor, Jialai Huating), and the headquarters of the Company is located in No.76 floor14-16 of Fucheng Road, Mianyang City. The business scope covers Investment and construction of urban infrastructure, comprehensive real estate development, commercial housing sales, rental properties, real estate information consultation, estate management, land consolidation, tourism and cultural creative project development, hotel management service and related supporting business, rental of mechanical equipment, new energy development, pension services, general cargo and storage services, import and export of goods, providing investment management services to the medical industry, E-commerce platform development and use of the Internet to engage in goods sales (for projects subject to approval according to law, business activities can be carried out only with the approval of relevant departments).

Approved by the Mianyang Municipal People's Government on May 17, 1999 (*Mianyang Municipal People's Government Letter (1999) No. 35*), Mianyang State-owned Assets Supervision and Administration Commission (hereinafter referred to as “Mianyang SASAC”) has the net state-owned assets of four units as of December 31, 1998, including the Mianyang Nanjiao Airport Administration, Mianyang City Water Supply Corporation No.3 Water Plant, Mianyang Fuleshan International Hotel, and Mianyang Mianzhou Hotel Co., Ltd., Invested and established Sichuan Province Mianyang City Xindali asset management Co. Ltd. with registered capital of RMB 200 million. The capital contribution was verified by Sichuan Zhongping Certified Public Accountants Co., Ltd. in the *Capital Verification Report No. 19 of Zhongping Inspection (99)*.

In August 2000, the Company's name was changed to Mianyang Investment Holding (Group) Co., Ltd.

In July 2006, according to the Mianyang Municipal Committee of Communist Party of China (CPC)'s *Opinions of the CPC Mianyang Municipal Committee and the Mianyang Municipal People's Government on Innovating the Government's Investment and Financing System (Mianweifa [2006] No.11)*, and the approval of the Mianyang Municipal People's Government *on the consent of Mianyang City Investment Holding (Group) Co., Ltd. to hold the state-owned shares of Mianyang Fuda Asset Management Co., Ltd. and Mianyang City High-grade Highway Development Co., Ltd. (Mianfu) Letter [2006] No. 127*), Mianyang SASAC increased the registered capital by RMB 650 million from Mianyang Fuda Asset Management Co., Ltd. and Mianyang City High-grade Highway Development Co., Ltd. After this capital

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statements

Jan.1st, 2020 - Dec. 31st, 2020

(Unless otherwise specified, the amounts are expressed in RMB)

increase, the Company's registered capital was increased to RMB 850 million. The capital increase was verified by Sichuan Zhongxin Certified Public Accountants Co., Ltd. and issued *Chuan Zhongxin Yan [2006] No. 1224 Capital Verification Report*.

In December 2008, in accordance with the *Approval of the Mianyang Municipal People's Government on the Spin-off of Mianyang High-grade Highway Development Co., Ltd. (Mianfu Letter [2008] No. 289)*, the Company transferred out the 600 million yuan equity investment in Mianyang High-grade Highway Development Co., Ltd., and transferred the capital reserve of 600 million yuan formed by the land use rights of the South New District allocated by the Mianyang Municipal Government in 2007 to the paid-in capital. After this change, the Company's registered capital is still RMB 850 million.

In June 2014, according to the Mianyang SASAC's *Approval on the Free Transfer of State-owned Equity of Mianyang Education Investment Development Co., Ltd. to Mianyang Investment Holding (Group) Co., Ltd. (Mianguo Assets [2014] No. 31)*, all state-owned equity of Mianyang Education Investment Co., Ltd. was transferred to the Company for free.

In November 2019, according to the requirements of the *Notice on Optimizing and Reorganizing State-owned Assets to Promote the Reform and Development of Municipal State-owned Enterprises (Mianwei Office [2019] No.138)* issued by the Office of the CPC Mianyang Municipal Party Committee and the Office of the Mianyang Municipal People's Government, the 100% equity of Mianyang Communications Development Group Co., Ltd. held by the Mianyang SASAC was transferred to the Company for free.

In June 2020, according to the requirements of the *Notice on Optimizing and Reorganizing State-owned Assets to Promote the Reform and Development of Municipal State-owned Enterprises (Mianwei Office [2019] No.138)*, Mianyang SASAC transferred 100% of the equity of Mianyang Youxian Cereal & Oil Purchase & Sales Company (hereinafter referred to as the Grain and Oil Group) held by it to the Company for free.

In December 2020, according to the *Notice on Printing and Distributing the Implementation Plan for the Transfer of Part of the State-owned Capital in Sichuan Province to Enrich the Social Security Fund (Chuan Fu Fa [2019] No.9)* issued by the Sichuan Provincial People's Government, and *Notice on Transference of Partial State-owned Capital of State-owned Enterprises in Cities and Counties to Enlarge Social Security Fund (the First Batch)" (Chuan Caizi [2020] No. 95)* issued by the Sichuan Provincial Department of Finance, Sichuan Provincial Department of Human Resources and Social Security, and Sichuan Provincial State-owned Assets Supervision and Administration Commission. Mianyang SASAC transferred its 10% equity of the Company to Sichuan Provincial Department of Finance for free. After the share transfer, the registered capital of the Company is still 850 million yuan, among which the Mianyang SASAC contributes 765 million yuan (accounting for 90% of the registered capital), and the Sichuan Provincial Department of Finance contributes 85 million yuan (accounting for 10% of the registered capital).

2. The business nature and main business activities of the enterprise

The Group's main business scope: Investment and construction of urban infrastructure, comprehensive real estate development, commercial housing sales, rental properties, real estate information consultation, estate management, land consolidation, tourism and cultural creative project development, hotel management service and related supporting business, rental of mechanical equipment, new energy

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

development, pension services, general cargo and storage services, import and export of goods, providing investment management services to the medical industry, E-commerce platform development and use of the Internet to engage in goods sales (for projects subject to approval according to law, business activities can be carried out only with the approval of relevant departments). The main business segments of the Group are infrastructure construction, commodity sales, land consolidation, education investment, transportation, housing sales, water supply (including household meters, pipe network engineering) and grain and oil reserves.

3. Name of Parent Company and Group Headquarters

The controlling shareholder and ultimate controller of the Company: Mianyang State-owned Assets Supervision and Administration Commission.

The Company's organizational structure consists of Party Group Department, Supervisory Board Office, Administrative Management Center, Financial Management Center, the Capital Operation Center, Human Resources Center, Engineering Management Center, and the Audit and Legal Affairs Center.

The Company has established a corporate governance structure in accordance with the provisions of *the Company Law* and the relevant requirements of the Company. The board of directors is a permanent authority and the board of supervisors is the supervisory authority.

4. Business term

The business term is permanent.

II. Basis for preparation of financial statements

The Group's financial statements have been prepared on a going concern basis and based on actual transactions and events, in accordance with *Accounting Standards for Business Enterprises and other related regulations* issued by Ministry of Finance of the People's Republic of China, and the accounting policies and accounting estimates of the Company as stated in Note IV: Significant accounting policies and accounting estimates.

III. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Group comply with the requirements of the Accounting Standards for Business Enterprises, and presented truly and completely the financial position, operating results and cash flows etc. of the Company and the Group.

IV. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

2. Functional currency

The RMB is adopted as the functional currency.

3. Accounting basis and pricing principle

The accounting of the Company is on the accrual basis. The Company generally adopts historical cost when measuring accounting elements. When the determined amount of accounting elements meets the

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statements

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(Unless otherwise specified, the amounts are expressed in RMB)

requirements of the Accounting Standards for Business Enterprises and can be obtained and reliably measured, it can be measured by replacement cost, net realizable value, present value and fair value.

4. Business combination

The Group as a merger, its assets and liabilities acquired in a business combination under the same control are measured at their carrying amounts on the consolidated financial statements of the ultimate controlling shareholder at the combination date. The difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid is adjusted against capital reserves. Any excess over capital reserves is adjusted against retained earnings.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination not under the common control are measured at fair value on the acquisition date. The combination cost is the fair value of the cash or non-cash assets, the issued or assumed liabilities, the issued equity securities etc., which are paid by the Group on the acquisition date to obtain control of acquiree, and the sum of the direct related expenses in the business combination (the business combination achieved through multiple transactions in a step-by-step manner, the cost of the merger is the sum of the cost of each individual transaction). As for the difference between the merger cost and the fair value of the identifiable net assets obtained in the combination, if the combination cost is greater than the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill; if the combination cost is less than the fair value of the acquiree's identifiable net assets acquired in the merger, the fair value of the identifiable assets, liabilities or contingent liabilities, and the non-cash assets or the issued equity securities, etc., shall be reviewed first. After the review, if the merger cost is still less than the acquiree's identifiable net assets, the difference shall be included in the consolidated non-operating income for the current period.

5. Preparation of consolidated financial statements

(1) Principles for determining the scope of consolidated financial statements

The Group incorporates all controlled subsidiaries and structured entities into the scope consolidated financial statements.

(2) Principles, procedures and methods for the preparation of consolidated financial statements

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the company are inconsistent, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies or accounting periods of the company.

All major internal transactions, current balances and unrealized profits within the scope of consolidation are eliminated in the preparation of the consolidated statement. The share of the subsidiary's owner's equity that is not attributable to the parent company and the portion of the current net profit or loss, other comprehensive incomes and total comprehensive incomes that belong to minority shareholders' equity, were respectively disclosed, in the consolidated financial statements minority shareholders' equity, minority shareholders' gains and losses, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders.

Mianyang Investment Holding (Group) Co., Ltd.
Notes to Financial Statements
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(Unless otherwise specified, the amounts are expressed in RMB)

For subsidiaries acquired under the same control, the operating results and cash flows are included in the consolidated financial statements from the beginning of the current period. When compiling the consolidated financial statements, the relevant items of the financial statements of the previous year are adjusted, and it is deemed that the reporting entity formed after the merger has existed since the time when the ultimate controlling party began to control.

Where the equity of the invested entity under the same control is acquired step by step through multiple transactions and the enterprise merger is finally formed, it shall, in the reporting period of the acquisition of the control right, make supplementary disclosure of the treatment method in the consolidated financial statements. For example, through multiple transactions to acquire the equity of the invested units step by step under the same control, and eventually form a business merger. When preparing the consolidated statements, the adjustments shall be deemed to exist in the current state when the ultimate controlling party begins to control them. When preparing the comparative statements, the relevant assets of the combined party shall not be earlier than the point when the Group and the consolidated party are both under the control of the ultimate controlling party. Liabilities are incorporated into the comparison statement of the consolidated financial statements of the Group, and the net assets resulting from the merger are adjusted to the relevant items under owners' equity in the comparison statement. In order to avoid the double calculation of the value of the net assets of the merged party, the Group has recognized the relevant gains and losses for the long-term equity investment held before the acquisition of the original equity and the date when the Group and the merged party are under the final control of the same party until the merger date. Other comprehensive income and other changes in net assets shall be written off against the retained earnings at the beginning of the comparative reporting period and the profits and losses of the current period respectively.

For subsidiaries that are subject to the same control, the operating results and cash flows are included in the consolidated financial statements from the date when the Group obtains control. In preparing the consolidated financial statements, the financial statements of the subsidiaries are adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

Where the equity of the invested entity under different control is acquired step by step through multiple transactions and the enterprise merger is finally formed, it shall, in the reporting period of the acquisition of the control right, make supplementary disclosure of the treatment method in the consolidated financial statements. For example, the Company acquires the equity of the invested unit under different control step by step through multiple transactions, and finally forms the enterprise merger and prepares the consolidated statement. When preparing the consolidated statement, the equity held by the purchaser before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be recorded into the current investment income. The equity of the purchaser held before the relevant purchase date shall be converted into investment profit and loss in the current period of the purchase date due to other comprehensive income under the equity method and changes in the owner's equity other than net profit and loss, other comprehensive income and profit distribution. However, other comprehensive income arising from changes in net liabilities or net assets of the benefit plan re-measured by the investee shall be excluded.

The Group partially disposes of long-term equity investments in subsidiaries without losing control. In the consolidated financial statement, the difference between the disposal price and the disposal of long-term

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equity investment shall be equal to the balance between the shares of net assets continuously calculated by the subsidiary since the purchase date or the merger date, and the capital premium or equity premium shall be adjusted. If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.

If the Group loses the control right of the investee due to the disposal of part of the equity investment and other reasons, when preparing the consolidated financial statements, the remaining equity right shall be re-measured according to its fair value on the day of loss of control right. The sum of the consideration obtained from the disposal of the shares and the fair value of the remaining shares, minus the difference between the shares of the original subsidiary's net assets which should be continuously calculated since the purchase date or the merger date according to the original shareholding ratio, shall be included in the investment profit and loss of the current period of loss of control rights, and the goodwill shall be written off at the same time. The other comprehensive income related to the equity investment of the original subsidiary shall be converted into the current investment profit and loss when the control right is lost.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, if each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

6. Accounting treatment for the classification of joint venture arrangements and joint operations

The Group's joint venture arrangements include joint operations and joint ventures. For joint operating projects, the Group recognizes the assets held separately and the liabilities assumed as joint ventures in the joint operation, and recognizes the assets held and the liabilities assumed by the shares and confirms the relevant income and/or share according to the relevant agreement cost. In the case of transactions in which the joint operation occurs in the purchase or sale of assets that do not constitute a business, only the portion of the profit or loss arising from the transaction that is attributable to other parties to the joint operation is recognized.

7. Cash and cash equivalents

Cash in the Group's cash flows statement represents cash on hand and deposits that could be readily draw on demand. Cash equivalents in the cash flow statement represent investments held for no more than 3 months, highly liquid, easily converted into known amounts of cash and with insignificant risk of change in value.

8. Foreign currency business and conversion of foreign currency financial statements

(1) Foreign currency transactions

The foreign currency transactions of the Group are translated into RMB amounts at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate on that day and the resulting exchange difference is the exchange difference arising from the foreign currency special borrowings borrowed for the acquisition, construction

Mianyang Investment Holding (Group) Co., Ltd.

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or production of assets eligible for capitalization. In accordance with the principle of capitalization, it is directly included in the current profit and loss.

(2) Conversion of foreign currency financial statements

The assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on the balance sheet date; the owner's equity items are translated at the spot exchange rate at the time of business occurrence, except for retained earnings; income in the income statement and expense items, are converted at the spot exchange rate on the transaction date. The foreign currency statement translation difference arising from the above conversion is listed in other comprehensive income items. Foreign currency cash flows are translated at the spot exchange rate on the date the cash flows occur. The amount of impact of exchange rate changes on cash is presented separately in the cash flow statement.

9. Financial assets and financial liabilities

When the Group becomes a party to a financial instrument contract, it recognizes a financial asset or financial liability in the financial statements.

(1) Financial assets

1) Classification, recognition basis and measurement method of financial assets

The Group classifies the financial assets it owns into following four categories at initial recognition according to the investment purpose and economic substance: financial assets measured at fair value and the changes recorded in current profits and losses, held-to-maturity investments, receivables, and available-for-sale financial assets.

Financial assets measured at fair value and the changes recorded in current profits and losses include trading financial assets and financial assets designated at the time of initial recognition to be measured at fair value and whose changes are recorded in current profits and losses. The Group classifies financial assets as trading financial assets that meet one of the following conditions: the financial assets are acquired for the purpose of selling within a short period of time; Is part of a centrally managed identifiable portfolio of financial instruments, and there is objective evidence that the company has recently managed the portfolio in a short-term profit-making manner; Derivative instruments, except derivatives which are designated and are effective hedging instruments, derivatives which are financial security contracts, and derivatives which are linked to equity instrument investment without quotation in active market and whose fair value cannot be measured reliably, and which must be settled through delivery of the equity instrument. The Group will only specify financial instruments that meet one of the following conditions as financial assets that are measured at fair value and whose changes are included in the current profit and loss at the time of initial recognition: This designation may eliminate or significantly reduce inconsistencies in the recognition or measurement of the relevant gains or losses due to the different measurement basis of the financial instrument; The official written documents of the company's risk management or investment strategy have stated that the financial instrument portfolio is managed, evaluated and reported to key management personnel on the basis of fair value; A hybrid instrument containing one or more embedded derivatives unless the embedded derivatives do not significantly change the cash flow of the hybrid instruments, or it is clear that the embedded derivative should not be separated

Mianyang Investment Holding (Group) Co., Ltd.

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from the related hybrid instrument; Hybrid instruments that include embedded derivatives that need to be separated but cannot be separately measured at the time of acquisition or on the subsequent balance sheet date. The financial assets designated by the Group mainly include trading financial assets. For such financial assets, the fair value is adopted for subsequent measurement. Changes in fair value are included in profits and losses on changes in fair value; Interest or cash dividends obtained during the asset holding period are recognized as investment income; At the time of disposal, the difference between the fair value and the initial entry amount is recognized as profit and loss on investment, and the profit and loss on change of fair value is adjusted at the same time.

Held-to-maturity investments refer to non-derivative financial assets that have a fixed maturity date, a fixed or determinable recovery amount, and the Group has a clear intention and ability to hold to maturity. The held-to-maturity investment adopts the actual interest rate method and is subsequently measured in accordance with amortized cost. The amortization or impairment and the gains or losses arising from derecognition are included in the current profit and loss.

Receivables refers to the non-derivative financial assets in which there is no quotation in the active market and the recovery amount is fixed or definable. The effective interest rate method is adopted to carry out subsequent measurement in accordance with the amortized cost, and the gains or losses arising from the amortization or impairment and termination of recognition are included in the current profit and loss.

Available-for-sale financial assets refers to the non-derivative financial assets that are designated as available for sale at the time of initial recognition, and the financial assets that are not classified into other categories. Among such assets, equity instrument investment that has no quoted price in the active market and its fair value cannot be reliably measured, as well as derivative financial assets linked to the equity instrument and which must be delivered to the equity instrument for settlement, shall be subsequently measured at cost. For other cases with active market quotation or without active market quotation but whose fair value can be measured reliably, the fair value shall be measured at the fair value and the change in the fair value shall be recorded into other comprehensive income. For such financial assets, the fair value is adopted for subsequent measurement. Except for impairment losses and exchange gains and losses generated by foreign currency monetary financial assets, changes in the fair value of financial assets available for sale are directly recorded into shareholders' equity. When the recognition of the financial asset is terminated, the accumulated change in the fair value originally recorded directly into the equity is transferred to the current profit and loss. The interest calculated according to the effective interest rate method during the holding period of the investment in available debt instruments, as well as the cash dividends related to the investment in available equity instruments declared to be paid by the invested entity, shall be recorded into the profit and loss of the current period as investment income. For equity instrument investment without quotation in active market and its fair value cannot be measured reliably, it shall be measured at cost.

2) The recognition basis and measurement method of financial asset transfer

A financial asset shall be recognized for termination if it meets one of the following conditions: ①The contractual right to receive the cash flow of the financial asset shall terminate; ②The financial asset has been transferred, and the Group transfers almost all the risks and rewards of the ownership of the financial asset to the transferee; ③The financial asset has been transferred. Although the Group has neither

transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has given up 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 gives up 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.

If the overall transfer of a financial asset meets the conditions for termination of recognition, the difference between the book value of the transferred financial asset, and the consideration received as a result of the transfer and the accumulated amount of changes in the fair value originally recorded in other comprehensive income shall be recorded into the current profit and loss.

If partial transfer of financial assets meets the conditions for termination of recognition, the overall book value of the transferred financial assets will be apportioned between the part with termination of recognition and the part without termination of recognition according to their respective relative fair value. The sum of the consideration received as a result of the transfer, the accumulated amount of fair value changes that should be apportioned to the part of termination recognition and originally booked into other comprehensive income, and the difference between the apportioned book amount and the aforementioned book amount shall be recorded into the current profit and loss.

3) Impairment of financial assets

Except for financial assets measured at fair value through profit or loss, the Company checks the book value of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, provision for impairment is needed.

The Company conducts separate impairment tests on material individual financial assets; financial assets which are not individually material are individually tested for impairment or included in a portfolio of financial assets with similar credit risk characteristics for impairment testing. Individual financial assets that are not impaired (including financial assets that are individually material and immaterial), are included in impairment testing in a portfolio of financial assets with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics for impairment testing.

① Impairment of held-to-maturity investments, loans and receivables

The financial assets measured at cost or amortized cost are reduced to the present value of the estimated future cash flows, and the write-down amount is recognized as an impairment loss, which is recognized in profit or loss. After the financial assets are recognized for impairment losses, if there is objective evidence that the value of the financial assets has recovered and is objectively related to the events occurring after the recognition of the losses, the previously recognized impairment losses are reversed. The book value after the impairment loss is added back to the financial and should not exceed the amortized cost of the financial assets on the reversal date under the assumption that no impairment provision is made.

② Impairment of available-for-sale financial assets

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When the available-for-sale financial assets are impaired, the accumulated losses arising from the decline in the fair value of other comprehensive income are transferred out and included in the current profit and loss. The accumulated losses transferred out are the initial acquisition cost of the asset minus the recovered principal, amortization, the current fair value and the impairment loss previously recognized in profit or loss.

The impairment loss for an investment in an equity instrument that is not quoted in an active market and whose fair value cannot be reliably measured, or a derivative financial asset that is linked to the equity instrument and is required to be settled through the delivery of the equity instrument cannot be reversed.

When the available-for-sale financial assets are impaired, the accumulated loss caused by the decline in fair value that was originally directly included in the owner's equity shall be transferred out and included in the impairment loss. For investments in available-for-sale debt instruments for which impairment losses have been confirmed, if the fair value increases after the period and is objectively related to events that occurred after the original impairment losses were confirmed, the originally confirmed impairment losses shall be reversed and included in the current profit and loss. For investments in available-for-sale equity instruments for which impairment losses have been confirmed, the increase in fair value after the period is directly included in the owner's equity.

(2) Financial liabilities

1) Classification, recognition and measurement of financial liabilities

When the financial liabilities of the Company are initially recognized, they are classified as financial liabilities measured at fair value through profit or loss and other financial liabilities.

Financial liabilities that are measured at fair value and whose changes are recorded into current profits or losses include trading financial liabilities and financial liabilities that are specified as measured at fair value and whose changes are recorded into current profits and losses at the initial recognition. In accordance with the fair value of the subsequent measurement, the fair value changes resulting in the gains or losses and the financial liabilities related to the dividends and interest payments into the current profit or loss.

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 and must be settled through the delivery of the equity instrument are subsequently measured at cost. Other financial liabilities are measured at amortized cost using the effective interest method. The gain or loss arising from derecognition or amortization is recognized in profit or loss.

Financial guarantee contract and loan commitment, financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss, are initially recognized at fair value. The subsequent measurement is the higher of the initial confirmation amount determined in accordance with the *Accounting Standards No. 13 – Contingencies* after initial recognition or the initial confirmation amount deducting the accumulated amortization determined in accordance with the principle of *Accounting Standards for Business Enterprises No. 14—Revenue*.

2) Conditions for termination of recognition of financial liabilities

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The financial liability or part of it can be terminated if all or part of the current obligation of the financial liability has been discharged. If the Company and the creditor sign an agreement to replace the existing financial liabilities with new financial liabilities and the contract terms are substantially different, the existing financial liabilities are terminated, and the new financial liabilities are recognized. If the Company makes material modification to all or part of the contract terms of the existing financial liability, it shall terminate the recognition of the existing financial liability or part thereof, and at the same time, the financial liability after the modification shall be recognized as a new financial liability. The differences between the book value of the part of derecognition and the consideration paid shall be recorded into the current profit or loss.

(3) Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive for the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date. The Company's fair value measurement is implemented in accordance with the relevant provisions of the *Accounting Standards for Business Enterprises No. 39—Fair Value Measurement*. For details, please refer to Note IV. 33. Fair Value Measurement.

The level of fair value is specifically expressed as: where there is an active market for a financial instrument, the Company shall use the quotation in the active market to determine its fair value. The quotation in the active market refers to the price that can be easily obtained from exchanges, brokers, industry associations, and pricing service agencies on a regular basis, and represents the price of market transactions that actually occur in fair transactions. Where there is no active market for a financial instrument, the Company shall use valuation techniques to determine its fair value. Valuation techniques include reference to the prices used in recent market transactions by parties who are familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method, and option pricing models, etc.

(4) Offset of financial assets and liabilities

The financial assets and financial liabilities of the Group are shown separately in the balance sheet and do not offset each other. However, when the following conditions are met at the same time, the net amount after offsetting shall be shown in the balance sheet: 1) The Group has the legal right to offset the confirmed amount and such legal right is currently enforceable; 2) The Group plans to settle on a net basis or realize the financial asset and liquidate the financial liabilities at the same time.

(5) The distinction between financial liability and equity instrument and relevant treatment method

The Group distinguishes between financial liabilities and equity instruments in accordance with the following principles: 1). If the Group cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly contain terms and conditions for the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. 2). If a financial instrument is to be settled by or with the Group's own equity instrument, it is necessary to consider whether the Group's own equity instrument used to settle the instrument is to be used as a substitute for cash or other financial assets or to give the holder of the

instrument a residual interest in the assets of the issuer after deducting all liabilities. If the former, the instrument is the financial liability of the issuer; If the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract requires the Group to settle the instrument with or with its equity instrument, where the amount of contractual rights or obligations is equal to the number of its equity instruments available or to be delivered times its fair value at the time of settlement, the amount of rights or obligations under the contract is fixed, or changes in all or in part based on changes in variables other than the market price of the Group's own equity instruments (such as interest rate, the price of a good or the price of a financial instrument), the contract is classified as a financial liability.

When the Group classifies financial instruments (or its constituent parts) in the consolidated statements, all terms and conditions agreed between group members and holders of financial instruments are considered. The instrument shall be classified as a financial liability if the group as a whole undertakes, as a result of the instrument, to deliver cash, other financial assets or to settle accounts in other ways that cause the instrument to become a financial liability, the instrument shall be classified as a financial liability.

A financial instrument or part thereof is a financial liability, relevant interest, dividends, gain or loss and gain or loss from redemption or refinancing etc., the Group recognize in the current profit or loss.

A financial instrument or part thereof is an equity instrument, when its issue (including refinancing), buy-back, sells or write off, the Group, as a change in equity, does not recognize the change in the fair value of equity instruments.

10. Bad Debt Provision for Receivables

The Group regards the following conditions as the criteria for recognizing bad debt losses on receivables: cancellation of debt units, bankruptcy, insolvency, severe shortage of cash flow, occurrence of severe natural disasters, etc., resulting in suspension of production and inability to pay debts within a foreseeable period. The unit has not fulfilled its debt repayment obligations for more than 1 year overdue. Other conclusive evidence shows that it cannot be recovered or the possibility of recovery is unlikely.

Possible bad debt losses shall be accounted by the allowance method. At the end of the period, the impairment test shall be conducted separately or in combination, and the bad debt provisions shall be withdrawn and recorded into the current profit and loss. If there is conclusive evidence that the receivables cannot be collected, the receivables approved by the Group in accordance with the prescribed procedures shall be regarded as bad debt losses and the reserves for bad debts drawn shall be written off.

(1) Receivables with single significant amount and single provision for bad debts:

Materiality threshold for significant single amount	At the end of the period, the individual material amount of receivables (including accounts receivable and other receivables) are individually tested for impairment. If there is objective evidence to show that it has been impaired, the impairment loss is recognized and the provision for bad debts is made based on the difference between the book value of future cash flows and its carrying value. The material threshold for a single item means the amount is greater than or equal to RMB 100 million.
Accrual method for single item amount and single item provision for bad debts	Based on the difference between the present value of its future cash flow and its book value, the impairment loss is recognized and provision for bad debts is made.

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(2) Provision for bad debt accounts receivable based on the combination of credit risk characteristics

Determine the basis of the combination	
Money receivable from government entities	Divide portfolios based on the specific nature of the transaction unit as the characteristics of credit risk
Transactions between units within the group	Currents between subsidiaries (sub-companies) included in the Group's consolidated statements
Portfolio 1	Divide portfolios according to the credit risk characteristics of account age - Integrated Business Section
Portfolio 2	Divide portfolios according to the credit risk characteristics of account age - Water Business Section
Portfolio 3	Divide portfolios according to the credit risk characteristics of account age - Transportation Business Section
Portfolio 4	Divide portfolios according to the credit risk characteristics of account age - Grain and oil business sector
Method of accruing bad debt provision by combination	
Money receivable from government entities	No provision is made for bad debts
Transactions between units within the group	No provision is made for bad debts
Portfolio 1	Provision for bad debts based on aging analysis method
Portfolio 2	Provision for bad debts based on aging analysis method
Portfolio 3	Provision for bad debts based on aging analysis method
Portfolio 4	Provision for bad debts based on aging analysis method

1) The proportion of provision for bad debts using the aging analysis portfolio 1 is as follows:

Aging	Extraction ratio of Accounts Receivable %	Extraction ratio of Other Receivables %
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 years)	10.00	10.00
2-3 years (including 3 years)	20.00	20.00
3-4 years (including 4 years)	50.00	50.00
4-5 years (including 5 years)	50.00	50.00
5 years or more	100.00	100.00

2) The proportion of provision for bad debts using the aging analysis portfolio 2 is as follows:

Aging	Extraction ratio of Accounts Receivable %	Extraction ratio of Other Receivables %
Within 1 year (including 1 year)	0.50	0.50
1-2 years (including 2 years)	30.00	30.00
2-3 years (including 3 years)	80.00	80.00
3 years or more	100.00	100.00

3) The proportion of provision for bad debts using the aging analysis portfolio 3 is as follows:

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Aging	Extraction ratio of Accounts Receivable %	Extraction ratio of Other Receivables %
Within 1 year (including 1 year)	1.00	1.00
1-2 years (including 2 years)	5.00	5.00
2-3 years (including 3 years)	10.00	10.00
3-4 years (including 4 years)	20.00	20.00
4-5 years (including 5 years)	30.00	30.00
5 years or more	50.00	50.00

4) The proportion of provision for bad debts using the aging analysis portfolio 4 is as follows:

Aging	Extraction ratio of Accounts Receivable %	Extraction ratio of Other Receivables %
Within 1 year (including 1 year)	5.00	5.00
1-2 years (including 2 years)	10.00	10.00
2-3 years (including 3 years)	50.00	50.00
3 years or more	100.00	100.00

(3) Receivables for which the individual amount is immaterial but is individually provisioned for bad debts:

Reasons for bad debts expense	Receivables whose single item amount is not significant and the provision for bad debts according to the combination does not reflect its risk characteristics.
Method for bad debt expense	The impairment loss is recognized and the provision for bad debts is made based on the difference between the book value of future cash flows and its carrying value.

11. Inventory

The Group's inventory mainly includes raw materials, packaging materials, low-value consumables, products in progress, stock goods, etc.

The Company adopts perpetual inventory system. The inventories are priced at the actual cost when obtained, and using the weighted average method when consumed and sent out. Low-value consumables and packaging materials are amortized using the one-off write-off method.

The inventory at the end of the period is valued on the basis of the lower of cost and net realizable value. For reasons such as damage to the inventory, complete or partial obsolescence, or sales price lower than cost, the unrecoverable part of the cost is expected to be provided for inventory depreciation. Provisions for inventory depreciation of inventory commodities and bulk raw materials shall be drawn based on the difference between the cost of a single inventory item and its net realizable value. Other raw and auxiliary materials with a large quantity and low unit prices are drawn inventory depreciation reserves by category.

The net realizable value of the inventory of goods that are directly used for sale, such as stock goods, products in progress, and materials for sale, is determined by the estimated selling price of the inventory minus estimated sales expenses and related taxes. The net realizable value of the material inventory held

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for production is determined by the estimated selling price of the finished product produced minus the estimated cost, estimated sales expense and related taxes and fees to be incurred at the time of completion.

12. Accounting method for loan and loan loss preparation

The various loans issued by the loan accounting enterprise are classified as short-term loans, medium-long-term loans according to the time limit; are classified as personal loans, industrial and commercial household loans, and corporate loans according to customer type; are classified into pledge loans, mortgage loans, and guaranteed loans according to the loan categories.

(1) The loan has secondary subcategories: short-term loans, medium-long-term loans, overdue loans, sluggish loans, and bad loans. The issued loans were reclassified to the stagnant loan after 90 days of overdue. Loans classified as bad debts according to relevant regulations are reclassified to bad debt loan account.

(2) Medium-long-term loans are measured at the amortized cost using the effective interest method.

(3) On the balance sheet date, if it is determined that the loan is impaired, the loan loss provision shall be made according to the regulations. At the same time, the loan that has been provisioned for loss shall be calculated on the balance sheet date based on the amortized cost of the loan and the actual interest rate, debited in the "Loan Loss Preparation" account, and credited to the "Interest Income" account. In addition, the amount of interest receivable calculated based on the contract principal and contract interest rate will be registered off-balance-sheet.

For loans that cannot be recovered, they will be treated as bad debts after approval according to the management authority. After the approval of the management authority, the outstanding interest receivables will be written off the off-balance sheet, and the amount of "off-settlement interest receivable" will be reduced.

(4) Extraction of loan loss provisions

After the Company uses the standard method to calculate the potential risk of the loan assets, the potential risk estimates are fully extracted for loan loss provisions. The standard method is a method for calculating the estimated risk according to the bank loan loss provision accrual guidelines formulated by the People's Bank of China after the risk assets are classified according to the standards determined by the financial regulatory authorities.

The specific accrual criteria for loan loss preparation are as follows:

Loan risk classification	Extraction standard %
Normal class	1.50
Concerned class	3.00
Secondary class	30.00
Suspicious class	60.00
Loss class	100.00

13. Long-term equity investment

(1) Determine the judgment to have control, joint control or significant influence on the investee

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The Group's long-term equity investments mainly include equity investments held by the Group that can exercise control and significant influence on the investee, as well as equity investments in its joint ventures.

Control means that the Group 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 over the investee to affect the amount of its return.

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants who share the control rights before making decisions. Joint arrangement refers to an arrangement controlled by two or more parties. Joint venture refers to a joint arrangement in which the joint venture party only has the rights to the net assets of the arrangement.

Significant influence refers to the power to participate in decision-making on the financial and operating policies of the investee, but cannot control or jointly control the formulation of these policies with other parties. The determination of significant influence is mainly based on sending representatives to the investee's board of directors or similar authority to exercise significant influence through the right to speak in the financial and operational decision-making process of the investee. The Group directly or indirectly through its subsidiaries owns more than 20% (inclusive) but less than 50% of the voting shares of the invested entity, if there is clear evidence that the Group cannot participate in the production and operation decision-making of the invested entity, it cannot form a significant influence. When determining whether it can exert a significant influence on the investee, the Group will take into account, on the one hand, the voting shares of the investee directly or indirectly held by the Group, and on the other hand, the impact of the current enforceable potential voting rights held by the Group and other parties after they are assumed to be converted into equity of the investee. Such as the investment unit issued by the current convertible warrants, stock options and convertible corporate bonds, etc.

(2) The method of determining the cost of long-term equity investment, subsequent measurement and profit and loss recognition

Where cash payment, transfer of non-cash assets or debt assumption are used as the merger consideration, the initial investment cost of the long-term equity investments shall be based on the share of the owner's equity of the combined party in the book value of the consolidated financial statements of the ultimate controlling party on the combination date. The difference of initial investment cost of a long-term equity investments and cash paid, transferred non-cash assets, book value of assumed liability and total face value of the shares issued shall be adjusted in capital reverses; if the capital reserves is insufficient for write-off, the retained earnings shall be adjusted.

If the issuance of equity securities is used as the merger consideration, on the merger date, the book value of the acquired owner's equity of the merged party in the ultimate controlling party's consolidated financial statements shall be regarded as the initial investment cost of the long-term equity investment, the total face value of the issued shares shall be regarded as the capital, according to the difference between the initial investment cost of long-term equity investment and the total face value of the shares issued, the equity premium in the capital reserve is adjusted, and if the equity premium in the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

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Business combination not under the same control: the Company uses the combination cost determined on the purchase date as the initial investment cost of the long-term equity investment.

Intermediary fees such as auditing, legal services, evaluation and consulting, and other related management fees incurred for business mergers are included in the current profits and losses when they are incurred. Transaction costs of equity securities or debt securities issued as consideration for the merger are included in the initial recognized amount of equity or debt securities.

In addition to the above-mentioned long-term equity investment obtained through a business combination, the long-term equity investment obtained by paying cash shall be the investment cost according to the actual purchase price paid. For long-term equity investments obtained by issuing equity securities, the fair value of the issued equity securities shall be used as the investment cost. The long-term equity investment invested by investors shall be the investment cost according to the value agreed in the investment contract or agreement. For long-term equity investments obtained through debt restructuring, non-monetary asset exchange, etc., the investment cost shall be determined in accordance with the relevant accounting standards.

The Group adopts the cost method for accounting for long-term equity investments that can exercise control over the investee. For investment in joint ventures and associates, it adopts the equity method for accounting.

Long-term equity investments accounted for using the cost method should be valued at the initial investment cost. The addition or recovery of investment should adjust the cost of long-term equity investment accordingly. The cash dividends or profits declared by the investee should be recognized as current investment income.

When using the equity method, if the initial investment cost of a long-term equity investment is greater than the fair value of the identifiable net assets of the investee at the time of investing, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value of the identifiable net assets of the investee at the time of investing, the difference is included in the current profit and loss and the cost of the long-term equity investment is adjusted. After obtaining the long-term equity investment, the investment income and other comprehensive income shall be recognized separately based on the share of net profit and loss and other comprehensive income realized by the invested entity, and the book value of the long-term equity investment shall be adjusted at the same time; the portion of the profit or cash dividend declared to be distributed shall be reduced, and the book value of the long-term equity investment shall be reduced accordingly; the investor shall adjust the long-term equity for other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the invested entity. The book value of the investment is included in the owner's equity.

When recognizing the Group's shares of the net profit and loss of the invested entity, it shall adjust the net profit of the invested entity on the basis of the fair value of the identifiable assets of the invested entity at the time the investment is made and in accordance with the accounting policies and accounting periods of the Group. The investment income shall be confirmed by offsetting the unrealized internal transaction gains and losses between the associated enterprises and the joint venture according to the proportion of the profits and losses attributable to the investment enterprise. When confirming the share of the net profit and

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loss of the investee, the net profit of the investee is calculated on the basis of the fair value of the identifiable assets of the investee when the investment is obtained, and in accordance with the Group's accounting policies and accounting period. After adjustment and offsetting the unrealized internal transaction gains and losses that occur with associates and joint ventures, the investment income is recognized on the basis of calculating the part attributable to the investment company in accordance with the proportion of shares.

(3) Changes in long-term equity investments

If, for reasons such as additional investment, joint control or significant influence can be exercised on the invested entity but does not constitute control, the sum of the fair value of the equity investment formerly classified as financial assets available for sale plus the cost of the new investment will be the initial investment cost accounted by the equity method instead. The difference between its fair value and book value, and the accumulated fair value changes originally included in other comprehensive income are transferred to the current profit and loss accounted for by the equity method. The difference between the initial investment cost calculated above and the share of the investee's identifiable net assets on the day of the additional investment determined based on the new shareholding ratio after the additional investment is calculated. If the former is greater than the latter, no adjustment will be made. If the book value of the long-term equity investment is less than the latter, the difference shall be adjusted to the book value of the long-term equity investment and included in the current non-operating income.

For long-term equity investments that can exercise control over investees that are not under the same control due to additional investment and other reasons, the initial investment cost is calculated according to the cost method according to the sum of the book value of the original equity investment and the cost of the new investment when preparing individual financial statements.

When the Group no longer has joint control or significant influence on the investee due to the disposal of part of the equity investment, etc., and the remaining equity after disposal is classified as available-for-sale financial assets, the difference between the fair value and book value on the day of loss of joint control or significant influence shall be recorded into the current profit and loss. The other comprehensive income recognized by the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity when the equity method is terminated.

If the investor loses control of the investee due to the disposal of part of the equity investment, etc., when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, the equity method shall be adopted instead 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 significant influence on the investee, and is classified as an available-for-sale financial asset, the difference between the fair value and the book value on the date when the control is lost is included in the current profit and loss.

(4) Disposal of long-term equity investments

For the disposal of long-term equity investment in other circumstances, the difference between the book value of the disposed equity and the actual purchase price is included in the current profit and loss. For

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long-term equity investment accounted by the equity method, the disposal of the investment shall be based on the same basis as the direct disposal of relevant assets or liabilities by the invested entity, and the part originally included in other comprehensive income shall be accounted for according to the corresponding proportion.

14. Investment real estate

Investment real estate refers to real estate held for the purpose of earning rent or capital appreciation, or both. It includes leased land use rights, land use rights held and prepared for transfer after appreciation, leased buildings (including buildings for rental after completion of self-construction or development activities, and future use during construction or development). In addition, as for the vacant buildings held by the Company for the purpose of operating leases, if it can be clearly used for operating leases and the intention to maintain no change in the short term, it is also used as investment real estate.

(1) Investment real estate accounting method using fair value model

The investment real estate adopts the fair value model for subsequent measurement. The investment real estate is not depreciated or amortized. The book value is adjusted based on the fair value of the investment real estate on the balance sheet date. The difference between fair value and the original book value is recognized in profit or loss for the current period. In the meantime, the Company will take into account the effects of deferred income tax or deferred income tax liabilities.

The Group has conclusive evidence that the use of real estate has changed. When the investment real estate is converted into self-use real estate, the fair value of the real estate at the conversion date is taken as the book value of the self-use real estate. The difference between the fair value and the original book value is included in the current profit and loss.

When the self-use real estate or inventories are converted into investment real estates measured using the fair value model, the investment real estate is valued at the fair value on the date of conversion. If the fair value on the conversion date is less than the original book value, the difference is recognized in profit or loss for the current period; If the value is greater than the original book value, the difference shall be included in the owner's equity.

The characteristic of investment real estate is terminated when the investment real estate is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the current profit and loss after deducting its book value and related taxes.

(2) Basis for choosing fair value

The Group adopts the fair value model on the balance sheet date to conduct subsequent measurement of investment real estate. The basis for accounting policy selection is:

1) Investment real estate sites have active real estate trading markets

The Group is engaged in investment real estate in Beijing, Shenzhen, Mianyang and other areas, and the real estate trading market is relatively active.

- 2) The Group is able to obtain the market price and other relevant information of the same or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of the investment real estate.

Through real estate market trading inquiry and other surveys, the Group can obtain similar or similar real estate market prices and other relevant information from the real estate transaction market. At the end of the accounting period, the fair value of the investment real estate can be reasonably evaluated and the fair value of the investment real estate can be obtained by employing a professional qualified appraiser to issue an evaluation report for valuation and other methods.

- 3) The key assumptions and major uncertainties adopted by the Group in the estimation of the fair value of investment real estate are as follows:

Due to changes in the operating environment of the Group and the changing factors that affect the value of the assets, some assumptions must be established to make value judgments on the assets. It includes general assumptions and special assumptions. General assumptions include: corporate sustainability assumptions, trading assumptions, open market assumptions. Special assumptions include:

① Economy environment stability assumption: It is assumed that there is no significant change in the relevant laws, regulations, and policies of the country and the national macroeconomic situation after the evaluation of the benchmark date. There is no major change in the political, economic and social environment of the regions, and no other significant adverse effects from unpredictable and force majeure factors where the parties are located.

② No major change assumptions: It is assumed that the country does not have major changes in interest rates, exchange rates, tax bases and tax rates, and policy-based fees.

③ No adverse impact assumptions: It is assumed that no other human irresistible factors and unforeseen factors have a significant adverse effect on the assets being assessed.

When determining the fair value of investment real estate, refer to the current market price of similar properties in an active market or similar real estate market. If the current market price of similar properties or similar real estate cannot be obtained, refer to the recent transaction price of similar properties in an active market or similar real estate market; the fair value of the investment real estate should be estimated by considering the real estate market, the date of the transaction, the region and other factors; or the fair value is determined based on the expected future rental income and the present value of the relevant cash flow.

15. Fixed assets

The fixed assets of the Group refer to the tangible assets that have the following characteristics at the same time, that is, tangible assets held for the purpose of producing goods, provision of labor services, leasing or operation and management, and the useful life exceeds one year.

Fixed assets include return-loan toll highways, houses and buildings, machinery and equipment, transportation equipment, pipeline network assets, electronic equipment, office equipment and others. Among them, the cost of purchased fixed assets shall include the purchase price, import tariff and other related taxes, as well as other expenditures that can be directly attributable to the asset before the fixed

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asset reaches its intended usable state. The cost of self-built fixed assets consists of the necessary expenditures incurred before the construction of the asset reaches its intended useable state. The fixed assets invested by investors shall be recorded at the value agreed in the investment contract or agreement, but if the value agreed in the contract or agreement is not fair, it shall be recorded at fair value. For fixed assets leased by the finance lease, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date of the lease shall be taken as the accounting value.

Subsequent expenditures related to fixed assets, including repair expenditures, renewal and transformation expenditures, etc., which meet the conditions for the recognition of fixed assets, shall be included in the cost of fixed assets, and the book value of the replaced part shall be terminated. Those that do not meet the conditions for the recognition of fixed assets shall be included in the current profits and losses when they occur.

Except for fixed assets that have been fully depreciated but are still in use and the land that is separately priced and accounted for, the Group accrues depreciation for all fixed assets. Depreciation is calculated using the average life method, and is separately recorded into the cost of the relevant assets or current expenses according to the purpose. The classified depreciation period, estimated net residual value rate, and depreciation rate of the Group's fixed assets are as follows:

Fixed asset category	Depreciation period (year)	Estimated residual value rate%	Annual depreciation rate %
Return-loan toll highways	Note1		
Houses and Buildings	10-50	0.00-5.00	1.90-10.00
Machine equipment	2-20	0.00-5.00	4.75-50.00
Transportation equipment	5-15	0.00-5.00	6.33-20.00
Pipeline network assets	10-25	0.00-5.00	3.80-9.50
Electronic equipment	2-8	0.00-5.00	11.88-50.00
Office equipment and other	3-15	0.00-5.00	6.33-33.33

Note1: According to "Reply on the depreciation policy of fixed assets of Mianyang High-Grade Highway Development Co., Ltd" (MCJ [2010] No. 206), The Group's Mianyang Communications Development Group Co., Ltd. and its subsidiaries, Mianyang High-Grade Highway Development Co., Ltd. and Mianyang Mianjiang Highway Construction Engineering Co., Ltd., don't accrue depreciation for the return-loan toll highways assets it holds.

Note2: When the fixed assets which have been withdrawn for impairment are depreciated, the depreciation rate and depreciation amount are determined based on the book value of the fixed assets and the remaining useful life.

At the end of each year, the Group reviews the estimated useful life, estimated net residual value and depreciation method of fixed assets, and if there is any change, it is treated as a change in accounting estimates.

Subsequent expenses related to fixed assets are included in the cost of fixed assets and the book value of the replaced portion is derecognized, if the economic benefits related to the fixed assets are likely to flow

in and their costs can be reliably measured. Other subsequent expenditures other than this are recognized in profit or loss in the period in which they are incurred.

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The amount 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 booked into the current profit and loss. Refer to Note IV. 21 Impairment of Non-financial Long-term Assets for the method of impairment testing and provision for impairment of fixed assets. The Group shall review the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. Any changes will be treated as changes in accounting estimates.

16. Construction in progress

Construction in progress is measured at the actual cost incurred. Self-operated construction projects are measured based on direct materials, direct wages, and direct construction costs, etc.; outsourced construction projects are measured based on the project price payable, etc.; the cost of the equipment installation project shall be determined according to the value of the equipment installed, the installation cost, the expenditure incurred in the project test run, etc. Besides, the cost of construction in progress also includes borrowing costs and exchange gains and losses that should be capitalized.

Since the day when the construction in progress reaches the expected usable state, it shall carry forward fixed assets according to the estimated value by referring to the project budget, cost or actual cost of the project. Depreciation shall be calculated and carried out since the next month, and the difference of fixed assets original value shall be adjusted after the final accounting procedures for completion. Refer to Note IV. 21 Impairment of Non-financial Long-term Assets for the method of impairment testing and provision for impairment of construction in progress.

17. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings.

Borrowing costs that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions, when the asset expenditure has occurred, the borrowing costs have occurred, and the acquisition and construction or production activities necessary for the asset to reach the predetermined usable or saleable state have started. When the assets purchased, built or produced in accordance with the capitalization conditions reach the intended usable or saleable state, the borrowing costs shall cease to be capitalized. The remaining borrowing costs are recognized as expenses in the current period incurred.

Where a special loan is borrowed for the purpose of purchasing, building or producing assets eligible for capitalization, the interest expense actually incurred in the current period of the special loan shall be used, the amount of interest to be capitalized shall be determined after deducting the amount of interest income from depositing unutilized loan funds in the bank or investment income from temporary investment. Where a general loan is occupied for the purchase, construction or production of assets meeting the

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capitalization conditions, the amount of interest to be capitalized on the general loan shall be calculated and determined on the basis of the weighted average of the accumulated asset expenditure exceeding the asset expenditure of the special loan multiplied by the capitalization rate of the occupied general loan.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventory and other assets that require a long period of time (usually more than one year) of purchase, construction or production activities to reach the intended usable or saleable state.

If the assets eligible for capitalization are abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production activities of the asset restart.

18. Intangible assets

Intangible assets of the Group include land use right, patented technology, non-patented technology, etc., which are measured at the actual cost at the time of acquisition. Among them, the actual cost of the purchased intangible assets shall be the actual payment and other related expenses. The actual cost of the intangible assets invested by the investor shall be determined according to the value agreed upon in the investment contract or agreement, but if the value agreed upon in the contract or agreement is not fair, the actual cost shall be determined according to the fair value.

Intangible assets owned by the purchaser acquired by the Group in the merger of enterprises not under the same control but not recognized in its financial statements shall be recognized at fair value if one of the following conditions is satisfied during the initial recognition of the purchaser's assets: 1. Derived from contractual rights or other legal rights; 2. Can be separated or divided from the purchaser, and can be used for sale, transfer, and grant alone or together with related contracts, assets and liabilities License, lease or exchange.

The land use right shall be amortized evenly according to the transfer period from the start date of transfer. The Patented technology, non-patented technology and other intangible assets shall be amortized evenly in installments according to the shortest of the expected useful life, the beneficial life specified in the contract, and the effective life specified in the law. The amortization amount shall be recorded into the cost of the relevant assets and the current profit and loss based on its beneficiaries.

On the balance sheet date, the useful life and amortization method of intangible assets with an estimated useful life are reviewed. When the service life and amortization method are different from the previous estimates, the amortization period and amortization method are changed. The service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the useful life of the intangible asset can be estimated, it is amortized based on the intangible asset with an estimated useful life.

19. Long-term deferred expenses

The long-term deferred expenses of the Group refer to expenses that have been paid but should be amortized in the current period and subsequent periods with a period of more than one year (excluding one year), mainly including house decoration and decoration expenses, house major renovation expenses, etc.,

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which shall be amortized on an average basis during the benefit period. If the long-term prepaid expense item does not benefit the subsequent accounting period, the amortized value of the item that has not been amortized shall be transferred to the current profit and loss.

20. Goodwill

Goodwill is the difference between the cost of equity investment or the cost of a business combination not under the same control and the fair value share of the investee's or the acquiree's identifiable net assets acquired in a business combination on the acquisition date or purchase date.

Goodwill related to subsidiaries is separately listed in the consolidated financial statements, and goodwill related to associates and joint ventures is included in the book value of long-term equity investments.

21. Impairment of non-financial long-term assets

The Group inspects items such as long-term equity investment, fixed assets, construction in progress, and intangible assets with limited service life on each balance sheet date. The Group will conduct an impairment test when the indications indicate that the assets may have been impaired. For goodwill and intangible assets with uncertain service life, regardless of whether there are signs of impairment, an impairment test is carried out at the end of each year. If it is difficult to test the recoverable amount of a single asset, the test shall be based on the asset group or combination of asset groups to which the asset belongs.

If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, the impairment provision is made based on the difference and is included in the impairment loss. Once the above asset impairment loss is confirmed, it will not be reversed in the later period. The recoverable amount is the higher of the fair value of the asset less the disposal expense or the present value of the estimated future cash flow of the asset.

The signs of impairment are as follows:

- (1) The market price of the asset falls sharply in the current period, and its decline is significantly higher than that expected due to the passage of time or normal use.
- (2) The economic, technical or legal environment in which the enterprise operates and the market in which the assets are located undergo major changes in the current period or in the near future, which will adversely affect the enterprise.
- (3) The market interest rate or the rate of return on investment in other markets has increased in the current period, which affects the discount rate for enterprises to calculate the present value of the expected future cash flow of assets, resulting in a significant decrease in the recoverable amount of assets.
- (4) There is evidence that the asset is obsolete or its entity has been damaged.
- (5) Assets have been or will be idle, terminated or planned to be disposed of in advance.

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(6) Evidence from the internal report of the enterprise indicates that the economic performance of the asset has been lower than or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is far lower (or higher) than the expected amount, etc.

(7) Other signs that the asset may have been impaired.

22. Employee compensation

Employee compensation refers to various forms of remuneration or compensation provided by an enterprise to obtain services provided by employees or to terminate labor relations. Employee benefits include short-term compensation, post-employment benefits, termination benefits, and other long-term employee benefits. The benefits provided by the Group to employee spouses, children, dependants, survivors of deceased employees, and other beneficiaries are also employee compensation.

(1) Short-term compensation refers to the employee remuneration that the Group needs to pay in full within twelve months after the end of the annual reporting period during which the employee provides related services, except for compensation for termination of the labor relationship with the employee. The Group's short-term compensation includes: employee wages, bonuses, allowances and subsidies, employee welfare, medical insurance, work injury insurance and maternity insurance, housing provident fund, labor union funds and employee education funds, short-term paid absences, short-term profit sharing plans, non-monetary benefits and other short-term compensation.

During the accounting period in which the employees provide services, the Group recognizes the actual short-term compensation as liabilities, and includes it into the current profit and loss or the cost of relevant assets based on the beneficiaries of the services provided by the employees. If the short-term compensation is non-monetary benefits, it shall be measured at fair value.

(2) Post-employment benefits refer to the various forms of remuneration and benefits provided by the Group to the employee for the purpose of obtaining the service provided by the employee after the employee retires or terminates the labor relationship with the Group, except for short-term remuneration and dismissal benefits.

The defined contribution plan of the Group refers to the payment of basic endowment insurance, unemployment insurance, and enterprise annuity for employees in accordance with the relevant regulations of the local government. During the accounting period when the employee provides services to the Group, the amount payable shall be calculated according to the payment base and proportion stipulated by the local regulations, recognized as a liability, and recorded into the current profit and loss or the cost of relevant assets.

The Group establishes the enterprise annuity, and the enterprise annuity fund is jointly paid by the Group and the individual. The part paid by the Company shall be 8% of the total salary of the previous year and listed in the Group's cost. The part paid by individuals shall be 2% of the basic endowment insurance contribution base of the employee in the current year and withheld and paid by the Group from the employee's salary.

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The Group assigns the welfare obligations arising from the defined benefit plan to the period during which the employees provide services according to the formula determined by the expected cumulative welfare unit method, and includes it in the current profit and loss or the cost of related assets. The deficit or surplus formed by the present value of the defined benefit plan's obligations minus the fair value of the defined benefit plan's assets is recognized as a defined benefit plan's net liabilities or net assets. If there is a surplus in the defined benefit plan, the Group uses the lower of the surplus of the defined benefit plan and the asset ceiling to measure the net assets of the defined benefit plan.

All defined benefit plan obligations, including obligations that are expected to be paid within twelve months after the end of the annual reporting period in which the employee provides services, are discounted based on the market yield on the balance sheet date of treasury bonds or high quality corporate bonds in the active market that match the maturity and currency of the defined benefit plan obligations.

The service cost generated by the set benefit plan and the net interest on the net liabilities or net assets of the set benefit plan are recorded into the current profit and loss or the cost of relevant assets. Changes resulting from the re-measurement of net liabilities or net assets of the defined benefit plan are recorded in other comprehensive income and are not rolled back to profit and loss in subsequent accounting periods.

At the time of settlement of the established benefit plan, the settlement gain or loss shall be recognized according to the difference between the present value of the established benefit plan obligation and the settlement price determined on the settlement date.

(3) Termination benefits refers to the compensation given to the employees by the Group for terminating the labor relationship with the employees before the expiration of the labor contract, or for encouraging the employees to accept the layoff voluntarily. For employees who have not terminated their labor contracts with the Group, but will no longer provide services in the future and cannot bring economic benefits to the Group, the Group promises to provide economic compensation that is essentially dismissal benefits, in the event of "early retirement" Circumstances, before the official retirement date, shall be treated as dismissal benefits, and after the official retirement date, the employees shall be treated as post-employment benefits.

Where the Company provides termination benefits to the employees, the employee benefit liability resulting from termination benefits shall be recognized as early as possible in either of the following two categories and shall be included in the current profit and loss: When the Company cannot unilaterally withdraw the termination benefits provided by the termination plan or the termination proposal; When the Company acknowledges the costs or expenses associated with the reorganization involving the payment of termination benefits.

For the termination benefits that are not expected to be fully paid within twelve months after the end of the annual reporting period, and the substantial termination work is completed within one year but the compensation payment exceeds one year for the termination plan, the Group selects an appropriate discount rate, and measures the amount of dismissal benefits of the accrued employee's current profit and loss based on the discounted amount.

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(4) Other long-term employee benefits refer to all employee compensation except short-term remuneration, post-employment benefits, and dismissal benefits, including long-term paid absences, long-term disability benefits, and long-term profit sharing plans.

Other long-term employee benefits provided by the Group to employees that meet the conditions of the defined contribution plan shall be subject to accounting treatment in accordance with the relevant provisions of the defined contribution plan. If the other long-term employee benefits provided by the Group to employees meet the conditions of the defined benefit plan, the Group shall, in accordance with the relevant provisions of the defined benefit plan, confirm and measure the net negative components of other long-term employee benefits: service costs, other long-term employee benefits' net interest on liabilities or net assets; changes in re-measurement of other long-term employee benefits' net liabilities or net assets. The total net amount is accounted in the current profit and loss or the cost of related assets.

23. Share-based payments

Share-based payment refers to the transaction of granting equity instruments or assuming liabilities determined on the basis of equity instruments in order to obtain services provided by employees or other parties. Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

Where Equity-settled share-based payment in exchange for services provided by employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises the costs or expenses as the services are received according to the straight-line method based on the best estimate of the number of the equity instruments of the viable right during the waiting period, and the capital reserves shall be increased accordingly.

Cash-settled share-based payments are measured at the fair value of liabilities determined on the basis of shares or other equity instruments undertaken by the Group. If a cash-settled share-based payment vest immediately, the Group immediately recognises on the grant date the costs or expenses and the liability incurred at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

Until the liability is settled, the enterprise shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognised in profit or loss for the current period.

24. Bonds payable

The bonds payable by the Group are measured at fair value when they are initially recognized, and related transaction costs are included in the initial recognition amount. Subsequent measurement is based on amortized cost.

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The difference between the bond payment price and the total face value of the bond should be treated as a bond premium or discount. During the duration of the bond, the bond premium or discount is amortized at the coupon rate when accrued interest and should be treated according to the principle of borrowing costs.

25. Provisions

When an obligation related to a contingent event, such as external guarantees, commercial acceptance bill discounts, pending litigation or arbitration, product quality assurance, etc. meets the following conditions, it is recognized as an estimated liability: the obligation is the current obligation assumed by the Company; the performance of the obligation is likely to result in the outflow of economic benefits; the amount of the obligation can be reliably measured.

The estimated liabilities are initially measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations, and comprehensively consider factors such as risks, uncertainties and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined after discounting the relevant future cash outflows. The book value of the estimated liabilities is reviewed on the balance sheet date, and if there are any changes, the book value is adjusted to reflect the current best estimate.

26. Other financial instruments of preference shares and perpetual bonds

The Group classifies preferred stock and perpetual bond that qualify as equity instruments as equity instruments, and classifies the others as financial liabilities. For details of relevant accounting policies, please refer to Note IV. 9 (5) Differentiation of Financial Liabilities and Equity Instruments.

Preferred stocks and perpetual bonds classified as debt instruments are initially measured at their fair value after deducting transaction costs, and are subsequently measured at amortized cost using the effective interest method. Their interest payments or dividend distributions are in principle treated as borrowing costs, and the profit or loss caused by its repurchase or redemption is booked into the current profit and loss.

For preferred stocks and perpetual bonds classified as an equity instrument, the consideration received at the time of issuance deducts transaction costs to increase the owner's equity, the interest payment or dividend distribution shall be regarded as the profit distribution of the Company, its repurchase and cancellation as the change of equity processing.

27. Revenue recognition

The Group's operating income mainly includes income from the sale of goods, income from the provision of labor services, income from the transfer of asset use rights, and income from construction contracts. The revenue recognition principles are as follows:

- (1) The Group has transferred the main risks and rewards of commodity ownership to the purchaser. The Group neither retains the right to continue management that is usually associated with ownership, nor does it exercise effective control over the goods that have been sold. When the amount of income can be reliably measured, the relevant economic benefits are likely to flow into the enterprise, and the

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related costs incurred or to be incurred can be reliably measured, the Group confirms the realization of the revenue from the sale of goods.

- (2) When the total labor income and total cost can be reliably measured, the economic benefits related to labor services are likely to flow into the Group, and the completion progress of labor services can be reliably determined, the Group recognizes the realization of labor income. On the balance sheet date, if the result of the labor service transaction can be reliably estimated, the related labor income is confirmed according to the percentage of completion method, and the completion progress of the labor service transaction is determined according to the proportion of the labor services provided to the total labor services to be provided. If the result of the labor service transaction cannot be reliably estimated, but the labor cost incurred is expected to be compensated, the labor service income shall be recognized according to the amount of the labor service cost that can be compensated, and the labor cost incurred shall be carried forward. If the result of the labor service transaction cannot be reliably estimated, and the labor cost incurred is not expected to be compensated, the labor cost incurred is included in the current profit and loss, and the labor service income is not recognized.
- (3) When the economic benefits related to the transaction are likely to flow into the Group and the amount of income can be reliably measured, the realization of the income from the transfer of asset use rights is recognized.

28. Construction contract

When the total contract revenue can be reliably measured, the economic benefits related to the contract are likely to flow into the Group, the actual contract costs can be clearly distinguished and reliably measured, and the contract completion schedule and the remaining costs to complete the contract can be reliably determined, the Group recognizes contract revenue and contract expenses based on the percentage of completion method on the balance sheet date. When the percentage of completion method is adopted, the completion schedule of the contract is determined according to the proportion of the completed contract work to the estimated total contract work.

If the result of the construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract revenue is recognized based on the actual contract cost that can be recovered and the contract cost is recognized as the contract expense in the current period in which it occurs; if the contract cost cannot be recovered, it is immediately recognized as a contract expense and the contract revenue is not recognized.

The Group shall check the construction contract at the end of the period. If the estimated total cost of the construction contract exceeds the estimated total revenue of the contract, a loss provision is made and the estimated loss is recognized as the current expense.

29. Government grants

Government grants is the monetary or non-monetary assets obtained by the Company free of charge from the government. The government grants shall be recognized when the conditions attached to the government grants can be met and it can be received.

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If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount. For the grants allocated according to the fixed quota standard, or if there is conclusive evidence at the end of the period that they can meet the relevant conditions stipulated by the financial support policies and are expected to receive financial support funds, the amount receivable shall be measured. Where 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 (1 yuan).

The Group's government grants are divided into government grants related to assets and government grants related to income. Government grants obtained by the company for the purchase, construction or otherwise formation of long-term assets shall be regarded as asset-related government grant. Government grants other than those related to assets obtained by the company shall be regarded as government grants related to income. If the government documents do not clearly specify the subsidy object, the Group will judge according to the above-mentioned distinguishing principle. If it is difficult to distinguish, it is classified as a government subsidy related to income.

Government grants related to assets are used to offset the book value of related assets or be recognized as deferred income.

Asset-related government grants that are recognized as deferred income are included in profit and loss in installments according to the average distribution method over the useful life of the relevant assets.

If the relevant asset is sold, transferred, scrapped or damaged before the end of its useful life, the undistributed deferred income balance shall be transferred to the current profit and loss of asset disposal.

Government grants related to income, if used to compensate related costs or losses in subsequent periods, are recognized as deferred income and included in the current profits and losses during the period when the related costs or losses are recognized. If it is used to compensate related costs or losses that have occurred, it shall be directly included in the current profit and loss. Government grants related to daily activities are included in other income in accordance with the nature of economic business. Government's grants not related to daily activities are included in non-operating income and expenditure.

30. Deferred tax assets and deferred tax liability

The deferred tax assets and deferred tax liabilities of the Group are calculated and confirmed based on the difference (temporary difference) between the tax base of assets and liabilities and their book value. For deductible losses and tax deductions that can be deducted from taxable income in subsequent years according to the tax law, the corresponding deferred income tax assets are recognized as temporary differences. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rates in the period that the related assets and liabilities are recovered in accordance with the tax laws.

The Group recognizes the deferred income tax assets arising from the deductible temporary differences within the limit of the taxable income that is likely to be obtained to deduct the deductible temporary differences. For confirmed deferred income tax assets, when it is estimated that it is unlikely to obtain sufficient taxable income to deduct the deferred income tax assets in the future, the book value of the

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deferred income tax assets shall be written down. When it is possible to obtain sufficient taxable income, the reduced amount shall be reversed.

31. Leases

The Group divides leases into financial leases and operating leases on the lease start date.

Finance lease refers to a lease that transfers substantially all the risks and rewards associated with ownership of an asset. The Company records the financial leasing business as a lessee, on the starting date of the lease term, the lower of the fair value of the leased assets on that date or the present value of the minimum lease payments is used as the book value of the leased assets, the minimum lease payments are recorded as the long-term payables, and the difference is treated as unrecognized financing charges.

Other leases other than finance leases are operating leases. When the Company records the operating lease business as a lessee, rental expenses for operating leases are included in the related asset costs in the current profit and losses using the straight-line method. When the Company records the operating lease business as the lessor, rental income from operating leases is recognized in current profit or loss on the straight-line method.

32. Held for sale

- (1) The Group classifies non-current assets or disposal groups that meet the following conditions as being held for sale: ①In accordance with the practice of selling such assets or disposal groups in similar transactions, the non-current asset or disposal group is immediately available for sale in its current condition. ②The sale is likely to take place where the Group has resolved on a sale plan and entered into a legally binding purchase agreement with other parties and the sale is expected to be completed within one year. Relevant regulations require the approval of the relevant authority or regulatory unit before the sale may require relevant approval. Before the Group classifies the non-current assets or disposal group as held for sale for the first time, it measures the book value of the non-current assets or the assets and liabilities in the disposal group in accordance with the relevant accounting standards. When the Company initially measures or remeasures the non-current assets and disposal groups held for sale on the balance sheet date, if the book value is higher than the fair value less the sales expenses, the book value is reduced to the net amount of the fair value less the selling expenses. The amount of the write-down is recognized as the asset impairment loss, which is included in the current profit and loss, and the provision for impairment of assets held for sale is recorded.
- (2) The non-current assets or disposal group acquired by the Group exclusively for resale, if the required conditions of "sales are expected to be completed within one year" are met on the acquisition date, and the other classification conditions of the held for sale category are likely to be met within a short period (usually three months), are classified as held for sale on the date of acquisition. At the time of initial measurement, compare the initial measurement amount and the net fair value minus the selling expense assuming that it is not classified as the holding for sale category, and the lower of the two is measured. Except for the non-current assets or disposal groups acquired in a business combination, the net amount of the non-current assets or disposal groups after the fair value minus the selling expenses

is used as the initial measurement amount and the difference generated is included in the current profit and loss.

- (3) If the Group loses control of the subsidiary due to the sale of its investment in a subsidiary, regardless of whether the group retains part of the equity investment after the sale, when the investment in the subsidiary to be sold meets the conditions for the classification of held for sale, the investment in the subsidiary is classified as held for sale in the individual financial statements of the parent company, and all the assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.
- (4) If the net amount of the fair value of the non-current asset held for sale less selling expenses on the subsequent balance sheet date increases, the amount previously written down shall be recovered and rolled back within the amount of the impairment loss of the asset recognized after the classification of the non-current asset held for sale, and the rolled back amount shall be recorded into the current profit and loss. Impairment losses of assets recognized before they are classified as held for sale shall not be carried back.
- (5) For the disposal group, the recognized asset impairment loss first deducts the book value of the goodwill in the disposal group, and then proportionally deducts book value of non-current assets in the disposal group.

If the net amount of the fair value of the disposal group held for sale on the subsequent balance sheet date minus the sale proceeds is increased, the amount previously written down shall be recovered and transferred back within the amount of asset impairment loss recognized by the relevant measurement provisions of the non-current assets after the classification of held for sale, and the transferred amount shall be recorded into the current profit and loss. The carrying value of goodwill that has been written off, as well as the impairment losses on non-current assets recognized before they are classified as held for sale, cannot be rolled back.

The subsequent reversal of the asset impairment loss confirmed by the disposal group held for sale is based on the proportion of the book value of each non-current asset in the disposal group, excluding goodwill, to increase its book value in proportion.

- (6) Non-current assets held for sale or non-current assets in disposal groups are not depreciated or amortized. Interest and other expenses on liabilities in disposal groups of held for sale continue to be recognized.
- (7) When a non-current asset or disposal group no longer meets the criteria for the held for sale category, the Company will remove non-current assets from the disposal group. The measurement is based on the lower of the following two principles: (1) The amount of the book value before being classified as held for sale, adjusted for depreciation, amortization or impairment that should be confirmed if it is not classified as held for sale; (2) the recoverable amount.
- (8) When terminating the recognition of non-current assets held for sale or the disposal group, the unrecognized gains or losses shall be included into the current profit and loss.

33. Fair value measurement

(1) Initial measurement of fair value

For the assets and liabilities measured at fair value, considering the characteristics of the asset or liability, the Group measures the fair value by adopting the price that market participants can receive from selling an asset or pay for transferring a liability in the orderly transaction occurring on the measurement date. When fair value is used to measure related assets or liabilities, a transaction in which market participants sell assets or transfer liabilities on the measurement date is an orderly transaction under current market conditions. Orderly transactions for the sale of assets or the transfer of liabilities are carried out in the main market for the relevant assets or liabilities. When there is no major market, it is assumed that the transaction is conducted in the most favorable market for the relevant assets or liabilities. Adoption of the assumptions used by market participants to maximize their economic benefits when pricing the asset or liability. When measuring non-financial assets at fair value, the ability of market participants to use the asset for the best use to generate economic benefits or the ability to sell the asset to other market participants who can use the asset for the best use to generate economic benefits is taken into account.

(2) Valuation techniques for fair value

The Group measures related assets or liabilities at fair value, and adopts valuation techniques that are applicable under current circumstances and have sufficient data and other information to support. Valuation techniques used by the Company to measure related assets or liabilities at fair value mainly include market law, income method, and cost method. In the application of valuation techniques, the Company prioritizes the use of relevant observable inputs and uses unobservable inputs only if the relevant observable inputs are not available or not practicable.

(3) Hierarchical division of fair value

The Group determines the level of the fair value measurement result based on the lowest level of the input value that is important to the fair value measurement as a whole: The first level input is an unadjusted quote for the same asset or liability that can be obtained on the measurement date in an active market. An active market refers to a market where the transaction volume and transaction frequency of related assets or liabilities are sufficient to continuously provide pricing information. The second level input is an input value that is directly or indirectly observable for related assets or liabilities other than the first level input value. The third level input is the unobservable input value of the relevant assets or liabilities.

V. Changes in accounting policies and accounting estimates and correction of errors

1. Changes in accounting policies

There were no significant changes in accounting policies during the year.

2. Changes in accounting estimates

There were no significant changes in accounting estimates during the year.

3. Correction of important early period errors

Items	Amount at the beginning of the year before adjustment	Adjustments	Adjusted and restated amount at the beginning of the year	Adjustment Notes
Accounts receivable	2,670,037,678.98	-375,738,978.29	2,294,298,700.69	Adjust the balance

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				between current accounts
Inventory	9,236,671,880.39	-3,410,337,345.92	5,826,334,534.47	Adjust asset classification
Construction in progress	24,167,344,617.17	-8,644,461,872.39	15,522,882,744.78	Adjust asset classification
Goodwill	201,661,574.69	-199,708,926.19	1,952,648.50	Adjust misrecorded goodwill
Other non-current assets	2,302,650,309.96	12,527,089,825.52	14,829,740,135.48	Adjust asset classification
Other assets	52,326,779,937.15	48,393,324.13	52,375,173,261.28	
Total assets	90,905,145,998.34	-54,763,973.14	90,850,382,025.20	

(Continued)

Items	Amount at the beginning of the year before adjustment	Adjustments	Adjusted and restated amount at the beginning of the year	Adjustment Notes
Employee benefit payable	123,033,671.34	148,934,909.37	271,968,580.71	Adjust the previous social security base
Tax payable	229,357,630.59	231,215,370.73	460,573,001.32	Adjust land value-added tax intertemporal
Non-current liability due within 1 year	3,603,562,236.08	632,048,245.72	4,235,610,481.80	Adjust liquidity classification
Long-term payable	9,298,410,446.96	-632,048,245.72	8,666,362,201.24	Adjust liquidity classification
Deferred tax liabilities	321,911,694.60	-199,724,594.64	122,187,099.96	Adjust the misrecorded deferred income tax liabilities
Other liabilities	51,428,204,928.30	-192,934,778.02	51,235,270,150.28	
Total liabilities	65,004,480,607.87	-12,509,092.56	64,991,971,515.31	
Capital reserves	19,787,556,808.57	334,615,576.39	20,122,172,384.96	Adjust the balance between current accounts
Retained earnings	2,201,395,053.77	-395,523,221.97	1,805,871,831.80	Aggregate impact of net asset adjustments
Other equity	3,911,713,528.13	18,652,765.00	3,930,366,293.13	
Total shareholder's equity	25,900,665,390.47	-42,254,880.58	25,858,410,509.89	

(Continued)

Items	Amount at the beginning of the year before adjustment	Adjustments	Adjusted and restated amount at the beginning of the year	Adjustment Notes
Operating income	6,967,870,103.11	282,943,450.47	7,250,813,553.58	Relevant revenue recognition correction

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Operating costs	5,724,426,726.54	267,375,435.02	5,991,802,161.56	Relevant cost confirmation and correction
Selling expenses	214,823,713.12	2,194,831.14	217,018,544.26	Adjust the cost and expense classification
Administration expenses	580,051,601.13	24,012,948.96	604,064,550.09	Adjust the cost and expense classification
Impairment loss of assets	-47,520,070.68	22,274,499.36	-25,245,571.32	Adjust the difference in impairment provision
Net profits	317,778,420.80	14,307,149.82	332,085,570.62	

VI. Taxes

1. Major taxes and tax rates

Tax	Tax base	Tax rate
Value added tax (VAT)	Sale of goods or rendering of taxable service	3%、5%、6%、9%、11%、13%
City maintenance and construction tax	Turnover tax payable	7%、5%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	15%、20%、25%

Note 1: according to the *Announcement Of The Ministry of finance, the State Administration Of Taxation And The General Administration of Customs On Deepening The Relevant Policies Of VAT Reform* (announcement [2019] No. 39 of the Ministry of finance, the State Administration of Taxation and the General Administration of Customs), from April 1, 2019, the original applicable tax rates of 16% and 10% should be adjusted to 13% and 9%.

Note 2: For the group's real estate development projects, the house advance collection shall be subject to VAT at 3% of the amount excluding tax in advance, and the liquidation shall be carried out after the sales are realized in the future.

2. Tax incentives and approvals

The main tax incentives qualified for the group are as follow:

(1) Value added tax

- ① According to the *Notice on Comprehensively Launching the Pilot Reform of Business Tax to VAT* (Caishui (2016) No. 36), the transitional policy for the pilot reform of VAT from the Ministry of Finance and the State Administration of Taxation, childcare and education services provided by nurseries and kindergartens, as well as educational services provided by schools engaged in academic education, are exempted from VAT. Secondary subsidiaries, Mianyang Education Investment Group's Mianyang Middle School Experimental School, Mianyang Nanshan Experimental School, Mianyang Foreign Language Experimental School, Mianyang Foreign Language School are engaged in academic education. Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd. and the kindergartens affiliated to Santai Chunhui Education

Investment Co., Ltd. are engaged in preschool education, and the tuition income obtained by these units is exempt from VAT.

- ② According to the *Notice on Continued Implementation of Value-Added Tax Policies to Support the Development of Cultural Enterprises* by the Ministry of Finance and the State Administration of Taxation (Caishui [2019] No. 17), from January 1, 2019 to December 31, 2023, the film authorities (including the central, provincial, local and county-level) in accordance with their respective functions and authorities, approved the film group companies (including member enterprises), film studios, and other film enterprises engaged in film production, distribution and projection, the income from the sale of film copies (including digital copies), the transfer of film copyright (including transfer and licensing), the distribution of films and the income from the screening of films in rural areas shall be exempted from value-added tax. The city film screening service provided by ordinary taxpayers may, according to the current policies and regulations, choose to calculate and pay value-added tax according to the simple tax calculation method.
- ③ According to the *Notice on Printing and Distributing the Catalogue of Preferential Value-Added Tax on Products and Services for Comprehensive Utilization of Resources* by the Ministry of Finance and the State Administration of Taxation (Caishui [2015] No. 78), taxpayers who sell self-produced products for comprehensive utilization of resources and provide labor services for comprehensive utilization of resources can enjoy immediate refund of value-added tax. Mianyang Sanjiang Huize Urban Sewage Purification Co., Ltd., a subsidiary of the secondary subsidiary Mianyang Water (Group) Co., Ltd., enjoys a 70% refund of the value-added tax paid.
- ④ According to the *Announcement on Deepening the Relevant Policies of Value-added Tax Reform* by the Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs (Announcement No.39 of 2019), from April 1, 2019 to December 31, 2021, taxpayers in the production and living services industry are allowed to add 10% of the current deductible input tax to deduct the tax payable.
- ⑤ According to the *Notice on Issues Concerning the Exemption of Value-Added Tax in Vegetable Circulation Links* by the Ministry of Finance and the State Administration of Taxation (Caishui (2011) No. 137), VAT shall be exempted for vegetables sold by taxpayers engaged in vegetable wholesale and retail. According to the Ministry of Finance and the State Administration of Taxation *Notice on Exemption of Value-Added Tax Policies for Certain Fresh Meat and Egg Products in the Circulation Link* (Caishui [2012] No. 75), part of the fresh meat and egg products sold by taxpayers engaged in the wholesale and retail of agricultural products is exempt from value-added tax. Mianyang Gaoshui Agricultural and Sideline Products Wholesale Co., Ltd., a subsidiary of the second-level subsidiary Mianyang Communications Development Group Co., Ltd., is exempt from VAT on the sale of vegetables and fresh meat and eggs that meet the conditions for tax exemption.

(2) Corporate income tax

- ① According to the *Notice on Taxation Policy Issues Concerning the In-depth Implementation of the Western Development Strategy* by the Ministry of Finance, the General Administration of Customs, and the State Administration of Taxation (Caishui [2011] No. 58), from January 1, 2011 to December 31, 2020, corporate income tax will be levied at a reduced rate of 15% for encouraged industrial enterprises located in the western region. The main units involved in the Group are: the secondary subsidiary Mianyang water (Group) Co., Ltd. and its subsidiaries Mianyang City Water Supply Co., Ltd., Mianyang Purun water supply Co., Ltd., Mianyang Sanshuiyuan water supply Co., Ltd., Mianyang Lingtong Comprehensive Service Co., Ltd.,

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Mianyang Airport (Group) Co., Ltd., the secondary subsidiary Sichuan Longwei Security Service Co., Ltd., etc.

- ② According to Article 27, Paragraph 3 of the Enterprise Income Tax Law of the People's Republic of China and the *Notice of the Ministry of Finance, the State Administration of Taxation and the National Development and Reform Commission on the Publication of the Catalogue of Preferential Enterprise Income Taxes for Environmental Protection, Energy-saving and Water-saving Projects (for Trial Implementation)* (Financial Tax [2009] 166), *Notice of the Ministry of Finance and the State Administration of Taxation on Preferential Corporate Income Tax Policies for Public Infrastructure Projects and Environmental Protection, Energy-saving and Water-saving Projects* (Caishui [2012] No. 10), income from eligible environmental protection, energy-saving and water-saving projects will be exempted from corporate income tax for the first to third years from the tax year in which the project obtains the first production and operation income, and halved for the fourth to sixth years corporate income tax. The "Seven Star dam sewage-treatment project" undertaken by the subsidiary Mianyang Sanjiang Huize Urban Sewage Purification Co., Ltd., a subsidiary of Mianyang Water (Group) Co., Ltd., a secondary subsidiary, complies with this regulation, and enjoys corporate income tax reduction and exemption tax benefits in accordance with the regulations.
- ③ According to the "Notice on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises" by the Ministry of Finance and the State Administration of Taxation (Caishui [2019] No. 13), from January 1, 2019 to December 31, 2021, for small, low-profit enterprises whose annual taxable income does not exceed 1 million yuan, a reduction of 25% will be included in the taxable income, and corporate income tax will be paid at a tax rate of 20%. For the portion of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, 50% shall be included in the taxable income, and the corporate income tax shall be paid at the tax rate of 20%.
- (3) Other tax incentives and approvals
- ① According to the *Notice on Continuing the Preferential Policy for Urban Land Use Tax Reduction and Exemption for Urban Rail Transit Systems in Urban Bus Stations, Road Passenger Stations and Yards* (Caishui [2019] No.11), from January 1, 2019 to December 31, 2021, urban land use tax will be exempted for the operation land of urban bus stations, road passenger transport stations, and urban rail transit systems. The land used for bus station operation of Mianyang Public Transport (Group) Co., Ltd., a subsidiary of the secondary subsidiary Mianyang Communications Development Group Co., Ltd., is exempt from urban land use tax.
- ② According to the *Notice on Education Tax Policies* (Caishui [2004] No. 39) by the Ministry of Finance and the State Administration of Taxation, real estate tax and urban land use tax shall be exempted for the property and land used by various schools, nurseries, and kindergartens run by the state for undertaking funds allocated by the state and for self-use by enterprises. Secondary subsidiary Mianyang Education Investment Group's Mianyang Middle School Experimental School, Mianyang Nanshan Experimental School, Mianyang Foreign Language Experimental School, Mianyang Foreign Language School, Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd., and the kindergartens affiliated to Santai Chunhui Education Investment Co., Ltd. are exempt from property tax and urban land use tax.
- ③ According to the Ministry of Finance and the State Administration of Taxation, *Notice on Continuing the Implementation of Preferential Policies for Urban Land Use Taxes in Agricultural Products Wholesale Markets, Farm Trade Markets, Property Taxes* (Caishui [2019] No.12), from

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January 1, 2019 to December 31, 2021, for agricultural product wholesale markets and agricultural product markets (including self-owned and leased, the same below), real estate and land specially used for agricultural products are temporarily exempt from property tax and urban land use tax. For the real estate and land used by the agricultural product wholesale market and the farmer's market that also operate other products, the property tax and urban land use tax shall be exempted according to the ratio of other products to the area of the agricultural product transaction site. Mianyang Gaoshui Agricultural and Sideline Products Wholesale Co., Ltd., a subsidiary of the second-level subsidiary Mianyang Communications Development Group Co., Ltd., specializes in operating real estate and land for agricultural products, and is temporarily exempt from property tax and urban land use tax.

- ④ According to the *Notice on Implementing Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises* by the Ministry of Finance and the State Administration of Taxation (Caishui [2019] No.13), from January 1, 2019 to December 31, 2021, VAT small-scale taxpayers are levied at a 50% reduction in resource tax, urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities transaction stamp tax), farmland occupation tax, education surcharge, and local education surcharge.

VII. Business consolidation and consolidated financial statements

1. Basic information of sub-enterprises included in the consolidated financial statements

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(1) The information of second-level subsidiaries is as follow:

Serial Number	Company Name	Business type	Principal place of business	Business Nature	Actual Capital (Ten thousand)	% Shareholding	% of Voting Rights	Acquisition Type
2-1	Mianyang Kangju Real Estate Management Co., Ltd.	1	Mianyang, Sichuan	Management and sale of public housings; house demolition, etc.	1,000	100	100	1
2-2	Mianyang Jialai Asset Management Co., Ltd.	1	Mianyang, Sichuan	Investment in construction projects	500	100	100	1
2-3	Mianyang Cultural Tourism Group Co., Ltd.	1	Mianyang, Sichuan	Radio and television program production, film production, etc.	10,000	100	100	1
2-4	Sichuan Xichuan Conference Service Co., Ltd.	1	Mianyang, Sichuan	Conference and exhibition services, hotel operations, etc.	12,500	83.20	83.20	1
2-5	Mianyang Jinkong Microfinance Co., Ltd.	1	Mianyang, Sichuan	Loan (excluding entrusted loans) and related consulting activities	32,293.10	100	100	1
2-6	Sichuan Youyue Culture Media Co., Ltd.	1	Mianyang, Sichuan	Domestic advertising design, production, agency, release, animation design, production, exhibition services, computer network technology services	1,674	100	100	1
2-7	Mianyang Fuda Asset Management Co., Ltd.	1	Mianyang, Sichuan	Asset management, real estate development, etc.	5,000	100	100	4
2-8	Mianyang Communications Development Group Co., Ltd.	1	Mianyang, Sichuan	Investment and operation of highway traffic engineering projects, etc.	76,000	100	100	2
2-9	Sichuan Jialai Construction Engineering Co., Ltd.	1	Mianyang, Sichuan	Civil engineering construction, municipal public works construction, hydropower installation, building decoration and construction work, etc.	50,000	100	100	1
2-10	Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	Real estate development	10,000	100	100	1
2-11	Sichuan Jialai Real Estate Co., Ltd.	1	Mianyang, Sichuan	Real estate development, operation, real estate marketing planning, etc.	10,000	100	100	1
2-12	Sichuan Xijin Logistics	1	Mianyang, Sichuan	Freight agent, goods distribution, sales	10,000	100	100	1

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Serial Number	Company Name	Business type	Principal place of business	Business Nature	Actual Capital (Ten thousand)	% Shareholding	% of Voting Rights	Acquisition Type
	Co., Ltd.			of hardware, building materials, etc.				
2-13	Mianyang Mianzhou Jialai Conference Service Co., Ltd.	1	Mianyang, Sichuan	Accommodation, Chinese food, song and dance entertainment, etc.	10,000	100	100	1
2-14	Mianyang Youxian Cereal & Oil Purchase & Sales Company	1	Mianyang, Sichuan	Grain and oil storage, processing, sales, etc.	10,000	100	100	4
2-15	Mianyang Education Investment Development (Group) Co., Ltd.	1	Mianyang, Sichuan	School education investment projects and asset management, development of educational resources, etc.	5,000	100	100	4
2-16	Mianyang Jinkong Investment Management Co., Ltd.	1	Mianyang, Sichuan	Corporate management consulting services	3,000	100	100	1
2-17	Sichuan Yuewanglou Culture Communication Co., Ltd.	1	Mianyang, Sichuan	Conference and exhibition services, tour management of Yuewanglou Scenic Area, department stores, arts and crafts and collectibles (excluding cultural relics), etc.	1,709.18	100	100	1
2-18	Mianyang Jianan Tourism Development Co., Ltd.	1	Mianyang, Sichuan	Tourism projects, real estate development projects, etc.	1,000	100	100	1
2-19	Mianyang City Parking Management Co., Ltd.	1	Mianyang, Sichuan	Static traffic IoT system construction management, parking berth management, public parking management, etc.	1,000	100	100	1
2-20	Sichuan Longwei Security Service Co., Ltd.	1	Mianyang, Sichuan	Labor dispatch; guard, patrol, guard, armed escort, bodyguard, safety inspection, safety risk assessment, etc	1,000	100	100	4
2-21	Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	Real estate development; building decoration engineering construction; house leasing, property management, etc	500	100	100	1
2-22	Sichuan Yuxing Construction	1	Mianyang, Sichuan	Water conservancy project construction supervision, water and soil	200	96.58	96.58	4

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Serial Number	Company Name	Business type	Principal place of business	Business Nature	Actual Capital (Ten thousand)	% Shareholding	% of Voting Rights	Acquisition Type
	Engineering Supervision Co., Ltd.			conservation project construction supervision, housing construction supervision, etc				
2-23	Mianyang Automobile Experimental Driving Technology School Co., Ltd.	1	Mianyang, Sichuan	Motor vehicle driver training, operating driver qualification training	1,500	100	100	1
2-24	Mianyang Kanglai Property Service Co., Ltd.	1	Mianyang, Sichuan	Property management and consulting services, housing leasing and sales agents, etc.	300	100	100	1
2-25	Mianyang water (Group) Co., Ltd.	1	Mianyang, Sichuan	Tap water production, supply, urban sewage purification, water supply and drainage engineering design.	13,241.08	100	100	4
2-26	Mianyang Sanjiang Medical Investment Co., Ltd.	1	Mianyang, Sichuan	Medical investment	45,000	100	100	1
2-27	Mianyang Jiachuang Incubator Management Co., Ltd.	1	Mianyang, Sichuan	Business Incubator Management and Service	30,000	51	51	1
2-28	Mianyang Ruihao Real Estate Development Co., Ltd.	1	Mianyang, Sichuan	Real estate development	500	100	100	1

Note: Entity types: ①Domestic non-financial subsidiaries, ②Domestic financial subsidiaries, ③Overseas subsidiaries, ④Institutions.

Infrastructure units Acquisition types: ①Investment establishment, ②Business combination under the same control, ③ Business combination not under the same control, ④ Free transfer, ⑤Others.

(2) The important third and fourth level sub-enterprises are as follows:

Serial number	Company Name	Level	Entity Type	Registration Place	Main place of business
1	Mianyang Mianzhou Hotel Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan

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Serial number	Company Name	Level	Entity Type	Registration Place	Main place of business
2	Sichuan Xichuan Conference Service Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
3	Mianyang City Water Supply Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
4	Mianyang Sanshuiyuan water supply Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
5	Mianyang Sanjiang Huize urban sewage purification Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
6	Mianyang sprun Municipal Engineering Construction Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
7	Mianyang Lingtong Comprehensive Service Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
8	Mianyang jiaofa Industry Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
9	Mianyang jiaofa Shunda Taxi Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
10	Mianyang Airport (Group) Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
11	Mianyang High-grade Highway Development Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
12	Mianyang Mianjiang Road Construction Engineering Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
13	Mianyang jiaofa automobile passenger transport (Group) Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
14	Mianyang Qianfo Transportation Co., Ltd.	4	1	Mianyang, Sichuan	Mianyang, Sichuan
15	Mianyang road and Bridge Construction Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
16	Mianyang Lutongyuan Construction Co., Ltd.	4	1	Mianyang, Sichuan	Mianyang, Sichuan
17	Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
18	Mianyang gaoshui agricultural and sideline products wholesale Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
19	Mianyang public transport (Group) Co., Ltd.	3	1	Mianyang, Sichuan	Mianyang, Sichuan
20	Mianyang Mianzhou Tong Co., Ltd.	4	1	Mianyang, Sichuan	Mianyang, Sichuan

(Continued)

Serial number	Company Name	Business Nature	Actual capital (Ten thousand)	% shareholding	Enjoying % of voting rights	Investment amount
1	Mianyang Mianzhou Hotel Co., Ltd.	Tourism	4,100.00	100	100	13,221.18
2	Sichuan Xichuan Conference Service Co., Ltd.	Tourism	12,500.00	83.2	Mianyang Investment Group and Cultural	10,400.00

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Serial number	Company Name	Business Nature	Actual capital (Ten thousand)	% shareholding	Enjoying % of voting rights Tourism jointly hold 83.2 shares	Investment amount
3	Mianyang City Water Supply Co., Ltd.	Production and supply of tap water	1,415.00	25	100	353.76
4	Mianyang Sanshuiyuan water supply Co., Ltd.	Production and supply of tap water	3329.27	51.94	100	1,729.27
5	Mianyang Sanjiang Huize urban sewage purification Co., Ltd.	Urban sewage purification	500	100	100	500
6	Mianyang sprun Municipal Engineering Construction Co., Ltd.	Installation and maintenance of water supply and drainage equipment	831.09	100	100	873.92
7	Mianyang Lingtong Comprehensive Service Co., Ltd.	Estate management	100	100	100	206.08
8	Mianyang jiaofa Industry Co., Ltd.	Business services	5,000.00	100	100	5,000.00
9	Mianyang jiaofa Shunda Taxi Co., Ltd.	Services	1,000.00	100	100	1,000.00
10	Mianyang Airport (Group) Co., Ltd.	Transportation	5,000.00	100	100	30,022.86
11	Mianyang High-grade Highway Development Co., Ltd.	Infrastructure investment	60,000.00	100	100	148,022.73
12	Mianyang Mianjiang Road Construction Engineering Co., Ltd.	Infrastructure construction	5,000.00	100	100	30,522.65
13	Mianyang jiaofa automobile passenger transport (Group) Co., Ltd.	Transportation	5,000.00	100	100	5,730.68
14	Mianyang Qianfo Transportation Co., Ltd.	Services	2,000.00	85	85	2,000.00
15	Mianyang road and Bridge Construction Co., Ltd.	Infrastructure construction	1,200.00	100	100	1,362.38
16	Mianyang Lutongyuan Construction Co., Ltd.	Civil-engineering construction	5,000.00	95	95	4,750.00
17	Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Engineering construction	10,000.00	100	100	10,500.00
18	Mianyang gaoshui agricultural and sideline products wholesale Co., Ltd.	Trade	1,881.00	76.07	76.07	4,460.83
19	Mianyang public transport (Group) Co., Ltd.	Transportation	13,655.84	100	100	34,087.87
20	Mianyang Mianzhou Tong Co., Ltd.	Business services	3,000.00	50	50	1,500.00

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2. The reason why the parent company has less than half of the voting rights of the invested entity but can control the invested entity

Serial number	Company Name	% of Holding shares	% of Voting Rights	Registered Capital (Ten thousand)	Investment Amount	Reason for inclusion in the scope of consolidation
1	Mianyang City Water Supply Co., Ltd.	25.00	25.00	1,415.00	353.75	Note

Note: The secondary subsidiary Mianyang Water (Group) Co., Ltd. directly holds 25% of the equity of Mianyang City Water Supply Co., Ltd. and is the single largest shareholder. Mianyang City Water (Group) Co., Ltd. essentially controls Mianyang City Water Supply Co., Ltd.

3. Reasons why the parent company directly or indirectly through other subsidiaries has more than half of the voting rights of the invested company but has not been able to control it. The reason why the investee has less than half of the voting rights but can control the investee

Serial number	Company Name	% of Holding shares	% of Voting Rights	Registered Capital (Ten thousand)	Investment Amount	Reason for inclusion in the scope of consolidation
1	Mianyang HKC Optoelectronics Technology Co., Ltd.	54.44	32.78	1,800,000	980,000	Note

Note: On April 24, 2018, with the approval of the State-owned Assets Supervision and Administration Commission of Mianyang City, it was agreed in principle that the Company will invest 13 billion yuan in cooperation with Huike Electronics (Shenzhen) Co., Ltd. (hereinafter referred to as HKC) and Mianyang Fucheng Investment Group Co., Ltd. (hereinafter referred to as Fucheng Investment) to form Mianyang HKC Optoelectronics Technology Co., Ltd. (hereinafter referred to as Mianyang Huike). According to the voting rights entrustment agreement signed on December 31, 2020, the 21.66% equity of Mianyang Huike held by the Company is entrusted to HKC, and the Company has no control over Mianyang Huike.

4. Changes in consolidation scope

(1) Subjects newly included into consolidation scope for the year

① Free transfer

Name of the transferee	Equity acquisition %	Level	Merger date	Net assets on the merger date	Net assets at the end of the period	Income of the combined party from the date of combination to the end of the year	Net profit of the combined party from the merger date to the end of the year
Mianyang Youxian Cereal & Oil Purchase & Sales Company	100	2	June 10, 2020	38,258.46	40,082.19	55,929.49	71.86

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According to the *Notice on Optimizing the Reorganization of State-owned Assets and Promoting the Reform and Development of Municipal State-owned Enterprises* by the Office of the CPC Mianyang Municipal Party Committee and the Office of the Mianyang Municipal People's Government in October 2019 (Mianwei Office [2019] No. 138), and June 24, 2020 *Notice of the State-owned Assets Supervision and Administration Commission of Mianyang City on the Free Transfer of State-owned Property Rights of Mianyang Youxian Cereal & Oil Purchase & Sales Company* (State-owned Enterprise [2020] No. 16), 100% equity of Mianyang Youxian Cereal & Oil Purchase & Sales Company was transferred to the company for free.

② Invest in new important subsidiaries

Name of the subsidiaries	Shareholding ratio%	Net assets at the end of the period (Ten thousand)	Net profit of the year (Ten thousand)	Notes
Mianyang Sanjiang Medical Investment Co., Ltd.	100	15,007.28	7.28	
Mianyang Ruihao Real Estate Development Co., Ltd.	100			
Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd.	100	10,009.15	9.15	

(2) Subjects not included in the scope of consolidation

Serial number	Company Name	Registration Place	Business Nature	Shareholding ratio before disposal (%)	Proportion of voting rights before disposal (%)	Reasons not included in the scope of consolidation
1	Mianyang Jialai Haitong Real Estate Development Co., Ltd.	Mianyang, Sichuan	Real estate development	100	100	Share transfer
2	Mianyang Henghui Real Estate Development Co., Ltd.	Mianyang, Sichuan	Real estate development	100	100	Share transfer
3	Mianyang chuanguo Trading Co., Ltd.	Mianyang, Sichuan	Real estate development	100	100	Share transfer

(Continued)

Company Name	Disposal Date		
	Asset	Liability	Shareholders' equity
Mianyang Jialai Haitong Real Estate Development Co., Ltd.	85,533.51		85,533.51
Mianyang Henghui Real Estate Development Co., Ltd.	109,415.18	108,915.38	499.80

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Mianyang chuanguo Trading Co., Ltd.	31,438.26		31,438.26

(Continued)

Company Name	The end of last year		
	Asset	Liability	Shareholders' equity
Mianyang Jialai Haitong Real Estate Development Co., Ltd.	85,533.51		85,533.51
Mianyang Henghui Real Estate Development Co., Ltd.	107,070.78	106,570.97	499.81
Mianyang chuanguo Trading Co., Ltd.	31,868.44		31,868.44

(Continued)

Company Name	From the beginning of the year to the disposal date		
	Asset	Liability	Shareholders' equity
Mianyang Jialai Haitong Real Estate Development Co., Ltd.		0.03	-0.03
Mianyang Henghui Real Estate Development Co., Ltd.		0.02	-0.02
Mianyang chuanguo Trading Co., Ltd.		-430.18	-430.18

(Continued)

Company Name	Last year		
	Asset	Liability	Shareholders' equity
Mianyang Jialai Haitong Real Estate Development Co., Ltd.		0.08	0.08
Mianyang Henghui Real Estate Development Co., Ltd.			
Mianyang chuanguo Trading Co., Ltd.		-447.90	-447.90

VIII.Explanation of important Notes to the key items of the consolidated financial statements

As for the financial statements disclosed below, except for being specifically indicated, Opening refers to January 1st, 2020, Closing refers to December 31st, 2020, current year refers to the period from January 1st, 2020 to December 31st, 2020, and prior year refers to the period from January 1st, 2019 to December 31st, 2019. Unless otherwise specified, the amounts are expressed in RMB.

1. Cash and cash equivalents

(1) Balance of cash and cash equivalents

Item	Closing balance	Opening balance
Cash on Hand	3,536,370.96	1,212,784.62
Cash at Bank	11,258,936,048.34	11,360,702,047.74

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Item	Closing balance	Opening balance
Other monetary funds	267,287,081.91	707,789,712.62
Total	11,529,759,501.21	12,069,704,544.98

(2) Including: details of restricted cash and cash equivalents

Item	Closing balance	Opening balance
Mortgage margin account	19,208,499.75	394,207,434.32
Cash deposit	6,500,715.99	9,724,051.75
Acceptance deposit	39,853,298.00	39,769,683.88
Pledged certificate of deposit	1,227,967,888.12	1,056,330,000.00
Managed account	14,271,621.33	14,904,895.60
Migrant workers' wage guarantee letter	21,452,362.36	20,000,000.00
School charge right pledge account	349,876,091.98	269,600,317.85
Total	1,679,130,477.53	1,804,536,383.40

2. Financial assets measured at fair value through current profit or loss

Item	Closing balance	Opening balance
Classified financial assets measured at fair value through current profit or loss		
Including: Debt instrument investment		
Equity instrument investment		10,455,536.88
Others		
Financial assets designated as at fair value through current profit or loss		
Including: Debt instrument investment		
Others		
Total		10,455,536.88

3. Notes receivable

(1) Notes receivable classification

Item	Closing balance	Opening balance
Bank acceptance bills	1,901,500.83	
Commercial acceptance bills		
Total	1,901,500.83	

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4. Accounts receivable

Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable with significant single amount and single provision for bad debts	113,581,158.10	2.41		
Accounts receivable for bad debt provision according to credit risk characteristics combination	4,228,110,891.81	89.53	30,206,785.72	0.71
Accounts receivable from government units portfolio	4,105,633,342.20	86.94		
Aging Portfolio 1 - integrated business	32,290,087.43	0.68	6,286,222.23	19.47
Aging portfolio 2 - water sector	95,380.75	0.00	28,581.99	29.97
Aging portfolio 3 - Transportation Sector	32,290,087.43	0.68	6,286,222.23	19.47
Aging portfolio 4 - grain and oil sector	57,801,994.00	1.22	17,605,759.27	30.46
Accounts receivable that are not significant but have single provision for bad debts	380,625,258.62	8.06	26,061,048.97	6.85
Total	4,722,317,308.53	100.00	56,267,834.69	1.19

(Continued)

Category	Opening balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable with significant single amount and single provision for bad debts				
Accounts receivable for bad debt provision according to credit risk characteristics combination	1,879,016,444.59	80.80	12,550,317.50	0.67
Accounts receivable from government units portfolio	1,745,079,193.27	75.04		

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Aging Portfolio 1 - integrated business	22,737,909.77	0.98	6,043,398.53	26.58
Aging portfolio 2 - water sector	8,251,225.89	0.35	547,169.20	6.63
Aging portfolio 3 - Transportation Sector	102,948,115.66	4.43	5,959,749.77	5.79
Aging portfolio 4 - grain and oil sector				
Accounts receivable that are not significant but have single provision for bad debts	446,368,999.79	19.20	18,536,426.19	4.15
Total	2,325,385,444.38	100.00	31,086,743.69	1.34

(1) Aging of accounts receivable

1) Adopting the aging analysis method (1) accounts receivable for provision for bad debts

Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	20,204,108.97	62.57	101,020.54
1 - 2 years (includes Year 2)	5,992,590.52	18.56	599,259.05
2 - 3 years(includes Year 3)	339,429.96	1.05	67,885.99
3-4 years(includes Year 4)	409,522.76	1.27	204,761.38
4-5 years(includes Year 5)	62,279.91	0.19	31,139.96
More than 5 years	5,282,155.31	16.36	5,282,155.31
Total	32,290,087.43	100.00	6,286,222.23

(Continued)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	13,607,549.92	59.85	68,017.75
1 - 2 years (includes Year 2)	1,608,076.01	7.07	160,807.60
2 - 3 years(includes Year 3)	1,787,258.72	7.86	357,451.75
3-4 years(includes Year 4)	441,960.39	1.94	220,980.20
4-5 years(includes Year 5)	113,847.00	0.50	56,923.50
More than 5 years	5,179,217.73	22.78	5,179,217.73
Total	22,737,909.77	100.00	6,043,398.53

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2) Adopting the aging analysis method (2) accounts receivable for provision for bad debts

Aging	Closing balance		
	Book balance		Bad debt provision
	Amount	Proportion%	
Within 1 year (includes Year 1)	7,853.82	8.23	3.93
1 - 2 years (includes Year 2)	84,212.67	88.30	25,263.80
2 - 3 years(includes Year 3)			
More than 3 years	3,314.26	3.47	3,314.26
Total	95,380.75	100.00	28,581.99

(Continued)

Aging	Opening balance		
	Book balance		Bad debt provision
	Amount	Proportion%	
Within 1 year (includes Year 1)	7,647,880.63	92.68	3,823.94
1 - 2 years (includes Year 2)			
2 - 3 years(includes Year 3)	300,000.00	3.64	240,000.00
More than 3 years	303,345.26	3.68	303,345.26
Total	8,251,225.89	100.00	547,169.20

3) Adopting the aging analysis method (3) accounts receivable for provision for bad debts

Aging	Closing balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	20,204,108.97	62.57	101,020.54
1 - 2 years (includes Year 2)	5,992,590.52	18.56	599,259.05
2 - 3 years(includes Year 3)	339,429.96	1.05	67,885.99
3-4 years(includes Year 4)	409,522.76	1.27	204,761.38
4-5 years(includes Year 5)	62,279.91	0.19	31,139.96
More than 5 years	5,282,155.31	16.36	5,282,155.31
Total	32,290,087.43	100.00	6,286,222.23

(Continued)

Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	64,280,508.55	62.44	642,805.09

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Aging	Opening balance		
	Amount	Proportion%	Bad debt provision
1 - 2 years (includes Year 2)	4,444,046.94	4.32	222,202.34
2 - 3 years(includes Year 3)	28,069,749.61	27.27	2,806,974.96
3-4 years(includes Year 4)	1,140,896.38	1.11	228,179.28
4-5 years(includes Year 5)	2,234,344.96	2.17	670,303.50
More than 5 years	2,778,569.22	2.70	1,389,284.60
Total	102,948,115.66	100.00	5,959,749.77

4) Adopting the aging analysis method (4) accounts receivable for provision for bad debts

Aging	Closing balance		
	Book balance		Bad debt provision
	Amount	Proportion%	
Within 1 year (includes Year 1)	42,107,303.80	72.85	2,105,365.19
1 - 2 years (includes Year 2)	215,884.58	0.37	21,588.46
2 - 3 years(includes Year 3)			
More than 3 years	15,478,805.62	26.78	15,478,805.62
Total	57,801,994.00	100.00	17,605,759.27

(2) Receivables for single provision for bad debts

Creditor name	Debtor name	Closing balance	Bad debt provision	Accrual Proportion %	Accrual reason
Sichuan Xijin Logistics Co., Ltd.	Sichuan Changjin Industry Co., Ltd	113,581,158.10			Expected to be recoverable

(3) Receivables of government units at the end of the period

Creditor name	Debtor name	Closing balance	Bad debt provision	Accrual Proportion %	Explanation
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City Bureau of Finance	2,477,993,588.34			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing And Urban-rural Development Commission	1,499,532,011.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Finance Bureau of Mianyang Economic and Technological Development Zone	113,581,158.10			Expected to be recoverable

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Creditor name	Debtor name	Closing balance	Bad debt provision	Accrual Proportion %	Explanation
Mianyang Education Investment Development (Group) Co., Ltd	Santaixian Education and Sports Bureau	14,788,328.18			Expected to be recoverable
Mianyang Airport (Group) Co., Ltd	CAAC Settlement Center	4,391,366.39			Expected to be recoverable
Mianyang Education Investment Development (Group) Co., Ltd	Yanting Education and Sports Bureau	4,024,854.63			Expected to be recoverable
Mianyang Jialai Engineering Project Management Co., Ltd.	Mianyang Youxian Economic Experimental Zone Management Committee	2,000,000.00			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Department Of Transportation Of Mainyang City	1,769,749.07			Expected to be recoverable
Mianyang water (Group) Co., Ltd.	People's Government of Shitang Town, Fucheng District	1,580,586.88			Expected to be recoverable
Mianyang Road and Bridge Construction Co., Ltd.	Fucheng Housing and Urban-rural Development Bureau	1,566,599.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Other Government units	6,089,448.33			Expected to be recoverable
Total		4,127,317,689.92			

(4) Accounts receivable that are not significant but have a single provision for bad debts at the end of the period

Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion %	Explanation
Sichuan Xijin Logistics Co., Ltd.	China Construction Eighth Engineering Bureau Co., Ltd	61,425,620.93		Within 1 year		Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	CSCEC Xinjiang Construction Engineering (Group) Co., Ltd.	43,683,662.15		Within 1 year		Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jingkai Real Estate Co., Ltd	40,837,800.00		Within 1 year		Expected to be recoverable

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Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion %	Explanation
Sichuan Xijin Logistics Co., Ltd.	China Railway No.5 Chengdu Engineering Group Co., Ltd	37,339,325.97		Within 1 year		Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	Cscec Second Engineering Bureau Civil Engineering Co., Ltd.	10,629,623.36		Within 1 year		Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	10,268,919.84		Within 1 year		Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	China Construction Second Engineering Bureau Ltd.	9,452,144.44		Within 1 year		Expected to be recoverable
Mianyang Public Transport Xinyun Industrial Co., Ltd	China First Highway Engineering Co., Ltd.	9,434,762.74		Within 1 year		Expected to be recoverable
Mianyang Cereals, Oils and foodstuffs Co., Ltd	Zizhong Yinshan Hongzhan Industrial Co., Ltd.	9,349,252.92		Within 1 year		Expected to be recoverable
Mianyang water (Group) Co., Ltd.	Water charges receivable (including living expenses)	8,960,219.84		Within 1 year		Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	Sichuan Damei Industry Co., Ltd.	8,592,908.97		Within 1 year		Expected to be recoverable
Mianyang Cultural Tourism Group Co., Ltd.	Emei Film Group Co., Ltd	7,000,000.00	7,000,000.00	Within 1 year	100.00	Expected to be unrecoverable
Sichuan Xijin Logistics Co., Ltd.	Sichuan Zhongcheng coal construction (Group) Co., Ltd.	6,790,813.86	6,790,813.86	Over 5 years	100.00	Expected to be unrecoverable
Sichuan Xijin Logistics Co., Ltd.	Tianjin Road and Bridge Construction Engineering Co., Ltd.	5,977,386.36		2-3 years		Expected to be recoverable

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Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion %	Explanation
Mianyang Kanglai Property Service Co., Ltd.	Fubin impression proprietor	5,722,461.50	2,383,727.71	3-4 years	41.66	Not expected to be fully recovered
Mianyang Education Investment Development (Group) Co., Ltd	Mianyang Yingde Industrial Co., Ltd	5,139,604.69		1-2 years		Expected to be recoverable
	Other units	100,020,751.05	9,886,507.40		9.88	Expected to be partially recoverable
Total		380,625,258.62	26,061,048.97			

(5) The top ten accounts receivable at the end of the period

Creditor name	Debtor name	Closing balance	Total accounts receivable as%	Bad debt provision
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City Bureau of Finance	2,477,993,588.34	52.47	
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing And Urban-rural Development Commission	1,499,532,011.00	31.75	
Mianyang Investment Holding (Group) Co., Ltd.	Finance Bureau of Mianyang Economic and Technological Development Zone	113,581,158.10	2.41	
Sichuan Xijin Logistics Co., Ltd.	Sichuan Changjin Industry Co., Ltd	70,571,100.38	1.49	
Sichuan Xijin Logistics Co., Ltd.	China Construction Eighth Engineering Bureau Co., Ltd	61,425,620.93	1.30	
Sichuan Xijin Logistics Co., Ltd.	CSCEC Xinjiang Construction Engineering (Group) Co., Ltd.	43,683,662.15	0.93	
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jingkai Real Estate Co., Ltd	40,837,800.00	0.86	
Sichuan Xijin Logistics Co., Ltd.	China Railway No.5 Chengdu Engineering Group. Co., Ltd	37,339,325.97	0.79	
Sichuan Xijin Logistics Co., Ltd.	Cscec Second Engineering Bureau Civil Engineering Co., Ltd.	10,629,623.36	0.23	
Sichuan Xijin Logistics Co., Ltd.	China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	10,268,919.84	0.22	

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5. Prepayments

(1) Prepayments are listed by aging

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion %		Amount	Proportion %	
Within 1 year (includes Year 1)	270,440,137.95	4.13		555,347,227.49	8.70	
1 - 2 years	388,382,688.15	5.92		333,605,955.64	5.23	
2 - 3 years	414,446,488.49	6.32		642,319,037.74	10.07	
More than 3 years	5,482,602,585.02	83.63	576,451.39	4,848,357,428.01	76.00	8,272.75
Total	6,555,871,899.61	100.00	576,451.39	6,379,629,648.88	100.00	8,272.75

(2) Aged over 1 year of large prepayments case

Creditor name	Debtor name	Closing balance	Aging	Unsettlements reason
Mianyang Investment Holding(Group) Co., Ltd.	Fucheng District Bureau of Finance	1,344,170,276.44	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Youxian District Bureau of Finance	866,056,281.60	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Sanjiang Development and Construction Co., Ltd.	651,878,890.34	More than 3 years	Demolition compensation, to be settled
Mianyang Education Investment Development (Group) Co., Ltd	People's Government of Qingyi Town, Fucheng District	311,074,880.36	Within 1 year	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Youxian District Finance Treasury Payment Center	268,000,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Fucheng District Bureau of poverty alleviation and development of Mianyang City	240,430,000.00	2-3 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Kefa Changtai Industrial Co., Ltd.	230,000,000.00	1-2 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang land acquisition and reserve center	221,000,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Shima Town Government of Youxian District	189,692,196.80	More than 3 years	Demolition compensation, to be settled

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Mianyang Investment Holding(Group) Co., Ltd.	Youxian District Bureau of Finance	175,000,000.00	More than 3 years	Demolition compensation, to be settled
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Economic and Technological Development Zone Management Committee	154,447,053.00	More than 3 years	Demolition compensation, to be settled
Total		4,651,749,578.54		

(3) Top five prepayments of year end balance collected by debtor

Debtor name	Book balance	Accounting for the proportion of total prepayments%
Fucheng District Bureau of Finance	1,344,170,276.44	20.50
Youxian District Bureau of Finance	866,056,281.60	13.21
Mianyang Sanjiang Development and Construction Co., Ltd.	651,878,890.34	9.94
People's Government of Qingyi Town, Fucheng District	311,074,880.36	4.74
Mianyang Youxian District Finance Treasury Payment Center	268,000,000.00	4.09
Total	3,441,180,328.74	52.49

6. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	10,193,109,789.72	9,700,413,343.13
Total	10,193,109,789.72	9,700,413,343.13

(1) Interest receivable: None

(2) Dividends receivable: None

(3) Other receivables

Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Other receivables with significant single amount and single provision for bad debts	2,679,349,446.28	26.14		
Other receivables with provision for bad debts based on credit risk characteristics	5,246,179,487.96	51.17	27,279,823.77	0.52

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Government units	5,082,526,091.01	49.58		
Combination 1: Aging Analysis Method (1)	29,848,568.78	0.29	9,646,889.27	32.32
Combination 2: Aging Analysis Method (2)	1,280,932.58	0.01	1,190,752.24	92.96
Combination 3: Aging Analysis Method (3)	112,192,194.59	1.09	5,484,440.82	4.89
Combination 3: Aging Analysis Method (4)	20,331,701.00	0.20	10,957,741.44	53.89
Other receivables that are not significant in individual amount but are individually provisioned for bad debts	2,326,285,732.97	22.69	31,425,053.72	1.35
Total	10,251,814,667.21	100.00	58,704,877.49	0.57

(Continued)

Category	Opening balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Other receivables with significant single amount and single provision for bad debts	4,982,446,661.50	51.13	25,625,864.82	0.51
Other receivables with provision for bad debts based on credit risk characteristics	4,639,681,307.68	47.62	14,490,426.34	0.31
Government units	4,491,793,049.36	46.10		
Combination 1: Aging Analysis Method (1)	17,431,422.90	0.18	8,421,058.33	48.31
Combination 2: Aging Analysis Method (2)	1,321,415.20	0.01	1,280,924.07	96.94
Combination 3: Aging Analysis Method (3)	129,135,420.22	1.33	4,788,443.94	3.71
Combination 4: Aging Analysis Method (4)				
Other receivables that are not significant in individual amount but are individually provisioned for bad debts	121,832,579.91	1.25	3,430,914.80	2.82
Total	9,743,960,549.09	100.00	43,547,205.96	0.45

1) Other receivables for bad debt provision by adopting the aging analysis method

① Other receivables with provision for bad debts using the aging analysis method (1)

Aging	Closing balance			Opening balance		
	Book balance	Proportion%	Bad debt provision	Book balance	Proportion%	Bad debt provision

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Within 1 year (includes Year 1)	17,101,182.47	57.29	85,505.91	6,030,017.25	34.59	30,150.08
1 - 2 years (includes Year 2)	1,578,257.46	5.29	157,825.75	1,080,659.20	6.20	108,065.93
2 - 3 years(includes Year 3)	917,985.46	3.08	183,597.09	1,075,470.01	6.17	215,094.01
3-4 years(includes Year 4)	1,049,810.82	3.52	524,905.41	1,032,396.08	5.92	516,198.04
4-5 years(includes Year 5)	1,012,554.92	3.39	506,277.46	1,322,660.19	7.59	661,330.10
More than 5years	8,188,777.65	27.43	8,188,777.65	6,890,220.17	39.53	6,890,220.17
Total	29,848,568.78	100.00	9,646,889.27	17,431,422.90	100.00	8,421,058.33

② Other receivables with provision for bad debts using the aging analysis method (2)

Aging	Closing balance			Opening balance		
	Book balance	Proportion%	Bad debt provision	Book balance	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	85,979.09	6.71	42.99	22,337.17	1.69	11.17
1 - 2 years (includes Year 2)	6,063.20	0.47	1,818.96	25,950.19	1.96	7,785.06
2 - 3 years(includes Year 3)						
More than 3 years	1,188,890.29	92.81	1,188,890.29	1,273,127.84	96.35	1,273,127.84
Total	1,280,932.58	100.00	1,190,752.24	1,321,415.20	100.00	1,280,924.07

③ Other receivables with provision for bad debts using the aging analysis method (3)

Aging	Closing balance			Opening balance		
	Book balance	Proportion%	Bad debt provision	Book balance	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	89,288,080.69	79.58	892,880.81	113,522,337.38	87.91	1,135,223.38
1 - 2 years (includes Year 2)	7,291,031.06	6.50	364,551.55	7,911,696.64	6.13	395,584.84
2 - 3 years(includes	7,911,696.64	7.05	791,169.66	984,081.34	0.76	98,408.14

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Year 3)						
3-4 years(includes Year 4)	984,081.34	0.88	196,816.27	598,149.51	0.46	119,629.90
4-5 years(includes Year 5)	598,149.51	0.53	179,444.85	99,900.00	0.08	29,970.00
More than 5 years	6,119,155.35	5.45	3,059,577.68	6,019,255.35	4.66	3,009,627.68
Total	112,192,194.59	100.00	5,484,440.82	129,135,420.22	100.00	4,788,443.94

④ Other receivables with provision for bad debts using the aging analysis method (4)

Aging	Closing balance			Opening balance		
	Book balance	Proportion%	Bad debt provision	Book balance	Proportion%	Bad debt provision
Within 1 year (includes Year 1)	9,568,198.25	47.06	478,409.91			
1 - 2 years (includes Year 2)	221,245.80	1.09	22,124.58			
2 - 3 years(includes Year 3)	170,100.00	0.84	85,050.00			
More than 3 years	10,372,156.95	51.01	10,372,156.95			
Total	20,331,701.00	100.00	10,957,741.44			

2) Other receivables for single provision for bad debts

Creditor name	Debtor name	Book balance	Bad debt provision	Accrual Proportion %	Accrual reason
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Science and technology city development investment (Group) Co., Ltd	572,440,300.51			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Jiuzhou Qiancheng Real Estate Co., Ltd.	439,477,831.19			Expected to be recoverable
Mianyang Education Investment Development (Group) Co., Ltd	Chengdu Dongchangrui Real Estate Co., Ltd	302,142,478.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Jiangyou Hongfei investment (Group) Co., Ltd	240,136,888.89			Expected to be recoverable

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Creditor name	Debtor name	Book balance	Bad debt provision	Accrual Proportion %	Accrual reason
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Investment Group Co., Ltd.	174,837,416.68			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Hongda Asset Investment Management (Group) Co., Ltd.	170,136,888.89			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Headquarters of passenger transport crossing engineering between some roads in Mianyang and Chengdu-Mianyang-Leshan Railway	139,253,223.58			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Huidong Investment Holding Co., Ltd.	134,456,667.56			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Xishan North Road	105,967,306.56			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Pingwu Everbright State Owned Investment (Group) Co., Ltd.	100,192,499.99			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Yuqiang Investment Co., Ltd. of Beichuan Qiang Autonomous County	100,171,111.10			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Mianyang Anzhou Investment Holding Co., Ltd.	100,136,833.33			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Huixin Development and Construction Co., Ltd.	100,000,000.00			Expected to be recoverable
Total		2,679,349,446.28			

3) Other receivables with a single item that are not significant but are individually provisioned for bad debts

Accounting unit (creditor)	Debtor name	Book balance	Bad debt provision	Aging	Accrual Proportion %
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Xincheng Engine Co., Ltd.	98,333,777.79			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Huarong Financial Leasing Co., Ltd.	72,000,000.00			Expected to be recoverable

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Accounting unit (creditor)	Debtor name	Book balance	Bad debt provision	Aging	Accrual Proportion %
Mianyang Investment Holding (Group) Co., Ltd.	China Sculpture Park Project	55,253,949.11			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Zhonglei Investment and Development Group Co., Ltd	54,902,083.33			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Construction headquarters of horticultural administrative center	50,990,385.36			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Huiyin Financial Leasing Co., Ltd	47,200,000.00			Expected to be recoverable
Sichuan Xijin Logistics Co., Ltd.	Sichuan Mianyang Forgood Distillery Co., Ltd.	22,749,700.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Mianyang Haosheng Automobile Parts Manufacturing Co., Ltd.	22,619,950.50			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Yanting State Owned Investment Management Co., Ltd	20,034,222.23			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Zitong County Juyuan Asset Operation Investment Co., Ltd.	20,034,222.23			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Ping An International Financial Leasing (Tianjin) Co., Ltd.	20,000,000.00			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Key Highway Construction Headquarters	20,000,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Kefa Tianda Investment Development Co., Ltd	11,232,592.35			Expected to be recoverable
Mianyang Cultural Tourism Group Co., Ltd.	Far Eastern International Leasing Co., Ltd.	10,000,000.00			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Management Committee of Mianyang Economic and Technological Development Zone	10,000,000.00			Expected to be recoverable

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Accounting unit (creditor)	Debtor name	Book balance	Bad debt provision	Aging	Accrual Proportion %
Ruitian Real Estate Development Branch Of Mianyang High Grade Highway Development Co., Ltd	Sichuan Kaiyue Investment Group Co., Ltd.	10,000,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Other units	1,780,934,850.07	31,425,053.72	1.76	Expected to be recoverable
Total		2,326,285,732.97	31,425,053.72		

4) Transaction details of major government units

Accounting unit (creditor)	Debtor name	Book balance	Bad debt provision	Aging	Accrual Proportion %
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City Bureau of Finance	1,085,687,622.65			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing And Urban-rural Development Commission	951,552,465.99			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Department Of transportation of Mianyang City	454,230,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Transportation Bureau	382,912,754.42			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Pingwu County People's Government	328,845,753.43			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Jiangyou Finance Bureau (Jiangyou state owned assets supervision and Administration Office)	316,392,390.35			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang key highway construction headquarters office	277,665,860.67			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Water Bureau	226,231,545.97			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Jiangyou City Bureau of Finance	170,899,178.49			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City key project construction office	142,534,621.22			Expected to be recoverable

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Accounting unit (creditor)	Debtor name	Book balance	Bad debt provision	Aging	Accrual Proportion %
Mianyang Communications Development Group Co., Ltd.	Youxian District People's Government	121,500,000.00			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Jiangyou Jiumian Expressway (Jiangyou section) construction coordination headquarters, Jiangyou Municipal People's Government Office	100,000,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	People's Government of Chengjiao Township, Fucheng District	79,510,000.00			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang land acquisition and reserve center	61,723,294.40			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Finance Bureau of Mianyang Economic and Technological Development Zone	59,300,670.17			Expected to be recoverable
Mianyang Fuda Asset Management Co., Ltd.	The People's Procuratorate of Mianyang city	41,170,668.30			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Management Committee of Mianyang Economic and Technological Development Zone	24,022,222.22			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang city intermediate People's Court	22,623,393.62			Expected to be recoverable
Mianyang Communications Development Group Co., Ltd.	Highway Management Office of Mianyang Transportation Bureau	21,216,655.85			Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Other Government units	214,506,993.26			Expected to be recoverable
Total		5,082,526,091.01			

5) Other receivables of top five balance at the end of the year collected by debtor

Debtor name	Book balance	Proportion to the total of other receivables (%)	Bad debt provision
Mianyang City Bureau of Finance	1,085,687,622.65	10.59	

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Debtor name	Book balance	Proportion to the total of other receivables (%)	Bad debt provision
Mianyang Housing And Urban- Rural Development Bureau (Renamed Mianyang Housing And Urban-Rural Development Commission)	951,552,465.99	9.28	
Mianyang Science And Technology City Development Investment (Group) Co., Ltd	572,440,300.51	5.58	
Department Of Transportation Of Mianyang City	454,230,000.00	4.43	
Jiuzhou Qiancheng Real Estate Co., Ltd.	439,477,831.19	4.29	
Total	3,503,388,220.34	34.17	

7. Inventories

(1) Classification of inventory

Project	Closing balance		
	Book balance	Provision for depreciation	Book value
Materials in transit	153,812.28		153,812.28
Raw and auxiliary materials	35,271,460.40	3,589,074.80	31,682,385.60
Products in process	43,277,828.00		43,277,828.00
Goods in stock (finished goods)	506,330,538.63		506,330,538.63
Development cost	2,530,700,394.24		2,530,700,394.24
Unfinished services	1,066,797.95		1,066,797.95
Turnover materials (packing materials, low value consumables, etc.)	2,242,068.15		2,242,068.15
Goods issued	71,038.00		71,038.00
Packaging	1,311,626.36		1,311,626.36
Material procurement	3,354,633.39		3,354,633.39
Assets formed by construction contract	1,030,170,521.15		1,030,170,521.15
Project construction (completed but unsettled)	171,305,829.15		171,305,829.15
Others	41,670,927.75		41,670,833.55
Total	4,366,927,475.45	3,589,074.80	4,363,338,400.65

(Continued)

Project	Opening balance

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	Book balance	Provision for depreciation	Book value
Materials in transit			
Raw and auxiliary materials	37,716,621.15	314,607.74	37,402,013.41
Products in process	42,805,191.28		42,805,191.28
Goods in stock (finished goods)	172,949,057.95	3,597,055.08	169,352,002.87
Development cost	4,025,712,552.62		4,025,712,552.62
Turnover materials (packing materials, low value consumables, etc.)	3,482,086.21		3,482,086.21
Goods issued	74,406.00		74,406.00
Material procurement	7,601,897.49		7,601,897.49
Assets formed by construction contract	1,362,154,472.57		1,362,154,472.57
Project construction (completed but unsettled)	134,184,037.71		134,184,037.71
Others	43,565,874.31		43,565,874.31
Total	5,830,246,197.29	3,911,662.82	5,826,334,534.47

1) Land reserve area (unit: square meter)

Land Area	Opening balance	Increase	Decrease	Closing balance
Jiuzhou gymnasium land	88,299.12			88,299.12
Sanxing village, xiaojiangou Town, Youxian District	40,810.60			40,810.60
Group 1 and 2, Wenwu village, Chengnan Street office, Economic Development Zone	112,095.81			112,095.81
Sanxing J plot	19,914.73			19,914.73
Dahe M Land	11,917.57			11,917.57
Dahe G Land	18,090.02			18,090.02
Dahe N Land	10,293.13			10,293.13
NO.61 Hongxing Street (old municipal Party committee)	3,856.58			3,856.58
Right bank of Sanjiang, economic and Technological Development Zone (Group D)	19,685.77			19,685.77
Right bank of Sanjiang, economic and Technological Development Zone (Group G)	45,361.34			45,361.34
No. 253, right bank, Chengnan New District		4,730.15		4,730.15

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Land Area	Opening balance	Increase	Decrease	Closing balance
Right bank of Sanjiang, economic and Technological Development Zone (Group C)	21,176.27		21,176.27	
Right bank of Sanjiang, economic and Technological Development Zone (Group F)	65,114.75		65,114.75	
Dahe E plot	72,971.38		72,971.38	
Sanxing I plot	75,665.05		75,665.05	
Dahe K plot		97,581.76		97,581.76
Plot A of jiuhuaifu		36,184.34		36,184.34
Land in Youxian District	10,924.49			10,924.49
Flood land	22,797.69			22,797.69
Jinjialin land	12,153.71			12,153.71
Total	651,128.01	138,496.25	234,927.45	554,696.81

2) The amount of land reserve (unit: RMB)

Land Area	Opening balance	Increase	Decrease	Closing balance
Jiuzhou gymnasium land	131,161,574.72			131,161,574.72
Sanxing village, xiaojiangou Town, Youxian District	105,045,454.58			105,045,454.58
Group 1 and 2, Wenwu village, Chengnan Street office, Economic Development Zone	188,604,896.59			188,604,896.59
Sanxing J plot	61,211,314.29			61,211,314.29
Dahe M Land	36,775,085.14			36,775,085.14
Dahe G Land	55,744,457.14			55,744,457.14
Dahe N Land	31,932,716.91			31,932,716.91
NO.61 Hongxing Street (old municipal Party committee)	23,702,963.34			23,702,963.34
Right bank of Sanjiang, economic and Technological Development Zone (Group D)	200,136,100.00			200,136,100.00
Right bank of Sanjiang, economic and Technological Development Zone (Group G)	443,833,900.00			443,833,900.00
No. 253, right bank, Chengnan New District		8,587,774.00		8,587,774.00

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Land Area	Opening balance	Increase	Decrease	Closing balance
Right bank of Sanjiang, economic and Technological Development Zone (Group C)	215,047,500.00		215,047,500.00	
Right bank of Sanjiang, economic and Technological Development Zone (Group F)	598,117,600.00		598,117,600.00	
Dahe E plot	540,178,523.09		540,178,523.09	
Sanxing I plot	530,295,612.82		530,295,612.82	
Dahe K plot		165,663,916.12		165,663,916.12
Dahe K plot		35,881,167		35,881,167.00
Plot A of jiuhuaifu	40,792,083.41			40,792,083.41
Land in Youxian District	29,058,889.10	3,500.00		29,062,389.10
Flood land	16,505,301.05	301,814.90		16,807,115.95
Total	3,248,143,972.18	210,438,172.02	1,883,639,235.91	1,574,942,908.29

8. Non-current assets due within one year

Item	Closing balance	Opening balance
Personal loans and advances	37,691,868.70	59,683,491.26
Corporate loans and advances	168,643,648.07	219,330,446.00
Subtotal	206,335,516.77	279,013,937.26
Less: Provision for loan losses	3,993,074.15	4,764,874.50
Total	202,342,442.62	274,249,062.76

(1) Disclosure of loans and advances by individuals and enterprises

Item	Closing balance	Opening balance
Personal loans and advances	37,691,868.70	59,683,491.26
—Credit Card		
—Housing mortgage		
—Other	37,691,868.70	59,683,491.26
Corporate loans and advances	168,643,648.07	219,330,446.00
—Loans	168,643,648.07	219,330,446.00
—Discount		
—Other		
Total loans and advances	206,335,516.77	279,013,937.26
Less: Provision for loan losses	3,993,074.15	4,764,874.50

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Item	Closing balance	Opening balance
Of which: Single provision	3,993,074.15	4,764,874.50
Combined provision		
Book value of loans and advances	202,342,442.62	274,249,062.76

9. Other current assets

Item	Closing balance	Opening balance
VAT to be certified / deducted	276,865,538.39	204,530,369.57
Accrued interest receivable not yet due	247,788,676.82	28,565,407.10
Taxes paid in advance	16,535,028.98	14,088,780.49
Housing maintenance fund	8,869,514.87	9,157,056.83
Others	7,772,895.43	11,166,555.63
Total	557,831,654.49	267,508,169.62

10. Available-for-sale financial assets

(1) Available-for-sale financial assets situation

Item	Closing balance			Opening balance		
	Book balance	Impairment Provision	Book value	Book balance	Impairment Provision	Book value
Available-for-sale debt instruments	4,355,744,567.00		4,355,744,567.00	5,359,862,000.00		5,359,862,000.00
Available-for-sale equity instruments	5,134,515,781.62		5,134,515,781.62	3,289,124,169.39		3,289,124,169.39
Measured at fair value						
Measured at cost	5,134,515,781.62		5,134,515,781.62	3,289,124,169.39		3,289,124,169.39
Others						
Total	9,490,260,348.62		9,490,260,348.62	8,648,986,169.39		8,648,986,169.39

(2) Details of classification

1) Debt instruments

Invested unit	Cost of investment	Opening balance	Increase or decrease	Closing balance
Yunnan International Trust Co., Ltd.	13,720,000.00	15,560,000.00	-1,840,000.00	13,720,000.00
Mianyang HKC Optoelectronics Technology Co., Ltd.	4,342,024,567.00	5,344,302,000.00	-1,002,277,433.00	4,342,024,567.00

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Total	4,355,744,567.00	5,359,862,000.00	-1,004,117,433.00	4,355,744,567.00

2) Equity instruments

Invested unit	Cost of investment	Opening balance	Increase or decrease	Closing balance
Sichuan Mianjiu Expressway Co., Ltd	147,000,000.00	27,000,000.00	120,000,000.00	147,000,000.00
Sichuan miannan Expressway Development Co., Ltd	94,600,000.00	77,600,000.00	17,000,000.00	94,600,000.00
Mianyang Science and Technology City Jiuzhou general Airport Co., Ltd	2,500,000.00	2,500,000.00		2,500,000.00
Mianyang Suining Neijiang Railway Co., Ltd	73,297,644.00	73,297,644.00		73,297,644.00
Mianyang Zhongye Jiangsan Road Development Co., Ltd	30,000,000.00	30,000,000.00		30,000,000.00
Puxiang Compressed Natural Gas Co., Ltd	2,250,000.00	2,250,000.00		2,250,000.00
Gongjiao Compressed Natural Gas Co., Ltd	2,023,600.00	2,023,600.00		2,023,600.00
Mianyang Jinshang education and Sports Development Co., Ltd	23,000,000.00	14,000,000.00	9,000,000.00	23,000,000.00
Mianyang Xinyong water supply Co., Ltd.	3,711,509.79	3,711,509.79		3,711,509.79
Sewage treatment and purification company	48,050,000.00	48,050,000.00		48,050,000.00
Sichuan Innovation And Entrepreneurship Equity Investment Fund Partnership (Limited Partnership)	150,000,000.00	150,000,000.00		150,000,000.00
Mianyang Xinhua Internal Combustion Engine Co., Ltd		53,150,479.00		53,150,479.00
Sichuan Development Equity Investment Fund Management Co., Ltd	7,000,000.00	7,000,000.00		7,000,000.00
Huike Electronics (Shenzhen) Co., Ltd.	1,200,000,000.00	726,903,885.60	473,096,114.40	1,200,000,000.00
Sichuan Xingshu Railway Investment Co., Ltd.	1,947,400,000.00	1,947,400,000.00		1,947,400,000.00
Sichuan Jiuzhou Electronic Technology Co., Ltd		1,000,000.00		1,000,000.00

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Invested unit	Cost of investment	Opening balance	Increase or decrease	Closing balance
Guokai Jingcheng (Beijing) Investment Fund Co., Ltd.		100,000,000.00	-24,853,801.17	75,146,198.83
Mianyang Science and Technology City win-win aid Investment Fund (limited partnership)		20,000,000.00		20,000,000.00
Mianyang Science and technology city development investment (Group) Co., Ltd			1,250,000,000.00	1,250,000,000.00
Others	4,386,351.00	3,237,051.00	1,149,299.00	4,386,350.00
Total	3,735,219,104.79	3,289,124,169.39	1,845,391,612.23	5,134,515,781.62

11. Long-term receivables

Item	Closing balance			Opening balance			Period end discount rate range
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Receivables of government projects	1,435,356,497.81		1,435,356,497.81	978,654,597.07		978,654,597.07	1,435,356,497.81
Others							
Total	1,435,356,497.81		1,435,356,497.81	978,654,597.07		978,654,597.07	1,435,356,497.81

12. Long-term equity investment

(1) Long-term equity investment classification

Item	Opening balance	Increase	Decrease	Closing balance
Investment in subsidiaries				
Investment in joint ventures				
Investment in associated enterprises	117,406,847.22	5,970,575,588.66	1,080,000.00	6,086,902,435.88
Subtotal	117,406,847.22	5,970,575,588.66	1,080,000.00	6,086,902,435.88
Less: Long-term equity investment impairment provision				

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Total	117,406,847.22	5,970,575,588.66	1,080,000.00	6,086,902,435.88

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(2) Long-term equity investment details

Invested unit	Cost of investment	Opening balance	Increase or decrease in the current year						Closing balance	Impairment Provision at end of year balance
			Additional investment	Withdrawal investment	Investment gain and losses recognized under the equity method	Other comprehensive income adjustment	Other rights Beneficial change	Declare cash dividends or profits	Provision for impairment	Other
1. Joint ventures										
2. Investment in associates	6,015,337,701.33	117,406,847.22	5,933,154,872.41		36,008,249.52			-1,080,000.00		1,412,466.73
Mianyang Xianle Rice Industry Co., Ltd			8,611,820.18		87,782.23					8,699,602.41
Sichuan Haodong Food Technology Co., Ltd			840,870.07							840,870.07
Sichuan Bashu Granary Technology Co., Ltd			1,451,440.53							1,451,440.53
Sichuan Natural Gas Mianyang Gas Co., Ltd	60,741,298.95	59,593,193.26			1,067,418.21					60,660,611.47
Sichuan Venture Capital Fuda Investment Management Co., Ltd	851,913.19	1,548,993.93								1,548,993.93
Mianyang Fuda Innovation And Entrepreneurship Equity Investment Fund Partnership	8,666,666.67	8,666,666.67	1,333,333.33							10,000,000.00

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Invested unit	Cost of investment	Opening balance	Increase or decrease in the current year						Closing balance	Impairment Provision : end of year balance
			Additional investment	Withdrawal investment	Investment gain and losses recognized under the equity method	Other comprehensive income adjustment	Other rights Benefi chang	Declare cash dividends or profits	Provision for impairment	Other
Jiuzhaigou Jiuhu Smart Supply Chain Management Co., Ltd	2,250,000.00									1,412,466.73
Sichuan Mengjin bus Gas Co., Ltd	1,500,000.00		1,500,000.00							1,500,000.00
Mianyang Jinjiantou Project Management Co., Ltd	9,960,000.00		9,960,000.00							9,960,000.00
Mianyang Shandian aviation food Co., Ltd.	3,367,822.52	4,397,777.66			50,044.86			-1,080,000.00		3,367,822.52
Mianyang Zhongke Miantou Environmental Service Co., Ltd.	28,000,000.00	43,200,215.70	9,457,408.30							52,657,624.00
Mianyang HKC Optoelectronics Technology Co., Ltd.	5,900,000,000.00		5,900,000,000.00		34,803,004.22					5,934,803,004.22
Total	6,015,337,701.33	117,406,847.22	5,933,154,872.41		36,008,249.52			-1,080,000.00		1,412,466.73
										6,086,902,435.88

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13. Investment property

(1) Investment property that is subsequently measured in accordance with the fair value model

Item	Beginning fair value	Increase			Decrease		Ending fair value
		Purchase	Self-use real estate or inventory transfer	Fair value change profit and loss	Disposal	Switch to self-use real estate	
Total costs	2,168,490,008.22	2,895,162,566.56	28,020,902.83		16,985,623.72	1,403,336.00	5,073,284,517.89
1.Houses, buildings	2,115,119,910.23	2,846,909,966.56	28,020,902.83		16,685,687.86	1,403,336.00	4,971,961,755.76
2.Land use rights	53,370,097.99	48,252,600.00			299,935.86		101,322,762.13
3.Others							
Total changes in fair value	438,554,020.54			22,139,741.09	117,822,140.00		342,871,621.63
1.Houses, buildings	438,554,020.54			22,139,741.09	117,822,140.00		342,871,621.63
2.Land use rights							
3.Others							
Total book value	2,607,044,028.76	2,895,162,566.56	28,020,902.83	22,139,741.09	134,807,763.72	1,403,336.00	5,416,156,139.52
1.Houses, buildings	2,553,673,930.77	2,846,909,966.56	28,020,902.83	22,139,741.09	134,507,827.86	1,403,336.00	5,314,833,377.39
2.Land use rights	53,370,097.99	48,252,600.00			299,935.86		101,322,762.13
3.Others							

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(2) Important investment property without certificate of title

Item	Book value	Notes
131 Yuejin Road, Fucheng District (9 rooms of Shidaitianjiao)	112,608,958.00	In process
Trading area	85,803,400.00	In process
131 Yuejin Road, Fucheng District(194 rooms)	65,270,305.00	In process
Storage area (rental part)	62,973,909.60	In process
Chunhui garden, No.9 Chunhui Road, Fucheng District, Mianyang City, 30960.79 M2	61,037,594.00	In process
46 Yuejin Road, Fucheng District(84 rooms)	20,348,328.00	In process
13 Dongjin Avenue, shenjiaba, Youxian District, Mianyang City	15,482,415.00	In process
13 Dongjin Avenue, shenjiaba, Youxian District, Mianyang City - land use right	12,363,330.68	In process
Housing for material retirement center- No.102, middle section of Changhong Avenue	8,044,640.00	In process
Housing for science and Technology Bureau	6,944,984.00	In process
Room for Quality Supervision Station - 2nd floor, No. 30, Anchang Road	6,562,954.00	In process
Urban management office building under Yuying Bridge	6,463,189.00	In process
Underground parking space of Nanhua Palace	4,664,800.00	In process
Procuratorate room - No.23 Nanhe Road	4,385,352.00	In process
Civil Air Defense Office	3,512,153.00	In process
Water supply bureau house	3,217,840.00	In process
House of Grain Bureau - Majiaxiang	3,184,698.00	In process
Building for environmental monitoring station - No.14 Shunheqian Street	3,048,769.00	In process
Land and mineral market exchange house - No.2 Jian'an Street	2,718,221.00	In process
Supply and marketing cooperative house No.2 Jianshe Street	2,691,997.00	In process
Housing of Education Bureau No.10 Jianshe Street	2,526,088.00	In process
Housing for Urban Construction Supervision Brigade under Nanhe suspension bridge	2,492,515.00	In process
Room for Quality Supervision Station - No.22 Shenjiaba Street	2,021,917.00	In process
Housing of Transportation Bureau - No.71, West section of Jiannan Road	1,990,880.00	In process
Jiannan Road grain store	1,870,600.00	In process
Library room - No.47 middle section of Changhong Avenue	1,660,298.00	In process
Land and Resources Bureau	1,655,874.00	In process
Civil air defense office building - No.96 Hongxing Street	1,508,541.00	In process
Women's Federation room- No.14 Jianshe Street	1,506,333.00	In process

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Item	Book value	Notes
Audio visual education management room - No.54, middle section of Linyuan Road	1,368,901.00	In process
Environmental Protection Bureau house- No.3, shunheqian Street	1,226,856.00	In process
Housing for Municipal Labor Bureau	1,100,305.00	In process
Second Light Industry Association building - Huangjiaxiang	1,047,485.00	In process
Housing of economic and Trade Commission - Food building	1,008,533.00	In process
Total	514,312,963.28	

14. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	9,382,959,274.80	8,858,534,389.86
Disposal of fixed assets	44,687,175.75	44,656,770.47
Total	9,427,646,450.55	8,903,191,160.33

(1) The status of fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
Total of original price	11,678,405,130.93	1,649,449,775.28	818,055,750.11	12,509,799,156.10
Houses and buildings	5,397,717,917.89	702,835,218.49	765,789,734.21	5,334,763,402.17
Return-loan toll highways	3,906,791,958.68	679,027,794.25	555,330.55	4,585,264,422.38
Transportation	920,185,810.26	43,210,691.48	32,612,763.85	930,783,737.89
Mechanical equipment	324,676,426.85	40,497,644.95	9,984,105.74	355,189,966.06
Pipe network assets	273,040.00	84,660.00		357,700.00
Electronic equipment	88,812,023.46	10,296,149.48	1,992,997.74	97,115,175.20
Office equipment and others	1,039,947,953.79	173,497,616.63	7,120,818.02	1,206,324,752.40
Total accumulated depreciation	2,814,491,706.18	350,654,065.32	43,654,541.25	3,121,491,230.25
Houses and buildings	1,472,370,399.49	180,502,405.82	1,118,676.98	1,651,754,128.33
Return-loan toll highways	10,145,407.33	999,469.83	535,739.03	10,609,138.13
Transportation	561,011,286.60	76,248,747.84	20,224,623.91	617,035,410.52
Mechanical equipment	211,525,713.17	23,745,286.40	6,372,961.22	228,898,038.35
Pipe network assets	97,396.76	43,910.78		141,307.54
Electronic equipment	61,212,484.00	10,017,317.49	1,618,045.81	69,611,755.68
Office equipment and others	498,129,018.83	59,096,927.16	13,784,494.30	543,441,451.69

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Item	Opening balance	Increase	Decrease	Closing balance
Total net book value of fixed assets	8,863,913,424.75			9,388,307,925.85
Houses and buildings	3,925,347,518.40			3,683,009,273.84
Return-loan toll highways	3,896,646,551.35			4,574,655,284.25
Transportation	359,174,523.66			313,748,327.37
Mechanical equipment	113,150,713.68			126,291,927.71
Pipe network assets	175,643.24			216,392.46
Electronic equipment	27,599,539.46			27,503,419.52
Office equipment and others	541,818,934.96			662,883,300.71
Total amount of impairment provision	5,379,034.89		30,383.84	5,348,651.05
Houses and buildings	5,084,747.83			5,084,747.83
Return-loan toll highways				
Transportation	43,843.68		30,383.84	13,459.84
Mechanical equipment	237,614.42			237,614.42
Pipe network assets				
Electronic equipment	7,253.28			7,253.28
Office equipment and others	5,575.68			5,575.68
Total book value of fixed assets	8,858,534,389.86			9,382,959,274.80
Houses and buildings	3,920,262,770.57			3,677,924,526.01
Return-loan toll highways	3,896,646,551.35			4,574,655,284.25
Transportation	359,130,679.98			313,734,867.53
Mechanical equipment	112,913,099.26			126,054,313.29
Pipe network assets	175,643.24			216,392.46
Electronic equipment	27,592,286.18			27,496,166.24
Office equipment and others	541,813,359.28			662,877,725.03

(2) Fixed assets without certificate of title

Item	Book value	Notes
Mianyang Foreign Language Experimental School	442,317,145.09	Because the three schools refer to the post-disaster reconstruction policy, the use of side-by-side reporting model construction, resulting in the current situation of the school and planning approval
Mianyang Nanshan middle school experimental school	245,942,170.90	

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Item	Book value	Notes
Mianyang middle school experimental school	224,612,408.66	drawings, the allocation of land area is inconsistent, affecting the the normal application for certificates. At present, the group is handling the real estate certificate of three experimental schools according to the prescribed procedures.
Mianyang Airport (Group) Co., Ltd	146,055,553.26	The assets of Mianyang Airport (Group) Co., Ltd. without Title Certificate are mainly real estate assets. Because the airport was built earlier and the national property rights processing system constantly change and improve, the relevant information archived in the early stage of infrastructure can not meet the current requirements for property rights requirements, resulting in the inability to handle.
Mianyang Foreign Language School-Teaching building / student apartment	121,714,756.03	In the relevant approval documents for the construction of the school, it is clear that the school is a public institution and the nature of the land is educational land. The buildings and ancillary works constructed by the school are used to meet the needs of the school's teaching, work and students' life.
Mianyang Fuda Asset Management Co., Ltd.	107,281,647.33	At the time of transfer, the original unit did not handle it, the information was incomplete, and the property right certificate was not handled.
Mianyang Gaoshui Agricultural and Sideline Products Wholesale Co., Ltd	96,377,717.95	Still in process
Mianyang Gaoxin Foodgrain & Cooking Oil Purchase and Sale Company	39,943,253.80	In process
Mianyang Foreign Language School- Canteen auditorium	33,385,798.95	After the house is completed, it will be put into use after obtaining the acceptance approval documents of housing construction, fire control, planning, environmental protection, etc. With the change of the nature of the school and the requirements of the state for handling real estate, the newly built middle school canteen auditorium is going through the relevant completion procedures, and the project will go through the real estate registration after the completion procedures.
Mianyang Cereal & Oil Purchase & Sales Co., Ltd	7,190,677.35	Due to historical reasons, there is no title certificate
Mianyang Cereals, Oils and foodstuffs Co., Ltd	5,331,213.66	Due to historical reasons, there is no title certificate
Mianyang Senior Highway Development Co., Ltd.(gas station)	4,515,409.78	No real estate certificate (owned by Mianyang High Grade Highway Development Co., Ltd.)
Mianyang Gaoshui Agricultural and Sideline Products Wholesale Co., Ltd	1,839,835.00	No title certificate is required
Mianyang Cereals, Oils and foodstuffs Co., Ltd	306,900.00	As the real estate center requires transfer, the group is coordinating

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Item	Book value	Notes
Mianyang Senior Highway Development Co., Ltd.(gas station)	96,717.30	In process
Total	1,476,911,205.06	

(3) The disposal of fixed assets

Item	Closing Balance	Provision for impairment at the end of the period	Closing book value	Opening Balance	Provision for impairment at the beginning of the period	Opening book value	Reason
Report damage transport equipment				335.00		335.00	
Retired assets	42,411.36		42,411.36	8,988.43		8,988.43	
Housing Authority	3,561,727.07		3,561,727.07	3,561,727.07		3,561,727.07	Replacement
Material retirement service	476,586.68		476,586.68	476,586.68		476,586.68	Replacement
Lightweight association	9,461,623.20		9,461,623.20	9,461,623.20		9,461,623.20	Replacement
Jianye Coal Association	3,950,200.00		3,950,200.00	3,950,200.00		3,950,200.00	Replacement
Biogas office	1,065,900.00		1,065,900.00	1,065,900.00		1,065,900.00	Replacement
Land bureau	25,461,355.36		25,461,355.36	25,461,355.36		25,461,355.36	Replacement
Construction Bureau	667,372.08		667,372.08	667,372.08		667,372.08	Replacement
Office equipment and others				2,682.65		2,682.65	
Jialai Conference Assets Clearance	21,021,768.95	21,021,768.95		21,021,768.95	21,021,768.95		
Total	65,708,944.70	21,021,768.95	44,687,175.75	65,678,539.42	21,021,768.95	44,656,770.47	

15. Construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment Provision	Book value	Book balance	Impairment Provision	Book value
Construction in progress	13,895,040,836.58		13,895,040,836.58	15,522,882,744.78		15,522,882,744.78
Engineer material	3,061,060.35		3,061,060.35	363,465.36		363,465.36
Total	13,898,101,896.93		13,898,101,896.93	15,523,246,210.14		15,523,246,210.14

(1) Changes in important construction projects in the current period

Project name	Increased in opening balance	Increase	Transfer in to Fixed assets	Other reductions in this period	Closing balance	Interest capitalization Cumulative amount
Chengnan New District project	3,362,717,564.91	931,203,264.27		2,527,794,508.82	1,766,126,320.36	2,531,640,529.59
S302 Renjiaping - Yuli	911,323,677.13				911,323,677.13	
No.1 Bridge project of reception hall	843,297,215.81	30,684,210.43			873,981,426.24	409,187,836.17
Miayan Miansan Fubin By-pass Reconstruction Project	814,390,543.55	32,975,434.54		533.41	847,365,444.68	289,431,565.13
Xianhai Avenue	2,404,056,986.98			1,619,875,606.12	784,181,380.86	454,384,841.01
Sanglin dam	716,054,103.77	22,915,659.51		2,741.64	738,967,021.64	203,250,668.46
S205 huangtuliang tunnel	677,171,116.97				677,171,116.97	
S418 Anxian JuShui first class highway construction project	528,132,578.25	74,371,220.11			602,503,798.36	
Horticultural New District	408,299,891.38	149,021,884.92			557,321,776.30	178,778,068.58
Jiannan road reconstruction project	38,272,700.06	497,646,601.94		90,957,900.00	444,961,402.00	
Total	10,703,716,378.81	1,738,818,275.72	0.00	4,238,631,289.99	8,203,903,364.54	4,066,673,508.94

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(2) Engineering materials

Item	Closing balance	Opening balance
Special material	363,465.36	3,061,060.35

16. Intangible assets

(1) The classification of intangible assets

Item	Opening balance	Increase	Decrease	Closing balance
Total original price	2,693,513,097.31	447,241,942.05	643,211,415.83	2,497,543,623.53
Of which: Software	45,849,286.73	2,071,870.46	1,090,550.00	46,830,607.19
Land use rights	1,954,667,963.00	441,567,857.48	642,120,865.83	1,754,114,954.65
Trademark rights	20,000.00	59,400.00		79,400.00
Patent	13,723.40			13,723.40
Franchise	692,962,124.18	3,542,814.11		696,504,938.29
Total accumulated amortization amount	392,825,876.34	54,087,090.70	59,278,852.66	387,634,114.38
Of which: Software	10,225,639.53	2,745,813.43	186,158.62	12,785,294.34
Land use rights	285,941,570.92	31,017,827.51	59,092,694.04	257,866,704.39
Trademark rights	20,000.00	6,001.60		26,001.60
Patent	4,896.55	4,041.12		8,937.67
Franchise	96,633,769.34	20,313,407.04		116,947,176.38
Total impairment provision for intangible assets				
Of which: Software				
Land use rights				
Trademark rights				-
Patent				-
Franchise				-
Total book value	2,300,687,220.97			2,109,909,509.15
Of which: Software	35,623,647.20			34,045,312.85
Land use rights	1,668,726,392.08			1,496,248,250.26
Trademark rights				53,398.40
Patent	8,826.85			4,785.73
Franchise	596,328,354.84			579,557,761.91

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(2) Land use rights without certificate of title

Item	Book value	Notes
Land use of tourist center in Mojia town of high tech Zone	736,650.56	Local residents do not cooperate in the work of land demarcation
Xinqiao Town	275,638.78	Long time and the information is not complete
Weicheng town	149,520.26	Long time and the information is not complete
Jiangyou 90 maintenance (wujiaopo)	97,430.40	Long time and the information is not complete
Guan Yu Temple	75,560.00	Long time and the information is not complete
Luxi town	69,300.00	Long time and the information is not complete
Anning town	45,123.75	Long time and the information is not complete
Total	1,449,223.75	

17. Goodwill

The name of the invested entity or the matter of forming goodwill	Opening balance	Increase	Decrease	Closing balance
Mianyang City Water Supply Co., Ltd.'s investment in Mianyang High-Tech Zone Water Supply Co., Ltd.	1,952,648.50			1,952,648.50

18. Long-term deferred expenses

Item	Opening balance	Increase	Amortization amount in the current period	Other Decrease	Closing balance	Other decrease Reasons
Decoration cost	52,103,048.31	54,229,906.52	40,984,790.73	4,180,192.35	61,167,971.75	Transfer out of Xiyuan kindergarten
Basic network reconstruction project of three experimental schools		20,868,624.36	1,304,289.06		19,564,335.30	
Amortization of long term low value consumables	5,508,672.61	4,148,286.49	3,467,366.38		6,189,592.72	
Fixed assets improvement expenditure	4,996,582.94	3,579,261.48	3,364,733.33		5,211,111.09	
Strong electricity, lighting, elevator, terminal technology and other works of terminal building	4,487,715.42		142,845.00		4,344,870.42	

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Item	Opening balance	Increase	Amortization amount in the current period	Other Decrease	Closing balance	Other decrease Reasons
Teaching building bridge project of mianzhong experimental school and Nanshan Experimental School		4,569,258.21	514,872.90		4,054,385.31	
Airfield Road Engineering	3,349,873.68		106,627.32		3,243,246.36	
Reconstruction project of computer classroom of mianzhong Experimental School		2,633,802.72	219,483.60		2,414,319.12	
Reconstruction project of computer classroom of Mianyang Foreign Language Experimental School		2,302,406.01	287,800.80		2,014,605.21	
Roof leakage treatment and maintenance engineering of greenhouse in vegetable area	1,917,955.91	308,620.80	398,710.21		1,827,866.50	
High end talent housing project		1,735,776.58			1,735,776.58	
Reconstruction of dosing ditch, street lamp and road blackening project	1,805,461.10		346,261.20		1,459,199.90	
Fund for fire protection renovation project	1,176,873.80		49,109.32		1,127,764.48	
Basic network campus service fee		2,225,532.46	1,112,766.28		1,112,766.18	
Agricultural products cold chain circulation monitoring platform docking software development services	1,478,636.52		443,600.04		1,035,036.48	

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Item	Opening balance	Increase	Amortization amount in the current period	Other Decrease	Closing balance	Other decrease Reasons
English listening and speaking training procurement project of Mianyang Foreign Language Experimental School		735,520.00	53,631.69		681,888.31	
Maintenance Center	1,040,661.83		520,330.93		520,330.90	
Amortization of airport construction in progress	555,931.32	95,094.34	167,408.88		483,616.78	
Supporting facilities of new office building	628,917.47		314,458.80		314,458.67	
Subsidy for Fruit inbound buyers	801,858.20		801,858.20			
Others	6,247,801.12	20,945,522.47	17,808,000.34	2,926,683.12	6,458,640.13	
Total	86,099,990.23	118,377,612.44	72,408,945.01	7,106,875.47	124,961,782.19	

19. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities are not presented as net amount after offset

Item	Closing balance		Opening balance	
	Deferred income tax Assets/Liability	Deductible/taxable Temporary difference	Deferred income tax Assets/Liability	Deductible/taxable Temporary difference
1. Deferred income tax assets	38,502,511.06	154,010,044.24	30,787,748.45	123,150,993.80
Income tax impact of bad debt provision	16,906,162.70	67,624,650.80	26,644,960.47	106,579,841.88
The income tax impact of inventory depreciation reserves	47,191.16	188,764.64	47,191.16	188,764.64
Income tax impact of decrease in changes in fair value	2,054,108.18	8,216,432.72	2,054,108.18	8,216,432.72
Income tax impact of accrued expenses			660,969.50	2,643,878.00
Income tax effect of receipts in advance	306,756.23	1,227,024.92	306,756.23	1,227,024.92
Income tax impact of employee compensation				
Income tax impact of estimated liabilities	13,267,241.38	53,068,965.52		

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Item	Closing balance		Opening balance	
	Deferred income tax Assets/Liability	Deductible/taxable Temporary difference	Deferred income tax Assets/Liability	Deductible/taxable Temporary difference
Others	5,921,051.41	23,684,205.64	1,073,762.91	4,295,051.64
2. Deferred income tax liabilities	208,045,194.88	832,180,779.52	122,187,099.96	488,748,399.84
Income tax effect of increase in changes in fair value	208,045,194.88	832,180,779.52	122,187,099.96	488,748,399.84
Others				

20. Other non-current assets

(1) Details of projects

Item	Closing balance	Opening balance
Municipal engineering projects entrusted by the government to be settled	12,747,002,647.32	12,580,770,020.02
Deductible input tax	149,933,909.24	179,451,229.46
Entrusted loan (Huikuo Optoelectronics)	2,068,875,433.00	2,068,875,433.00
Houses and buildings	62,694,230.00	
EMU assets	60,085,701.00	
Land use right	3,679,300.00	
Housing maintenance fund	2,274,427.86	
Others	3,841,346.00	643,453.00
Total	15,098,386,994.42	14,829,740,135.48

(2) Main municipal engineering projects entrusted by the government to be settled

Item	Closing balance	Opening balance
Mianyang Second Ring Road phase I, II and III Project	3,724,511,841.64	3,583,292,727.41
Infrastructure project of science and Education Innovation Zone	1,326,450,953.96	1,087,813,073.20
Upgrading project of comprehensive regional transportation hub in Mianyang City(Mianyang - Yanting section)	1,031,406,398.79	984,270,362.58
Sanxing residential resettlement housing	851,497,905.35	795,433,554.58
East extension project of the first ring road north section	646,155,393.07	452,119,108.09
Yuewanglou project	595,373,164.73	562,725,982.66
East extension project of the first ring road south section	560,623,230.77	497,608,111.65
Xiyuan public rental housing	551,135,982.72	544,094,259.39
Tangxun public rental housing phase I	523,353,669.54	591,238,899.97

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Resettlement housing in Banqiao community	267,474,221.14	249,762,850.83
Post disaster recovery and reconstruction project of Yong'an North Highway	265,554,378.41	265,605,596.08
Traffic police five in one plot - Wenwu village, Chengnan street, Economic Development Zone	188,604,896.59	188,604,896.59
Sanjiang lake wharf	133,780,903.49	116,969,325.61
Jiuzhou gymnasium	131,161,574.72	131,161,574.72
Shengshui community	115,474,843.37	115,366,064.37
Sanxing village, xiaojiangou Town, Youxian District	105,045,454.58	105,045,454.58
Lijiayuan community	100,880,468.66	100,567,414.78
Laolongshan community	100,514,060.09	100,860,955.03
Total	11,218,999,341.62	10,472,540,212.12

21. Short-term loans

(1) Classification of short-term loans

Item	Closing balance	Opening balance
Credit guaranteed	1,570,900,000.00	1,201,988,500.00
Credit loan	2,106,320,984.32	741,000,000.00
Mortgage loan	158,450,000.00	70,000,000.00
Pledged loan	57,000,000.00	422,806,908.01
Total	3,892,670,984.32	2,435,795,408.01

(2) Classification details

1) Pledge loans

Loan unit	Loan balance	Pledge
Rural Credit Cooperative Association Chengyuan Branch	47,000,000.00	Right to charge for bus fare
Industrial and Commercial Bank of China Co., Ltd. Mianyang Fucheng Branch	10,000,000.00	Right to charge for bus fare
Total	57,000,000.00	

2) Mortgage loans

Loan unit	Loan balance	Mortgage

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Loan unit	Loan balance	Mortgage
Mianyang Commercial Bank Co., Ltd. Fucheng Sub Branch	60,000,000.00	On June 22, 2016, Mianyang Public Traffic Group Co., Ltd. signed a maximum mortgage contract with Fucheng sub branch of Mianyang commercial bank. The contract number is 080420161158279. The maximum amount of guarantee liability is RMB 60 million of debt and principal interest. The mortgaged assets are: 1) 7028.2 m2 of storage land at No. 32, West Jiannan Road, Fucheng District[the land use right certificate number:Miancheng National Use (2016) No.15611];2) No. 32, west section of Jiannan Road, Fucheng District, which has 1-5 floors of Building 1, 1-3 floors of building 3 and 1-4 floors of Building 2, with a building area of 11045.38 m2, 973.13 m2 and commercial land of 593.89 m2 (Certificate No.: Mianfang Quanzheng City Housing Supervisor No 0923659, 0923660, 0923661)
Mianyang Youxian District Rural Credit Cooperative Association Changxing Sub Branch	23,000,000.00	Chuan (2018) Mianyang real estate No. 001919708, 0020410
Agricultural Bank of China Limited Southwest University of science and technology Sub Branch	20,000,000.00	The company signed a working capital loan contract with Southwest University of science and technology branch of Agricultural Bank of China Limited (Contract No.: 51010120200004691), with the loan amount of RMB 20 million, the loan issuance date of August 5, 2020 and the loan term of one year. The purpose of the loan is to purchase agricultural and sideline products, and the loan interest rate is subject to the relevant commitments made by the borrower when signing the contract. The mortgaged property: Group 1, Group2 and Group3, Fulong community, Longmen Town, Fucheng District, and land of Xiaoqiao group 4 and 7 (B2) (Certificate No: mcgy (2012) No.16489, Mortgage contract (Contract No. 51100620190003150).
Mianyang Fucheng District Rural Credit Cooperative Association	14,000,000.00	On August 10, 2018, the company signed a working capital revolving loan contract (Contract No.: a8hu012018001878) with Mianyang Fucheng District Rural Credit Cooperative Association. The loan amount is RMB 14 million. The loan period is from the effective date of the contract to August 10, 2021. The purpose of the loan is working capital turnover, and the loan interest rate is subject to the actual interest rate. The mortgaged assets: Group 1.2.3, Fulong community, Longmen Town, Fucheng District, Xiaoqiao Group 4 and Group 7 (B2) land (Certificate No.: mcgy (2012) No. 16487), Mortgage contract (Contract No. A8HU20180001414)

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Loan unit	Loan balance	Mortgage
Industrial and Commercial Bank of China Mianyang Youxian Sub Branch	10,000,000.00	On March 12, 2018, the company signed a Revolving loan contract of Netcom (Contract No.: a8hu012018001878) with Mianyang Branch of industrial and Commercial Bank of China. The loan amount is RMB 10 million. The loan period is from the effective date of the contract to April 25, 2020, and the loan will be renewed for one year on March 4, 2020 after the maturity. The purpose of the loan is to purchase frozen goods, dried vegetables and eggs, etc. The mortgaged assets are: Longmen town land, Fucheng District (Certificate No.: Chuan (2018) Mianyang real estate No. (0040698), Land of group 4, Zhongxin village, Tangxun town (Certificate No.: Chuan (2018) Mianyang real estate No. (0030471), Mortgage contract (Contract No.: 02308000 19-2019 Youxian (DI) Zi No. 0013) and mortgage contract: 02308000 19-2018 Youxian (DI) Zi No. 0004, Mortgage assets: Vegetable area in Longmen Town, Fucheng District (the land use right certificate number: Miancheng National Use (2012) No.16489 B1 plot)
Mianyang Youxian District Rural Credit Cooperative Association Changxing Sub Branch	9,900,000.00	Certificate No.: Chuan (2018) Mianyang real estate No. (0028250), Chuan (2018) Mianyang real estate No. (0028270), Chuan (2018) Mianyang real estate No. (0028248), Chuan (2018) Mianyang real estate No. (0028252), Chuan (2018) Mianyang real estate No. (0028253), Chuan (2018) Mianyang real estate No. (0028254), Chuan (2018) Mianyang real estate No. (0028255), Chuan (2018) Mianyang real estate No. (0028256), Chuan (2018) Mianyang real estate No. (0028257), Chuan (2018) Mianyang real estate No. (0028258), Chuan (2018) Mianyang real estate No. (0038568), Chuan (2018) Mianyang real estate No. (0028260), Chuan (2018) Mianyang real estate No. (0028261), Chuan (2018) Mianyang real estate No. (0038566), Chuan (2018) Mianyang real estate No. (0028263), Chuan (2018) Mianyang real estate No. (0028264), Chuan (2018) Mianyang real estate No. (0028265), Chuan (2018) Mianyang real estate No. (0028266), Chuan (2018) Mianyang real estate No. (0028267), Chuan (2018) Mianyang real estate No. (0028268), Chuan (2018) Mianyang real estate No. (0028269), Chuan (2018) Mianyang real estate No. (0028272), Chuan (2018) Mianyang real estate No. (0028273), Chuan (2018) Mianyang real estate No. (0028274), Chuan (2018) Mianyang real estate No. (0028275), Chuan (2018) Mianyang real estate No. (0028276), Chuan (2018) Mianyang real estate No. (0028277), Chuan (2018) Mianyang real estate No. (0028278), Chuan (2018) Mianyang real estate No. (1000112), Chuan (2017) Mianyang real estate No. (1000672)
Agricultural Development Bank of China Mianyang Sub Branch	7,500,000.00	Chuan (2020) Mianyang real estate No. (0032756), Chuan (2020) Mianyang real estate No. (0032198), Chuan (2018) Mianyang real estate No. (0035670)
Industrial and Commercial Bank of China Mianyang Xinhua Sub Branch	6,000,000.00	Miancheng National Use (2006) No. 97551 Mianfang Quanzheng No. 200620014) 3rd floor, Nanhua Palace

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Agricultural Development Bank of China Mianyang Sub Branch	3,000,000.00	Miancheng National Use (2005) No.06487 Plot B of grain storage area)
Agricultural Development Bank of China Mianyang Sub Branch	2,500,000.00	Miancheng National Use (2005) No.06487 Plot B of grain storage area)
Agricultural Development Bank of China Mianyang Sub Branch	1,000,000.00	Miancheng National Use (2005) No.06487 Plot B of grain storage area)
Mianyang Youxian District Rural Credit Cooperative Association Changxing Sub Branch	1,000,000.00	Mianfang Quanzheng No. 0291527 Miancheng National Use (2005) No 25399
Mianyang Youxian District Rural Credit Cooperative Association Changxing Sub Branch	550,000.00	Mianfang Quanzheng No. 0291527 Miancheng National Use (2005) No 25400
Total	158,450,000.00	

3) Guaranteed loans

Loan unit	Loan balance	Guarantor
Leshan City Commercial Bank Co., Ltd. Mianyang Sub Branch	500,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd. provide Joint liability guarantee
Mianyang Commercial Bank Co., Ltd. Chengjiao Sub Branch	200,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd. provide Joint liability guarantee
Great Wall West China Bank Co., Ltd. Mianyang Sub Branch	150,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd. provide Joint liability guarantee
Mianyang Commercial Bank Co., Ltd. Chengjiao Sub Branch	150,000,000.00	Mianyang investment holding (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd. Chengjiao Sub Branch	140,000,000.00	Mianyang investment holding (Group) Co., Ltd
Fubon Bank(china) Co., Ltd. Chengdu Sub Branch	90,000,000.00	Mianyang investment holding (Group) Co., Ltd
Far Eastern International Financial Leasing Co., Ltd.	80,000,000.00	Mianyang investment holding (Group) Co., Ltd/ Mianyang Education Investment Development (Group) Co., Ltd
Agricultural Bank of China Limited Mianyang Youxian Sub Branch	60,000,000.00	Mianyang investment holding (Group) Co., Ltd
China Everbright Bank Co., Ltd. Mianyang Fucheng Sub Branch	50,000,000.00	Mianyang investment holding (Group) Co., Ltd
Fucheng Credit Union	49,000,000.00	Mianyang investment holding (Group) Co., Ltd

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Loan unit	Loan balance	Guarantor
Industrial and Commercial Bank of China Mianyang Linyuan Sub Branch	27,000,000.00	Mianyang investment holding (Group) Co., Ltd
Far Eastern International Financial Leasing Co., Ltd.	20,000,000.00	Mianyang investment holding (Group) Co., Ltd/ Mianyang Education Investment Development (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd.	10,000,000.00	Mianyang investment holding (Group) Co., Ltd/ Mianyang Education Investment Development (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd.	10,000,000.00	Mianyang investment holding (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd. High Tech Sub Branch	10,000,000.00	Mianyang investment holding (Group) Co., Ltd/ Mianyang Education Investment Development (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd.	10,000,000.00	Mianyang investment holding (Group) Co., Ltd/ Mianyang Education Investment Development (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd.	5,000,000.00	Mianyang investment holding (Group) Co., Ltd/ Mianyang Education Investment Development (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd.	5,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd
Mianyang Commercial Bank Co., Ltd. Chengxi Sub Branch	4,900,000.00	Mianyang Fuda Asset Management Co., Ltd.
Total	1,570,900,000.00	

22. Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	130,265,698.02	128,232,279.60
Trade acceptance bill		
Total	130,265,698.02	128,232,279.60

The total amount of notes payable due and unpaid at the end of the year is 0 RMB.

23. Accounts payable

(1) Aging of accounts payable

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	916,173,322.11	995,242,403.61
1-2 years (including 2 years)	473,583,629.99	262,284,147.55
2-3 years (including 3 years)	158,687,868.12	55,381,320.62
More than 3 years	366,374,044.15	319,289,776.40
Total	1,914,818,864.37	1,632,197,648.18

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(2) Significant payables aging over one year

Debtor	Creditor	Amount owed	Aging	Outstanding reason
Mianyang Communications Development Group Co., Ltd.	Sinotruk Group Jinan Howo Bus Co., Ltd.	143,387,520.00	1-2years	The project has not been settled yet
Sichuan Jialai Real Estate Co., Ltd.	China Huaxi Enterprise Co., Ltd	43,360,270.19	1-2years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Ningxia Highway & Bridge Engineering Co., Ltd.	25,055,179.01	Over 3 years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Sichuan Baotong Logistics Co., Ltd	24,217,019.21	1-2years	The project has not been settled yet
Mianyang Investment Holding (Group) Co., Ltd.	Chengdu Road and Bridge Engineering Co., Ltd.	23,326,092.00	Over 3 years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Mianyang Bohong Construction Service Co., Ltd.	22,053,052.55	1-3years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Zhejiang Dingsheng Traffic Construction Co., Ltd.	18,701,517.21	Over 3 years	The project has not been settled yet
Mianyang Public Traffic Group Co., Ltd.	Hunan Csr Times Electric Vehicle Co., Ltd.	16,769,480.00	1-2years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Jiangxi Transportation Engineering Group Ltd	15,638,456.00	Over 3 years	The project has not been settled yet
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang land acquisition and demolition headquarters	15,358,791.65	Over 3 years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	The Fourth Engineering Co., Ltd. Of CCCC First Highway Engineering Co., Ltd.	12,833,774.01	Over 3 years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	China First Highway Engineering Co., Ltd.	11,954,738.00	Over 3 years	The project has not been settled yet
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Baolai Construction Service Co., Ltd.	11,405,319.48	1-2years	The project has not been settled yet

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Debtor	Creditor	Amount owed	Aging	Outstanding reason
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Weimin Construction Engineering Co., Ltd.	10,852,178.73	1-2years	The project has not been settled yet
Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	Mianyang Huarui haozhen Trading Co., Ltd	10,831,258.16	1-2years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Panzhuhua Highway & Bridge Engineering Co., Ltd.	10,826,735.00	Over 3 years	The project has not been settled yet
Mianyang Communications Development Group Co., Ltd.	Shandong Tongda Road and Bridge Engineering Co., Ltd.	10,100,395.11	Over 3 years	The project has not been settled yet
Total		426,671,776.31		

24. Advance receipts

(1) Aging of advance receipts

Aging	Closing balance	Opening balance
Within 1 year(Includes year 1)	628,759,894.88	578,231,236.38
Over 1 year	450,136,095.99	533,947,807.06
Total	1,078,895,990.87	1,112,179,043.44

(2) Significant advance receipts at the end of the period

Debtor	Creditor	Amount owed	Notes
Mianyang Investment Holding (Group) Co., Ltd.	Fucheng District Bureau of Finance	39,028,815.70	Project payment is not settled
Mianyang Education Investment Development (Group) Co., Ltd	IC card income	18,950,869.57	Not settled
Mianyang Investment Holding (Group) Co., Ltd.	Fucheng District Bureau of poverty alleviation and development of Mianyang City	10,078,883.50	Project payment is not settled
Mianyang water (Group) Co., Ltd.	Mianyang City Bureau of Finance	7,878,350.65	Project payment is not settled
Mianyang Lingtong Comprehensive Service Co., Ltd.	Jihua 3536 Industrial Co., Ltd.	7,849,462.43	Project payment is not settled
Sichuan Xijin Logistics Co., Ltd.	Sichuan Dingneng Trading Co., Ltd.	7,494,358.34	Not settled
Mianyang water (Group) Co., Ltd.	Sichuan Jiuzhou Electronic Co., Ltd.	7,041,153.79	Project payment is not settled
Total		98,321,893.98	

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25. Employee benefits payable

(1) Classification of Employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
Short-term remuneration	223,555,328.98	1,242,637,371.71	1,287,130,751.84	179,061,948.85
Post-employment benefits-defined contribution plan	48,303,630.73	79,475,670.85	110,412,992.04	17,366,309.53
Severance benefits	109,621.00	956,182.19	992,132.84	73,670.35
Other benefits due within one year		299,062.00	299,062.00	
Total	271,968,580.71	1,323,368,286.74	1,398,834,938.72	196,501,928.73

(2) Short-term remuneration

Item	Opening balance	Increase	Decrease	Closing balance
Salary, bonus, allowance and subsidies	194,116,928.06	1,055,700,862.93	1,103,804,415.92	146,013,375.07
Staff welfare	9,352,387.14	32,942,759.97	32,437,045.53	9,858,101.58
Social security	4,448,733.54	60,814,813.25	57,800,847.50	7,462,699.29
Of which: Medical insurance	4,271,594.82	56,145,233.42	53,102,182.85	7,314,645.39
Work injury insurance	70,723.00	514,591.02	522,721.18	62,592.84
Maternity insurance	106,415.72	4,154,988.81	4,175,943.47	85,461.06
Housing funds	-222,642.46	67,293,165.30	67,070,522.84	
Labor union operating funds and employee education expenses	13,026,352.42	18,720,117.94	18,248,626.81	13,497,843.55
Short-term paid absences	225,515.92	219,886.71	213,085.46	232,317.17
Short term profit sharing plan		25,361.00	25,361.00	
Other short-term compensation	2,608,054.36	7,233,944.89	7,530,846.78	2,311,152.47
Total	223,555,328.98	1,242,637,371.71	1,287,130,751.84	179,061,948.85

(3) Defined contribution plan

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	18,182,047.04	46,668,606.51	62,751,520.54	2,099,133.01
Unemployment insurance expense	69,894.20	1,861,518.07	1,880,410.12	51,002.15
The enterprise annuity payment	30,051,689.49	30,945,546.27	45,781,061.39	15,216,174.37
Total	48,303,630.73	79,475,670.85	110,412,992.04	17,366,309.53

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26. Taxes payable

Item	Closing balance	Opening balance
Land VAT	199,174,817.37	231,246,954.58
Corporate income tax	126,149,044.73	83,214,453.74
VAT	78,998,875.99	73,068,731.57
City construction tax	13,581,925.66	15,484,506.30
Deed tax	2,500,841.33	37,196,810.41
Individual income tax	1,528,687.97	2,549,367.35
Water resource tax	2,179,434.15	2,142,222.54
Property tax and land use tax	4,825,545.62	1,443,473.49
Stamp duty	803,865.27	507,602.49
Other taxes	20,097,276.00	13,718,878.85
Total	449,840,314.09	460,573,001.32

27. Other payables

Item	Closing balance	Opening balance
Other payables	707,607,396.02	1,634,779,483.24
Of which: payments to government departments	634,599,699.37	1,038,359,137.88
Payable to unrelated units and deposits	39,420,391.35	412,778,049.73
Other payments	33,587,305.30	183,642,295.63
Interest payable		
Dividend payable	64,166,025.22	65,025,445.61
Total	771,773,421.24	1,699,804,928.85

(1) Significant other payables aging over one year

Debtor	Creditor	Closing balance	Aging	Notes
Mianyang Education Investment Development (Group) Co., Ltd.	Finance Bureau-Special replacement bond of jinjialin land consolidation project	168,000,000.00	More than 3 years	Government funds
Mianyang Fuda Asset Management Co., Ltd.	Disposal expenses	64,207,632.20	More than 3 years	To be liquidated
Mianyang Airport (Group) Co., Ltd	Bureau of civil aviation	30,000,000.00	0-2 years	Government funds
Mianyang Public Traffic Group Co., Ltd.	Jiuzhou Qiancheng Real Estate Co., Ltd.	20,000,000.00	Within 1 year	To be liquidated
Yongxing sewage treatment plant expansion project	Shiyuan Technology Engineering Co., Ltd	18,656,563.03	1-2years	To be liquidated

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Mianyang Public Traffic Group Co., Ltd.	Mianyang mianzhou Tong Co., Ltd	17,000,000.00	1-2years	To be liquidated
Sichuan Xijin Logistics Co., Ltd.	Mianyang Fucheng Industrial Co., Ltd	15,000,000.00	Within 1 year	To be liquidated
Total		332,864,195.20		

28. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within 1 year	2,249,191,778.11	2,368,400,566.98
Bonds payable within 1 year	6,141,353,177.17	1,183,786,571.97
Long-term payables due within 1 year	632,480,452.66	683,423,342.85
Other long-term liabilities due within 1 year		
Total	9,023,025,407.94	4,235,610,481.80

29. Other current liabilities

(1) Classification of other current liabilities

Item	Closing balance	Opening balance
Rent to be confirmed	3,365,103.51	1,706,813.73
Fund occupation fee to be confirmed	17,736,091.76	
Accrued of hydropower and social security fees	4,000.00	2,517,808.44
Beichuan New County City Water Supply and Drainage Operation Management Transfers Asset Related Liabilities (Note 1)	5,170,468.85	5,170,468.85
Short-term bonds	3,580,032,511.59	783,498,521.92
Accrued loan interest not yet due for interest payment	184,634,481.97	194,419,420.30
Total	3,790,942,657.68	987,313,033.24

Note 1: The water supply and drainage operation management for Beichuan New County City originally entrusted by Beichuan Water Environment Resources Co., Ltd., has been transferred to Beichuan Qiang Autonomous County Yuqiang Investment Co., Ltd. The settlement work with the relevant departments of the Beichuan government is still in progress, so all related liabilities will be recorded as other current liabilities.

(2) Short term bonds payable

Bond name	Face value (Original currency)	Issue date	Duration	Issued amount
Euro bond II	782,955,000.00	2019-9-2	1year	782,955,000.00
20 Miantou kong 01	2,200,000,000.00	2020-4-7	1year	2,200,000,000.00
20Miantoukong 02	1,300,000,000.00	2020-8-17	1year	1,300,000,000.00

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Bond name	Face value (Original currency)	Issue date	Duration	Issued amount
Total	4,282,955,000.00			4,282,955,000.00

(Continued)

Bond name	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
Euro bond II	783,498,521.92		28,486,402.63	37,263,258.90	849,248,183.45	
20 Miantou kong 01		2,200,000,000.00	59,239,508.19			2,259,239,508.19
20 Miantou kong 02		1,300,000,000.00	19,894,972.68	898,030.72		1,320,793,003.40
Total	783,498,521.92	3,500,000,000.00	107,620,883.50	38,161,289.62	849,248,183.45	3,580,032,511.59

30. Long-term loans

(1) Classification

Item	Closing balance	Opening balance
Pledged loan	3,104,548,587.30	1,680,720,000.00
Mortgage loan	1,581,900,000.00	2,682,979,885.11
Guaranteed loan	7,030,048,895.83	6,546,011,112.32
Pledge and guarantee loan	223,084,800.00	
Credit loan	4,147,748,213.55	2,471,101,068.00
Total	16,087,330,496.68	13,380,812,065.43

(2) Classification details

1) Pledge loans

Loan unit	Loan balance	Collateral
Industrial and Commercial Bank of China Limited Sichuan Branch	796,435,995.00	In December 2012, the company and Industrial and Commercial Bank of China Limited Sichuan Sub Branch (lead bank, agent bank), Bank of Communications Limited Sichuan Sub Branch (Deputy lead bank), Mianyang Fucheng Rural Credit Cooperation Association (as participating bank), Mianyang Commercial Bank Co., Ltd. (as participating bank) jointly signed the " syndicated loan contract for South Ring Road of Mianyang Ring Expressway (Contract No.: Sichuan Industrial and Commercial Bank Consortium (2012) 0004),
Bank of Communications Limited Sichuan Branch	179,783,040.27	
Industrial and Commercial Bank of China Co., Ltd. Mianyang Chengjiao Sub Branch	44,942,959.82	

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Loan unit	Loan balance	Collateral
Rural credit cooperative association of Fucheng District, Mianyang City	134,837,900.00	with the loan amount of RMB 1,286,000,000, which is used for the construction of the South Ring Road of Mianyang Ring Expressway, with a term of 2014-2033. The contract stipulates that the rights to charge vehicle toll and all the proceeds under the project will provide pledge guarantee for the loan, and the pledge guarantee period is 2014-2033. As of December 31, 2020, the book of the loan is RMB 1,155,999,895.09, of which non-current liabilities due within one year reclassified are RMB 40,000,000.
Industrial and Commercial Bank of China Youxian Sub Branch	500,000,000.00	The accounts receivable of Mianyang Investment Holding (Group) Co., Ltd. are worth RMB 1,535.36 million.
Ping An Bank Co., Ltd Mianyang Branch Banking Department	437,450,000.00	RMB 500 million deposit receipt pledge
China Guangfa Bank Chengdu Branch	342,750,000.00	Sichuan Jialai Construction Engineering Co., Ltd. provides RMB 370 million deposit receipt pledge.
Bohai Bank Co., Ltd. Chengdu Branch	197,210,000.00	Collateral pledge loan
China Construction Bank Corporation Mianyang Branch	97,000,000.00	In November 2004, the company signed a "loan contract" with China Construction Bank Mianyang Branch. The purpose of the loan is for the construction of Mianyang Zitong highway. The loan period is from December 1998 to November 2022. Pledge guarantee for toll management right of Mianyang Zitong Road, Mianyang Yanting road and Mojia Jiadian Ring Road. As of December 31, 2020, RMB 97 million of loan principal has not been returned.
Industrial and Commercial Bank of China Limited Mianyang Branch	87,400,000.00	Pledge guarantee of accounts receivable
Industrial and Commercial Bank of China Limited Mianyang Branch	81,138,692.21	Mianyang City Water (Group) Co., Ltd. water rights and water fee charging rights; Mianyang Sanshuiyuan Water Supply Co., Ltd. water rights; Mianyang City Water Supply Co., Ltd. water rights; Mianyang City Purun Water Supply Co., Ltd. water rights; Mianyang high-tech industry Development Zone Water Supply Co., Ltd.
Mianyang City Commercial Bank	65,700,000.00	B11 project and surrounding area water supply project charging right (second place, first bank loan)
Industrial and Commercial Bank of China Co., Ltd. Mianyang Chengjiao Sub Branch	51,000,000.00	Pledge guarantee for toll management right
Mianyang Fucheng Rural Credit Cooperative Association Shenjiaba Branch	48,900,000.00	RMB 5 million fixed deposit receipt pledge

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Loan unit	Loan balance	Collateral
Industrial and Commercial Bank of China Co., Ltd. Mianyang Fucheng Sub Branch	14,000,000.00	The pledge contract is the maximum amount pledge contract (Contract No.: zy171231006808) signed by the company and Mianyang Commercial Bank Co., Ltd. Fucheng Sub Branch on December 31, 2017, with the maximum amount of pledge guarantee of RMB 225,000,000 and the pledge assets of right to charge for bus fare from December 31, 2017 to December 30, 2022.
Industrial and Commercial Bank of China Limited Mianyang Branch	26,000,000.00	In June 2006, the company and Commercial Bank of China Mianyang Branch signed a fixed assets loan contract (Contract No.: 2006 Youzi No. 018). The loan is used for the construction of the Mianyang Jiangyou expressway project, with a loan period of 15 years. In order to obtain the loan, the company set a pledge with the right to charge for Mianyang Jiangyou first class highway. As of December 31, 2020, the loan amount is RMB 26 million, of which non-current liabilities due within one year reclassified are RMB 26 million.
Total	3,104,548,587.30	

2) Mortgage loans

Loan unit	Loan balance	Collateral
Industrial and Commercial Bank of China Limited Mianyang Youxian Sub Branch	547,600,000.00	Pledge: Miancheng national use(2014) No. 05680, No. 05681
Sino-Australian Internation Trust	478,120,000.00	Real estate held by Mianyang mianzhou Hotel Co., Ltd
China Development Bank Sichuan Branch	501,180,000.00	1. The legally owned land use right : Miancheng National Use (2007) No. 13779 , Miancheng National Use (2011) No.20159 , Miancheng National Use (2011) No. 20154 , Miancheng National Use (2011) No. 20150 , Miancheng National Use (2011) No. 20158 , Miancheng National Use (2011) No. 20157 , Miancheng National Use (2011) No. 20156 , Miancheng national use (2011) No. 20155 , Miancheng national use (2011) No. 20151 , Miancheng national use (2011) No. 20153 , Miancheng national use (2011) No. 20152 , Miancheng national use (2011) No. 20150 , Miancheng National Use (2011) No. 06514 , Miancheng National Use (2011) No. 06515 , Miancheng National Use (2011) No. 206516 , Miancheng National Use (2011) No. 206518 ; 2
China Development Bank Sichuan Branch	45,000,000.00	The 100% equity of Mianyang Water Group Co., Ltd. held by the borrower provides collateral guarantee; 3. The rights and interests under the commissioned agency agreement signed with the Mianyang Municipal People's Government.
China Development Bank Sichuan Branch	10,000,000.00	
Total	1,581,900,000.00	

3) Guaranteed loans

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Loan unit	Loan balance	Guarantor
Bohai Bank Co., Ltd. Chengdu Branch	850,000,000.00	Sichuan Changhong Electronic Holding Group Co., Ltd.
Industrial Bank Co., Ltd. Mianyang Sub Branch	730,000,000.00	Mianyang Communications Development Group Co., Ltd.
Industrial and Commercial Bank of China Youxian Sub Branch	576,860,000.00	Sichuan Changhong Electronic Holding Group Co., Ltd.
Industrial and Commercial Bank of China Limited Mianyang Branch	550,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
CCB Trust	500,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd.
Luzhou Bank Co., Ltd. Chengdu Branch	500,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd., Mianyang Education Investment Development (Group) Co., Ltd.
Harbin Bank Co., Ltd. Chengdu Branch	480,000,000.00	Sichuan Xijin Logistics Co., Ltd.
China Railway Trust Co., Ltd	300,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd.
Agricultural Bank of China Limited Youxian Sub Branch	290,000,000.00	Mianyang Fuda Asset Management Co., Ltd. provides guarantee
Huaxia Bank Co., Ltd. Mianyang Branch	199,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Bank of China Limited Youxian Sub Branch	192,000,000.00	Mianyang Fuda Asset Management Co., Ltd. provides guarantee
China Development Bank Co., Ltd Sichuan Branch	150,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Suining City Commercial Bank Co., Ltd. Mianyang Branch	150,000,000.00	Sichuan Jialai Construction Engineering Co., Ltd. provides guarantee
Mianyang City Commercial Bank High Tech Sub Branch	129,900,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
China Citic Bank Corporation Limited Chengdu Branch	115,000,000.00	Mianyang Investment Holding (Group) Co., Ltd. provides joint and several liability guarantee
Agricultural Bank of China Limited Youxian Sub Branch	110,000,000.00	Mianyang Fuda Asset Management Co., Ltd. provides guarantee
Nongxin Bank	96,000,000.00	Mianyang Communications Development Group Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	90,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	80,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	75,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Mianyang City Commercial Bank High Tech Sub Branch	69,900,000.00	Mianyang Investment Holding (Group) Co., Ltd., Mianyang Education Investment Development (Group) Co., Ltd.
Evergrowing Bank Co., Ltd. Chengdu Sub Branch	60,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Mianyang Commercial Bank Co., Ltd. Yingbin Sub Branch	49,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.

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Loan unit	Loan balance	Guarantor
Fucheng rural credit cooperative association , Yanting Rural Credit Cooperative Association	49,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Fucheng Rural credit cooperative association	49,000,000.00	Mianyang Investment Holding (Group) Co., Ltd. provides joint and several liability guarantee
Mianyang City Commercial Bank High Tech Sub Branch	47,200,000.00	Mianyang Investment Holding (Group) Co., Ltd., Mianyang Education Investment Development (Group) Co., Ltd.
Evergrowing Bank Co., Ltd. Chengdu Branch Jinsha Sub Branch	45,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Industrial and Commercial Bank of China Mianyang Branch	44,746,003.00	In July 2000, Mianyang Nanjiao Airport Co., Ltd. (the predecessor of the Airport Group) signed a foreign exchange enlending loan contract with Industrial and Commercial Bank of China Mianyang Branch (Contract No.: (2000) Gongyin mianying zhuanzi No. 0001). The amount of enlending is not more than \$15,000,000 equivalent of Won and the amount of business contract is won17,048,880,000. The loan term is 30 years, of which the repayment period is 20 years and the grace period is 10 years. As of December 31, 2020, the year-end balance is won 8,290,440,000. As of December 31, 2020, the exchange rate of won to RMB is 166.75, equivalent to 49,717,781.1 yuan, including 4,971,778.11 yuan of non current liabilities due within one year which is reclassified.
Agricultural Bank of China Limited Anzhou Sub Branch	40,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Fucheng Rural credit cooperative association	40,000,000.00	Mianyang water (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	41,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Huaxia Bank Co., Ltd. Mianyang Branch Banking Department	38,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Hua Xia Bank Co., Limited Mianyang Branch	38,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Mianyang City Commercial Bank High Tech Sub Branch	29,850,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Mianyang City Commercial Bank High Tech Sub Branch	28,900,000.00	Mianyang Investment Holding (Group) Co., Ltd., Mianyang Education Investment Development (Group) Co., Ltd.
Hua Xia Bank Co., Limited Mianyang Branch	28,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	20,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	20,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Mianyang City Commercial Bank High Tech Sub Branch	19,900,000.00	Mianyang Investment Holding (Group) Co., Ltd., Mianyang Education Investment Development (Group) Co., Ltd.

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Loan unit	Loan balance	Guarantor
Mianyang City Commercial Bank High Tech Sub Branch	19,900,000.00	Mianyang Investment Holding (Group) Co., Ltd., Mianyang Education Investment Development (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	10,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	10,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	10,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Agricultural Development Bank of China Chengdu Sub Branch	10,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
Sichuan Beichuan Fumin Village Bank	4,900,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Beichuan Fumin Bank Mianjiang Sub Branch	4,900,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Beichuan Fumin Bank	4,900,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Beichuan Fumin Bank Mianjiang Sub Branch	4,900,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Sichuan Beichuan Fumin Village Bank	4,600,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Agricultural Bank of China Limited Anzhou Sub Branch	4,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.
China Construction Bank Corporation Sichuan Branch	3,692,892.83	Mianyang Gas Group "Agreement of Mianyang water supply company on using French government mixed loan for imported equipment" Borrower: Mianyang Water Supply Co., Ltd.(now Mianyang Water (Group) Co., Ltd.) Lender: PNB Bank of France In order to construct the first phase project of the third water plant of Mianyang water supply company (now Mianyang Sanshuiyuan water supply Co., Ltd.), according to the mixed loan agreement signed by the head office of The people's Construction Bank of China and the PNB Bank of France, the relevant loan agreement is reached, which is guaranteed by Mianyang Gas Group.
Evergrowing Bank Co., Ltd. Chengdu Branch Jinsha Sub Branch	3,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Evergrowing Bank Co., Ltd. Chengdu Branch Jinsha Sub Branch	3,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Evergrowing Bank Co., Ltd. Chengdu Branch Jinsha Sub Branch	3,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Evergrowing Bank Co., Ltd. Chengdu Branch Jinsha Sub Branch	3,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.
Evergrowing Bank Co., Ltd. Chengdu Branch Jinsha Sub Branch	3,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd.

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Loan unit	Loan balance	Guarantor
Sichuan Beichuan Fumin Village Bank	2,000,000.00	Mianyang Education Investment Development (Group) Co., Ltd., Mianyang Hongda Asset Investment Management (Group) Co., Ltd
Total	7,030,048,895.83	

4) Pledge and guarantee loan

Loan unit	Loan balance	Notes
China Everbright Bank Co., Ltd. Fucheng Sub Branch	62,800,000.00	Mianyang Investment Holding (Group) Co., Ltd.; Holding the equity corresponding to the RMB 100 million contribution of CDB Jingcheng (Beijing) Investment Fund Co., Ltd.
Fucheng Rural credit cooperative association	49,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.; Mianyang Investment Holding (Group) Co., Ltd. RMB 5 million deposit receipt pledge
Mianyang City Commercial Bank	36,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.; Mianyang Investment Holding (Group) Co., Ltd. provide Joint liability guarantee; Pledge of collection right of Tangxun sewage treatment plant
China Construction Bank Corporation Mianyang Branch	34,609,900.00	Mianyang Investment Holding (Group) Co., Ltd. The loan contract stipulates that the company shall not mortgage (pledge) the assets, charging right and water intake right of <i>Mianyang Yan'erhe Town Water Supply (second water source) Project</i> to a third party; After the completion acceptance of <i>Mianyang yan'erhe Town Water Supply (second water source) Project</i> and obtaining the water intake license, the "water charging right and water intake right of subsidiaries" should be implemented as the pledge.
China Construction Bank Corporation Mianyang Branch	28,674,900.00	Mianyang Investment Holding (Group) Co., Ltd.; The loan contract stipulates that the assets formed in the <i>first phase Project of Qixingba Municipal Sewage Treatment Plant</i> shall not be mortgaged to a third party; The franchise agreement should be signed as soon as possible, and the pledge of sewage treatment fee charging right should be added within 2 years after putting into operation.
China Construction Bank Corporation Mianyang Branch	12,000,000.00	Mianyang Investment Holding (Group) Co., Ltd.; The loan contract stipulates that after the completion of the project, the fixed assets formed by the additional project will provide mortgage for the loan, and the mortgage rate shall meet the regulations of China Construction Bank. After the completion of the project, the project franchise will be added to provide pledge for the loan, and the pledge registration procedures will be implemented. The loan fund will be used for the construction project of Yongxing sewage treatment plant.
Total	223,084,800.00	

31. Bonds payables

(1) Classification of bonds payables

Item	Closing balance	Opening balance
15 Mianyang Investment Control MTN001		1,506,525,144.66

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Item	Closing balance	Opening balance
15 Mianyang Investment Control	1,697,556,863.41	1,691,212,222.97
16 Mianyang Investment 01	1,044,470,304.96	1,041,904,638.60
16 Mianyang Investment 02	1,044,480,204.13	1,042,018,660.33
16 Mianyang Investment debt	943,328,079.81	941,415,240.33
17 Sichuan Mianyang Investment ZR001		517,704,380.17
17 Mianyang Investment PPN001	1,520,714,889.59	1,518,635,779.19
17 Sichuan Mianyang Investment ZR002		500,271,461.19
18 Mianyang Investment 01	1,889,975,198.45	1,887,484,562.45
18 Mianyang Investment 02	835,809,120.79	834,708,019.15
18 Mianyang Investment 03	408,386,478.45	407,840,742.77
18 Sichuan Mianyang Investment ZR001	204,012,139.23	203,850,139.91
18 Mianyang Investment PPN001	1,018,096,085.85	1,015,860,248.37
18 Mianyang Investment PPN002	505,860,008.87	504,834,108.31
19 Mianyang Investment Control Bond 01	2,083,758,378.58	2,081,648,820.90
19 Mianyang Investment Control Bond 02	1,037,800,085.86	1,036,600,297.78
19 Mianyang Investment Control Bond 03	516,513,531.19	515,990,195.87
Asset backed notes (ABN)	1,237,446,415.02	1,424,872,596.59
19 Sichuan Mianyang investment ZR001	1,032,728,767.12	1,035,728,767.12
Bail out bond	1,028,976,231.14	1,027,137,831.54
19 Sichuan Mianyang investment ZR002	207,236,164.40	207,236,164.40
19 Mianyang Investment 01	1,510,494,711.60	1,508,799,471.38
19 Sichuan Mianyang investment ZR003	450,000,000.00	500,000,000.00
19 Mianyang Investment PPN001	1,512,867,534.25	1,512,867,534.25
Bail out bond II	998,767,921.57	996,969,037.97
US dollar debt	1,961,823,836.23	2,090,232,622.46
20 Mianyang Investment 01	1,026,294,635.65	
20 Sichuan Mianyang Investment MTN001	1,024,594,511.42	
20 Sichuan Mianyang Investment PPN001	1,546,903,615.65	
20 Sichuan Mianyang Investment MTN002	1,021,469,683.46	
Income bond of 2019 Mianyang Urban Parking lot construction project (phase I)	500,834,637.08	499,724,057.96
Medium term notes of Mianyang transportation in 2016	516,583,013.70	516,526,027.40
Medium term notes of Mianyang transportation in 2017	714,102,027.40	713,988,301.37

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Item	Closing balance	Opening balance
2018 Mianyang transportation PPN001	502,071,232.87	501,972,602.75
2018 Mianyang transportation PPN002	541,621,917.81	541,523,287.67
2019 Mianyang transportation PPN001	522,669,863.01	522,578,082.19
20 Corporate bonds	1,226,465,753.42	
Sub total	33,834,713,841.97	30,848,661,048.00
Less: reclassification of bonds due within one year	6,141,353,177.17	1,183,786,571.97
Total	27,693,360,664.80	29,664,874,476.03

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(2) Changes in the amount of bonds payable (excluding financial instruments such as preferred stocks and perpetual bonds classified as equity instruments)

Bond name	Face value (Original currency)	Issue date	Durati on	Issued amount	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
15 Mianyang Investment Control MTN001	1,490,000,000.00	2015-9-30	5 years	1,490,000,000.00	1,506,525,144.66		55,610,473.97	2,215,381.37	1,564,351,000.00	
15 Mianyang Investment Control	1,675,000,000.00	2015-10-13	6 years	1,675,000,000.00	1,691,212,222.97		125,129,383.56	6,002,756.88	124,787,500.00	1,697,556,863.41
16 Mianyang Investment 01	1,000,000,000.00	2016-3-28	6 years	1,000,000,000.00	1,041,904,638.60		63,000,000.00	2,565,666.36	63,000,000.00	1,044,470,304.96
16 Mianyang Investment 02	1,000,000,000.00	2016-3-29	6 years	1,000,000,000.00	1,042,018,660.33		63,000,000.00	2,461,543.80	63,000,000.00	1,044,480,204.13
16 Mianyang Investment debt	910,000,000.00	2016-4-27	5 years	910,000,000.00	941,415,240.33		50,050,000.00	1,912,839.48	50,050,000.00	943,328,079.81
17 Sichuan Mianyang Investment ZR001	500,000,000.00	2017-5-27	3 years	500,000,000.00	517,704,380.17		15,663,428.05	-3,367,808.22	530,000,000.00	

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Bond name	Face value (Original currency)	Issue date	Durati on	Issued amount	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
17 Mianyang Investment PPN001	1,500,000,000.00	2017-9-27	5 years	1,500,000,000.00	1,518,635,779.19		107,250,000.00	-13,370,889.60	91,800,000.00	1,520,714,889.59
17 Sichuan Mianyang Investment ZR002	500,000,000.00	2017-9-28	3 years	500,000,000.00	500,271,461.19		22,812,328.77		523,083,789.96	
18 Mianyang Investment 01	1,800,000,000.00	2018-3-29	5 years	1,800,000,000.00	1,887,484,562.45		125,640,000.00	2,490,636.00	125,640,000.00	1,889,975,198.45
18 Mianyang Investment 02	800,000,000.00	2018-4-25	5 years	800,000,000.00	834,708,019.15		56,073,205.48	947,896.16	55,920,000.00	835,809,120.79
18 Mianyang Investment 03	400,000,000.00	2018-8-15	5 years	400,000,000.00	407,840,742.77		26,071,232.88	474,502.80	26,000,000.00	408,386,478.45
18 Sichuan Mianyang Investment ZR001	200,000,000.00	2018-9-14	3 years	200,000,000.00	203,850,139.91		13,800,000.00	161,999.32	13,800,000.00	204,012,139.23
18 Mianyang Investment PPN001	1,000,000,000.00	2018-9-17	3 years	1,000,000,000.00	1,015,860,248.37		67,985,753.44	2,050,084.04	67,800,000.00	1,018,096,085.85

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Bond name	Face value (Original currency)	Issue date	Durat ion	Issued amount	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
18 Mianyang Investment PPN002	500,000,000.00	2018-10-17	3 years	500,000,000.00	504,834,108.31		32,500,000.00	1,025,900.56	32,500,000.00	505,860,008.87
19 Mianyang Investment Control Bond 01	2,000,000,000.00	2019-3-11	3+2 years	2,000,000,000.00	2,081,648,820.90		113,800,000.00	2,109,557.68	113,800,000.00	2,083,758,378.58
19 Mianyang Investment Control Bond 02	1,000,000,000.00	2019-3-29	3+2 years	1,000,000,000.00	1,036,600,297.78		55,700,000.00	1,199,788.08	55,700,000.00	1,037,800,085.86
19 Mianyang Investment Control Bond 03	500,000,000.00	2019-4-26	3+2 years	500,000,000.00	515,990,195.87		28,250,000.00	523,335.32	28,250,000.00	516,513,531.19
Asset backed notes (ABN)	1,216,400,000.00	2019-6-13	3+2 years	1,216,400,000.00	1,424,872,596.59		73,104,129.05	5,916,192.45	266,446,503.07	1,237,446,415.02
19 Sichuan Mianyang investment ZR001	1,000,000,000.00	2019-6-25	3 years	1,000,000,000.00	1,035,728,767.12		69,000,000.00		72,000,000.00	1,032,728,767.12
Bail out bond	1,000,000,000.00	2019-6-6	3 years	1,000,000,000.00	1,027,137,831.54		56,900,000.00	1,838,399.60	56,900,000.00	1,028,976,231.14

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Bond name	Face value (Original currency)	Issue date	Durat ion	Issued amount	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
19 Sichuan Mianyang investment ZR002	200,000,000.00	2019-6-28	3 years	200,000,000.00	207,236,164.40		14,200,000.00		14,200,000.00	207,236,164.40
19 Mianyang Investment 01	1,500,000,000.00	2019-9-23	3+2 years	1,500,000,000.00	1,508,799,471.38		66,750,000.00	1,698,577.72	66,753,337.50	1,510,494,711.60
19 Sichuan Mianyang investment ZR003	450,000,000.00	2019-9-29	3 years	450,000,000.00	500,000,000.00		29,940,833.33		79,940,833.33	450,000,000.00
19 Mianyang Investment PPN001	1,500,000,000.00	2019-10-25	3 years	1,500,000,000.00	1,512,867,534.25		74,550,000.00		74,550,000.00	1,512,867,534.25
Bail out bond II	1,000,000,000.00	2019-12-11	3 years	1,000,000,000.00	996,969,037.97		48,700,000.00	1,798,883.60	48,700,000.00	998,767,921.57
US dollar debt	1,957,470,000.00	2019-10-23	3 years	1,957,470,000.00	2,090,232,622.46		121,075,997.51	90,640,079.51	340,124,863.25	1,961,823,836.23
20 Mianyang Investment 01	1,000,000,000.00	2020-2-28	3+2 years	1,000,000,000.00		1,000,000,000.00	31,203,278.69	1,591,356.96	6,500,000.00	1,026,294,635.65
20 Sichuan Mianyang Investment MTN001	1,000,000,000.00	2020-3-9	3+2 years	1,000,000,000.00		1,000,000,000.00	29,519,125.69	848,970.64	5,773,584.91	1,024,594,511.42

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Bond name	Face value (Original currency)	Issue date	Duration	Issued amount	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
20 Sichuan Mianyang Investment PPN001	1,500,000,000.00	2020-3-23	3+2 years	1,500,000,000.00		1,500,000,000.00	52,192,622.95	399,671.95	5,688,679.25	1,546,903,615.65
20 Sichuan Mianyang Investment MTN002	1,000,000,000.00	2020-4-16	3+2 years	1,000,000,000.00		1,000,000,000.00	26,504,918.03	738,350.34	5,773,584.91	1,021,469,683.46
Income bond of 2019										
Mianyang Urban Parking lot constructio n project (phase I)	500,000,000.00	2019-11-13	10 years	500,000,000.00	499,724,057.96		35,583,333.35	528,995.77	35,001,750.00	500,834,637.08
Medium term notes of Mianyang transportati on in 2016	500,000,000.00	2016-3-17	5 years	500,000,000.00	516,526,027.40		20,856,986.30		20,800,000.00	516,583,013.70
Medium term notes of Mianyang transportati on in 2017	700,000,000.00	2017-8-29	5 years	700,000,000.00	713,988,301.37		41,623,726.03		41,510,000.00	714,102,027.40

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Bond name	Face value (Original currency)	Issue date	Durat ion	Issued amount	Opening balance	Issue in the current year	Accrued interest at face value	Amortization of premiums or discounts	Repayment in the current year	Closing balance
2018 Mianyang transportati on PPN001	500,000,000.00	2018-2-12	3 years	500,000,000.00	501,972,602.75		36,098,630.12		36,000,000.00	502,071,232.87
2018 Mianyang transportati on PPN002	500,000,000.00	2018-9-5	3 years	500,000,000.00	541,523,287.67		36,098,630.14		36,000,000.00	541,621,917.81
2019 Mianyang transportati on PPN001	500,000,000.00	2019-4-30	3 years	500,000,000.00	522,578,082.19		33,591,780.82		33,500,000.00	522,669,863.01
2019 Mianyang transportati on PPN001	1,200,000,000.00	2020-7-20	3 years	1,200,000,000.00		1,200,000,000.00	26,465,753.42			1,226,465,753.42
Total	35,498,870,000.00			35,498,870,000.00	30,848,661,048.00	5,700,000,000.00	1,946,295,551.58	115,402,668.57	4,775,645,426.18	33,834,713,841.97

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32. Long-term payables

Item	Closing balance	Opening balance
Long-term payable	7,274,278,840.23	6,370,681,702.05
Special payable	2,972,666,832.34	2,295,680,499.19
Total	10,246,945,672.57	8,666,362,201.24

(1) The top 5 items with the longest Closing balance of long-term payables

Item	Closing balance	Opening balance
1. Huarong Financial Leasing Co., Ltd	389,113,125.93	597,592,733.36
2. Huaxia financial leasing Co. Ltd.	701,046,594.21	597,064,321.90
3. Huiyin financial leasing Co. Ltd.	256,231,867.11	328,618,544.99
4. Mianyang Finance Bureau	3,505,007,055.76	3,447,691,935.17
5. Sichuan Xingshu railway investment company	470,888,290.42	455,465,245.90
Subtotal	5,322,286,933.43	5,426,432,781.32

(2) The top 10 items with the largest Closing balance of special payables

Item	Opening balance	Increase	Decrease	Closing balance
1. National Highway 108 Mianyang Urban Transit section project	483,537,600.00		46,240,000	437,297,600.00
2.Special government debt for Mianjiang Miansan highway reconstruction		270,000,000.00		270,000,000.00
3.Horticulture infrastructure grant	239,152,600.47	125,875,500.00		365,028,100.47
4.Teachers' public rental housing	277,250,000.00	32,937,532.31		310,187,532.31
5.Urbanization construction of xiaojiangou	318,070,000.00			318,070,000.00
Subtotal	1,318,010,200.47	428,813,032.31	46,240,000.00	1,700,583,232.78

33. Estimated liabilities

Item	Closing balance	Opening balance
Fixed assets disposal fee	88,448,275.87	81,989,300.03
Others	285,000.00	
Total	88,733,275.87	81,989,300.03

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34. Deferred income

(1) Classification details

Item	Opening balance	Increase	Decrease	Closing balance
Government subsidies	96,630,319.45	173,248,371.36	30,372,915.80	239,505,775.01
Deferred new household income	14,371,836.66	2,701,527.49	635,380.29	16,437,983.86
Software maintenance fee	1,069,811.36			1,069,811.36
Total	112,071,967.47	175,949,898.85	31,008,296.09	257,013,570.23

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(2) Details of Government subsidies projects

Items	Opening balance	New subsidy amount in this period	Non-operating income included in the current period	Other income included in the current period	Other changes	Government subsidy returned in this period	Closing balance	Reasons for returning government subsidy in this period
Road maintenance machinery parts processing project		4,258,000.00					4,258,000.00	
Airport construction project	4,133,333.33	4,853,633.45		133,333.33	10,840.11		8,842,793.34	
Upgrading and transformation	7,351,489.17				707,865.06		6,643,624.11	
Provincial subsidy fund		35,200,085.00					35,200,085.00	
Municipal subsidy		9,154,458.00					9,154,458.00	
Special payables - government debt subsidy		270,000,000.00					270,000,000.00	
Subsidy for No.4 and No.5 roads in the Zone	17,107,772.00			1,532,038.00			15,575,734.00	
Subsidy fund for the construction of emergency material guarantee system of central finance in 2020		3,000,000.00					3,000,000.00	
Grain logistics center		30,151,305.03		365,787.03			29,785,518.00	
Low-temperature storage upgrade project		4,519,187.63		54,354.51			4,464,833.12	
Dangerous warehouse and old warehouse special funds-maintenance warehouse		3,425,308.80		39,961.95			3,385,346.85	
Low-temperature storage upgrade project		3,844,800.00					3,844,800.00	

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Subsidies for grain on buyer buying on credit		31,157,820.11					31,157,820.11	
Fenggu Water Supply Pipe Network Project	3,672,725.90		218,181.72				3,454,544.18	
financial appropriation (subsidy income from the transfer of "three supplies and one industry" by Mianyang municipal treasury payment center))	2,353,424.02	3,500,000.00		1,581,406.67			4,272,017.35	
Qixingba Wastewater Treatment Plant	31,899,999.99			1,100,000.04			30,799,999.95	
Others	30,111,575.04	40,183,773.34	2,576,212.72	12,055,406.70	9,997,527.96		45,666,201.00	
Total	96,630,319.45	173,248,371.36	2,794,394.44	16,862,288.23	10,716,233.13		239,505,775.01	

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35. Paid-in capital

Investor name	Opening balance		Increase	Decrease	Closing balance	
	Investment amount	% of the proportion			Investment amount	% of the proportion
Mianyang State-owned Assets Supervision and Administration Commission	850,000,000.00	100.00		85,000,000.00	765,000,000.00	90.00
Department of finance of Sichuan Province			85,000,000.00		85,000,000.00	10.00
Total	850,000,000.00	100.00	85,000,000.00	85,000,000.00	850,000,000.00	100.00

Note: Please refer to the relevant content of Notes I. (I) for changes.

36. Other equity instruments

Financial instruments issued	Opening balance		Increase		Decrease		Closing balance	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Perpetual bond	10,000,000.00	993,891,509.43					10,000,000.00	993,891,509.43

In August 2017, the company issued the first phase of the Group's 2017 medium-term notes of RMB1 billion. The underwriting fee was RMB 6 million and the issuance registration fee was RMB108,490.57.

37. Capital reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Capital (share capital) premium	543,172,486.51			543,172,486.51
Other capital reserves	19,578,999,898.45	2,268,787,830.05	3,287,447,535.89	18,560,340,192.61
Total	20,122,172,384.96	2,268,787,830.05	3,287,447,535.89	19,103,512,679.12

Note: The major changes in capital reserve during the period are:

- (1) According to the reply of State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government on agreeing to inject 3698 sets of state-owned real estate into Mianyang investment holding (Group) Co., Ltd (Mianyang national assets [2020] No. 61), State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government will inject the real estate worth RMB 1,347,984,900 into the Group.
- (2) According to the requirements of "Notice on optimizing and restructuring state owned assets to promote the reform and development of Municipal State Owned Enterprises" (mianwei ban [2019] No. 138), State-owned Assets Supervision and Administration Commission of

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Mianyang Municipal Government gratuitous transferred 100% of the equity of Mianyang Cereal & Oil Purchase & Sales Company to Mianyang Investment Holding (Group) Co., Ltd., increasing the capital reserve by RMB 377,206,385.07.

- (3) According to the reply on the approval of 36 state-owned assets to be injected into Fuda Asset Management Co., Ltd. (Mianyang national assets [2020] No. 62), State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government injected RMB 194,462,400 worth of real estate into the Group.
- (4) The decrease of capital reserve is mainly due to the government's land resumption, and the capital reserve originally included is transferred out:
- 1) Due to the government's 4 land resumption in Xianhai District, land value is RMB 1,652,317,400.
 - 2) Due to the government's 23 land resumption in Chengnan New District, land value is RMB 996,096,000.
 - 3) The secondary subsidiary, Education Investment Group, was transferred out of the capital reserve due to the government's 7 land resumption with a value of RMB 396,803,500.
 - 4) According to the reply letter on the investment and completion of 21 government entrusted projects such as the south section of the first ring road project issued by Mianyang housing and Urban-Rural Development Commission in December 2020, the capital reserve of RMB 226,785,600 was reduced by "Deduction of local debt replacement funds".

38. Other comprehensive income

Item	Opening balance	Amount incurred this year					Closing balance
		Amount before income tax of this year	Less: other comprehensive income in the previous period transferred into profit and loss in the current period	Less: income tax expense	After tax attributable to the parent company	After tax attributable to minority shareholders	
1. Other comprehensive income that cannot be reclassified into profit and loss							
2. Other comprehensive income to be reclassified into profit and loss	190,399,446.30	11,521,375.21		2,880,343.80	8,641,031.41		199,040,477.71
Profit and loss from changes in fair value of investment property	190,399,446.30	11,521,375.21		2,880,343.80	8,641,031.41		199,040,477.71

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Item	Opening balance	Amount incurred this year					Closing balance
		Amount before income tax of this year	Less: other comprehensive income in the previous period transferred into profit and loss in the current period	Less: income tax expense	After tax attributable to the parent company	After tax attributable to minority shareholders	
Total	190,399,446.30	11,521,375.21		2,880,343.80	8,641,031.41		199,040,477.71

39. Special Reserves

Item	Opening balance	Accrued this year	Decrease	Closing balance	Notes
Safety production fee	6,673,090.44	5,424,527.26	4,155,964.63	7,941,653.07	
Maintenance cost					
Others					
Total	6,673,090.44	5,424,527.26	4,155,964.63	7,941,653.07	

40. Surplus reserves

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	234,697,554.63	21,353,426.22		256,050,980.85
Other surplus reserve				
Others				
Total	234,697,554.63	21,353,426.22		256,050,980.85

41. Retained earnings

Item	2020	2019
Opening balance of the current period	1,805,871,831.80	1,931,683,593.12
Increase in current period	526,523,944.67	208,599,131.69
of which: transfer in of net profit attributable to owners of parent company (Deducting the part attributable to other equity instruments) in current period	526,523,944.67	208,599,131.69
Current period reduction	141,833,127.52	334,410,893.01
Of which: the current period surplus reserves	21,353,426.22	8,631,043.66
Current period general risk preparation	148,812.41	286,954.94
Cash dividends distributed in the current period	120,330,888.89	325,492,894.41
Closing balance of the current period	2,190,562,648.95	1,805,871,831.80

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42. Operating income and operating costs

(1) Classification

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Main business income	7,848,864,980.73	6,599,174,884.70	6,462,675,438.67	5,643,331,995.76
2. Other business income	799,018,353.79	380,925,668.92	788,138,114.91	348,470,165.80
Total	8,647,883,334.52	6,980,100,553.62	7,250,813,553.58	5,991,802,161.56

1) Classification details

i. Details of main business income

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Commodity sales income	1,813,045,007.97	1,735,025,379.06	1,676,505,312.15	1,604,577,813.05
2. Land Consolidation income	1,703,674,294.96	965,839,442.86	831,180,724.15	609,782,701.40
3. School income	904,508,359.42	718,452,951.22	860,454,599.15	746,638,722.87
4. Project income	795,496,151.89	772,094,612.21	497,845,226.17	466,948,932.75
5. Municipal infrastructure construction	1,101,250,500.00	1,101,250,500.00	1,213,509,000.00	1,213,509,000.00
6. House sales income	160,590,131.74	90,680,870.54	357,853,752.69	262,209,154.36
7. Public transport income	195,524,873.85	316,570,283.28	276,555,279.69	342,360,824.97
8. Income from airport and supporting services	146,064,027.46	118,635,961.92	184,566,413.04	127,090,469.54
9. Water income	173,423,101.75	98,721,563.20	183,481,536.94	108,681,684.78
10. Hotel income	113,990,789.22	32,287,908.04	155,166,912.95	34,868,667.39
11. Vehicle toll	88,067,961.17	59,205,653.55	118,281,553.40	79,546,116.16
12. Income from household surface engineering and pipe network engineering	101,394,319.05	42,799,792.72	107,275,128.34	47,117,908.49
13. Income from grain and oil	551,835,462.25	547,609,966.10		
Total	7,848,864,980.73	6,599,174,884.70	6,462,675,438.67	5,643,331,995.76

ii. Details of other business income

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Service income	290,622,058.29	169,373,033.40	263,198,535.60	148,032,266.25
2. Rental income	256,392,346.79	58,547,691.30	235,600,169.68	42,602,820.11
3. Other income	252,003,948.71	153,004,944.22	289,339,409.63	157,835,079.44

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Item	Current year		Prior year	
	Income	Cost	Income	Cost
Total	799,018,353.79	380,925,668.92	788,138,114.91	348,470,165.80

(2) Interest income

Item	Current year	Prior year
Interest income	14,671,801.41	27,662,351.74
Of which: Loans and advances	14,671,801.41	27,662,351.74
Net interest income	14,671,801.41	27,662,351.74

43. Taxes and surcharges

Item	Current year	Prior year
Land value added tax	6,027,277.31	4,219,155.64
Urban maintenance and construction tax	6,408,154.62	6,964,520.90
Education surcharge	3,183,783.48	3,317,533.20
Local education surcharge	1,480,098.69	1,479,282.21
Property tax	19,789,975.48	20,834,450.09
Land using tax	8,057,283.67	8,109,190.13
Stamp duty	2,781,062.61	3,405,541.93
Vehicle usage tax	415,208.64	372,049.40
Disability protection fund	906,392.76	1,324,385.15
Water tax	9,307,500.15	8,480,653.64
Cultural undertaking construction fee	35.39	323,083.69
Other	821,877.87	1,016,971.56
Total	59,178,650.67	59,846,817.53

44. Sales expenses

Item	Current year	Prior year
Employee compensation	91,164,132.49	96,058,187.61
Depreciation and amortization	36,028,444.89	35,165,423.95
Airline subsidy	34,203,937.97	17,199,130.59
Water and electricity cost	10,235,271.48	12,985,448.88
Engineering materials and maintenance	10,283,807.66	7,693,337.37
Rental and property management fees	5,052,844.15	4,654,155.42
Advertising expenses	5,370,508.76	3,559,097.84

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Item	Current year	Prior year
Sales commission and agency fee	5,266,690.57	1,136,284.19
Vehicle cost and fuel	1,689,662.18	1,880,837.30
Office expenses	1,294,263.70	767,479.11
Business Hospitality	833,508.33	750,893.22
Business travel expenses	540,699.43	17,577,051.51
Other	21,384,820.33	17,591,217.27
Total	223,348,591.94	217,018,544.26

45. Administrative expenses

Item	Current year	Prior year
Employee compensation	371,734,933.01	380,070,251.39
Depreciation and amortization	139,314,985.46	126,149,846.41
Intermediary consultation	18,268,891.61	11,808,973.05
Rental and property management fees	15,190,341.12	6,392,817.52
maintenance cost	12,203,862.40	10,207,319.38
Office and communication expenses	12,348,071.90	16,329,002.04
Energy cost	6,664,973.87	1,465,226.62
Advertising expenses	4,755,848.05	2,280,713.61
Business travel expenses	3,868,003.49	3,194,265.15
Safety production cost	4,615,445.77	1,858,569.79
Business Hospitality	4,578,311.92	4,461,020.09
Car expenses	4,081,203.22	4,679,901.07
Labor protection fee	3,265,570.51	5,915,491.29
Social security fund for the disabled	1,304,141.72	669,481.81
Others	19,628,640.30	27,239,341.88
Total	625,701,670.03	604,064,550.09

46. Financial expenses

Item	Current year	Prior year
Interest expense	1,742,475,604.61	1,192,310,745.94
Less: interest income	472,925,902.70	300,435,456.99
Foreign exchange losses	4,578,703.56	81,213,186.06
Less: Foreign exchange gains	102,850,915.64	86,529,684.73

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Add: other expenses	113,466,484.96	86,760,741.27
Total	1,284,743,974.79	973,319,531.55

47. Other income

Item	Current year	Prior year
Subsidy for operating difficulties	147,926,600.00	
Provincial subsidy fund for national and provincial trunk line decoration	65,430,000.00	
Financial appropriation of secondary road subsidy	61,780,000.00	
Special financial subsidies	44,688,793.22	
Government's special appropriation - funds for preventing and defusing debt risks in 2020	28,064,317.58	365,117.00
Mianyang Civil Aviation Bureau appropriates airport subsidy	23,930,769.87	
Unemployment Insurance to Enterprises for Stabilizing Employment	22,251,480.47	
Early stage of rail transit	12,000,000.00	
Discount on education investment	11,000,000.00	7,500,000.00
Implementation plan of minor maintenance and maintenance funds of trunk road in 2020	5,472,600.00	
Subsidies transferred from education and Sports Bureau to urban and rural compulsory education	5,278,500.00	
Receive Mianyang High-grade Highway Development Co.Ltd. transfer to cancel provincial toll station subsidy	5,000,000.00	
Special government funding - Sichuan provincial financial and financial interaction award and subsidy fund budget	4,723,400.00	
Tax rebates	2,548,177.70	4,427,024.33
Additional deduction of input tax	1,485,821.00	
VAT exemption or reduction	1,311,315.20	814,757.27
Financial subsidies for highways	838,000.00	
Public administration appropriations		152,405,477.91
Financing financial awards and subsidies		194,586,390.77
Others	29,956,103.25	20,347,589.89
Total	473,685,878.29	380,446,357.17

48. Investment income

Source of investment income	Current year	Prior year
Long term equity investment income measured at cost method	-39,311,834.17	-2,607,084.44
Long term equity investment income measured at equity method	53,794,207.16	18,724,600.30

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Source of investment income	Current year	Prior year
Investment income from disposal of long term equity	38,738,888.36	
Investment income obtained during the holding period of trading financial assets		394,024.74
Hold to Maturity Investment Income earned on an investment during the holding period		1,271,661.50
Investment income obtained during the holding period of available for sale financial assets	4,682,105.78	1,343,490.39
Investment income from disposal of trading financial assets		
Investment income from disposal of held to maturity investment		
Investment income from disposal of available for sale financial assets		
Income from trading financial liabilities		
Income from entrusted loan		
Other investment income	231,491.67	489,090.02
Total	58,134,858.80	19,615,782.51

49. Gains or losses from changes of fair value

Item	Current year	Prior year
Trading financial assets		25,934,235.00
Trading financial liabilities		
Investment property measured at fair value	23,049,253.09	38,157,504.37
Financial derivatives		
Other		314,131.82
Total	23,049,253.09	64,405,871.19

50. Asset impairment loss

Item	Current year	Prior year
Bad debt loss	-6,481,195.62	-25,905,398.56
Inventory depreciation loss	-3,274,467.06	
Impairment loss of available for sale financial assets		
Impairment loss of held to maturity investment		
Impairment loss of long-term equity investment		
Impairment loss of investment property		
Impairment loss of fixed assets	30,383.84	-185,567.76

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Item	Current year	Prior year
Impairment loss of disposal of fixed assets		
Impairment loss of engineering materials		
Impairment loss of construction in progress		
Impairment loss of productive biological assets		
Loss of impairment of oil and gas assets		
Impairment loss of intangible assets		-6,000.00
Loss of goodwill impairment		
Others	771,800.35	851,395.00
Total	-8,953,478.49	-25,245,571.32

51. Asset disposal income

Item	Current year	Prior year
Disposal of vehicle		327,694.96
Disposal of fixed assets	400,433.41	1,095,982.79
Total	400,433.41	1,423,677.75

52. Non-operating income

(1) Details of non-operating income

Item	Current year	Prior year
Non-current assets damage and retirement gains	309,384.91	539,964.29
Government subsidies	579,983,176.10	512,369,958.44
Accepted donation	844,344.77	699,000.00
Income from fines and overdue fines	4,779,179.00	15,969,271.60
Inventory profit	144,924.28	62,851.85
Cost of comparison and selection	726,395.84	20,351.32
Others	152,826,827.65	22,828,825.52
Total	739,614,232.55	552,490,223.02

(2) Details of government subsidies with large amounts in the current period:

Item	Current year	Prior year
Financial subsidies for infrastructure projects in 2020	496,500,000.00	
Funds for preventing and defusing debt risks in 2020	50,000,000.00	

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Early stage of rail transit	18,000,000.00	
Supplementary fund for financial interactive financing Award	11,000,000.00	1,000,000.00
Subsidy after toll cancellation of government loan repayment highway		260,774,800.00
Compensation for land acquisition and demolition		246,891,618.50
Capital construction subsidy in 2019		2,000,000.00
Others	4,483,176.10	1,703,539.94
Total	579,983,176.10	512,369,958.44

53. Non-operating expenses

Item	Current year	Prior year
Non-current assets damage loss	4,924,374.22	5,389,750.80
Loss on exchange of non-monetary assets	1,083.91	
Losses from debt restructuring		
External donation	1,990,098.20	2,177,644.76
Overdue fine	352,769.17	61,462.42
Fine	2,847,255.69	3,214,850.43
Other	2,993,103.34	1,445,176.57
Total	13,108,684.53	12,288,884.98

54. Income tax expenses

(1) Income tax expenses

Item	Current year	Prior year
Current income tax expense	112,787,040.77	83,433,252.20
Deferred income tax adjustment	2,563,809.62	-2,486,227.89
Total	115,350,850.39	80,947,024.31

55. Other comprehensive income attributable to the owner's equity of the parent company

(1) Other comprehensive income items and their income tax impact and transfer into profit and loss

Item	Current year			Prior year		
	Net after tax	Pre-tax amount	Income tax	Net after tax	Pre-tax amount	Income tax
1. Other comprehensive income that will be reclassified into profit and loss in the future	11,521,375.21	2,880,343.80	8,641,031.41	25,014,712.06	3,942,608.32	21,072,103.74

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Item	Current year			Prior year		
	Net after tax	Pre-tax amount	Income tax	Net after tax	Pre-tax amount	Income tax
1). The self-use real estate or the real estate that is in stock is converted into the investment real estate measured by the fair value model. The fair value on the conversion date is greater than the original book value.	11,521,375.21	2,880,343.80	8,641,031.41	25,014,712.06	3,942,608.32	21,072,103.74
Less: Previously included in other comprehensive income, transferred to profit and loss in the current period						
2. Other comprehensive income that cannot be reclassified into profit and loss in the future						
3. Total of other comprehensive income	11,521,375.21	2,880,343.80	8,641,031.41	25,014,712.06	3,942,608.32	21,072,103.74

56. Consolidated cash flow

(1) Supplementary information of consolidated cash flow

Item	Current year	Prior year
1. Adjust net profit to cash flow from operating activities:	—	—
Net profit	644,906,877.44	332,085,570.62
Plus: Asset impairment provision	8,953,478.49	47,520,070.68
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	350,654,065.32	282,538,577.03
Amortization of intangible assets	54,087,090.70	
Long-term deferred expenses amortization	72,408,945.01	
Disposal of fixed assets, intangible assets and other long-term assets (income is marked with " - ")	400,433.41	-1,432,938.91
Loss of fixed assets (income is marked with " - ")		-12,304,345.28
Loss of fair value change (income is marked in with " - ")	-23,049,253.09	-64,405,871.19
Financial expenses (income is marked with " - ")	1,419,926,442.32	970,763,261.76
Investment losses (income is marked with " - ")	-58,134,858.80	-19,615,782.51
Deferred income tax assets decreased (increase by " - ")	-7,714,762.61	-3,263,618.71
Deferred income tax liabilities increased (reduced by " - ")	85,858,094.92	22,945,222.73
Reduction in inventory (increase by " - ")	1,459,649,780.63	-1,399,145,476.91
Reduction of operational receivables (increased by " - ")	-2,866,694,033.78	-2,105,446,390.19
Increase in operational payables (reduced by " - ")	165,111,193.32	2,101,640,735.53

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Item	Current year	Prior year
Other items		
Net cash flow from operating activities	1,306,363,493.28	151,879,014.65
2. Significant investment and fundraising activities that do not involve cash receipts and payments:	—	—
Debt transferred to capital		
Convertible bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:	—	—
Closing balance of cash	9,850,629,023.68	10,265,168,161.58
Less: Opening balance of cash	10,265,168,161.58	9,203,622,570.38
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-414,539,137.90	1,061,545,591.20

57. Foreign currency monetary items

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Monetary capital			
Of which: Dollar	6,438.93	6.52	42,013.37
Euro	235,130.80	8.03	1,888,805.72
Bonds payable			
Of which: Dollar	300,667,264.82	6.52	1,961,823,836.23

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IX. Description of contingent items

1. Guarantee unit (RMB Ten thousand)

Serial number	Guarantee unit	Guarantee object		Guarantee method	Type of guarantee	Counter-guarantee	Actual guarantee amount
		Name	Nature of business				
	Total						935,223.84
	I. Within the group						
1	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan		3,600.00
2	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan		11,500.00
3	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan		800.00
4	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan		50.00
5	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	State-owned	Joint liability guarantee	Loan		8,697.00
6	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	State-owned	Joint liability guarantee	Loan		6,000.00
7	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan		55,000.00
8	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan		8,740.00
9	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Pledge guarantee	Loan		6,280.00
10	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan		9,000.00
11	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan		19,900.00
12	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Finance lease		18,287.12

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13	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan	14,000.00
14	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Finance lease	19,140.36
15	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan	152.14
16	Mianyang Investment Holding (Group) Co., Ltd.	Santai County Jiaheng Zhongfu Road and Bridge Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan	1,000.00
17	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Chunhui Technology Co., Ltd.	State-owned	Joint liability guarantee	Loan	1,000.00
18	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Chunhui Printing Co., Ltd.	State-owned	Joint liability guarantee	Loan	500.00
19	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jiaxin School Logistics Management Service Co., Ltd.	State-owned	Joint liability guarantee	Loan	1,000.00
20	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd.	State-owned	Joint liability guarantee	Loan	1,000.00
21	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd.	State-owned	Joint liability guarantee	Loan	9,950.00
22	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Joint liability guarantee	Loan	5,000.00
23	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Joint liability guarantee	Loan	2,700.00
24	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Joint liability guarantee	Finance lease	14,558.53
25	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Joint liability guarantee	Finance lease	
26	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Finance lease	
27	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Finance lease	

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28	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Joint liability guarantee	Finance lease		8,000.00
29	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd.	State-owned	Joint liability guarantee	Loan		15,000.00
30	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Joint liability guarantee	Loan		3,800.00
31	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jialai Engineering Project Management Co., Ltd.	State-owned	Joint liability guarantee	Finance lease		18,287.13
32	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan		4,900.00
33	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Pledge guarantee	Loan		5,000.00
34	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Loan		14,970.00
35	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Joint liability guarantee	Loan		11,860.00
36	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Pledge guarantee	Loan		3,460.99
37	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Pledge guarantee	Loan		2,747.00
38	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Pledge guarantee	Loan		800.00
39	Mianyang Mianzhou Hotel Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Mortgage guarantee	Loan		47,822.00
40	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Chunhui Printing Co., Ltd.	State-owned	Joint liability guarantee	Loan		500.00
41	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Joint liability guarantee	Loan		5,000.00
42	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Dongjin Hotel Management Co., Ltd.	State-owned	Joint liability guarantee	Loan		490.00
43	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan		50,000.00

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44	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Loan	Joint liability guarantee	20,000.00
45	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Loan	Joint liability guarantee	15,000.00
46	Mianyang Education Investment Development (Group) Co., Ltd.	Sichuan Chunhui Technology Co., Ltd.	State-owned	Loan	Joint liability guarantee	460.00
47	Mianyang Education Investment Development (Group) Co., Ltd.	Santai Chunhui Education Investment Co., Ltd.	State-owned	Loan	Joint liability guarantee	200.00
48	Mianyang Education Investment Development (Group) Co., Ltd.	Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd.	State-owned	Loan	Joint liability guarantee	490.00
49	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	4,500.00
50	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	3,800.00
51	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	490.00
52	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	300.00
53	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	300.00
54	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	300.00
55	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	300.00
56	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Loan	Joint liability guarantee	300.00
57	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Loan	Joint liability guarantee	3,800.00
58	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Loan	Joint liability guarantee	490.00

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59	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Loan	2,800.00
60	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Loan	6,000.00
61	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Loan	12,990.00
62	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Joint liability guarantee	Loan	490.00
63	Mianyang Communications Development Group Co., Ltd.	Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	State-owned	Joint liability guarantee	Loan	73,000.00
64	Mianyang water (Group) Co., Ltd	Mianyang Sanshuiyuan Water Supply Co., Ltd.	State-owned	Joint liability guarantee	Loan	369.29
65	Mianyang water (Group) Co., Ltd	Mianyang Sanshuiyuan Water Supply Co., Ltd.	State-owned	Joint liability guarantee	Loan	4,000.00
66	Mianyang Communications Development Group Co., Ltd.	Mianyang Lutongyuan Construction Co., Ltd.	State-owned	Joint liability guarantee	Loan	9,600.00
67	Sichuan Xijin Logistics Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	48,000.00
68	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	50,000.00
69	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	15,000.00
70	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	30,000.00
71	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	50,000.00
72	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	19,200.00
73	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	11,000.00
74	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Joint liability guarantee	Loan	29,000.00

Mianyang Investment Holding (Group) Co., Ltd.
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Serial	Guarantee unit	Guarantee object	Guarantee	Type of	Counter-	Actual
	2. Outside the group					
75	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Anxian Investment Holding Co., Ltd.	State holding	Loan		4,840.00
76	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jitai Industrial Co., Ltd.	State-owned	Loan		18,000.00
77	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Xincheng Construction Co., Ltd.	State-owned	Loan		11,000.00
78	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Construction Engineering Co., Ltd.	State-owned	Loan		19,000.00
79	Mianyang Fuda Asset Management Co., Ltd.	Sichuan Xingshu Railway Investment Co., Ltd.	State-owned	Loan		49,762.00
80	Mianyang Investment Holding (Group) Co., Ltd.	China Science Industry Holding Group Co., Ltd.	State-owned	Loan		9,950.28
81	Mianyang Investment Holding (Group) Co., Ltd.	SICHUAN AI-CHANCE TEC Co., Ltd.	State holding	Loan		40,000.00
82	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang HK C Optoelectronics Technology Co., Ltd.	private enterprise	Loan		100,000.00
83	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Huixin Development and Construction Co., Ltd.	State-owned	Loan		20,000.00
84	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Shengjing Landscape Engineering Co., Ltd.	State-owned	Loan		1,000.00
85	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Yisheng Education Investment Co., Ltd.	State-owned	Loan		1,000.00

Mianyang Investment Holding (Group) Co., Ltd.

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(Continued)

Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
	Total								
	1. Within the group								
1	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
2	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
3	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
4	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
5	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	State-owned	Normal operating	No	No			
6	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Xijin Logistics Co., Ltd.	State-owned	Normal operating	No	No			
7	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
8	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
9	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			

Mianyang Investment Holding (Group) Co., Ltd.

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
10	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
11	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
12	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
13	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
14	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
15	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
16	Mianyang Investment Holding (Group) Co., Ltd.	Santai County Jiaheng Zhongfu Road and Bridge Engineering Co., Ltd.	State-owned	Normal operating	No	No			
17	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Chunhui Technology Co., Ltd.	State-owned	Normal operating	No	No			
18	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Chunhui Printing Co., Ltd.	State-owned	Normal operating	No	No			
19	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jiaxin School Logistics Management Service Co., Ltd.	State-owned	Normal operating	No	No			
20	Mianyang Investment Holding (Group) Co., Ltd.	Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd.	State-owned	Normal operating	No	No			

Mianyang Investment Holding (Group) Co., Ltd.

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
21	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd	State-owned	Normal operating	No	No			
22	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
23	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
24	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
25	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
26	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
27	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
28	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Normal operating	No	No			
29	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd.	State-owned	Normal operating	No	No			
30	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Normal operating	No	No			
31	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jialai Engineering Project Management Co., Ltd.	State-owned	Normal operating	No	No			
32	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			

Mianyang Investment Holding (Group) Co., Ltd.

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
33	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
34	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
35	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
36	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
37	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
38	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang water (Group) Co., Ltd.	State-owned	Normal operating	No	No			
39	Mianyang Mianzhou Hotel Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
40	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Chunhui Printing Co., Ltd.	State-owned	Normal operating	No	No			
41	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
42	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Dongjin Hotel Management Co., Ltd.	State-owned	Normal operating	No	No			
43	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
44	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
45	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
46	Mianyang Education Investment Development (Group) Co., Ltd	Sichuan Chunhui Technology Co., Ltd.	State-owned	Normal operating	No	No			
47	Mianyang Education Investment Development (Group) Co., Ltd	Santai Chunhui Education Investment Co., Ltd.	State-owned	Normal operating	No	No			
48	Mianyang Education Investment Development (Group) Co., Ltd	Sichuan Chuanyou Chunhui Preschool Education Management Co., Ltd.	State-owned	Normal operating	No	No			
49	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
50	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
51	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
52	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
53	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
54	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
55	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
56	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Nanshan middle school experimental school	State-owned	Normal operating	No	No			
57	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Normal operating	No	No			
58	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang Foreign Language Experimental School	State-owned	Normal operating	No	No			
59	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
60	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
61	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
62	Mianyang Education Investment Development (Group) Co., Ltd.	Mianyang middle school experimental school	State-owned	Normal operating	No	No			
63	Mianyang Communications Development Group Co., Ltd.	Mianyang jiaofa Hengtong Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			
64	Mianyang water (Group) Co., Ltd.	Mianyang Sanshuiyuan Water Supply Co., Ltd.	State-owned	Normal operating	No	No			
65	Mianyang water (Group) Co., Ltd.	Mianyang Sanshuiyuan Water Supply Co., Ltd.	State-owned	Normal operating	No	No			
66	Mianyang Communications Development Group Co., Ltd.	Mianyang Lutongyuan Construction Co., Ltd.	State-owned	Normal operating	No	No			
67	Sichuan Xijin Logistics Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
68	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
69	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
70	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
71	Sichuan Jialai Construction Engineering Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
72	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
73	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
74	Mianyang Fuda Asset Management Co., Ltd.	Mianyang Investment Holding (Group) Co., Ltd.	State-owned	Normal operating	No	No			
	2. Outside the group		State-owned						
75	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Anxian Investment Holding Co., Ltd.	State-owned	Normal operating	No	No			
76	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jitai Industrial Co., Ltd.	State-owned	Normal operating	No	No			
77	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Xincheng Construction Co., Ltd.	State-owned	Normal operating	No	No			
78	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Construction Engineering Co., Ltd.	State-owned	Normal operating	No	No			

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Serial number	Guarantee unit	Guarantee object		Status of the guarantee object	Overdue	Whether it is sued	Compensation loss amount	Calculated into the estimated liability amount	Among them : the current period has been included in the estimated amount of liabilities
		Name	Nature of business						
79	Mianyang Fuda Asset Management Co., Ltd.	Sichuan Xingshu Railway Investment Co., Ltd.	State-owned	Normal operating	No	No			
80	Mianyang Investment Holding(Group) Co., Ltd.	China Science Industry Holding Group Co., Ltd.	State-owned	Normal operating	No	No			
81	Mianyang Investment Holding (Group) Co., Ltd.	SICHUAN AI-CHANCE TEC Co., Ltd.	State holding	Normal operating	No	No			
82	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang HKC Optoelectronics Technology Co., Ltd.	Private enterprise	Normal operating	No	No			
83	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Huixin Development and Construction Co., Ltd.	State-owned	Normal operating	No	No			
84	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Shengjing Landscape Engineering Co., Ltd.	State-owned	Normal operating	No	No			
85	Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Fucheng Yisheng Education Investment Co., Ltd.	State-owned	Normal operating	No	No			

Mianyang Investment Holding (Group) Co., Ltd.

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2. Mortgage guarantees are limited

Item	Book value at the end of the year	Reasons for restrictions	Notes
Monetary fund	1,679,130,477.53	Mortgage guarantees	Note 1
Fixed assets	323,163,666.09	Mortgage guarantees	Note 2
Investment property	133,296,844.37	Mortgage guarantees	Note 3
Construction in process	3,502,489,025.80	Mortgage guarantees	Note 4
Total	5,638,080,013.79		

Note 1: See note VIII.1 Monetary Fund Note 2 for details

Note 2: Details of restricted use of fixed assets

Item	Book value at the end of the year	Reasons for restrictions
Mianfang Quanzheng No.200705466	1,142,208.14	Guaranteed mortgage
Mianfang Quanzheng No.200705467	1,533,193.38	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200510413, 200510414, 200510415	26,940,548.58	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200516222, 200516221, 200516279	15,848,533.48	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200510428	959,781.96	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200604332	4,774,631.96	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200510398	3,190,800.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200522740	7,245,200.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200605694, 200605699, 200605694	8,300,444.19	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200609850, 200608083, 200609781	5,230,893.49	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200513214	20,771,384.97	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200522041	1,481,015.03	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200605652	4,285,879.30	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200515948, 200513225, 200519523	6,551,200.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.	5,682,053.38	Guaranteed mortgage

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Item	Book value at the end of the year	Reasons for restrictions
200510407		
Mianfang Quanzheng City Housing Supervisor No. 200602420	46,791,662.18	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200516223, 200510392	4,893,637.82	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200521928	4,500,093.56	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200522044	1,959,400.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200608639	2,336,500.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200511588	1,043,600.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200608180	14,058,001.19	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200605297, 200521874	1,043,898.81	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200511586	5,513,800.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200521883	1,456,400.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200515957	15,101,900.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200521935, 200511585	44,557,583.38	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No. 200604340, 200604333	24,368,291.28	Guaranteed mortgage
Assets located at No.62, East Linyuan Road, Fucheng District, Mianyang City	83,374,472.01	Guaranteed mortgage
Type A villa and supporting facilities	4,290,735.96	Guaranteed mortgage
Business room and supporting facilities of bath center	8,276,328.34	Guaranteed mortgage
Type C villa and supporting facilities	1,720,579.26	Guaranteed mortgage
Business house and supporting facilities of binhui center	11,616,136.55	Guaranteed mortgage
Non business room of staff Center	3,565,107.49	Guaranteed mortgage
Type B villa and supporting facilities	1,044,456.08	Guaranteed mortgage
Hot spring center land	666,795.67	Guaranteed mortgage
Binhui Center land	1,181,556.54	Guaranteed mortgage

Mianyang Investment Holding (Group) Co., Ltd.

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Item	Book value at the end of the year	Reasons for restrictions
Land for building 5 / complex	120,303.80	Guaranteed mortgage
Guiyuan villa land	392,680.73	Guaranteed mortgage
Meiyuan villa land	105,253.81	Guaranteed mortgage
Juyuan villa land	174,597.94	Guaranteed mortgage
Water park land	2,641,497.84	Guaranteed mortgage
Total	400,733,038.10	

Note3: Details of restricted use of investment property

Item	Book value at the end of the year	Reasons for restrictions
Mianfang Quanzheng200501101	20,307,547.00	Guaranteed mortgage
Mianfang Quanzheng200714532, 200714530, 200714531	27,067,801.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200516221	5,635,460.25	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200516225	1,279,430.80	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200521982, 200522740, 200522744	481,592.19	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200510394	1,107,734.63	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200522063	251,711.83	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200714396	1,616,885.29	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200602539	14,275,000.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200521883	1,170,100.00	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200501209	58,157,285.73	Guaranteed mortgage
Mianfang Quanzheng City Housing Supervisor No.200513224	1,614,751.31	Guaranteed mortgage
SantaiQuanzheng City Housing Supervisor No.0000003566	331,544.34	Guaranteed mortgage
Total	133,296,844.37	

Note4: Details of restricted use of construction in process

Item	Book value at the end of the year	Reasons for restrictions
Miancheng National Use (2008) No. 13887	789,562.68	Guaranteed mortgage
Miancheng National Use (2008) No. 13888	6,451,868.09	Guaranteed mortgage
Miancheng National Use (2008) No. 13889	595,551.27	Guaranteed mortgage
Miancheng National Use (2008) No. 13915	7,685,927.29	Guaranteed mortgage
Miancheng National Use (2008) No.13946	1,084,854.01	Guaranteed mortgage
Miancheng National Use (2008) No.13948	1,554,285.84	Guaranteed mortgage
Miancheng National Use (2008) No.14515	882,918.33	Guaranteed mortgage
Miancheng National Use (2014) No.05680	158,217,368.81	Guaranteed mortgage
Miancheng National Use (2014) No.05681	12,682,631.19	Guaranteed mortgage
Total	189,944,967.51	

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X. Subsequent events

None.

XI. Related party and related party transactions

1. Related party relationships

(1) Controlling shareholder and ultimate controller

Name of Controlling shareholder and ultimate controller	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Proportion of voting rights (%)
State-owned Assets Supervision and Administration Commission of Mianyang Municipal Government	Mianyang	Supervision and management of state owned	—	90.00	90.00

(2) Information about the subsidiaries

For details of the subsidiaries, please refer to Note VII.1 of the financial statements.

(3) Joint ventures and associates

For details of the Company's associates and joint ventures, please refer to Note VIII.12 Long-term equity investment.

2. Other related parties

None.

3. Related party transactions

None.

XII. Notes on major items in the parent company's financial statements

1. Accounts receivable

Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable with significant single amount and single provision for bad debts				
Accounts receivable for bad debt provision according to credit risk characteristics combination	4,018,655,912.08	98.99	3,813,620.06	62.30
Of which: Government units combination	4,012,534,530.02	98.84		
Aging combination	6,121,382.06	0.15	3,813,620.06	62.30

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Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable that are not significant but have single provision for bad debts	41,172,158.44	1.01	157,256.88	0.38
Total	4,059,828,070.52	100.00	3,970,876.94	0.10

(Continued)

Category	Opening balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable with significant single amount and single provision for bad debts				
Accounts receivable for bad debt provision according to credit risk characteristics combination	1,710,640,846.14	98.55	3,816,656.27	56.72
Of which: Government units combination	1,703,912,222.75	98.16		
Aging combination	6,728,623.39	0.39	3,816,656.27	56.72
Accounts receivable that are not significant but have single provision for bad debts	25,190,860.84	1.45		
Total	1,735,831,706.98	100.00	3,816,656.27	0.22

(1) Accounts age analysis method accounts receivable for provision for bad debts

Aging	Closing balance		
	Book balance	Proportion %	Bad debt provision
Within 1 year (includes Year 1)	2,319,358.79	37.89	11,596.79
1 - 2 years (includes Year 2)			
2 - 3 years (includes Year 3)			
3-4 years (includes Year 4)			
4-5 years (includes Year 5)			
More than 5 years	3,802,023.27	62.11	3,802,023.27
Total	6,121,382.06	100.00	3,813,620.06

(Continued)

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

Aging	Opening balance		
	Book balance	Proportion %	Bad debt provision
Within 1 year (includes Year 1)	2,926,600.12	43.48	14,633.00
1 - 2 years (includes Year 2)			
2 - 3 years(includes Year 3)			
3-4 years(includes Year 4)			
4-5 years(includes Year 5)			
More than 5 years	3,802,023.27	56.52	3,802,023.27
Total	6,728,623.39	100.00	3,816,656.27

(2) Receivables for single provision for bad debts

1) Accounts receivable of government units at the end of the year

Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion%	Explanation
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang City Bureau of Finance	2,442,414,429.64		0-4years,more than 5 years		Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Housing And Urban-rural Development Commission	1,499,524,200.00		Within 1 year		Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Finance Bureau of Economic Development Zone	70,571,100.38		Within 1 year		Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Fucheng District Bureau of Finance	24,800.00		2-3years		Expected to be recoverable
Total		4,012,534,530.02				

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

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(Unless otherwise specified, the amounts are expressed in RMB)

(3) Accounts receivable that are not significant but have a single provision for bad debts at the end of the period

Creditor name	Debtor name	closing balance	Bad debt provision	Aging	Accrual Proportion%	Explanation
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang Jingkai Real Estate Co., Ltd	40,837,800.00		1-2year		Expected to be recoverable
Mianyang Investment Holding (Group) Co., Ltd.	Other units	334,358.44	157,256.88	1-3years, More than 5 years	47.03	Expected to be partially unrecoverable
Total		41,172,158.44	157,256.88			

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	10,273,286,439.72	10,679,502,410.58
Total	10,273,286,439.72	10,679,502,410.58

(1) Interest receivable

1) Classification of interest receivable

(2) Dividends receivable: None.

(3) Other receivables

Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable with significant single amount and single provision for bad debts	6,309,060,578.45	60.83		
Accounts receivable for bad debt provision according to credit risk characteristics combination	2,842,325,163.78	27.41	2,842,325,163.78	
Of which: Government units combination	2,840,405,475.97	27.39	2,840,405,475.97	
Aging combination	1,919,687.81	0.02	1,919,687.81	83.25
Accounts receivable that are not significant but have single provision for bad debts	1,219,183,371.94	11.76	1,219,183,371.94	7.73
Total	10,370,569,114.17	100.00	97,282,674.45	—

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

Jan.1st, 2020 - Dec. 31st, 2020

(Unless otherwise specified, the amounts are expressed in RMB)

(Continued)

Category	Closing balance			
	Book balance		Bad debt provision	
	Amount	Proportion%	Amount	Proportion%
Accounts receivable with significant single amount and single provision for bad debts	8,460,062,881.99	78.48	98,855,584.97	1.17
Accounts receivable for bad debt provision according to credit risk characteristics combination	2,314,137,445.51	21.47	1,608,251.80	59.91
Of which: Government units combination	2,311,453,181.77	21.44		
Aging combination	2,684,263.74	0.02	1,608,251.80	59.91
Accounts receivable that are not significant but have single provision for bad debts	5,765,919.85	0.05		
Total	10,779,966,247.35	100.00	100,463,836.77	—

1) Other receivables for bad debt provision by adopting the aging analysis method

Aging	Closing balance			Opening balance		
	Book balance	Proportion %	Bad debt provision	Book balance	Proportion %	Bad debt provision
Within 1 year (includes Year 1)	228,061.95	11.88	1,140.31	851,003.88	31.70	4,255.02
1 - 2 years (includes Year 2)	41,371.10	2.16	4,137.11	88,463.40	3.30	8,846.34
2 - 3 years (includes Year 3)	38,940.00	2.03	7,788.00	131,529.09	4.90	26,305.82
3-4 years (includes Year 4)	38,030.00	1.98	19,015.00	37,017.57	1.38	18,508.79
4-5 years (includes Year 5)	14,443.09	0.75	7,221.55	51,827.93	1.93	25,913.97
More than 5 years	1,558,841.67	81.20	1,558,841.67	1,524,421.87	56.79	1,524,421.87
Total	1,919,687.81	100.00	1,598,143.63	2,684,263.74	100.00	1,608,251.80

2) Other receivables with a single item that are significant and individually provisioned for bad debts

Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion %	Explanation
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Fuda Asset Management Co., Ltd.	2,005,834,381.55		0-5years, more than 5 years		Expected to be recoverable

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion %	Explanation
Mianyang Investment Holding(Group) Co., Ltd.	Sichuan Jialai Real Estate Co., Ltd.	778,861,965.39		1-5years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Municipal infrastructure project construction	612,731,632.68		0-5years, more than 5 years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Education Investment Development Co., Ltd	515,731,401.19		0-2years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Jiuzhou Qiancheng Real Estate Co., Ltd.	439,477,831.19		Within 1 year		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Science and technology city development investment (Group) Co., Ltd	342,440,300.51		Within 1 year		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Municipal key project construction headquarters	318,953,183.12		0-5years, more than 5 years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Sichuan Jialai Construction Engineering Co., Ltd.	179,040,993.65		Within 1 year		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Fucheng Investment Group Co., Ltd.	174,837,416.68		1-3years, 4-5years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Jianan Tourism Development Co., Ltd	173,738,646.03		0-4years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Jiangyou Hongfei investment (Group) Co., Ltd	160,000,000.00		Within 1 year		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Post disaster reconstruction project of railway station	147,769,850.99		0-5years, more than 5 years		Expected to be recoverable

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

Creditor name	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion %	Explanation
Mianyang Investment Holding(Group) Co., Ltd.	Some roads in Mianyang City and Chengdu-Mianyang-Leshan railway passenger crossing project	139,253,223.58		0-5years, more than 5 years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Huidong Investment Holding Co., Ltd	114,422,445.33		3-4years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Xishan North Road	105,967,306.56		0-5years, more than 5 years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Huixin Development and Construction Co., Ltd.	100,000,000.00		Within 1 year		Expected to be recoverable
Total		6,309,060,578.45				

3) Other receivables with a single item that are not significant but are individually provisioned for bad debts

Accounting unit (Creditor name)	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion%	Explanation
Mianyang Investment Holding(Group) Co., Ltd.	Beijing fuleshan Hotel Co., Ltd	99,506,506.16	94,086,387.18	0-5years, more than 5 years	94.55	Serious operating loss
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Xincheng Engine Co., Ltd.	98,333,777.79		3-4years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Hongda Asset Investment Management (Group) Co., Ltd.	90,000,000.00		Within 1 year		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Huarong Financial Leasing Co., Ltd.	72,000,000.00		3-5years		Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Expressway Development Company - Yunnan Road	68,678,137.24		More than 5 years		Expected to be recoverable

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

Accounting unit (Creditor name)	Debtor name	Closing balance	Bad debt provision	Aging	Accrual Proportion%	Explanati on
Mianyang Investment Holding(Group) Co., Ltd.	China Sculpture Park Project	55,253,949.11		0-5years, more than 5 years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Zhonglei Investment and Development Group Co., Ltd	54,902,083.33		0-2years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Construction headquarters of horticultural administrative center	50,990,385.36		More than 5 years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Huiyin Financial Leasing Co., Ltd	47,200,000.00		1-2years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Sichuan Mianyang Haosheng Automobile Parts Manufacturing Co., Ltd.	22,619,950.50		2-5years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Ping An International Financial Leasing (Tianjin) Co., Ltd.	20,000,000.00		1-2years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Airport Road blackening project	15,162,691.57		1-5years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Kefa Tianda Investment Development Co., Ltd	11,232,592.35		3-5years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	China Railway Fiduciary Co., Ltd.	9,600,000.00		4-5years		Expected to be recoverabl e
Mianyang Investment Holding(Group) Co., Ltd.	Other units	501,783,610.72				Expected to be recoverabl e
Total		1,217,263,684.13	94,086,387.18			

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

4) Transaction details of major government units

Accounting unit (creditor)	Debtor name	Book balance	Bad debt provision	Accrual Proportion %	Reason for accrual
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Housing And Urban-rural Development Commission	951,552,465.25			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Transportation Bureau	357,809,398.87			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Jiangyou Finance Bureau (Jiangyou state owned assets supervision and Administration Office)	316,392,390.35			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang key highway construction headquarters office	277,665,860.67			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang City Bureau of Finance	587,176,964.60			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang City key project construction office	142,534,621.22			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Finance Bureau of Mianyang Economic and Technological Development Zone	41,456,437.48			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	People's Government of Chengjiao Township, Fucheng District	32,650,000.00			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Management Committee of Mianyang Economic and Technological Development Zone	24,022,222.22			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang city intermediate People's Court	22,623,393.62			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	The People's Procuratorate of Mianyang City	19,734,241.89			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Federation of trade unions	17,212,945.00			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Mianyang Urban and Rural Planning Bureau	13,390,100.00			Expected to be recoverable
Mianyang Investment Holding(Group) Co., Ltd.	Other Government units	36,184,434.80			Expected to be recoverable
Total		2,840,405,475.97			

Mianyang Investment Holding (Group) Co., Ltd.

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Jan.1st, 2020 - Dec. 31st, 2020

(Unless otherwise specified, the amounts are expressed in RMB)

3. Long-term equity investment

(1) Long-term equity investment classification

Item	Opening balance	Increase	Decrease	Closing balance
Investment in subsidiaries	16,977,541,539.90	2,279,125,365.72	1,026,056,096.02	18,230,610,809.60
Investment in joint ventures				
Investment in associated enterprises		5,934,803,004.22		5,934,803,004.22
Subtotal	16,977,541,539.90	8,213,928,369.94	1,026,056,096.02	24,165,413,813.82
Less: Long-term equity investment impairment provision				
Total	16,977,541,539.90	8,213,928,369.94	1,026,056,096.02	24,165,413,813.82

(2) Long-term equity investment details

Invested unit	Cost of investment	Opening balance	Increase or decrease in the current year			
			Additional investment	Withdraw investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
Total	24,130,610,809.60	16,977,541,539.90	8,179,125,365.72			
1.Subsidiaries	18,230,610,809.60	16,977,541,539.90	2,279,125,365.72			
Mianyang Fuda Asset Management Co., Ltd.	1,574,221,150.46	1,574,221,150.46				
Mianyang Henghui Real Estate Development Co., Ltd.		5,000,000.00				
Mianyang Jiachuang Incubator Management Co., Ltd.	566,026,500.00	566,026,500.00				
Mianyang Jialai Haitong Real Estate Development Co., Ltd.		1,021,056,096.02				
Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.	798,507,138.03	798,507,138.03				

Mianyang Investment Holding (Group) Co., Ltd.

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(Unless otherwise specified, the amounts are expressed in RMB)

Invested unit	Cost of investment	Opening balance	Increase or decrease in the current year			
			Additional investment	Withdraw investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
Mianyang Jialai Asset Management Co., Ltd.	55,000,000.00	55,000,000.00				
Mianyang Communications Development Group Co., Ltd.	8,093,843,564.45	7,798,059,962.80	295,783,601.65			
Mianyang Jinkong Investment Management Co., Ltd.	112,830,479.00	59,680,000.00	53,150,479.00			
Mianyang Jinkong Microfinance Co., Ltd.	292,731,000.00	292,731,000.00				
Mianyang Sanjiang Medical Investment Co., Ltd.	105,000,000.00		105,000,000.00			
Mianyang City Parking Management Co., Ltd.	10,000,000.00	10,000,000.00				
Mianyang Jianan Tourism Development Co., Ltd.	10,000,000.00	10,000,000.00				
Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd.	100,000,000.00		100,000,000.00			
Mianyang Education Investment Development Co., Ltd.	1,627,296,697.29	1,627,296,697.29				
Mianyang Kangju Real Estate Management Co., Ltd.	1,353,264,681.05	5,279,781.05	1,347,984,900.00			
Mianyang Kanglai Property Service Co., Ltd.	4,720,218.95	4,720,218.95				
Mianyang Youxian Cereal & Oil Purchase & Sales Company	377,206,385.07		377,206,385.07			

Mianyang Investment Holding (Group) Co., Ltd.

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Invested unit	Cost of investment	Opening balance	Increase or decrease in the current year			
			Additional investment	Withdraw investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
Mianyang Mianzhou Jialai Conference Service Co., Ltd.	192,245,968.83	192,245,968.83				
Mianyang Automobile Experimental Driving Technolongy School Co.,Ltd.	2,257,011.74	2,257,011.74				
Mianyang water (Group) Co., Ltd.	214,732,290.88	214,732,290.88				
Mianyang Cultural Tourism Group Co., Ltd.	1,416,833,073.21	1,416,833,073.21				
Sichuan Jialai Construction Engineering Co., Ltd.	861,663,498.86	861,663,498.86				
Sichuan Jialai Real Estate Co., Ltd.	206,638,894.84	206,638,894.84				
Sichuan Longwei Security Service Co., Ltd.	158,460,390.69	158,460,390.69				
Sichuan Xichuan Conference Service Co., Ltd.	20,000,000.00	20,000,000.00				
Sichuan Xijin Logistics Co., Ltd.	46,470,324.80	46,470,324.80				
Sichuan Youyue Culture Media Co., Ltd.	10,940,000.00	10,940,000.00				
Sichuan Yuxing Construction Engineering Supervision Co., Ltd.	2,099,741.45	2,099,741.45				
Sichuan Yuewanglou Culture Communication Co., Ltd.	17,621,800.00	17,621,800.00				
2.Joint ventures subtotal						
3.Associates subtotal	5,900,000,000.00		5,900,000,000.00		34,803,004.22	

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(Unless otherwise specified, the amounts are expressed in RMB)

Invested unit	Cost of investment	Opening balance	Increase or decrease in the current year			
			Additional investment	Withdraw investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment
Mianyang HKC Optoelectronics Technology Co., Ltd.	5,900,000,000.00		5,900,000,000.00		34,803,004.22	

(Continued)

Invested unit	Increase or decrease in the current year				Closing balance	Impairment Provision end of year balance
	Other rights Benefit change	Declare cash dividends or profits	Provision for impairment	Other		
Total				-1,026,056,096.02	24,165,413,813.82	
1.Subsidiaries				-1,026,056,096.02	18,230,610,809.60	
Mianyang Fuda Asset Management Co., Ltd.					1,574,221,150.46	
Mianyang Henghui Real Estate Development Co., Ltd.				-5,000,000.00		
Mianyang Jiachuang Incubator Management Co., Ltd.					566,026,500.00	
Mianyang Jialai Haitong Real Estate Development Co., Ltd.				-1,021,056,096.02		
Mianyang Jialai Hongsheng Real Estate Development Co., Ltd.					798,507,138.03	
Mianyang Jialai Asset Management Co., Ltd.					55,000,000.00	
Mianyang Communications Development Group Co., Ltd.					8,093,843,564.45	
Mianyang Jinkong Investment Management Co., Ltd.					112,830,479.00	
Mianyang Jinkong Microfinance Co., Ltd.					292,731,000.00	
Mianyang Sanjiang Medical Investment Co., Ltd.					105,000,000.00	

Mianyang Investment Holding (Group) Co., Ltd.

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Invested unit	Increase or decrease in the current year				Closing balance	Impairment Provision end of year balance
	Other rights Benefit change	Declare cash dividends or profits	Provision for impairment	Other		
Mianyang City Parking Management Co., Ltd.					10,000,000.00	
Mianyang Jianan Tourism Development Co., Ltd					10,000,000.00	
Mianyang Jiayuan Ruihua Real Estate Development Co., Ltd					100,000,000.00	
Mianyang Education Investment Development Co., Ltd					1,627,296,697.29	
Mianyang Kangju Real Estate Management Co., Ltd.					1,353,264,681.05	
Mianyang Kanglai Property Service Co., Ltd.					4,720,218.95	
Mianyang Cereal & Oil Group Co., Ltd					377,206,385.07	
Mianyang Mianzhou Jialai Conference Service Co., Ltd.					192,245,968.83	
Mianyang Automobile Experimental Driving Technolony School Co.,Ltd.					2,257,011.74	
Mianyang water (Group) Co., Ltd.					214,732,290.88	
Mianyang Cultural Tourism Group Co., Ltd.					1,416,833,073.21	
Sichuan Jialai Construction Engineering Co., Ltd.					861,663,498.86	
Sichuan Jialai Real Estate Co., Ltd.					206,638,894.84	
Sichuan Longwei Security Service Co., Ltd					158,460,390.69	
Sichuan Xichuan Conference Service Co., Ltd.					20,000,000.00	
Sichuan Xijin Logistics Co., Ltd.					46,470,324.80	

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Invested unit	Increase or decrease in the current year				Closing balance	Impairment Provision end of year balance
	Other rights Benefit change	Declare cash dividends or profits	Provision for impairment	Other		
Sichuan youyue culture media Co., Ltd.					10,940,000.00	
Sichuan Yuxing Construction Engineering Supervision Co., Ltd					2,099,741.45	
Sichuan Yuewanglou Culture Communication Co., Ltd.					17,621,800.00	
2.Joint ventures subtotal						
3.Associates subtotal					5,934,803,004.22	
Mianyang HKC Optoelectronics Technology Co., Ltd.					5,934,803,004.22	

4. Operating income and operating costs

(1) Classification

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1. Main business income	2,806,166,731.63	2,069,015,221.51	2,083,409,008.04	1,835,910,011.82
2.Other business income	35,469,839.43	17,320,189.52	19,333,903.65	2,354,642.57
Total	2,841,636,571.06	2,086,335,411.03	2,102,742,911.69	1,838,264,654.39

(2) Classification details

Item	Current year		Prior year	
	Income	Cost	Income	Cost
1.Main business income subtotal	2,806,166,731.63	2,069,015,221.51	2,083,409,008.04	1,835,910,011.82
Income from land consolidation	1,697,844,294.96	964,666,498.51	824,846,524.04	608,552,241.79
Municipal infrastructure construction	1,101,250,500.00	1,101,250,500.00	1,213,509,000.00	1,213,509,000.00
House sales income	7,071,936.67	3,098,223.00	45,053,484.00	13,848,770.03
Others				
Other business income subtotal	35,469,839.43	17,320,189.52	19,333,903.65	2,354,642.57
Rental income	26,723,998.76	15,602,007.98	15,590,705.50	846,454.79

Mianyang Investment Holding (Group) Co., Ltd.

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Southwest United Equity Exchange	6,535,272.26		1,141,534.50	
Management fee income	2,195,998.79	1,718,034.36	2,500,812.69	1,489,734.96
Other income	14,569.62	147.18	100,850.96	18,452.82
Total	2,841,636,571.06	2,086,335,411.03	2,102,742,911.69	1,838,264,654.39

5. Investment income

Source of investment income	Current year	Prior year
Long term equity investment income measured at cost method	-125,030,828.12	71,202,993.85
Long term equity investment income measured at equity method	34,803,004.22	
Investment income from disposal of long term equity	38,730,762.29	
Investment income obtained during the holding period of trading financial assets		394,024.74
Investment income obtained during the holding period of available for sale financial assets		70,280.39
Others	231,491.67	
Total	-51,265,569.94	71,667,298.98

6. Supplementary information of consolidated cash flow

Item	Current year	Prior year
1. Adjust net profit to cash flow from operating activities:	—	—
Net profit	213,534,262.15	58,849,991.36
Plus: Asset impairment provision	-3,026,941.65	39,993,901.03
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	1,012,987.65	1,019,942.43
Amortization of intangible assets	-21,634.86	21,157.52
Long-term deferred expenses amortization		
Disposal of fixed assets, intangible assets and other long-term assets (income is marked with " - ")	24,809.64	-140,525.41
Loss of fixed assets (income is marked with " - ")		
Loss of fair value change (income is marked in with " - ")	-1,838,669.00	-4,621,105.00
Financial expenses (income is marked with " - ")	1,075,570,774.74	775,609,472.21
Investment losses (income is marked with " - ")	51,265,569.94	-71,667,298.98
Deferred income tax assets decreased (increase by " - ")	756,735.41	
Deferred income tax liabilities increased (reduced by " - ")		1,155,276.25
Reduction in inventory (increase by " - ")	-54,094,003.51	-90,730,128.03

Mianyang Investment Holding (Group) Co., Ltd.

Notes to Financial Statement

Jan.1st, 2020 - Dec. 31st, 2020

(Unless otherwise specified, the amounts are expressed in RMB)

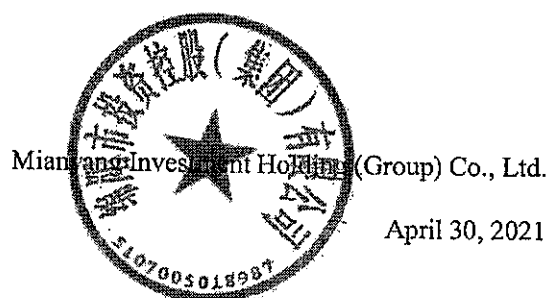
Item	Current Amount	Previous amount
Reduction of operational receivables (increased by " - ")	-2,496,710,346.64	-1,252,611,867.59
Increase in operational payables (reduced by " - ")	2,839,975,037.62	167,878,178.83
Other items		
Net cash flow from operating activities	1,626,448,581.49	-375,243,005.38
2. Significant investment and fundraising activities that do not involve cash receipts and payments:	—	—
Debt transferred to capital		
Convertible bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:	—	—
Closing balance of cash	4,958,070,064.75	5,466,083,570.82
Less: Opening balance of cash	5,466,083,570.82	5,302,453,094.57
Plus: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-508,013,506.07	163,630,476.25

XIII. Other matters that should be disclosed in accordance with the relevant financial and accounting system

None.

XIV. Approval of financial statements

The 2020 financial statements of the Group were approved by the board of directors of the Company.



ISSUER

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