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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Bonds (as defined below) are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of Qingdao Jiaozhou Bay Development Group Co., Ltd. (青島膠州灣發展集團有限公司) (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 confirms that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and have been 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.*

JZBD

QINGDAO JIAOZHOU BAY DEVELOPMENT GROUP CO., LTD.
(青島膠州灣發展集團有限公司)

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

CNY800,000,000 5.50 per cent. Bonds due 2026 (the "Bonds")
Stock Code: 84453
Issue Price: 100.00 per cent.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China Galaxy International | **CMB International** | **Guotai Junan International** | **China International Capital Corporation**

Joint Lead Managers and Joint Bookrunners

China Zheshang Bank Co., Ltd. (Hong Kong Branch) | **JA Securities** | **SunRiver International Securities Group Limited**

SPDB International | **Zheshang International**

The Issuer announces that the listing of the Bonds on the Hong Kong Stock Exchange and permission to deal in 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) only has become effective on 27 September 2023.

The final offering circular dated 19 September 2023 prepared in connection with the issue of the Bonds is appended herewith.

Hong Kong, 27 September 2023

As at the date of this announcement, the directors of Qingdao Jiaozhou Bay Development Group Co., Ltd. are Mr. Lu Wei, Mr. Li Jianfei, Mr. Liu Zhenqing, Mr. Zhu Bingqiang, Mr. Li Quanwen and Ms. Wang Yanan.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION WITHIN OR INTO THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "**Offering Circular**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Offering Circular) as a result of such access. In order to review the 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 the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular) and the Issuer (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and to which this e-mail has been delivered is not, located in the United States and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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

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

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

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

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee (as defined in the Offering Circular) or the Agents (as defined in the Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Manager or any affiliate of the Joint Lead Manager 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.

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 securities 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).*

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

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

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

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



Qingdao Jiaozhou Bay Development Group Co., Ltd.
(青島膠州灣發展集團有限公司)

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

CNY800,000,000 5.50 per cent. Bonds due 2026
Issue Price: 100.00 per cent.

The CNY800,000,000 5.50 per cent. bonds due 2026 (the "**Bonds**") will be issued by Qingdao Jiaozhou Bay Development Group Co., Ltd.(青島膠州灣發展集團有限公司) (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 26 September 2023 (the "**Issue Date**") at the rate of 5.50 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear on 26 March and 26 September in each year, commencing on 26 March 2024. Payments on the Bonds will be made free and clear of and without withholding or deduction for or on account of any taxes duties, assessments of 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 Condition 8 (*Taxation*) of the terms and conditions of the Bonds (the "**Terms and Conditions**").

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

The Issuer undertakes that it will (i) within the prescribed time period after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange (the "**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as at 13 May 2013 and as amended from time to time (the "**Foreign Debt Registration**") and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 120 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date).

The PRC government (including the Qingdao Municipal Government and the Jiaozhou Municipal Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risk Factors – Risks Relating to the Bonds – The PRC government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds*".

In accordance with the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第56號) (the "**NDRC Measures**") issued by the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**") and which came into effect on 10 February 2023, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 3 July 2023 evidencing such registration. The Issuer undertakes that it will (i) 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 after the Issue Date in accordance with the NDRC Measures issued by the NDRC and effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**") and (ii) comply with all applicable PRC laws and regulations in relation to the Bonds (including but not limited to any related filing requirement under the NDRC Measures).

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Bonds at its principal amount on the Interest Payment Date (as defined in the Terms and Conditions) falling on, or nearest to, 26 September 2026 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with any interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 19 September 2023, and 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. At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), each holder of Bonds (each a "**Bondholder**") will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of that Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) such Put Settlement Date (as defined in the Terms and Conditions). See Condition 6 (*Redemption and Purchase*) of the Terms and Conditions.

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 46.

The Bonds will be issued in denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

Investing in the Bonds involves 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 United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to exceptions, may not be offered or sold within the United States. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*".

Application will be made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of, and permission to deal in, 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 Offering Circular is for distribution to Professional Investors only.

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

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

The Bonds will initially be evidenced by the global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, 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*".

The Bonds are expected to be assigned a rating of BBB+ by Lianhe Ratings Global Limited ("**Lianhe Global**"). The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Lianhe Global. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China Galaxy International | **CMB International** | **Guotai Junan International** | **China International Capital Corporation**

Joint Lead Managers and Joint Bookrunners

China Zheshang Bank Co., Ltd. (Hong Kong Branch) | **JA Securities** | **SunRiver International Securities Group Limited**

SPDB International | **Zheshang International**

Offering Circular dated 19 September 2023

NOTICE TO INVESTORS

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

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

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

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of China Galaxy International Securities (Hong Kong) Co., Limited, CMB International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), JA Securities Limited, SunRiver International Securities Group Limited, SPDB International Capital Limited and Zheshang International Financial Holdings Co., Limited (together, the "**Joint Lead Managers**") or the Issuer to subscribe for or purchase any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. 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, Hong Kong, the PRC, Singapore, Japan and Macau and to persons connected therewith. For a description of further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*".

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

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 (as defined in the Terms and Conditions) or any of their respective affiliates, directors, employees, agents, representatives, officers, advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, 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.

Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, 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, advisers or any person who controls any of them, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, advisers or any person who controls any of them. This Offering Circular should not 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, 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, 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, the Group and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assume no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, advisers or on their behalf in connection with the Issuer or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and each of their respective affiliates, directors, employees, agents, representatives, officers, advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers, advisers or any person who controls any of them.

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

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

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax 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 "BBB+" by Lianhe Global. 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.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are "capital market intermediaries" (the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

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 any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them 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. Where information has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

Presentation of Financial Information

The audited consolidated financial information of the Issuer as at 1 January 2021, 31 December 2021 and 31 December 2022 and for the years ended 31 December 2020, 2021 and 2022 included in this Offering Circular has been extracted from the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2021 (the "**2021 Audited Financial Statements**") and the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2022 (the "**2022 Audited Financial Statements**", together with the 2021 Audited Financial Statements, the "**Audited Financial Statements**"), which were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**") and audited by China Audit Asia Pacific Certified Public Accountants (Special General Partnership) ("**CAAP**"), the independent auditor of the Issuer. PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of differences between PRC GAAP and IFRS, see "*Summary of Certain Differences between PRC GAAP and IFRS*".

In preparing the 2021 Audited Financial Statements and 2022 Audited Financial Statements, the Issuer has adopted a number of new accounting standards issued by the Ministry of Finance (the "**MOF**"), including Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Revised in 2017) (Cai Kuai [2017] No. 7), Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets (Revised in 2017) (Cai Kuai [2017] No. 8), Accounting Standards for Business Enterprises No. 24 – Hedging Accounting (Revised in 2017) (Cai Kuai [2017] No. 9), Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (Revised in 2017) (Cai Kuai [2017] No. 14), Accounting Standards for Business Enterprises No. 14 – Revenue (Revised in 2017) (Cai Kuai [2017] No. 22) and Accounting Standards for Business Enterprises No. 21 – Leases (Revised in 2018) (Cai Kuai [2018] No. 35) (together, the "**New Accounting Standards**"), all of which took effect from 1 January 2021. In addition, the Issuer changed the accounting policy for investment properties from the cost model to the fair value model (the "**New Accounting Method**"), which has been applied retrospectively. With the adoption of these New Accounting Standards and the New Accounting Method, certain accounting items in the balance sheet as at 1 January 2021 or in the profit statement for the year ended 31 December 2020 extracted from the 2021 Audited Financial Statements were amended and restated from the audited consolidated financial statements of the Issuer as at 31 December 2020. For more information, please refer to note V(1) "*Description of the major accounting policy changes*" to the 2021 Audited Financial Statements included elsewhere in this Offering Circular. Investors must therefore exercise caution when making comparisons between the financial information included in this Offering Circular and the historical financial information of the Group.

Certain Definitions, Conventions and Currency Presentation

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**", "**China**" and "**mainland China**" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan); all references to the "**United States**" and "**U.S.**" are to the United States of America; all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC; all references to "**U.S.$**" are to the lawful currency of the United States; all references to "**PRC government**" are to the People's Government of the PRC or the People's Government of the relevant provinces, cities, prefectures and other administration regions in the PRC where context requires, and all references to "mu" (畝) are to the unit of land areas, and one mu equals to approximately 666.67 square metres.

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

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

Forward-looking Statements

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

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:

- general political and economic conditions in the PRC;
- any changes in the laws, rules, regulations and policies of the central and local governments of the PRC and the relevant governmental authorities and agencies relating to the Issuer's business and industry;
- the Group's ability to successfully implement business plans and strategies;
- access and cost of capital and financing;

- financial condition and performance of the Group;
- changes or volatility in interest rates, foreign exchange rates, commodity prices or other rates or prices, the PRC and the industry and markets in which the Issuer operates;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- other factors, including those discussed in "*Risk Factors*".

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

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

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SUMMARY

OVERVIEW

The Issuer is a major investment and financing platform beneficially controlled by the Jiaozhou Municipal Government. As at the date of this Offering Circular, the Issuer is indirectly wholly owned by Jiaozhou Municipal State-owned Assets Service Centre (膠州市國有資產服務中心) ("**Jiaozhou SASC**", formerly known as the Jiaozhou State-owned Assets Supervision and Administration Commission Office (膠州市國有資產監督管理辦公室) ("**Jiaozhou SASAC**")), which has delegated the daily supervision of the Issuer to the SCO Demonstration Area Management Committee (中國—上海合作組織地方經貿合作示範區管理委員會), being the current actual controller of the Issuer. The Issuer has historically played an important role in developing the Jiaozhou Economic and Technology Development Zone (the "**Jiaozhou ETD Zone**"), and is currently focusing on the development of the China-Shanghai Cooperation Organisation Local Economic and Trade Cooperation Demonstration Area (中國—上海合作組織地方經貿合作示範區) (the "**SCO Demonstration Area**"). The core area of the SCO Demonstration Area is in Jiaozhou, which is located in the strategically important city of Qingdao in Shandong province. Since its establishment in 2007, the Issuer, together with its subsidiaries, has engaged in the development of numerous infrastructure projects in Jiaozhou, including the construction of municipal roads, tunnels, transportation hubs, bridges and river improvement. To further diversify its business operation, it commenced the trading and property development businesses in 2019. Over the years, the Group has developed into a key force in enhancing the urbanisation and commercial attractiveness of Jiaozhou.

The Group's business currently consists of six segments, namely (i) infrastructure construction; (ii) primary land development; (iii) property investment and operation; (iv) trading; (v) property development; and (vi) miscellaneous. Set forth below is a summary of each of the Group's business segments:

- *Infrastructure construction:* Infrastructure construction has been the Group's core business since its establishment. Over the years, the Group has undertaken and completed a large number of projects of strategic importance to the SCO Demonstration Area. The Group conducts its infrastructure construction business under the "build-transfer" business model and its operating revenue from infrastructure construction projects is derived from the buyback amount paid to the Group by the Finance Bureau of Jiaozhou. As at 31 December 2022, the Group had completed infrastructure projects with an estimated total buyback amount of RMB9,089 million.

- *Primary land development:* In 2018, the Group was commissioned by the Jiaozhou Municipal Government to develop primary land in the SCO Demonstration Area. The Group's operating revenue from primary land development represents the land development fee paid by the Jiaozhou Municipal Government, which is in turn generated from the grant of land use rights to real property developers. As at 31 December 2022, there were approximately 4,000 mu of land and 7,000 mu of mudflats available for development or under development by the Group, which the Group believes satisfies its business needs for its primary land development business for the next three to five years.

- *Property investment and operation:* The Group started its property investment and operation business in 2017, and it leases and manages (i) properties owned by itself, and (ii) properties previously constructed by the Group under an agency construction agreement entered into between the Issuer and the SCO Demonstration Area Management Committee (previously known as the Jiaozhou ETD Zone Management Committee), and allocated to the Group by the SCO Demonstration Area Management Committee for nil consideration after the construction has been completed. As at 31 December 2022, the Group had constructed leasable properties with a gross floor area of approximately 475,696 square metres, including commercial properties, office buildings and industrial plants.

- *Trading:* The Group expanded its business into trading in May 2019. As at the date of this Offering Circular, the Group's trading business mainly includes sales of steels, frozen seafood, grain and oil. The Group's customers of its trading business are primarily construction companies and trading companies located in Qingdao. The Issuer believes that such business expansion is responsive to the local government's strategy to form a comprehensive domestic and international trading platform in the SCO Demonstration Area, and gives the Group opportunities to explore greater growth potential in the future.

- *Property development:* Leveraging the desirable living environment in Jiaozhou with convenient transportation solutions and a growing number of public cultural and recreational facilities, in 2019, the Group began to engage in a variety of real property development projects including the construction of residential housing and commercial properties. As at the date of this Offering Circular, the Group has completed developing two phases of Guanlan Wenyuan (觀瀾文苑), a large-scale residential complex developed to satisfy the increasing demand for housing in the SCO Demonstration Area. As at 31 December 2022, the Group's total contracted sales for properties it developed amounted to approximately RMB475 million.

- *Miscellaneous:* The Group participates in industrial investment and other businesses, including the maintenance of office equipment and operation of restaurants for government staffs, among others.

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

	Year ended 31 December					
	2020		2021		2022	
	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total
Business segment						
Infrastructure construction	257,223.9	16.8	218,078.3	8.7	225,057.5	8.1
Primary land development	283,018.9	18.5	188,679.2	7.5	204,340.2	7.3
Property investment and operation	256,965.6	16.8	376,092.0	14.9	568,947.3	20.4
Trading	609,746.1	39.9	1,294,400.7	51.4	1,575,640.3	56.4
Property development	16,037.9	1.0	190,597.9	7.6	45,991.8	1.6
Miscellaneous	106,010.6[(1)]	7.0	248,017.5[(2)]	9.9	172,763.2[(2)]	6.2
Total	**1,529,003.0**	**100.0**	**2,515,865.6**	**100.0**	**2,792,740.3**	**100.0**

Notes:

(1) This amount represents the aggregate of the Group's operating revenue from "government purchased services", "property income", "labour dispatch income", "sales of goods income", "restaurant cost", "interest revenue" and other businesses, as reported in the 2021 Audited Financial Statements.

(2) This amount represents the aggregate of the Group's operating revenue from "government purchased services", "property income", "labour dispatch income", "income from the Shanghe Trade Town Tower project", "material", "land level development management fee income", "logistics revenue", "interest income" and other businesses, as reported in the 2022 Audited Financial Statements.

The following table sets forth a breakdown of the Group's gross operating profit by business segment and as a percentage of its total gross operating profit for the periods indicated:

	Year ended 31 December					
	2020		2021		2023	
	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total
Business segment						
Infrastructure construction	15,522.1	5.6	13,159.9	4.4	26,378.2	6.8
Primary land development	22,149.3	8.0	14,766.2	5.0	15,991.8	4.1
Property investment and operation	196,445.9	70.6	215,878.3	73.0	289,075.4	74.9
Trading	9,321.2	3.4	10,581.9	3.6	18,479.1	4.8
Property development	(1,577.3)	(0.6)	(3,090.3)	(1.0)	4,642.3	1.2
Miscellaneous	36,335.7(1)	13.0	44,594.0(2)	15.0	31,441.4(2)	8.2
Total	**278,196.9**	**100.0**	**295,890.0**	**100.0**	**386,008.2**	**100.0**

Notes:

(1) This amount represents the aggregate of the Group's gross operating profit (being the operating revenue less the operating cost) from "government purchased services", "property income", "labour dispatch income", "sales of goods income", "restaurant cost", "interest revenue" and other businesses as reported in the 2021 Audited Financial Statements.

(2) This amount represents the aggregate of the Group's gross operating profit (being the operating revenue less the operating cost) from "government purchased services", "property income", "labour dispatch income", "income from the Shanghe Trade Town Tower project", "material", "land level development management fee income", "logistics revenue", "interest income" and other businesses, as reported in the 2022 Audited Financial Statements.

As at 1 January 2021 and 31 December 2021 and 2022, the Group's total assets were RMB40,934.5 million, RMB49,578.0 million and RMB84,019.0 million, respectively. For the years ended 31 December 2020, 2021 and 2022, the Group's net profit was RMB456.4 million, RMB698.2 million and RMB438.4 million, respectively.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below are important to its success and future development:

- a major platform of the Jiaozhou Municipal Government to develop the SCO Demonstration Area;
- support from the Jiaozhou Municipal Government;
- a diversified business portfolio with steady revenue resources;
- diversified financing channels; and
- sound corporate governance implemented by a dedicated management team.

BUSINESS STRATEGIES

The Group aims to continue to focus on the development of the SCO Demonstration Area. To achieve its goal, the Group intends to implement the following strategies:

- continue to focus on the development of the SCO Demonstration Area under innovative business models;
- enhance the commercial attractiveness of the SCO Demonstration Area;
- further diversify the Group's business portfolio and create new sources of income;
- adhere to prudent financial management policies with stringent risk control;
- explore new financing channels; and
- enhance management capability and improve corporate governance structure.

RECENT DEVELOPMENTS

Additional Indebtedness since 31 December 2022

Since 31 December 2022, the Group has incurred additional indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. In particular, since 31 December 2022, the Group has issued debt instruments, including but not limited to short-term corporate bonds, private placement notes and medium-term notes with an aggregate principal amount of RMB6.8 billion in domestic capital market in the PRC.

Performance of the Group as at and for the six months ended 30 June 2023

On 28 August 2023, the Issuer published its semi-annual financial statements as at and for the six months ended 30 June 2023 (the "**2023 Q2 Interim Financial Statements**") on the website of the Shanghai Clearing House, which were not subject to an audit or review.

For the six months ended 30 June 2023, the Group recorded a stable increase in its total operating revenue as compared to the same period in 2022. The Group's total operating cost for the six months ended 30 June 2023 increased correspondingly. The Group's total operating profit and net profit also increased as compared to the corresponding period in 2022. As at 30 June 2023, the Group's total assets increased as compared to the balance as at 31 December 2022. As at 30 June 2023, total liabilities of the Group increased as compared to the balance as at 31 December 2022, which was primarily attributable to the increases in the Group's current liabilities incurred to enhance liquidity and to meet the Group's increasing capital needs as it continued to expand its businesses.

The financial information in the 2023 Q2 Interim Financial Statements may differ from future audited or reviewed information and the 2023 Q2 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The 2023 Q2 Interim Financial Statements should not be taken as an indication of the financial condition or results of operations of the Group for the full financial year ending 31 December 2023. The 2023 Q2 Interim Financial Statements does not constitute part of this Offering Circular. See "*Risk Factors – Risks Relating to the Group's Financial Information – Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*".

Change of the Actual Controller of the Issuer

In February 2023, according to the Statement on the Actual Controller of Qingdao SCO Holdings Development Group Co., Ltd. (關於青島上合控股發展集團有限公司實際控制人的說明) (the "**Joint Statement**") jointly issued by Jiaozhou SASC and the SCO Demonstration Area Management Committee, the SCO Demonstration Area Management Committee became responsible for the daily supervision of Qingdao SCO Holdings Development Group Co., Ltd. (青島上合控股發展集團有限公司) ("**Qingdao SCO Holdings**") and became the actual controller of Qingdao SCO Holdings. Qingdao SCO Holdings remains wholly owned by Jiaozhou SASC following the Joint Statement. Consequently, the actual controller of the Issuer has changed from Jiaozhou SASC to the SCO Demonstration Area Management Committee. As at the date of this Offering Circular, the Issuer's shareholder remains unchanged as Qingdao SCO Holdings, which is in turn wholly owned by Jiaozhou SASC.

Transfer of Equity Interests in Three State-owned Entities to the Issuer

On 4 May 2023, the Issuer announced on the website of the Shanghai Clearing House that pursuant to the Approval of the Comprehensive Plan for the Asset Integration of Jiaofa Group (Jiaoguoziwei [2022] No. 52) (關於膠發集團資產整合綜合方案的批覆(膠國資委[2022]52號)) (the "**Asset Integration Approval**") issued by Jiaozhou State-owned Assets Supervision and Administration Commission, Qingdao SCO Holdings, the sole shareholder of the Issuer, transferred 49 per cent. equity interest owned by it in each of Qingdao Jiaozhou New City Construction Development Co., Ltd. (青島市膠州新城建設發展有限公司) (currently known as Qingdao Shanghe Urban-Rural Integration Development Group Co., Ltd. (青島上合城鄉融合發展集團有限公司)), Qingdao Jiaozhou Urban Development Group Co., Ltd. (青島市膠州城市建設發展集團有限公司) (currently known as Qingdao SCO Urban Renewal Group Co., Ltd. (青島上合城市更新集團有限公司)) and Qingdao Jin Jiaozhou Asset Operation Co., Ltd. (青島金膠州資產經營有限公司) (collectively, the "**Transferred Entities**") to the Group at nil consideration (the "**Equity Transfers**"). The Equity Transfers were completed in December 2022. Following the completion of the Equity Transfers, the book value of the Transferred Entities totalling approximately RMB14.8 billion and representing approximately 82.2 per cent. of the net assets of the Issuer as at 31 December 2021, was booked as the Issuer's long-term equity investment in the 2022 Audited Financial Statements and the Issuer's capital reserve increased accordingly (see notes 7(11) and 8(39) to the 2022 Audited Financial Statements). The Issuer believes that the Equity Transfers have a positive impact on its consolidated asset size and profitability and will enhance the Group's profitability.

THE OFFERING

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

Issuer	Qingdao Jiaozhou Bay Development Group Co., Ltd. (青島膠州灣發展集團有限公司).
The Bonds	CNY800,000,000 5.50 per cent. bonds due 2026.
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in denominations of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Issue Date	26 September 2023.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 26 September 2023, at the rate of 5.50 per cent. per annum, payable semi-annually in arrear on 26 March and 26 September in each year, commencing on 26 March 2024.
Maturity Date	26 September 2026.
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge) of the Terms and Conditions*) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.
Use of Proceeds	See "*Use of Proceeds*".

Events of Default	The Bonds will contain certain events of default provisions as further described in Condition 9 (*Events of Default*) of the Terms and Conditions.
Cross-Default	The Bonds are subject to a cross-default provision in respect of present or future indebtedness or guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities equals or exceeds U.S.$30,000,000 or its equivalent. See Condition 9(c) (*Cross-Default*) of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without 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 at a rate up to and including the aggregate rate applicable on 19 September 2023 (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 at a rate in excess of the Applicable Rate, the Issuer shall pay 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 Condition 8 (*Taxation*) of the Terms and Conditions.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to the Maturity Date.
Redemption for Relevant Events	Following the occurrence of a Relevant Event, the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all, but not some only, of such Holder's Bonds 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 up to (but excluding) such Put Settlement Date. See Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.

Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 of the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount, together with any interest accrued to the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of, such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 19 September 2023; and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. See Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.
Further Issues	The Issuer is at liberty from time to time without the consent of the 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 submitting the NDRC Post-issue Filing, completing the Foreign Debt Registration and complying with the Registration Conditions) 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. See Condition 15 (*Further Issues*) of the Terms and Conditions.
Trustee	Citicorp International Limited.
CMU Lodging and Paying Agent, Registrar and Transfer Agent .	Citicorp International Limited.
Clearing System	The Bonds will be represented by beneficial interests in the Global Certificate in registered form, which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the limited circumstances described in the Global Certificate, individual certificates for the will not be issued in exchange for beneficial interests in the Global Certificate.

Clearance and Settlement	The Bonds have been accepted for clearance through CMU under CMU Instrument Number CILHFN23086, an ISIN HK0000954393 and a Common Code 269096659.
Issuer's Legal Entity Identifier . .	5493008XGDB5UPDJ4K56.
Governing Law	English law.
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.
Expected Rating of the Bonds . . .	BBB+ by Lianhe Global.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

SUMMARY FINANCIAL INFORMATION AND OTHER FINANCIAL DATA

The summary audited consolidated financial information of the Issuer as at 1 January 2021, 31 December 2021 and 31 December 2022 and for the years ended 31 December 2020, 2021 and 2022 set forth below is derived from and should be read in conjunction with the Audited Financial Statements and the notes thereto included elsewhere in this Offering Circular. The Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by CAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of the differences, see "Summary of Certain Differences between PRC GAAP and IFRS". Historical results are not necessarily indicative of results that may be achieved in any future period.

In preparing the 2021 Audited Financial Statements and the 2022 Audited Financial Statements, the Issuer has adopted the New Accounting Standards, all of which took effect from 1 January 2021. In addition, the Issuer changed the accounting policy for investment properties from the cost model to the fair value model, which has been applied retrospectively. With the adoption of these New Accounting Standards and the New Accounting Method, certain accounting items in the balance sheet as at 1 January 2021 or in the profit statement for the year ended 31 December 2020 extracted from the 2021 Audited Financial Statements were amended and restated from the audited consolidated financial statements of the Issuer as at 31 December 2020. For more information, please refer to note V(1) "Description of the major accounting policy changes" to the 2021 Audited Financial Statements included elsewhere in this Offering Circular. Investors must therefore exercise caution when making comparisons between the financial information included in this Offering Circular and the historical financial information of the Group.

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

Summary Consolidated Profit Statement Data

	Year ended 31 December		
	2020	**2021**	**2022**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
	(audited)	**(audited)**	**(audited)**
Total operating revenue	**1,529,003**	**2,515,866**	**2,792,740**
Total operating costs	**1,250,806**	**2,360,585**	**2,997,052**
Taxes and surcharges	46,186	59,125	43,111
Costs of sales	11,660	3,993	7,880
Management fees	62,286	81,963	148,899
Research and development cost	–	–	48
Financial expenses	(227,635)	(4,471)	390,382
Add: Investment income/(loss)	295	17,641	122,077
Including: Income/(loss) from investments joint ventures	–	17,641	119,888
Gains from change in fair value	64,330	524,573	174,742
Credit impairment loss	–	(4,753)	(785)
Income from asset disposal	–	451	45
Other incomes	138,216	207,412	447,441
Operating profit/(loss)	588,541	900,606	539,208
Add: Non-operating income	14,758	383	201
Less: Non-operating expenses	2,033	1,769	857
Total profit expenses	601,266	899,220	538,553
Less: Income tax	144,853	201,050	100,127
Net profit/(loss)	**456,413**	**698,170**	**438,426**
Net profit/(loss) attributable to parent company	451,029	697,664	437,294
Profit/(loss) attributable to minority share-holders	5,384	506	1,132

Summary Consolidated Balance Sheet Data

	As at 1 January 2021	As at 31 December 2021	As at 31 December 2022
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)
Current assets			
Monetary fund	1,875,340	4,089,811	2,059,240
Notes receivables	–	36,258	53,733
Accounts receivable	525,135	838,564	983,445
Prepayments	753,292	105,795	616,033
Other accounts receivables	7,209,790	7,439,733	11,229,988
Inventory	13,258,064	14,554,456	22,282,921
Contract assets	7,203,270	10,571,936	8,940,124
Non-current assets that mature within one year	–	–	47,267
Other current assets	123,151	115,548	227,573
Total current assets	**30,948,042**	**37,752,101**	**46,440,325**
Non-current assets			
Long-term receivable	15,000	43,900	403,915
Long-term equity instrument investments	333,943	654,883	15,528,610
Other equity instrument investments	1,240,000	1,552,962	1,831,416
Other non-current financial investments	–	–	60,000
Investment real estate	1,914,813	2,725,369	2,965,029
Fixed asset	301,092	292,140	336,959
Projects under construction	2,047,085	2,507,867	5,465,550
Right assets	–	–	10,189
Intangible assets	4,097,992	4,013,564	10,943,734
Long-term poetry share expenses	–	–	434
Deferred income tax assets	–	1,188	1,393
Other non-current assets	36,541	33,988	31,435
Total non-current assets	**9,986,466**	**11,825,861**	**37,578,664**
Total Assets	**40,934,508**	**49,577,962**	**84,018,989**
Current liabilities			
Short-term borrowing	1,099,437	2,253,944	2,480,987
Notes payable	104,999	33,270	363,286
Accounts payable	112,034	330,008	953,161
Advance payment	582	2,489	1,228
Contract liability	272,834	166,030	418,280
Employee compensation payable	–	–	1,426
Payable taxes	550,568	604,756	668,610
Other payables	199,223	221,567	28,496
Non-current liabilities that mature within one year	3,293,239	6,229,711	8,002,954
Other current liabilities	1,223,679	1,065,186	2,341,340
Total current liabilities	**6,856,595**	**10,906,962**	**15,259,768**
Non-current liabilities			
Long-term borrowing	7,238,230	6,562,299	9,451,732
Lease liability	–	–	386,086
Bonds payable	8,903,074	12,353,261	15,630,061
Long-term payables	855,740	1,323,406	2,123,765
Deferred income	327,667	128,725	16,357
Deferred income tax liabilities	94,734	247,435	291,128
Total non-current liabilities	**17,419,445**	**20,615,126**	**27,899,130**
Total Liabilities	**24,276,040**	**31,522,087**	**43,158,898**
Owners' equity			
Paid-in capital	1,200,000	1,200,000	1,650,000
Capital reserves	13,090,873	13,786,609	36,043,168
Surplus reserves	180,086	201,902	210,516
Undistributed profit	2,176,578	2,852,426	2,872,748
Total owner's equity attributable to parent company	16,647,537	18,040,937	40,776,432
Minority interests	10,931	14,937	83,658
Total Owners' Equity	**16,658,468**	**18,055,874**	**40,860,091**
Total Liabilities and Owners' Equity	**40,934,508**	**49,577,961**	**84,018,989**

Summary Consolidated Cash Flow Statement Data

	Year ended 31 December		
	2020	2021	2022
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)
Net cash flows from/(used in) operating activities	(2,219,550)	(1,701,830)	(6,818,591)
Net cash flows from/(used in) investing activities	(2,764,000)	(3,064,120)	(2,803,745)
Net cash flows from financing activities	5,229,306	6,404,762	6,751,568
Impact of exchange rate fluctuations on cash and cash equivalents	(269)	(87)	40,873
Net increase/(decrease) in cash and cash equivalents	245,488	1,638,725	(2,829,897)
Add: Starting balance of cash and cash equivalents	1,629,852	1,881,369	3,967,102
Ending cash and cash equivalents balance	**1,875,340**	**3,520,094**	**1,137,205**

Other Financial Data

	Year ended 31 December		
	2020	2021	2022
	(RMB'000, except for percentages)		
EBITDA[(1)]	701,219	1,050,186	880,113
EBITDA margin (per cent.)[(2)]	45.86	47.74	31.51

Notes:

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

(2) EBITDA margin is calculated by dividing EBITDA by operating revenue for the relevant period, expressed as a percentage.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer or that it currently deems immaterial may also adversely affect the Group's business, financial condition or results of operations 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 inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may occur for reasons which may not be considered as significant risks by the Issuer based on information currently available to it or which it may not currently be able 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.

The Issuer makes no representation 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. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

Risks Relating to the Group's Business

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

The Group has historically engaged in the development of infrastructure in the Jiaozhou ETD Zone in Jiaozhou, Qingdao, Shandong province, China since its inception, and is currently focusing on developing the SCO Demonstration Area, the core area of which is located in Jiaozhou. Therefore, its business and prospects are heavily affected by the level of economic development in Jiaozhou, Shandong province and China in general.

China's economic growth over the past few decades has been rapid. However, its continued growth has faced downward pressure in recent years. According to the National Bureau of Statistics of China, the annual growth rate of China's gross domestic product ("**GDP**") declined from 7.3 per cent. in 2014 to 6.1 per cent. in 2019 and 2.3 per cent. in 2020. While the PRC economy gained strength in 2021 with a GDP growth rate of 8.1 per cent., it slowed down to 3.0 per cent. in 2022. The slowdown in growth of the PRC's economy in recent years was primarily attributable to the outbreak of Coronavirus Disease 2019 ("**COVID-19**") in late 2019. The PRC government has recently taken several measures with the intention of promoting the economic growth in the PRC, but there can be no assurance that such measures will be effective. Other factors beyond the Group's control may also negatively affect the growth of the PRC's economy. Any future slowdown may create a credit-tightening environment, increase the Group's financing costs, negatively affect the government's fiscal income and investment in fixed assets or reduce governmental subsidies to the Group. See "*– China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain*".

The national economic condition of China materially affects the regional economic condition of its regions. According to the Jiaozhou Statistics Bureau, Jiaozhou's gross regional product (the "**GRP**") increased from RMB55.7 billion in 2010 to RMB154.1 billion in 2022. However, the annual growth rate of Jiaozhou's GRP slowed from 13.1 per cent. for 2010 to 5.5 per cent. for 2020. Although Jiaozhou recorded a GRP annual growth rate of 11.2 per cent. in 2021, it further slowed down to 5.0 per cent. in 2022. The level of economic development in China and Jiaozhou may not grow at their historical rates.

Any slowdown in the economic development in Jiaozhou may affect the local government's city development plan, which may adversely affect the development of the SCO Demonstration Area. This may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The SCO Demonstration Area is at its preliminary stage of development. Although the SCO Demonstration Area has unique geographical advantages due to its port and railway resources, it faces fierce competition from several other economic and technology development zones based in Shandong province with longer development histories and greater industrial concentration advantages, such as the Linyi Economic and Technology Development Zone (臨沂經濟技術開發區), Weifang Binhai Economic and Technological Development Zone (濰坊濱海經濟技術開發區) and Yantai Economic and Technology Development Zone (煙臺經濟技術開發區). For example, the Linyi Economic and Technology Development Zone focuses on high-end equipment manufacturing while the Yantai Economic and Technology Development Zone focuses on automobile and automobile parts manufacture, new energy and medical industries. A slowdown in the increase or a decrease in the number of enterprises operating in the SCO Demonstration Area could adversely affect the level of business activity and commercial attractiveness of the SCO Demonstration Area and, in turn, affect the business prospects of the Group.

The Group's business and results of operations are heavily influenced by governmental decisions and actions.

The Group is indirectly wholly owned by Jiaozhou SASC (formerly known as Jiaozhou SASAC), which has delegated the daily supervision of the Issuer to the SCO Demonstration Area Management Committee, being the current actual controller of the Issuer. Jiaozhou SASC is responsible for the administration of state-owned enterprises operating in Jiaozhou, such as the Group, and therefore has a significant influence on the Group's scope of business, major investment decisions and development strategies. When Jiaozhou SASC or its delegated governmental authorities (such as the SCO Demonstration Area Management Committee) carries out its administrative functions and implements the PRC government's policies, it may take actions that are beneficial to Jiaozhou as a whole, but are not in the Group's best commercial interests or that aim to maximise the Group's profit at all times. Jiaozhou SASC or its delegated governmental authorities could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of local population and employment growth. Any such change may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces risks and uncertainties associated with contracting with government authorities and their agencies.

As an indirect wholly owned subsidiary of Jiaozhou SASC, the Group cooperates and contracts with many governmental authorities and their controlled entities when it carries out its business activities. For example, the Group entered into the project development master agreement with the Finance Bureau of Jiaozhou on 6 March 2008 (the "**Master Agreement**") relating to the Group's infrastructure construction business and the buyback arrangements. Although the Group currently maintains close working relationships with governmental authorities and entities, such relationships may change in the future. Local governments and their controlled entities may (i) have economic or business interests or considerations that are inconsistent or in conflict with the Group's, (ii) take actions contrary to the Group's requests or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) encounter financial difficulties, or (v) have disputes with the Group as to the contractual terms or other matters. The ability of the relevant government authority (including the Finance Bureau of Jiaozhou) to meet its payment obligations largely depends on its fiscal revenue, policies and regulations promulgated by the superior governments or authorities and many other factors which are generally beyond the Group's control. Failure by the government to fulfil its obligations or any adverse change to the policies or business plans may require the Group to adjust its development plans and thus adversely affect its operating results.

In addition, if there is any material disagreement with Jiaozhou SASC, the SCO Demonstration Area Management Committee or any other governmental authorities, agencies or their controlled entities, there is no assurance that the Group would be able to successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with public bodies may last for considerably longer periods of time than those with private sector counterparties, and payments from the public bodies may be delayed as a result. Any of the foregoing may materially and adversely affect the Group's relationship with the Jiaozhou Municipal State-owned Assets Service Centre, the SCO Demonstration Area Management Committee or any other governmental authorities, which may in turn materially and adversely affect the Group's business and prospects.

Delays or defaults in the payment of any buyback amount by the Finance Bureau of Jiaozhou pursuant to the Master Agreement may have a material adverse impact to the Group's results of operations, financial condition and cash flow.

The Group has historically developed most of its infrastructure projects under the "build-transfer" business model pursuant to the Master Agreement. This model generally incurs substantial capital expenditures on the Group and increases the pressure on the Group's liquidity before the Finance Bureau of Jiaozhou purchases the relevant completed projects and pays the buyback amounts pursuant to the Master Agreement. In addition, the Master Agreement allows the payment of the buyback amounts to be made in several instalments within 24 months after acceptance of the relevant projects.

The Group has experienced delay in the payment of buyback amounts by the Finance Bureau of Jiaozhou. In December 2017, the Group entered into a supplemental agreement to the Master Agreement with the Finance Bureau of Jiaozhou and the Jiaozhou ETD Zone Management Committee (currently known as the SCO Demonstration Area Management Committee) relating to the then outstanding buyback amounts due from the Finance Bureau of Jiaozhou. Pursuant to this supplemental agreement, the Finance Bureau of Jiaozhou agreed to repay outstanding buyback amount in a total amount of RMB3.5 billion by instalments within five years from 2018. The Group further entered into a second supplemental agreement with the SCO Demonstration Area Management Committee in October 2021, which provided for the buyback schedule of the Group from 2023 to 2027. See *"Description of the Group's Business – Infrastructure Construction – Business Model*" for further details. There is no assurance that the Finance Bureau of Jiaozhou will make payments in accordance with such timetable or that it will not request further postponement of any payment in the future. A postponement may have an adverse effect on the Group's cash flow and, therefore, its financial condition and results of operations.

The ability of the Finance Bureau of Jiaozhou to perform its obligations under the Master Agreement and the supplemental agreements is affected by many factors that are beyond the Group's control, such as the fiscal revenue of the Jiaozhou Municipal Government, budgeting and changes in PRC laws and regulations concerning the Jiaozhou Municipal Government and the Group's operations. In recent years, a number of policies and regulations have been released to control the rapid increase in government debt in China, including some circulars aiming to insulate debts of the local governments' financing and investment platforms from government debts which are repaid with fiscal revenue. Those policies and regulations may limit the ability of the Finance Bureau of Jiaozhou to use fiscal revenue to buy back the projects the Group developed or will develop pursuant to the Master Agreement and the supplemental agreements in the future. There are also uncertainties as to whether the enforceability of the Master Agreement and the supplemental agreements will be affected by any of those policies, regulations or circulars. Any delay or failure to pay any buyback amount by the Finance Bureau of Jiaozhou may cause constraints in the cash flow of the Group, increase the Group's liquidity risk and have a material adverse impact to its results of operations, financial condition and its ability to service the Bonds. See "*– PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing*".

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

The Group's results of operations and financial condition may be heavily affected by changes in the regulation of the PRC government concerning local government debts and the financing platforms of local governments. Various PRC government entities maintain and enforce regulations related to local government financing vehicles ("**LGFV**"). For a description of the relevant PRC regulations, see "*PRC Regulations*". Although the Issuer is currently not on the list of LGFVs maintained by the China Banking and Insurance Regulatory Commission (the "**CBIRC**", formerly known as the China Banking Regulatory Commission), however, other government entities, including the MOF, may from time to time interpret relevant laws and regulations differently based on their own interpretation of the specific activities engaged in by enterprises such as the Issuer. The Issuer therefore cannot be certain that regulations intended to apply to LGFVs do not or will not apply to it or that such regulations will not be retroactively applied to it. As the PRC government may issue more stringent policies that could affect the definition or scope of business of LGFVs in the PRC in the future, there is no assurance that the Group will be able to continue to carry on its business activities under the current business model in the future, which in turn may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group's business operations are capital intensive and any failure of the Group to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect its business and prospects.

The Group's business requires substantial capital resources. For the years ended 31 December 2020, 2021 and 2022, the Group incurred capital expenditures of approximately RMB1,193.4 million, RMB904.8 million and RMB2,436.1 million, respectively.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry out its business activities efficiently, due performance of the Finance Bureau of Jiaozhou's buyback obligations, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any material adverse change, which may be out of the Group's control, in these factors may create capital shortfall. There is no assurance that the Group's operations are able to generate sufficient cash to satisfy its cash needs at all times. For the years ended 31 December 2020, 2021 and 2022, the Group had incurred net operating cash outflows. See "*– The Group has historically experienced net operating cash outflows"* below.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 31 December 2022, the Group's total indebtedness (comprising short-term borrowing, non-current liabilities that mature within one year, interest-bearing other current liabilities, long-term borrowing, bonds payable and interest-bearing long-term payable) was RMB38.8 billion. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- interest rates and credit availability from banks or other lenders;
- investor confidence in the Group and the success of the Group's business;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;

- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and

- political and economic conditions in the PRC generally.

There is no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, substantial indebtedness may in turn increase the pressure on the Group's liquidity and cause additional operational risks. See "– *Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks*" below.

The Group has historically experienced net operating cash outflows.

For the years ended 31 December 2020, 2021 and 2022, the Group had net operating cash outflows of RMB2,219.6 million, RMB1,701.8 million and RMB6,818.6 million, respectively. The Group's operating cash outflow has historically been primarily due to a mismatch between the development timetable of its infrastructure construction projects and the schedule of payments to be made by the government. As the Group has been engaged in undertaking a great amount of infrastructure projects in the SCO Demonstration Area, the Group has incurred a significant amount of expenditure for infrastructure construction before it receives the associated buyback amount from the Finance Bureau of Jiaozhou, after the relevant projects are completed. As the buyback amounts are normally paid in instalments within two years after the completion of the relevant projects, the payment may be delayed due to various reasons, including changes in the budget of the Jiaozhou Municipal Government.

As the Group anticipates continued expansion of its business, it believes that it will continue to require significant capital commitment. There is no assurance that it will not incur negative operating cash flows in the near future. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, thus increasing its financial vulnerability and adversely affecting its financial condition and results of operations.

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

The Group primarily relies on external financing to satisfy a portion of its capital requirements and it has incurred a significant amount of outstanding indebtedness. As at 31 December 2022, the Group's total indebtedness (comprising short-term borrowing, non-current liabilities that mature within one year, interest-bearing other current liabilities, long-term borrowing, bonds payable and interest-bearing long-term payable) was RMB38.8 billion, of which RMB12.8 billion would become due within 12 months. As at 31 December 2022, the total amount of the Group's outstanding external guarantee was approximately RMB5.3 billion. Most of the guaranteed companies are connected companies of the Issuer. If any of the guaranteed companies defaults on its borrowings guaranteed by the Group, the lender may exercise its right under the guarantee to demand repayment from the Group. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

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

- requiring the Group to have dedicated part of its operating cash flow to service its indebtedness before it receives the buyback payment and government funding;
- increasing the Group's finance costs, thus 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.

The Group believes that its capital requirement and its reliance on external financing will continue to increase considering its existing cash needs to finance business operations and refinance its existing indebtedness. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations. Failure to service the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays on its legal actions against the Group by its creditors, or bankruptcy.

The Group may cease to receive government subsidies and grants, the loss of which, or a reduction in which, could substantially reduce the Group's profits.

The Group receives government subsidies and grants and certain preferential treatments from the Jiaozhou Municipal Government. The government's continuing support to the Group and timely payment of the promised subsidies and grants depend on the future fiscal revenue and fiscal policies of the local and central government.

Historically, the Group had received financial support in the form of allocations of land use rights from the Jiaozhou Municipal Government. In June 2017, the MOF issued the Notice on Strict Prohibition against Non-compliant Financing Through Service Procurement Arrangement of Governments (財政部關於堅決制止地方以政府購買服務名義違法違規融資的通知) restricting, among others, the ability of local governments from allocating land use rights to their financing platforms to support the platforms' financing needs. The Group has not received any allocation of land use rights from the Jiaozhou Municipal Government since 2014 and does not expect to receive this form of financial support in the future.

The PRC government has released a series of regulations concerning local government debts and financing platforms of local governments. See "– *PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing.*" There is no assurance that the PRC government will not impose any further restriction on providing financial support to the Group. As such, the Group may not be able to receive the same level of government subsidies and grants or enjoy the same preferential treatments. 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.

Significant inventories may affect the Group's liquidity and restrict the Group's business activities.

The Group's inventories mainly consist of development costs of the infrastructure projects and land use rights the Group holds as a result of its successful bidding to or allocation by the Jiaozhou Municipal State-owned Assets Service Centre. As at 1 January 2021, 31 December 2021 and 31 December 2022, the

Group's inventories amounted to RMB13,258.1 million, RMB14,554.5 million and RMB22,282.9 million, representing 32.4 per cent., 29.4 per cent. and 26.5 per cent., respectively, of the Group's total assets. Those land developed and infrastructure projects booked as inventories on the Issuer's consolidated balance sheet are illiquid assets and may not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. There is no assurance that it will be able to sell any of these infrastructure projects or land use rights to other third parties for price or on the terms satisfactory to them.

High level of inventories not only increases the pressure on the Group's cash flows, it also causes the Group to make provisions for impairment of inventories. The Group does not make any provision for any potential decrease in the value of its land. Therefore, a significant decrease in the value of the land it holds could materially and adversely affect the Group's business, financial condition, results of operations or prospects. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

As at 1 January 2021, 31 December 2021 and 31 December 2022, the Group's other accounts receivable were RMB7,209.8 million, RMB7,439.7 million and RMB11,230.0, respectively, representing 17.6 per cent., 15.0 per cent. and 13.4 per cent., respectively, of the Group's total assets as at the corresponding dates. The Group's other accounts receivable are mainly the amounts payable by the government to the Group to repay the advance payment the Group made on behalf of the government. There are inherent risks associated with the ability of the Jiaozhou Municipal Government to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations. See "*– Delays or defaults in the payment of any buyback amount by the Finance Bureau of Jiaozhou pursuant to the Master Agreement may have a material adverse impact to the Group's results of operations, financial condition and cash flow.*" above.

The Issuer has unpaid registered capital and the Issuer has unfulfilled registered capital obligations for some of its subsidiaries.

The registered capital of the Issuer increased from RMB200 million to RMB2 billion on 23 January 2019. As at the date of this Offering Circular, RMB350 million of the Issuer's share capital remains unpaid by Qingdao SCO Holdings, the sole shareholder of the Issuer. According to the Issuer's articles of association, Qingdao SCO Holdings has the obligation to fully pay up such registered capital by 31 December 2052. A company's registered capital is treated as corporate property under PRC law, and it is the shareholder's obligation to fulfil its registered capital contribution according to PRC law and the company's constitutional documents. Any failure of the Issuer's shareholder to make timely capital payments could materially and adversely affect the Group's equity position and its liquidity and in turn affect its business and financial condition.

As at the date of this Offering Circular, the Issuer has not fulfilled its obligations in respect of the registered capital of three of its wholly-owned subsidiaries, namely Qingdao Lyujian Yuan Development Investment Co., Ltd. (青島綠建園開發投資有限公司), Qingdao Jiaofa Cultural Tourism Development Co., Ltd. (青島膠發文化旅遊發展有限公司) and Qingdao Shanghe Cornerstone Investment Development Group Co., Ltd. (青島上合基石投資發展集團有限公司). As at the date of this Offering Circular, the registered capital of Qingdao Lyujian Yuan Development Investment Co., Ltd. is RMB200 million, of which RMB190 million has been paid up by the Issuer. As at the date of this Offering Circular, the registered capital of Qingdao Jiaofa Cultural Tourism Development Co., Ltd. is RMB100 million, of

which RMB30 million has been paid up by its shareholder, Qingdao Jiaozhou Bay Technology Investment Co., Ltd. (青島膠州灣科技投資有限公司), a wholly-owned subsidiary of the Issuer. As at the date of this Offering Circular, the registered capital of Qingdao Shanghe Cornerstone Investment Development Group Co., Ltd. is RMB1,000 million, of which RMB353 million has been paid up by the Issuer.

According to the revised PRC Companies Law which became effective on 1 March 2014, the timing requirement in respect of registered capital contributions has been abolished. As such, the Issuer has sole discretion to consider the timing of its registered capital contribution, subject to the relevant company's articles of association. According to Qingdao Lyujian Yuan Development Investment Co., Ltd.'s articles of association, the Issuer has the obligation to fully pay up its registered capital by 31 December 2040. According to Qingdao Jiaofa Cultural Tourism Development Co., Ltd.'s articles of association, Qingdao Jiaozhou Bay Technology Investment Co., Ltd., as its shareholder and a wholly owned subsidiary of the Issuer, has the obligation to fully pay up such registered capital by 31 December 2039. According to Qingdao Shanghe Cornerstone Investment Development Group Co., Ltd.'s article of association, the Issuer has the obligation to fully pay up its registered capital by 31 December 2050. If the Issuer fails to make such capital contribution in full by the deadline, it may be required to apply for a reduction in the registered capital, which may not be granted. Also, if the Issuer fails to contribute the registered capital, it may be penalised with fines of 5 to 15 per cent. of the amount of unpaid capital. In addition, in certain cases, the business license of any subsidiary with unpaid registered capital may be revoked.

If the Issuer is required to fund any unpaid registered capital of its subsidiaries, it may need to raise external funds. However, there is no assurance that sufficient external funds could be raised to pay the registered capital amounts on reasonable terms or at all.

The Group's business operations are subject to extensive regulation at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining any necessary qualifications, permits or approvals for its operations may adversely affect the Group.

The Group's business activities are extensively regulated in China. The operation of these business activities requires a number of approvals, licences and permits to be obtained from different governmental authorities. For example, the Group is required to obtain a project approval and an environmental assessment approval at the outset of a project before it can receive the construction land planning permit (建設用地規劃許可證), the construction project planning permit (建設工程規劃許可證) and the construction permit (建築工程施工許可證). It normally takes six to 12 months to obtain all of these approvals and permits. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the Group's business activities. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of the Group's business operations and operations and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties.

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

The Group's results of operations may be susceptible to the material fluctuations of interest rates.

Most of the Group's existing floating rate bank loans bear interests that accrue at rates linked to the Loan Prime Rate (the "**LPR**") published by the People's Bank of China (the "**PBOC**"). The LPR serves as the

benchmark for market interest rates in the PRC. The PBOC from time to time adjusts interest rates as implementation of its economic and monetary policies. A material fluctuation in the LPR may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

The Group may not successfully implement its growth and expansion strategy.

The Group has historically been focused on infrastructure construction in the Jiaozhou ETD Zone, and is currently focusing on developing the SCO Demonstration Area. The Group has implemented plans to expand and diversify its business operation into six business segments, including (i) infrastructure construction; (ii) primary land development; (iii) property investment and operation; (iv) trading; (v) property development; and (vi) miscellaneous. The Group may operate these new businesses while maintaining sustainable growth of its core businesses as part of its strategies. There is no assurance that the Group will be able to operate new businesses successfully. Furthermore, the Jiaozhou Municipal State-owned Assets Service Centre, the SCO Demonstration Area Management Committee or other authorities may request that the Group undertake new businesses from time to time. There is no assurance that the Group will have the necessary experience, expertise, and resources, or be able to procure the necessary experience, expertise, and resources, to undertake such new businesses successfully.

To implement its development and expansion strategies, the Group may be required to devote significant resources into managing the various businesses, market and regulatory risks associated with its expansion into different industries. Whether the Group could successfully implement its strategy depends, to some extent, on the Group's ability to obtain required approvals from relevant regulatory authorities in China, 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. If the Group expands its business into new industries, markets and geographic areas in which it has limited operating experience, there is no assurance that the Group will be successful in integrating newly-acquired operations with its existing operations and becoming profitable in such new business segments within a certain timeframe or at all. Failure to implement the Group's growth and expansion strategy may have an adverse impact on its business, financial condition and results of operations.

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

There are a number of construction, financing, operational and other risks associated with project developments in the PRC. Projects that the Group undertakes, in particular the infrastructure construction projects, typically require substantial capital expenditures during the construction phase and usually take many years before they become operational and start to generate revenue. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances. Any of these could give rise to delays in the completion of construction and/or cost overruns. Construction delays can result in loss of revenues. The failure to complete construction according to the Group's specifications may result in liabilities, reduced efficiency and lower financial returns. In addition, as construction costs for new projects have increased due to factors that are generally beyond the Group's control, construction delays may further increase these costs.

The Group has historically required, and is expected in the future to continue to require, substantial external financing to fund its capital expenditures. The cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from

banks or other lenders, investor confidence in its business, success of its businesses, provisions of tax, securities and other relevant laws that may be applicable to its efforts to raise capital, and political and economic conditions in the PRC generally. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group.

The Group may be adversely affected by the performance of third-party contractors.

The Group engages third-party contractors for its infrastructure construction projects. The Group generally selects independent contractors through an open tender process. However, there is no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and schedule of its projects. Further, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause an extension of the construction progress and an increase in the Group's fees payable to such contractors. See "– *Increases in labour costs or labour shortages of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, results of operations and prospects.*" below.

In addition, the Group may be asked to undertake additional infrastructure development projects by the government on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Further, contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group is required to comply with extensive environmental, safety and health regulations in China. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain such approvals and permits on a timely basis or at all.

As at the date of this Offering Circular, the Group has not received any notice regarding non-compliance with the applicable environmental, safety and health regulations or requirements from any government authority. However, PRC laws and regulations are constantly evolving. There is no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group. In particular, the PRC government is currently moving toward the adoption and enforcement of more stringent environmental standards. It is possible that more stringent environmental protection requirements will be imposed by relevant governmental authorities in the future and the Group may be expected to meet a standard which is higher than the requirement under the prevailing environmental laws and regulations. If the Group fails to comply with existing or future environmental laws and regulations or fails to meet public expectations in relation to environmental matters, its reputation may be damaged or it may be required to pay penalties or fines or take remedial actions or cease operations, any of which could have a material adverse effect on the Group's business, results of operations and financial position.

Increases in labour costs or labour shortages of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, results of operations and prospects.

The Group relies on third-party contractors to carry out infrastructure construction, which is labour intensive. In recent years, work stoppages, employee suicide and other similar events in certain cities in China have caused the government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by enterprises in China in general, including the contractors participating in the Group's projects. As the Group is responsible for making progress payments to its third-party contractors in its infrastructure construction business, any increase in the labour costs of those third-party contractors may negatively affect the Group's cash flow, which could materially and adversely affect the Group's business, prospects and results of operations.

In addition, strikes or other labour unrest could directly or indirectly prevent or hinder construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects. Such actions are beyond the Group's foreseeability or control. There is no assurance that labour unrest will not affect general labour market conditions or result in further changes to labour laws.

The Group's limited insurance coverage 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:

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

The Group maintains limited insurance policies, and the claims under such 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 those from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Issuer or any of its subsidiaries 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.

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

The Group provides warranties in respect of the quality of the projects it develops under the Master Agreement within two years after they are completed and delivered (or another period as specified in the relevant contract). Therefore, the Group relies on its quality control systems to ensure the safety and quality of its projects satisfies the requirements under applicable laws and those set out in the relevant development contracts. The effectiveness of the Group's quality control systems depends significantly on a number of factors, including the design of the system, the related training programme as well as the Group's ability to ensure that its and its subcontractors' employees adhere to its quality control policies and guidelines.

There is no assurance that the existing quality control policies and systems of the Group are effective and are able to identify potential defects or flaws in the Group's projects. Any failure of the Group's quality control systems could result in defects in its projects or services, 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 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 are sound, there is 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 may not be able to detect or prevent fraud, money laundering or other misconduct committed by its employees, representatives, agents, customers or other third parties in its business operations in a timely manner.

The Group may be exposed to fraud, money laundering 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. Such misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- 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;
- engaging in or accepting bribery activities;

- conducting any inside dealing; or

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

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

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance 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. 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 and adversely affect the Group's company image and business.

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with governmental entities, indigenous residents, contractors, 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 damage, breaches of warranty or delays in completion and delivery of projects. In addition, the Group may bring 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 and adverse impact on its financial condition, results of operations and cash flow.

The Group's business 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 the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced engineers, project development and management personnel, legal professionals, risk management personnel 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 infrastructure 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 condition.

The Group is subject to joint venture risks.

Certain of the Group's operations are conducted through jointly controlled entities and associated companies. Co-operation and agreement among the Group's joint venture partners on its existing or any future projects are important factors for the smooth operation and financial success of such projects. The Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with those of the Group; (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements; or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of the joint ventures as, in some cases, it does not have majority control of the joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Group has not to date experienced any significant problems with its partners, there is no assurance that disputes among its partners will not arise in the future that could adversely affect such projects.

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

The Group may consider expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group will conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the Group to unknown financial and legal risks and liabilities. When analysing a potential acquisition, the Group will 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 will also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources.

There is no assurance that the Group will be able to address these issues effectively. In addition, any major acquisition or transaction of a similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit 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 had not entered into any definitive agreement for any acquisition. The Group, however, is unable to predict whether there will be any targets 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's business may be affected by force majeure events, natural disasters and outbreaks of contagious diseases, including the COVID-19 pandemic, which may in turn significantly reduce demand for the Group's services and have an adverse effect on its financial condition and results of operations.

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. If any of the Group's assets are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. In addition, severe and prolonged contagious disease

outbreaks, such as COVID-19, could result in a widespread health crisis, and the business activities and operations in the affected regions operated by the Group could be severely affected. In January 2020, the World Health Organisation declared the outbreak of COVID-19 a Public Health Emergency of International Concern. In 2022, a number of countries have cancelled or relaxed their containment measures in relation to COVID-19. While restrictive measures have been relaxed and many aspects of daily life gradually returned to normal, it is difficult to predict how long the COVID-19 pandemic will continue to develop and the extent to which it may continue to have a material adverse impact on the global economy in general. In the event that the outbreak of COVID-19 is not effectively controlled, the Group's business operations and financial condition may be materially and adversely affected as a result of the changes in the outlook of the Group's industries, 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 and, potentially, similar facilities that may be considered to present the same or similar risks.

The Ministry of Land and Resources 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 Ministry of Land and Resources (the "**MLR**", now known as the Ministry of Natural Resources of the PRC) 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 of the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, or 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 MLR has the power to 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 Conservation 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 MLR 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, in August 2009, the MLR issued 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) reiterating 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 any idle land. However, no assurance can be given that the Group will always be able to comply with the relevant policies on idle land and that the governmental authorities will not penalise the Group should there be any non-compliance 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 further measures to cool down the growth in the property sector.

Starting from the second half of 2009, residential property prices in certain cities in the PRC rose rapidly. In order to prevent the overheating of the property market and the possible formation of a speculative bubble, the PRC government introduced a series of regulatory measures in an effort to stabilise the real estate market and facilitate its sustainable development, including raising the down payment ratio and

residential mortgage loan interest rate, limiting the number of houses that a single household may purchase, increasing the supply of affordable housing to low and middle income families, increasing the supply of public housing to targeted populations, restricting foreign investments in properties in the PRC, abolishing the preferential business tax treatment on transfer of ordinary housing within five years and launching new property tax schemes in certain cities. In previous years, the property market in the PRC has witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. More recently, however, due to a strong increase in prices starting in early 2016, local governments and developers in certain cities have implemented measures to suppress the level of increase in property prices, such as tightening mortgage restrictions on second home purchases. In addition, since September 2021, there has been negative news relating to certain PRC property companies including defaults on their indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in the PRC. Such recent defaults make it difficult for many PRC property developers, management companies and potential property purchasers to obtain onshore and offshore financing, and has resulted in lower market confidence in and lower demand for PRC real estate, as well as increased market volatility. There is no guarantee that such situation will improve, and the property market may not continue to grow and may even experience significant contraction. Any further adverse development in the condition of the property market in the PRC, could have a material adverse effect on the Group's business, financial condition and results of operations.

The PRC government may adopt additional and more stringent industry policies, regulations and measures in the future. These measures may limit the Group's access to capital resources, reduce market demand for the Group's products and increase the Group's operating costs in complying with these measures. If the Group fails to adapt its operations to such new policies, regulations and measures that may come into effect from time to time, the Group's business prospects, financial condition and results of operations may be materially and adversely affected.

The Group is exposed to pre-sale related contractual and legal risks and changes in pre-sale related regulations may adversely affect the Group's financial performance.

The Group sells a portion of the property it develops through pre-sale contracts, in which it makes undertakings regarding timely completion and delivery of the property. These pre-sale contracts and PRC laws and regulations provide for remedies with respect to any breach of such undertakings. For example, if the Group pre-sells a property project and the Group fails to complete that property project, it will be liable to the purchasers for their losses. Should the Group fail to complete a pre-sold property project on time, the Group's purchasers may seek compensation for late delivery pursuant to either their contracts with the Group or PRC laws and regulations. If the Group's delay extends beyond a specified period, purchasers may terminate the pre-sale contracts and claim compensation. There is no assurance that the Group will not experience delays in completion and delivery of the Group's projects, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance the development of such properties. In August 2005, PBOC in a report entitled "2004 Real Estate Financing Report" recommended to discontinue the practice of pre-selling unfinished properties because such practices, in PBOC's opinion, create significant market risks and generate transactional irregularities. In July 2007, an economic research group under the NDRC recommended the abolishment of the pre-sale system. These recommendations have not been adopted by any PRC governmental authority and have no mandatory effect. Recently, certain developers have commenced the practice of trial sale of completed residential properties. There is no assurance that the PRC governmental authority will not ban the practice of pre-selling residential properties prior to completion or implement further restrictions on the pre-sale of such properties, such as imposing additional conditions for a pre-sale permit or further

restrictions on the use of pre-sale proceeds. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of the Group's capital outlay and would require that the Group seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow, results of operations and financial condition.

The Group may not be able to complete or deliver its property development projects on time and the Group may be subject to liabilities as a result of such delays.

Various factors may materially and adversely affect the progress of a property development project or a construction project, including delays in obtaining necessary permits or governmental approvals, delays in delivery of land to the Group, changes in governmental policies, changes in market conditions, labour disputes, poor work quality of construction contractors, construction accidents and natural disasters or adverse weather conditions and other unforeseen problems or circumstances. The Group may also experience delays in obtaining the relevant land, which may adversely affect its business, results of operations and financial condition.

There can be no assurance that the Group will not experience any significant delays in the completion or delivery of the Group's properties, or that the Group will not be subject to any liabilities for any such delays. If the Group experiences a delay and it is liable to compensate for any such delay, this may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may be liable to the Group's customers for damages if the Group fails to assist them in obtaining individual property ownership certificates in a timely manner.

The Group is typically required to obtain a general property ownership certificate for each of the Group's completed projects. In addition, for properties stipulated in the contract for the sale of commodity houses which are uncompleted houses, the Group generally has to assist its customers in obtaining their individual property ownership certificates within 90 days of delivering the possession of properties unless otherwise specified in the relevant sale and purchase agreements. In general, the Group elects to specify the deadline to apply for the individual property ownership certificates upon the provision of the necessary documents by the customers in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current PRC laws and regulations, the Group shall, before delivering the properties, entrust entities with qualifications for real estate surveying and mapping to survey and map the properties. The result of the surveying and mapping shall be used in the house property right registration after being reported to the real estate administration for verification and approval. The Group is then required to submit, within certain periods after delivery of the properties, the sale and purchase agreements relating to such properties, the identification documents of the purchasers and the proof of payment of deed tax, together with the general property ownership certificate, for the relevant local authority's review and for the issuance of individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. Property developers, including the Group, may become liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond its control. There is no assurance that the Group will be able to timely deliver all property ownership certificates in the future or that the Group will not be subject to any liabilities as a result of any late deliveries of property ownership certificates.

The Group has historically maintained low gross profit margin in its trading business.

For the years ended 31 December 2020, 2021 and 2022, the Group had gross profit margin of 1.5 per cent., 0.8 per cent. and 1.2 per cent., respectively, of its trading business, whereas the Group's operating

income derived from its trading business represents 39.9 per cent., 51.4 per cent. and 56.4 per cent., respectively, of the total operating income of the Group. The low gross profit margin of the Group's trading business was mainly due to the slight difference between the purchasing price for the commodities and selling price to the customers under the Group's trading business model. Substantial portion of the Group's operating income is derived from its trading business, and if the gross profit margin of the Group's trading business segments continue to be low, the Group's profitability, financial conditions and results of operations may be adversely affected.

Volatility in the prices of the steels, frozen seafood, grain and oil have a material impact on the Group's trading business.

The performance of the Group's trading business is significantly affected by the availability and market prices of the steels, frozen seafood, grain and oil. The market prices of those products are affected by factors beyond the Group's control, primarily including but not limited to increase in global demand, depletion of existing sources and decreasing availability of new sources, interruptions in production by suppliers, suppliers' allocations to other purchasers, wars, natural disasters and other similar events. Fluctuations in the prices of the steels, frozen seafood, grain and oil will cause the demand for related products in downstream industries, and consequently the prices at which the Group is able to sell its products, to fluctuate significantly, which in turn would have a material adverse effect to the Group's profitability and results of operations.

The Group has a concentration of customers and suppliers in its trading business.

For the Group's sales of steels and other commodities, the percentage of the aggregate revenue attributable to the Group's top five customers for the years ended 31 December 2020, 2021 and 2022 was 60.7 per cent., 57.8 per cent. and 80.9 per cent., respectively, while 64.7 per cent., 53.0 per cent. and 66.4 per cent. of the commodities were purchased from the Group's top five suppliers, for the corresponding years. See "*Description of the Group's Business – Trading – Business Model*".

There is no assurance that there will not be any dispute between the Group and its major customers and suppliers, or that the Group will be able to maintain business relationships with its existing customers and suppliers. As the Group has been relying on a small number of major customers and suppliers for the years ended 31 December 2020, 2021 and 2022, in the event that the existing major customers cease to engage the Group's service or decrease the number of orders placed, or that the existing major suppliers suspend their supply of commodities to the Group, the Group may not be able to find new customers or suppliers as replacement within a reasonable period of time or at all. As a result, the Group's pricing power and results of operations in its trading business could be materially and adversely affected.

Risks Relating to the Group's Financial Information

The Audited Financial Statements were audited in accordance with PRC GAAP which differs from IFRS. The Issuer's auditors have limited international capital markets experience.

The Issuer's Audited Financial Statements were prepared in accordance with PRC GAAP. Although PRC GAAP is substantively in line with IFRS, PRC GAAP is, to a certain extent, different from IFRS. See "*Summary of Certain Differences Between PRC GAAP and IFRS*" for differences between PRC GAAP and IFRS. There is no guarantee that PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular. The Issuer's current independent auditor, CAAP, is a registered member of The Chinese Institute of Certified Public Accountants and although it has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

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 bonds 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 financial statements and certain unaudited but reviewed periodical financial statements. The semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. Such 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.

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. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, China's environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its businesses.

Changes in accounting standards and the adoption of the new accounting policy for investment properties may affect the comparability of the Group's financial statements.

In preparing the 2021 Audited Financial Statements and 2022 Audited Financial Statements, the Issuer has adopted a number of new accounting standards issued by the MOF, including Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (Revised in 2017) (Cai Kuai [2017] No. 7), Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets (Revised in 2017) (Cai Kuai [2017] No. 8), Accounting Standards for Business Enterprises No. 24 – Hedging Accounting (Revised in 2017) (Cai Kuai [2017] No. 9), Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (Revised in 2017) (Cai Kuai [2017] No. 14), Accounting Standards for Business Enterprises No. 14 – Revenue (Revised in 2017) (Cai Kuai [2017] No. 22) and Accounting Standards for Business Enterprises No. 21 – Leases (Revised in 2018) (Cai Kuai [2018] No. 35), all of which took effect from 1 January 2021. In addition, the Issuer changed the accounting policy for investment properties from the cost model to the fair value model, which has been applied retrospectively. With the adoption of these New Accounting Standards and the New Accounting Method, certain accounting items in the balance sheet as at 1 January 2021 or in the profit statement for the year ended 31 December 2020 extracted from the 2021 Audited Financial Statements were amended and restated from the audited consolidated financial statements of the Issuer as at 31 December 2020. For more information, please refer to note V(1) "*Description of the major accounting policy changes*" to the 2021 Audited Financial Statements included elsewhere in this Offering Circular. Investors must therefore exercise caution when making comparisons between the financial information included in this Offering Circular and the historical financial information of the Group.

In addition, the MOF may promulgate new accounting standards or requirements in relation to financial statements which would affect the PRC GAAP and the Group's accounting policies, or that the Issuer and/or its subsidiaries may change their accounting estimates in accordance with the applicable PRC GAAP from time to time, each of which may affect the presentation and comparability of the Group's financial statements.

CAAP, the auditor of the Issuer, was subject to administrative regulatory measures by the relevant PRC authorities.

CAAP, the auditor for the Issuer, is a registered accounting firm in the PRC. It is supervised by relevant PRC regulatory agencies, including the China Securities Regulatory Commission (the "**CSRC**"). CAAP was subject to administrative regulatory measures by relevant PRC regulatory agencies in the past. For example, in March 2022, the Sichuan Regulatory Bureau of the CSRC issued a warning letter to CAAP on the grounds that it was not in compliance with the Practice Standards for Certified Public Accountants of China (中國註冊會計師執業準則) when performing the audit of financial statements of Sichuan Lutong Road & Bridge Technology Co., Ltd. (四川路通路橋科技股份有限公司) for the year ended 31 December 2020. In November 2020, the Shenzhen Regulatory Bureau of CSRC issued a warning letter to CAAP on the grounds that it was not in compliance with the Practice Standards for Certified Public Accountants of China (中國註冊會計師執業準則) when performing the audit of financial statements of Shenzhen Techen Science and Technology Co., Ltd. (深圳市特辰科技股份有限公司) for the year ended 31 December 2020. In July 2020, the Shenzhen Regulatory Bureau of CSRC requested two accountants of CAAP to undergo a regulatory interview due to non-compliance with the Practice Standards for Certified Public Accountants of China (中國註冊會計師執業準則) when performing the audit of the financial statements of Liyuanji Jewelry (Shenzhen) Co., Ltd. (隸源基首飾 (深圳) 股份有限公司) for the year ended 31 December 2016.

According to CAAP, none of the administrative regulatory measures imposed by CSRC to CAAP are related to CAAP serving as the Issuer's auditor. The administrative regulatory measures imposed by CSRC to CAAP do not disqualify CAAP from participating in the offering of the Bonds or have any impact on the ability of CAAP to provide services to the Group. There can be no assurance that the involvement of CAAP in such administrative regulatory measures or any negative news about CAAP would not affect investors' confidence in companies and financial statements audited by it. Prospective investors should consider these factors prior to making any investment decision.

Risks Relating to the PRC

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

The economy of China experienced rapid growth in the past 30 years. However, there has been a decrease in China's GDP growth rate since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of China 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. In 2020, the annual growth rate of China's GDP dropped to 2.3 per cent., as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. While the PRC economy gained strength in 2021 with a GDP growth rate of 8.1 per cent., it slowed down to 3.0 per cent. in 2022.

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**"). 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. Furthermore, the Russo-Ukrainian conflict has led to significant volatility in the global markets. The extent and duration of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a severe adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, and on global economies. 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, this 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. 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.

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

China's economy differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. China's economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

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

The Group's operations and financial results may also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). In addition, the growth of development in the economic and technology development zones and infrastructure construction demand in China depends heavily on economic growth. If China's economic growth slows down or if China experiences an economic recession, the growth of development in China's economic and technology development zones and infrastructure construction demand may also slow down, and the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

Uncertainty with respect to China's legal system may affect the Group.

As all of the Group's businesses are conducted, and all of the Group's assets are located, in the PRC, the Group's operations are governed principally by laws and regulations of the PRC. The PRC's legal system

is based on written statutes while prior court decisions, in certain circumstances, may be cited as reference but have limited precedential value. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to enhancing the protections afforded to market participants in the PRC. However, certain PRC laws and regulations which are recently enacted may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC's legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. These uncertainties relating to the interpretation and implementation of PRC's laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

The Group's operations may be affected by rising inflation rates within the PRC.

Inflation rates within the PRC have been on an upward trend in recent years. Increasing inflation rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign 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 Group's expectations, the costs of its business operations, including, not the least, costs for raw materials and labour costs, may become significantly higher than the Group has anticipated for the future, limiting its ability to use financial resource efficiently. As a result, further inflationary pressures within the PRC may have an adverse effect on the Group's business, results of operations and financial condition, as well as its liquidity and profitability.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management.

The Issuer and all of its subsidiaries are incorporated under the laws of the PRC. All of the Group's assets are located in the PRC. In addition, all of the Issuer's directors, supervisor and senior management reside within the PRC and the assets of the Group's directors and officers are located within the PRC. As a result, it may not be possible for investors to effect service of process outside the PRC upon all of the Issuer's directors, supervisor and senior management, including for matters arising under applicable securities law. The Terms and Conditions and the transaction documents are governed by English law, and parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed in writing to submit to the exclusive jurisdiction of Hong Kong courts. In addition, on 18 January 2019, the Supreme People's Court of China (the "**SPC**") and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**New Arrangement**"). The New Arrangement extends the scope of judicial assistance, and the effective date shall be announced by SPC and Hong Kong after SPC issues the judicial interpretation and Hong Kong completes relevant procedures. However, there is still no certainty that a PRC court will enforce a judgment by a Hong Kong court or that parties will not have to relitigate the merits of the case before a PRC court. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Group, or its directors, supervisors or members of its senior management in the PRC.

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

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

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

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

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

The Group's businesses are labour intensive. Industrial action or other labour unrest may directly or indirectly prevent or hinder the Group's normal operating activities, and could adversely affect its business. In addition, the PRC government has amended labour laws to enhance the protection of employees' rights. The PRC Labour Contract Law (中華人民共和國勞動合同法) (the "**PRC Labour Contract Law**"), which became effective on 1 January 2008 and was amended on 28 December 2012, imposes stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. For more information on PRC labour laws, see "*PRC Regulations – Labour Law*".

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 business, financial condition and results of operations.

Increasing minimum wages, awareness of labour protections and inflation have also led to increases in labour costs for PRC enterprises. The Group may not be able to pass on any such increases to customers. Any failure to do so may have a material and adverse effect on the Group's business, financial condition and results of operations.

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. They have not been prepared or independently verified by the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives, and, therefore, the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, directors, agents, advisors or representatives 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 give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

Risks Relating to the Bonds

The PRC government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds.

Similar to other companies beneficially owned and controlled by the PRC government, the Issuer may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Issuer becomes financially distressed. However, the PRC government as the ultimate shareholder of the Issuer only has limited liability in the form of its equity contribution in the Issuer, and its ultimate ownership or control of the Issuer does not necessarily correlate to, or provide any assurance as to, the Issuer's financial condition. As such, the PRC government is under no contractual obligation to pay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under these instruments, and, as a result, no financial support from the PRC governmental entity may materialise. The Issuer should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person.

Therefore, the Bonds are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. The PRC government (including the Qingdao Municipal Government, the Jiaozhou Municipal Government and the Jiaozhou Municipal State-owned Assets Service Centre) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See "*Risks relating to the Group's Business – PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing*". If the Issuer does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer, and not the PRC government.

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

The NDRC issued the NDRC Measures on 5 January 2023, which came into effect from 10 February 2023. According to the NDRC Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year issued outside the PRC with the NDRC prior to the issue of the securities and file or cause to be filed with the NDRC the

requisite information and documents within the prescribed timeframes in accordance with the NDRC Measures. The Issuer has obtained the NDRC pre-issuance registration on 3 July 2023. If the Issuer fails to report relevant information according to the NDRC Measures, the examination and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on the Issuer concerned and its principal responsible person, etc. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer will undertake to file or cause to be filed with the NDRC the particulars in relation to the Bonds within the relevant timeframes after the Issue Date.

The SAFE issued the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) on 28 April 2013, which came into effect on 13 May 2013 (the "**Foreign Debt Registration Measures**"). According to the Foreign Debt Registration Measures, the debtor shall submit foreign debt registration when borrowing foreign debts in accordance with laws and regulations. For the domestic debtors besides financial institutions and banks ("**Non-Bank Debtors**"), they shall submit filing or registration procedures of foreign debts with the local counterparts of the SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with Foreign Debt Registration Measures, Non-Bank Debtors shall complete foreign debt registration procedure within 15 working days after execution of related deeds of foreign debts. If the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may be materially and adversely affected.

The Bonds will be unsecured obligations.

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

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

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

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

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

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) 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.

An active trading market for the Bonds may not develop.

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

One or more initial investors are expected to subscribe for a material proportion of the aggregate principal amount of the Bonds.

One or more initial investors are expected to subscribe for a material proportion of the aggregate principal amount of the Bonds. Any Bondholder of a material proportion of the Bonds will be able to exercise considerable voting power on its own, and may be able to, amongst other things, convene meetings and prevent the passing of Extraordinary Resolutions (as defined in the Trust Deed). Additionally, the existence of any such significant Bondholder may reduce the liquidity of the Bonds in the secondary trading market. If any such Bondholder sells a material amount of the aggregate principal amount of the Bonds at any one time, it may materially and adversely affect the trading price of the Bonds.

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

The Bonds are denominated and payable in Renminbi. An investor who measures investment returns by reference to a currency other than Renminbi 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 Renminbi against such currency could cause a decrease in the

effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control) 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. On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

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

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

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

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

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

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

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

If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in its debt agreements, or (with respect to the Issuer) the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer's or the relevant subsidiary's debt to be accelerated and may materially adversely affect its liquidity, financial condition and results of operations.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions on the Group's business, that (i) prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, (ii) restrict the borrower from creating security or granting guarantees, or (iii) prohibit the borrower from changing its business and corporate structure, without the lender's prior approval. The ability of the Issuer or the relevant subsidiary of the Issuer (as borrower) to meet such financial ratios may be affected by events beyond its control. Such restrictions

may also negatively affect the Group's ability to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under the Bonds and other debts.

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

As at 31 December 2022, assets of the Group with a total book value of RMB3,713.9 million were provided as security to secure the bank loans of the Group. 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 repay their debts under such bank loans 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, prospects and financial condition.

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

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

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

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

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

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of any actions and/or steps and/or the

instituting of any proceedings pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions), the Trustee may (in its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any actions and/or steps and/or institutes any proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute any proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may have an impact on when such actions and/or steps can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute any proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions) and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions and/or steps and/or institute any proceedings directly.

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

The Bonds are expected to be assigned a rating of BBB+ by Lianhe Global. One or more independent credit rating agencies may assign credit ratings to an issue of the Bonds. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform its respective obligations under the Bonds and the credit risks in determining the likelihood that payments will be made when due under the Bonds. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Bonds will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. A suspension, downgrade or withdrawal of the ratings of any Bonds at any time may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

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

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") which took effect on 1 January 2008 as last amended on 29 December 2018 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. For more details, see "*Taxation – EIT and IIT*". There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement Between the Mainland and Hongkong Special Administrative Region on Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區避免雙重徵税安排) (the "**Tax Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") which took effect on 30 June 2011 as last amended on 31 August 2018 and became effective on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of ten 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). For more details, see "*Taxation – EIT and IIT*".

On 13 December 1993, the State Council issued Provisional Regulations on Value Added Tax of the People's Republic of China which was last amended on 19 November 2017. On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), which introduced a new value-added tax ("**VAT**") from 1 May 2016. Further, Circular 36 was partially amended by Announcement of the State Taxation Administration on Matters relating to Deepening the VAT Reform which was issued by the State Administration of Taxation on 21 March 2019 and became effective on 1 April 2019. VAT is applicable where entities or individuals provide services within the PRC. The issuance of the Bonds is likely to be treated as the Bondholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. Therefore, the Bondholders may be regarded as providing the financial services within the PRC and consequently, the Issuer may be obligated to withhold VAT of six per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders who do not have business establishments in the PRC. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

The Bonds will be represented by beneficial interests in the Global Certificate. Such Global Certificate will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU. Except in the limited circumstances described in the Global Certificate, definitive certificates for the Bonds will not be issued in exchanged for beneficial interests in the Global Certificate. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by the CMU.

While the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator (as defined in the Terms and Conditions), the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Bonds.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the CMU to receive payments under the Bonds. The Issuer, the Trustee or the Agents, or any of their respective representatives, directors, officers, employees, agents, affiliates, advisers or any person who controls any of them 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 CMU to appoint appropriate proxies. Similarly, holders of interests in the Global Certificate will not have a direct right under the Global Certificate to take any enforcement action against the Issuer in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

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

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

The 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 submitting the NDRC Post-issue Filing, completing the Foreign Debt Registration and complying with the Registration Conditions (see Condition 15 (*Further Issues*) of the Terms and Conditions) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the RMB bonds and the ability of the Issuer to source Renminbi outside the PRC to service the RMB bonds.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows and the conversion between Renminbi and other currencies, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business between the PBOC and Bank of China (Hong Kong) Limited to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, the PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres, such as London, Frankfurt and Singapore, to further internationalise the Renminbi.

However, there are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi clearing banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the existing Renminbi clearing and settlement arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB bonds. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB bonds, there is no assurance that either the Issuer will be able to source such Renminbi on satisfactory terms, if at all, to make payments on the Bonds.

Renminbi is not freely convertible. There are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund (the "**IMF**") and the IMF further announced an increase in the weighting of Renminbi in the SDR currency basket in May 2022, there can be no assurance that the PRC government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance their obligations under the Bonds.

TERMS AND CONDITIONS OF THE BONDS

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

The issue of CNY800,000,000 5.50 per cent. bonds due 2026 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) was authorised by resolutions of the sole shareholder of Qingdao Jiaozhou Bay Development Group Co., Ltd. (青島膠州灣發展集團有限公司) (the "**Issuer**") passed on 25 April 2023 and 24 July 2023 and resolutions of the board of director of the Issuer passed on 25 April 2023 and 24 July 2023.The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated on or about 26 September 2023 (the "**Issue Date**") between the Issuer and Citicorp International Limited (the "**Trustee**", which expression shall include its successors(s)) as trustee for the Bondholders. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the certificates evidencing the Bonds. The Bonds are the subject of an agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about 26 September 2023 relating to the Bonds between the Issuer, the Trustee, Citicorp International Limited as CMU lodging and paying agent (in such capacity, the "**CMU Lodging and Paying Agent**", which expression shall include its successor(s)), as registrar (in such capacity, the "**Registrar**", which expression shall include its successor(s)) and as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any other transfer agent appointed in connection with the Bonds) and any other agents appointed thereunder. Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during normal business hours by the Bondholders (as defined below) following prior written request and proof of holding and identity to the satisfaction of the Trustee at the principal place of business of the Trustee (being as at the Issue Date at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong). References herein to "**Paying Agents**" means any paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and includes the CMU Lodging and Paying Agent, and "**Agents**" means the CMU Lodging and Paying Agent, any other Paying Agent(s), the Registrar, any Transfer Agent(s) and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (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 CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (the "**Specified Denomination**").

The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 3(b), each Certificate shall evidence the entire holding of Bonds by the same holder.

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

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

*Upon issue, the Bonds will be evidenced by a global certificate (the "**Global Certificate**") registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator (the "**Operator**") of the Central Moneymarkets Unit Service (the "**CMU**"). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are evidenced by the Global Certificate.*

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

2 STATUS

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

3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

(a) Register

The Issuer will cause a 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), a Bond may be transferred by surrendering 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 evidenced by a 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 evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

A Bond may not be transferred unless the principal amount of such Bond to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bond not being transferred are equal to or more than the minimum Specified Denomination.

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 (as defined below) of receipt by the Registrar or, as the case may be, the relevant Transfer Agent of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

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

Except in the limited circumstances described 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. The Bonds are not issuable in bearer form.

(d) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may require) in respect of any tax, duty 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 Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

(e) Closed Periods

No Holder 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 the Put Exercise Notice has been deposited in respect of such Bond in accordance with Condition 6(c).

(f) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer from time to time, 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 (i) will be mailed (free of charge to the Bondholders and at the Issuer's expense) by the Registrar to any Bondholder

who requests one in writing and provides proof of holding to the satisfaction of the Registrar and (ii) is available at the specified office of the Registrar for inspection by any Bondholder at all reasonable times during usual business hours following prior written request and proof of holding to the satisfaction of 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 (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as either (a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Bondholders or (b) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) Undertakings relating to Foreign Debt Registration and applicable PRC laws

The Issuer undertakes that it will (i) within the prescribed time period after the Issue Date, register or cause to be registered with SAFE the Bonds pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, effective as of 13 May 2013 and as amended from time to time ("**Foreign Debt Registration**") and (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline.

(c) Notification to NDRC

The Issuer undertakes that it will (i) 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 after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第56號) (the "**NDRC Measures**") issued by the NDRC and effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**") and (ii) comply with all applicable PRC laws and regulations in relation to the Bonds (including but not limited to any related filing requirement under the NDRC Measures.

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

The Issuer shall (a) provide the Trustee within 10 Registration Business Days after the later of submission of the NDRC Post-issue Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), and (b) use its best endeavours to provide the Trustee on or before the Registration Deadline with (i) a certificate in English signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration and (ii) copies of the relevant documents evidencing the submission of the NDRC Post-issue Filing and the completion of

the Foreign Debt Registration, each certified in English as being a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (i) and (ii) together, the "**Registration Documents**"). In addition, the Issuer shall, within 10 Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the submission of the NDRC Post-issue Filing and the completion of the Foreign Debt Registration.

The Trustee shall have no obligation or duty to monitor, ensure or assist with the filing with the NDRC or the filing or registration of the Bonds with SAFE on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with NDRC Post-issue Filing and/or the Foreign Debt Registration and/or the Registration Documents or to give notice to the Bondholders confirming the submission of the NDRC Post-issue Filing and/or the completion of the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

(e) Financial Information

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

(i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Audited Financial Reports, in each case 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 recognised firm of independent accountants), and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer 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 (aa) a nationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate.

(f) Definitions

In these Conditions:

"**Audited Financial Reports**" means annual audited consolidated balance sheet, profit statement, statement of cash flows and statement of changes in owners' 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 in English of the Issuer signed by any Authorised Signatory of the Issuer certifying that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (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;

"**Issue Date**" means 26 September 2023;

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

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

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

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

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

"**Relevant Indebtedness**" means any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities with a maturity of more than one year 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. For the avoidance of doubt, Relevant Indebtedness shall not include any indebtedness under any transferrable loan facility, bilateral bank loan or syndicated bank loan (including any drawing down of any existing credit line or facility);

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

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

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

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

So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Change of Control will be effected in accordance with the rules and procedures for the time being of the Operator.

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.50 per cent. per annum, payable semi-annually in arrear on 26 March and 26 September in each year (each an "**Interest Payment Date**") commencing on 26 March 2024. If any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate evidencing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holders, and (ii) the day falling seven days after the Trustee or the CMU Lodging and 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 holders under these Conditions).

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 CNY10,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 5, the expression "**business day**" means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong.

*For so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is at the relevant time shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an "**accountholder**"). Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment.*

6 REDEMPTION AND PURCHASE

(a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 26 September 2026 (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 CMU Lodging and Paying Agent, at their principal amount (together with any interest accrued to 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 19 September 2023, 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 an Authorised Signatory of the Issuer 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 or statement. 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) 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 CMU Lodging and 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) or the fifth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above.

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

Not later than 14 days (in the case of a Change of Control) or five days (in the case of a No Registration Event) following the 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 CMU Lodging and Paying Agent in writing and to the Holders (in accordance with Condition 16) stating:

(i) the applicable Put Settlement Date;

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

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

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

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

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

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

Neither 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 the Trustee or the Agents shall be liable to the Holders, the Issuer or any other person for not doing so. For the purpose of these Conditions:

(A) "**Control**" means (where applicable), with respect to a Person, either (i) or (ii) is satisfied: (i) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly, or (ii) the right to appoint and/or remove at least the majority of the members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term "**Controlled**" has a meaning correlative to the foregoing;

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

(i) (a) Jiaozhou Municipal State-owned Assets Service Centre, (b) Qingdao Shanghe Holding Development Group Co., Ltd. (青島上合控股發展集團有限公司) and (c) any other Person(s) Controlled by the People's Government of the PRC (including the central and local governments), together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(ii) (a) Jiaozhou Municipal State-owned Assets Service Centre, (b) Qingdao Shanghe Holding Development Group Co., Ltd. (青島上合控股發展集團有限公司) and (c) any other Person(s) Controlled by the People's Government of Shandong Province, together cease to directly or indirectly hold or own at least 95 per cent. of the issued share capital of the Issuer; or

(iii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person(s), unless the issued share capital of such Person(s) is at least 95 per cent. directly or indirectly held or owned by Person(s) Controlled by the People's Government of Shandong Province;

(C) the "**Jiaozhou Municipal State-owned Assets Service Centre**" means the Jiaozhou Municipal State-owned Assets Service Centre (膠州市國有資產服務中心) (formerly known as Jiaozhou Municipal State-owned Assets Supervision and Administration Committee (膠州市國有資產監督管理辦公室)) or its successor;

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

(E) 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);

(F) the "**People's Government of Shandong Province**" means the People's Government of Shandong Province and/or any local subdivision therein or thereof;

(G) "**Registration Conditions**" means the receipt by the Trustee of the Registration Documents which relate to the Foreign Debt Registration only as set forth in Condition 4(d); and

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

(i) there is a No Registration Event; or

(ii) there is a Change of Control.

(d) 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 Put Exercise Notice and none of them shall be liable to Bondholders, the Issuer or any other person for not doing so.

(e) Purchase

The Issuer and 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 of its Subsidiaries, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

(f) Cancellation

All Certificates evidencing the Bonds purchased by or on behalf of the Issuer and its Subsidiaries may be held, resold or surrendered to the Registrar for cancellation. 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 CMU Lodging and Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in Condition 7(a)(ii) 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 in Renminbi by transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), a Bondholder's "**registered account**" means the Renminbi account maintained by or on behalf of it with a bank that processes payments in Renminbi, details of which appear on the Register at the close of business on the Record Date.

For so long as any of the Bonds are represented by the Global Certificate, payment of interest, premium or principal will be made to the person(s) for whose account(s) interests in the Global Certificate are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the Operator. Such payment made in accordance thereof shall discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

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

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

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

(d) **Appointment of Agents**: The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The CMU Lodging and Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer (or, as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the CMU Lodging and 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 CMU Lodging and 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, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a business day, the holder shall not be entitled to payment until the next following 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 open for business and settlement of Renminbi payments in Hong Kong and (if surrender of the relevant Certificate is required) the relevant place of presentation.

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 at a rate up to and including the aggregate rate applicable on 19 September 2023 (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 at a rate in excess of the Applicable Rate, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.

Notwithstanding other clauses in these conditions, 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 evidencing 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 evidencing 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 evidencing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

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

An "**Event of Default**" occurs if:

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

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

(c) **Cross-Default**: (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds U.S.$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed for a period of 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 its Principal Subsidiaries on the whole or any material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 30 days; or

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

(g) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries (except for voluntary solvent winding-up of any Principal Subsidiary), or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred

to or otherwise vested in the Issuer and/or any of its Subsidiaries, or (iii) a disposal of or by a Principal Subsidiary on an arm's length basis and the considerations from such disposal shall be transferred to or otherwise vested in the Issuer and/or any of its Subsidiaries; or

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

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

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

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

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

(a) whose operating revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating revenue, as shown by its latest audited income statement are at least 5 per cent. of the consolidated operating revenue as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries; or

(b) whose operating profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating profit, as shown by its latest audited income statement are at least 5 per cent. of the consolidated operating profit as shown by the latest 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; 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 5 per cent. of the amount which equals the amount included in the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Issuer and its Subsidiaries as being represented by the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer; 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 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 cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

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 available 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, operating revenue, operating profits 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 operating revenue, operating profits 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.

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

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

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or these Conditions. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee if so requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented unless the business of such meeting includes 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 Bondholders for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting and whether or not they voted, at which such resolution was passed.

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

(b) Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to 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 and the Agency Agreement which in its opinion is not materially prejudicial to the interest of the Bondholders and 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, 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 actions and/or steps and/or institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and/or the Bonds, but it need not take any such actions or steps and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. of the 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 is entitled to enter into business transactions with the Issuer and/or any entity related (directly or indirectly) to the Issuer without accounting for any profit.

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

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 its 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 an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate from or any opinion or advice of any legal advisers, accountants, 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 entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Bondholders and, to the extent provided or procured by the Issuer or the Issuer expressly agreed to be bound by, on the Issuer.

The Trustee shall have no obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or whether an Event of Default or a Potential Event of Default or a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and 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 submitting the NDRC Post-issue Filing, completing the Foreign Debt Registration and complying with the Registration Conditions) 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 Bondholders will be valid if 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 the Operator, any notice to the holders of the Bonds may be validly given by the delivery of the relevant notice to the CMU for communication by the CMU to each relevant accountholder in substitution for notification as required by the Conditions. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

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 exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Agent for Service of Process

The Issuer has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds or the Trust Deed.

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

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

The Bonds will be represented by the Global Certificate in registered form which will be registered in the name of, and lodged with a sub-custodian for, the Hong Kong Monetary Authority as operator of the CMU.

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

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

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

Payment

Under the Global Certificate, the Issuer, for value received, will promise to pay to the holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Interest Payment Date falling on, or nearest to, 26 September 2026 (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Terms and Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from 26 September 2023 in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Terms and Conditions, in accordance with the Terms and Conditions.

Notwithstanding the provisions of the preceding paragraph, for so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, the CMU Lodging and Paying Agent will make payments to the Operator who will make payments to each CMU participant who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an "**accountholder**"). Any payments by the CMU participants to indirect participants shall be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional

payment methods. Such payments will be the sole responsibility of such CMU participants, and the Trustee, the CMU Lodging and Paying Agent and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment. For these purposes, a notification from the Operator shall be conclusive evidence of the records of the CMU (save in the case of manifest error). Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if either the CMU or any other clearing system selected by the Issuer and approved in writing by the Trustee, the CMU Lodging and Paying Agent and the Registrar through which the Bonds are held (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.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

Except that, so long as the Bonds are listed and/or admitted to trading, notices required to be given to Bondholders pursuant to the Conditions shall also be published by the Issuer (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are listed and/or admitted to trading.

Meetings

For the purposes of any meeting of the Bondholders, the holder of the Bonds represented by the Global Certificate (unless the Global Certificate represents only one Bond) 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 CNY10,000 in principal amount of Bonds for which the Global Certificate is issued.

Bondholder's Redemption

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

Issuer's Redemption

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

Transfers

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected only through records of the CMU (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of CMU (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 respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in the Schedule to the Global Certificate.

Trustee's Powers

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

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be CNY800,000,000, which, after deducting the fees and commissions and other estimated expenses payable in connection with the offering of the Bonds, will be used for construction of projects and replenishing working capital.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both short-term and long-term portions) and total capitalisation of the Issuer as at 31 December 2022:

(i) on an actual basis, and

(ii) on an adjusted basis to give effect to the issue of the Bonds before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds.

The summary consolidated financial information below should be read in conjunction with the Issuer's audited consolidated financial statements as at and for the year ended 31 December 2022 and the notes thereto included elsewhere in this Offering Circular.

	As at 31 December 2022	
	Actual	As adjusted
	(RMB'000)	(RMB'000)
Short-term indebtedness		
Short-term borrowing	2,480,987	2,480,987
Non-current liabilities that mature within one year	8,002,954	8,002,954
Other current liabilities[(1)]	2,295,431	2,295,431
Total short-term indebtedness	**12,779,372**	**12,779,372**
Long-term indebtedness		
Long-term borrowing	9,451,732	9,451,732
Bonds payable	15,630,061	15,630,061
Long-term payable[(2)]	964,325	964,325
Bonds to be issued[(3)]	–	800,000
Total long-term indebtedness	**26,046,118**	**26,846,118**
Total indebtedness[(4)]	**38,825,490**	**39,625,490**
Total owners' equity	40,860,091	40,860,091
Total capitalisation[(5)]	**79,685,581**	**80,485,581**

Notes:

(1) This amount represents interest-bearing other current liabilities and excludes the amount under "tax to be transferred" recorded under other current liabilities. See note 8(32) to the 2022 Audited Financial Statements included elsewhere in this Offering Circular.

(2) This amount represents interest-bearing long-term payable and excludes the amount under "specific payables" recorded under long-term payable. See note 8(36) to the 2022 Audited Financial Statements included elsewhere in this Offering Circular.

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

(4) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.

(5) Total capitalisation equals the sum of total indebtedness and total owners' equity.

Since 31 December 2022, the Group has incurred additional indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. In particular, since 31 December 2022, the Group has issued debt instruments, including but not limited to short-term corporate bonds, private placement notes and medium-term notes, with an aggregate principal amount of RMB6.8 billion in domestic capital market in the PRC.

Except as otherwise disclosed above, there has been no material change in the total capitalisation and indebtedness of the Issuer since 31 December 2022.

DESCRIPTION OF THE GROUP

OVERVIEW

The Issuer is a major investment and financing platform beneficially controlled by the Jiaozhou Municipal Government. As at the date of this Offering Circular, the Issuer is indirectly wholly owned by Jiaozhou SASC (formerly known as Jiaozhou SASAC), which has delegated the daily supervision of the Issuer to the SCO Demonstration Area Management Committee (中國—上海合作組織地方經貿合作示範區管理委員會), being the current actual controller of the Issuer. The Issuer has historically played an important role in developing the Jiaozhou ETD Zone, and is currently focusing on the development of the SCO Demonstration Area. The core area of the SCO Demonstration Area is in Jiaozhou, which is located in the strategically important city of Qingdao in Shandong province. Since its establishment in 2007, the Issuer, together with its subsidiaries, has engaged in the development of numerous infrastructure projects in Jiaozhou, including the construction of municipal roads, tunnels, transportation hubs, bridges and river improvement. To further diversify its business operation, it commenced the trading and property development businesses in 2019. Over the years, the Group has developed into a key force in enhancing the urbanisation and commercial attractiveness of Jiaozhou.

The Group's business currently consists of six segments, namely (i) infrastructure construction; (ii) primary land development; (iii) property investment and operation; (iv) trading; (v) property development; and (vi) miscellaneous. Set forth below is a summary of each of the Group's business segments:

- *Infrastructure construction:* Infrastructure construction has been the Group's core business since its establishment. Over the years, the Group has undertaken and completed a large number of projects of strategic importance to the SCO Demonstration Area. The Group conducts its infrastructure construction business under the "build-transfer" business model and its operating revenue from infrastructure construction projects is derived from the buyback amount paid to the Group by the Finance Bureau of Jiaozhou. As at 31 December 2022, the Group had completed infrastructure projects with an estimated total buyback amount of RMB9,089 million.

- *Primary land development:* In 2018, the Group was commissioned by the Jiaozhou Municipal Government to develop primary land in the SCO Demonstration Area. The Group's operating revenue from primary land development represents the land development fee paid by the Jiaozhou Municipal Government, which is in turn generated from the grant of land use rights to real property developers. As at 31 December 2022, there were approximately 4,000 mu of land and 7,000 mu of mudflats available for development or under development by the Group, which the Group believes satisfies its business needs for its primary land development business for the next three to five years.

- *Property investment and operation:* The Group started its property investment and operation business in 2017, and it leases and manages (i) properties owned by itself, and (ii) properties previously constructed by the Group under an agency construction agreement entered into between the Issuer and the SCO Demonstration Area Management Committee (previously known as the Jiaozhou ETD Zone Management Committee), and allocated to the Group by the SCO Demonstration Area Management Committee for nil consideration after the construction has been completed. As at 31 December 2022, the Group had constructed leasable properties with a gross floor area of approximately 475,696 square metres, including commercial properties, office buildings and industrial plants.

- *Trading:* The Group expanded its business into trading in May 2019. As at the date of this Offering Circular, the Group's trading business mainly includes sales of steels, frozen seafood, grain and oil. The Group's customers of its trading business are primarily construction companies and trading companies located in Qingdao. The Issuer believes that such business expansion is responsive to the local government's strategy to form a comprehensive domestic and international trading platform in the SCO Demonstration Area, and gives the Group opportunities to explore greater growth potential in the future.

- *Property development:* Leveraging the desirable living environment in Jiaozhou with convenient transportation solutions and a growing number of public cultural and recreational facilities, in 2019, the Group began to engage in a variety of real property development projects including the construction of residential housing and commercial properties. As at the date of this Offering Circular, the Group has completed developing two phases of Guanlan Wenyuan (觀瀾文苑), a large-scale residential complex developed to satisfy the increasing demand for housing in the SCO Demonstration Area. As at 31 December 2022, the Group's total contracted sales for properties it developed amounted to approximately RMB475 million.

- *Miscellaneous:* The Group participates in industrial investment and other businesses, including the maintenance of office equipment and operation of restaurants for government staffs, among others.

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

	Year ended 31 December					
	2020		2021		2022	
	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total
Business segment						
Infrastructure construction	257,223.9	16.8	218,078.3	8.7	225,057.5	8.1
Primary land development	283,018.9	18.5	188,679.2	7.5	204,340.2	7.3
Property investment and operation	256,965.6	16.8	376,092.0	14.9	568,947.3	20.4
Trading	609,746.1	39.9	1,294,400.7	51.4	1,575,640.3	56.4
Property development	16,037.9	1.0	190,597.9	7.6	45,991.8	1.6
Miscellaneous	106,010.6[(1)]	7.0	248,017.5[(2)]	9.9	172,763.2[(2)]	6.2
Total	**1,529,003.0**	**100.0**	**2,515,865.6**	**100.0**	**2,792,740.3**	**100.0**

Notes:

(1) This amount represents the aggregate of the Group's operating revenue from "government purchased services", "property income", "labour dispatch income", "sales of goods income", "restaurant cost", "interest revenue" and other businesses, as reported in the 2021 Audited Financial Statements.

(2) This amount represents the aggregate of the Group's operating revenue from "government purchased services", "property income", "labour dispatch income", "income from the Shanghe Trade Town Tower project", "material", "land level development management fee income", "logistics revenue", "interest income" and other businesses, as reported in the 2022 Audited Financial Statements.

The following table sets forth a breakdown of the Group's gross operating profit by business segment and as a percentage of its total gross operating profit for the periods indicated:

	Year ended 31 December					
	2020		2021		2023	
	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total	Amount (RMB'000)	Per cent. of total
Business segment						
Infrastructure construction	15,522.1	5.6	13,159.9	4.4	26,378.2	6.8
Primary land development	22,149.3	8.0	14,766.2	5.0	15,991.8	4.1
Property investment and operation	196,445.9	70.6	215,878.3	73.0	289,075.4	74.9
Trading	9,321.2	3.4	10,581.9	3.6	18,479.1	4.8
Property development	(1,577.3)	(0.6)	(3,090.3)	(1.0)	4,642.3	1.2
Miscellaneous	36,335.7[(1)]	13.0	44,594.0[(2)]	15.0	31,441.4[(2)]	8.2
Total	**278,196.9**	**100.0**	**295,890.0**	**100.0**	**386,008.2**	**100.0**

Notes:

(1) This amount represents the aggregate of the Group's gross operating profit (being the operating revenue less the operating cost) from "government purchased services", "property income", "labour dispatch income", "sales of goods income", "restaurant cost", "interest revenue" and other businesses as reported in the 2021 Audited Financial Statements.

(2) This amount represents the aggregate of the Group's gross operating profit (being the operating revenue less the operating cost) from "government purchased services", "property income", "labour dispatch income", "income from the Shanghe Trade Town Tower project", "material", "land level development management fee income", "logistics revenue", "interest income" and other businesses, as reported in the 2022 Audited Financial Statements.

As at 1 January 2021 and 31 December 2021 and 2022, the Group's total assets were RMB40,934.5 million, RMB49,578.0 million and RMB84,019.0 million, respectively. For the years ended 31 December 2020, 2021 and 2022, the Group's net profit was RMB456.4 million, RMB698.2 million and RMB438.4 million, respectively.

JIAOZHOU AND THE SCO DEMONSTRATION AREA

Overview of Jiaozhou

Jiaozhou is a county-level city under the administration of Qingdao Municipality. Jiaozhou is located in the southwest region of the Shandong peninsula and on the north bank of Jiaozhou Bay. It is an important transportation hub connecting Shandong peninsula and Bohai (the Bo Sea). Major expressways passing through Jiaozhou include the Qingdao-Yinchuan (青銀線), Qingdao-Lanzhou (青蘭線) and Shenyang-Haikou lines (瀋海線). Jiaozhou is an important station for major railways in Shandong province such as the Qingdao-Jinan (膠濟鐵路), Jiaozhou-Huangdao (膠黃鐵路), Jiaozhou-Xinyi (膠新鐵路) lines and the Qingdao-Jinan dedicated high speed rail line (膠濟客運專線), making Jiaozhou an important bridgehead of the New Eurasian Continental Bridge.

In addition, Qingdao Jiaodong International Airport (青島膠東國際機場) is located 11 kilometres northeast of the city centre of Jiaozhou. It is well placed to become a regional airport transportation hub, a gateway airport for Japan and South Korea and an important air cargo hub in the Bohai Rim region. The construction work for Qingdao Jiaodong International Airport started in 2015 and, following its completion in June 2020, Qingdao Jiaodong International Airport commenced operations in 2021.

The following map shows the location of Qingdao and Jiaozhou:



Jiaozhou's prime geographical location, advanced transportation network and well-established industrial structure have contributed to its sustained economic growth. According to the Statistical Communique on District Economic and Social Development of Jiaozhou in 2022 (2022年膠州市國民經濟和社會發展統計公報) (the "**2022 Statistical Communique of Jiaozhou**"), Jiaozhou recorded a GRP of approximately RMB154.1 billion, representing a year-on-year growth of 5.0 per cent. According to the 2022 Statistical Communique of Jiaozhou, as per the 2022 GRP data, the primary industry contributed to 4.3 per cent. of Jiaozhou's GRP, while the secondary industry accounted for 48.0 per cent. and the tertiary industry accounted for 47.7 per cent.

According to "The List of Top 100 County-level Economies in China in 2022" (2022年全國縣域經濟百強榜) issued by Ji Xia Think Tank (稷夏智庫) which is prepared based on the calculation methods for China County Economic Development Report (中國縣域經濟發展報告) published by the National Academy of Economics Strategy of Chinese Academy of Social Science (中國社會科學院財經戰略研究院), Jiaozhou ranked sixteenth among approximately 2,000 counties in China in terms of comprehensive economic competitiveness. In recent years, the PRC government announced the establishment of several national demonstration zones and industrial parks in Jiaozhou, such as the Qingdao Jiaozhou Bay National Demonstration Logistics Park (青島膠州灣國家級示範物流園), the National Jiaodong Airport Economic Demonstration Zone (國家級膠東臨空經濟示範區) and the SCO Demonstration Area.

According to the "14th Five-Year Plan" of the PRC government and Jiaozhou Municipal Government, it is believed that Jiaozhou will play a key role in enhancing the commercial attractiveness and industrial upgrade in the SCO Demonstration Area, and linking cities in Shandong peninsula with other foreign countries.

Overview of the SCO Demonstration Area

The establishment of the SCO Demonstration Area was announced at the SCO Qingdao Summit (上海合作組織青島峰會) held in 2018. According to its construction layout, the SCO Demonstration Area is centred in one core zone which is surrounded by several linkage zones. The core zone of the SCO Demonstration Area is located in Jiaozhou with a total area of approximately 61.1 square kilometres, including the Jiaozhou ETD Zone, which was established in 1992 and was upgraded to a state-level development zone in 2012, of 36.7 square kilometres and a planned new district spanning 24.4 square kilometres. It has a coastline of 25 kilometres, a well-preserved ecological wetland environment and an abundance of ecological and landscape resources. The SCO Demonstration Area is reachable within 15 minutes from Qingdao's transportation hub, and is equipped with a well-developed transportation system covering airport, railways, expressways and seaports, such as Jiaozhou Bay Bridge (膠州灣跨海大橋), Qingdao Qianwan Port (青島前灣港) and Qingdao Jiaodong International Airport (青島膠東國際機場), among others.

The following map shows the location of the SCO Demonstration Area:



The SCO Demonstration Area intends to accelerate the development of five centres located therein, namely a modern trading centre, an international logistics centre, a maritime technology cooperation centre, an investment cooperation centre and a business and cultural tourism centre. Furthermore, as announced by PRC President Xi at the SCO Qingdao Summit, the SCO Demonstration Area serves as an economic and trading platform for members of the Shanghai Cooperation Organisation.

COMPETITIVE STRENGTHS

The Group believes that its competitive strengths outlined below are important to its success and future development:

A major platform of the Jiaozhou Municipal Government to develop the SCO Demonstration Area

The Issuer is a major investment and financing platform of the Jiaozhou Municipal Government, focusing on the development of the SCO Demonstration Area. It is beneficially controlled by the Jiaozhou Municipal Government and indirectly wholly-owned by Jiaozhou SASC. Infrastructure construction has been the Group's core business since its establishment. As at 31 December 2022, Qingdao SCO Holdings, the sole shareholder of the Issuer, was the largest state-owned enterprise in terms of total assets in Jiaozhou, while the Issuer was the largest subsidiary of Qingdao SCO Holdings in terms of total assets. As at 31 December 2022, the Group has invested in aggregate approximately RMB20 billion in its infrastructure construction projects. Over the years, the Group has undertaken and completed a large number of projects of strategic importance to the SCO Demonstration Area, including municipal roads, tunnels, transportation hubs, bridges and river improvement. For example, as commissioned by the Jiaozhou Municipal Government, the Group established a joint venture with Shandong Hi-speed Construction Management Co., Ltd. (山東高速建設管理集團) to construct the Jinan-Qingdao Expressway Middle Line Project (濟青高速中線項目), from which the Group will derive toll fees in the 25 years after its completion, and the East-west Transportation Corridor Project (東西大通道項目). As at the date of this Offering Circular, the Group is a major entity commissioned by the Jiaozhou Municipal Government to undertake primary land development in the SCO Demonstration Area. As at 31 December 2022, there were approximately 4,000 mu of land and 7,000 mu of mudflats available for development or under development by the Group, which the Group believes satisfies its business needs for its primary land development business for the next three to five years. The Group believes the value of such land will continue to increase with the implementation of overall development strategies in the SCO Demonstration Area.

By leading the development of major infrastructure projects in the SCO Demonstration Area, the Group has not only accumulated experience in the development and management of large scale projects, but has

also consolidated its position as a key entity to implement the Jiaozhou Municipal Government's blueprint for developing the SCO Demonstration Area and further align its business with the interest of the Jiaozhou Municipal Government and the SCO Demonstration Area.

The Group believes that its participation in the development of the SCO Demonstration Area also exposes it to information about city planning and enables it to explore business opportunities with great potential. As a key participant of the city construction and state-owned assets management in the SCO Demonstration Area, the Issuer is well positioned to leverage its experience in city development relating to the SCO Demonstration Area and the geographic advantage in Jiaozhou to capitalise on the growth potential of the SCO Demonstration Area and to develop its business. See "*Overview of Jiaozhou and the SCO Demonstration Area*".

Support from the Jiaozhou Municipal Government

The support from the PRC government and local governments has been key to the Group's success in carrying out the development of capital-intensive and large-scale city construction projects. As a result of the Group's state-owned background and in recognition of the strategic importance of the Group's business and operations to the SCO Demonstration Area, the Group has received, and expects to continue to receive, various kinds of support from the Jiaozhou Municipal Government.

The Group has historically received financial support from the Jiaozhou Municipal Government and other governmental agencies to enhance its capability to execute large-scale and capital-intensive infrastructure projects. For the years ended 31 December 2020, 2021 and 2022, government grants received by the Group amounted to approximately RMB438.0 million, RMB207.4 million and RMB447.2 million, respectively. The Jiaozhou Municipal Government has historically injected high quality assets in Jiaozhou into the Group to support its daily business operations. For example, in 2020, the Jiaozhou Municipal Government allocated the water-use right of Ruyi Lake (如意湖) and Yuejin River (躍進河) with a total area of 3.5 million square metres and an estimated total value of RMB4 billion to the Group, and the Group has generated operating revenue by leasing the water-use right to other third parties. The Jiaozhou Municipal Government also assigns projects to the Group from time to time to support its business operation and expansion. Some of these construction projects are linked to businesses in emerging industries that present new opportunities and great growth potential, such as high-tech business incubators and high-end manufacture parks.

The continued support from the PRC government and the Jiaozhou Municipal Government has been critical to the ability of the Group in operating and investing in capital-intensive and large-scale infrastructure construction, and in further expanding its business operations to strengthen its competitive position.

A diversified business portfolio with steady revenue resources

The Group has a diversified business portfolio. Since its inception, it has historically focused on infrastructure construction in the Jiaozhou ETD Zone, and is currently focusing on the development of the SCO Demonstration Area. In recent years, the Group has actively sought to diversify its business portfolio to generate new sources of income. In 2018, the Group started to undertake primary land development in the SCO Demonstration Area as commissioned by the Jiaozhou Municipal Government, to transform barren land into a condition ready for secondary real property development. In 2019, the Group expanded its business into trading and, currently, its trading products primarily include steels, frozen seafood, grain and oil. Leveraging the desirable living environment in Jiaozhou with convenient transportation solutions and improving public recreational and cultural facilities, in 2019, the Group further commenced the construction of its real property development projects including residential housing and commercial properties in the SCO Demonstration Area. In response to the Jiaozhou Municipal Government's plans to develop and increase the commercial attractiveness of the SCO

Demonstration Area, the Group currently is also actively participating in industrial investment projects in the SCO Demonstration Area. Compared to a business model with only one focus, the diversified portfolio enhances the Group's capability to mitigate market risks and also enjoy a steady revenue stream.

Diversified financing channels

The Group has access to diversified financing channels to fund its project development, such as bank loans and issuances of debt securities in domestic and international capital markets. According to Jiaozhou SASC, as at 31 December 2022, the Issuer's financing cost represents the lowest among all state-owned enterprises in Jiaozhou. Different sources of capital enable the Group to better manage its credit risk by optimising the maturity profile of its outstanding debts and securing low-cost capital if available. The Group maintains stable relationships with a number of reputable commercial banks and other financial institutions in China. As at 31 December 2022, the Group had credit facilities in aggregate of approximately RMB32.2 billion, of which approximately RMB13.4 billion had not been utilised. In addition, the Group had raised capital by issuing corporate bonds, medium-term notes and private placement notes in the domestic capital market. The Group has been exploring other financing channels for low-cost capital to further enhance its diversified financing structure, such as issuance of bonds in the international capital markets.

Sound corporate governance implemented by a dedicated management team

The Group has established a sound and effective corporate governance structure which is in line with modern corporate practices. Its corporate governance system covers occupational safety, risk management and capital management. The Group has set up 11 departments (i.e. comprehensive management, finance, financing management, engineering management, asset operation, industrial development, planning and design, quotation and contracting, inspection and audit, project management and relations between the party and the general public) to oversee different aspects of the Group's daily operations.

The Group's senior management team has extensive experience in the management of large state-owned enterprises and companies operating in the same business sectors as the Group. See "*Directors, Supervisor and Senior Management*". The Group's senior management and the government regularly conduct in-depth discussion over the key investment projects. Under the sound leadership of its management team, the Group has successful achieved its growth objectives over the years.

BUSINESS STRATEGIES

The Group aims to continue to focus on the development of the SCO Demonstration Area. To achieve its goal, the Group intends to implement the following strategies:

Continue to focus on the development of the SCO Demonstration Area under innovative business models

The Group plans to leverage the strategic location of Jiaozhou and continue to focus on municipal infrastructure construction and development in the SCO Demonstration Area. By participating in and successfully delivering a large number of municipal infrastructure construction projects over the years, the Group has proven its strong capabilities and established a market-leading position in Jiaozhou and, particularly, the SCO Demonstration Area. Going forward, the Group will continue to focus on undertaking city infrastructure construction projects in the SCO Demonstration Area. With its extensive industry and execution experience, the Group believes that it will continue to play a key role in executing the Jiaozhou Municipal Government's city development plans.

The Group intends to explore innovative models to participate in the public infrastructure projects in the evolving PRC regulatory environment, with a view to further enhance its dominant market position in the

infrastructure construction field. For example, to implement the PRC government's rural development policy, the Group has undertaken a project to rebuild four counties in the southeast of Jiaozhou and a hospital construction project for Qingdao University. Aligned with the construction planning in the SCO Demonstration Area, the Group undertakes several functional infrastructure construction projects, such as the SCO Youth Entrepreneurship Centre Project (上合國家青年創業中心), to create an international demonstration zone favouring business innovation and entrepreneurship and to upgrade the urban service industry within the SCO Demonstration Area. The Group currently carries out its development and construction through a well-rounded industry chain model, pursuant to which the Group participates in the entire construction and development process covering primary land development, infrastructure construction, business development and industrial investment. The Group is developing Licha County (里岔鎮), Jiulong Community (九龍街道) and Jiaoxi Community (膠西街道) in Jiaozhou under such business model. The Group believes that these undertakings will help to further strengthen its market position as a leading infrastructure developer in the SCO Demonstration Area.

Enhance the commercial attractiveness of the SCO Demonstration Area

The Group intends to continue to lead the development of the SCO Demonstration Area. As an important platform to promote international cooperation, the SCO Demonstration Area is expected to play an increasingly important role in promoting the development of the local economy, transportation and logistics. It is expected that the PRC government and the Jiaozhou Municipal Government will continue to focus on the development of the infrastructure and ancillary facilities to enhance the commercial appeal of the SCO Demonstration Area and promote business activities within it. The Group will continue to carry on its mission to construct infrastructure in the SCO Demonstration Area, increase its investment and operations in other businesses and sectors which the Issuer believes will present greater growth potential, and capture additional business opportunities arising from the development of the SCO Demonstration Area.

Further diversify the Group's business portfolio and create new sources of income

While focusing on infrastructure construction as its core business, the Group will continue to actively seek opportunities to grow other businesses to achieve optimal diversification. As at the date of this Offering Circular, the Group has diversified its business operation into six segments, namely (i) infrastructure construction; (ii) primary land development; (iii) property investment and operation; (iv) trading; (v) property development; and (vi) miscellaneous. The Group intends to undertake following the expansion efforts to further diversify its business:

- ***Property investment and operation:*** The Group will further expand its self-owned property portfolio for its property leasing business, attract high-quality investments and new customers, and promote the construction of regional industrial clusters.

- ***Primary land development and infrastructure construction:*** The Group aims to undertake more landmark projects in the SCO Demonstration Area, further diversified the types of projects it involved in and to enhance its strengths in these business segments.

- ***Property development:*** Other than residential properties in the SCO Demonstration Area, the Group also intends to develop industrial parks and high-end commercial properties and provide comprehensive city development services in the SCO Demonstration Area.

- ***Industrial investment:*** As at the date of this Offering Circular, the Group has participated in eight funds, in which it acts as a limited partner with an aggregate investment amount of approximately RMB2.3 billion. Through its investments in the funds, the Group aims to support the development of technology and other emerging industries in the SCO Demonstration Area.

The Group believes a diversified business portfolio minimises the risk of business concentration and the fluctuation of its overall earnings as a result of changes in industrial conditions and policies. The Group intends to diversify its sources of revenue and cash flows to achieve sustainable growth.

Adhere to prudent financial management policies with stringent risk control

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. As such, the Group will continue to improve its financial management system by implementing a stringent financial reporting and control system to comply with legal and regulatory requirements. The Group will also maintain prudent investment policies that aim to achieve a balance between assets and liabilities, between investment return and risk-taking, and between principal business and other ancillary businesses. The Group strives to prudently manage its finances while fulfilling investment and development needs to drive its profitability.

Explore new financing channels

The Group has traditionally funded its business operation and working capital through bank loans and issuances of medium-term notes, corporate bonds and private placement notes in the domestic capital markets. With its state-owned background, the Group has maintained long-term relationships with several commercial banks and other financial institutions in the PRC, including China Construction Bank, Bank of China, Agricultural Bank of China, and Bank of Communication, among others. In addition, the Group is also actively participating in the international capital markets with a view to reduce financing costs and maintaining an optimal financing structure, including issuances of offshore bonds. The Group intends to explore and employ new financing channels to secure funding on more favourable terms to better support the financing needs of the Group's projects.

Enhance management capability and improve corporate governance structure

The Group will continue to improve and streamline its management structure, so as to strengthen its capabilities in terms of corporate management and internal control. The Group considers effective management at all organisational levels and among members of the Group to be critical to optimising its overall operational efficiency. Managerial mechanisms will be put in place to regulate the tendering and bidding procedure and cooperation among various operational units. The Group may also improve its corporate governance structure by further adjusting its organisational structure and re-allocating the functions among departments.

HISTORY AND DEVELOPMENT

The following table sets out the landmark events during the history and development of the Group:

2007	On 21 November 2007, the Issuer was established by the Qingdao Jiaozhou Bay Industrial Park Management Committee (青島膠州灣工業園管理委員會), Jiaozhou Financial Investment Centre (膠州市財政投資中心) and Qingdao Jiaozhou New City Construction Development Co., Ltd. (青島市膠州新城建設發展有限公司), with an initial registered capital of RMB200 million.
2009	On 18 March 2009, Qingdao Jiaozhou Bay Industrial Park Management Committee (青島膠州灣工業園管理委員會) transferred all of its 75 per cent. equity interest in the Issuer to Qingdao Jiaozhou Bay Industrial Base Management Committee (青島膠州灣產業基地管理委員會), whose name was changed to Jiaozhou Industrial New Area Management Committee (膠州市產業新區管理委員會) in 2011.
2013	On 6 December 2013, according to the Jiao Guo Guan Fa [2013] No. 4 document (膠國管發[2013]4號文件) issued by Jiaozhou State-owned (Group) Assets Management Committee, the shareholders of Jiaozhou Industrial New Area Management Committee (膠州市產業新區管理委員會) transferred in aggregate 75 per cent. equity interest in the Issuer to the Jiaozhou ETD Zone Management Committee.

2014	On 18 September 2014, the Issuer issued RMB1.15 billion 6.33 per cent. domestic corporate bonds with a tenor of seven years.
2017	In July 2017, Dagong Global Credit Rating Co,. Ltd. assigned to the Issuer a corporate credit rating of "AA+".
2018	On 26 April 2018, the Issuer issued RMB0.8 billion 5.88 per cent. medium-term notes with a tenor of five years. On 14 June 2018, the Issuer issued U.S.$120 million 6.5 per cent. bonds due in 2021, representing the first offshore bonds issued by the Group. In October 2018, China Lianhe Credit Rating Co. Ltd. assigned to the Issuer a corporate rating of "AA+". On 23 November 2018, the Issuer issued RMB0.8 billion 5.00 per cent. medium-term notes with a tenor of five years.
2019	On 17 January 2019, according to Jiao Guo Zi Wei [2018] No. 39 document (膠國資委[2018]39號文件), in aggregate 100.0 per cent. equity interest in the Issuer held by the Jiaozhou Municipal Financial Investment Centre (膠州市財政投資中心), the Jiaozhou ETD Zone Management Committee and Qingdao Jiaozhou New City Construction Development Co., Ltd. (青島市膠州新城建設發展有限公司) was transferred to the Jiaozhou SASAC. On 23 January 2019, the Issuer changed its name from Qingdao Jiaozhou Bay Development Co., Ltd. (青島膠州灣發展有限公司) to Qingdao Jiaozhou Bay Development Group Co., Ltd. (青島膠州灣發展集團有限公司) and increased its registered capital from RMB200 million to RMB2 billion. On 23 May 2019, the Jiaozhou SASAC's name was changed to the Jiaozhou Municipal State-owned Assets Service Centre (膠州市國有資產服務中心). On 28 June 2019, the Issuer issued U.S.$300 million 5.8 per cent. bonds due 2022.
2020	In November 2020, the Group partnered with several well-known domestic investment companies, such as Geely Technology Group Co., Ltd. (吉利科技集團有限公司) and Qingdao Huatong State-owned Assets Operation (Group) Co., Ltd. (青島華通國有資本運營(集團)有限責任公司), to establish seven industrial investment funds, focusing on investing in intelligent technology and information technology industries. In December 2020, the Group acquired 40.0 per cent. equity interest in Shandong Hi-speed Private Capital Management Co., Ltd. (山東高速民間資本管理有限公司).

2021	In May 2021, the Group established the Qilu Qianhai (Qingdao) New Kinetic Energy Fund (齊魯前海(青島)新動能基金) with Qianhai Ark Asset Management Co., Ltd. (前海方舟資產管理有限公司) and Qingdao West Coast Development Co., Ltd. (青島西海岸發展集團), with an investment amount of RMB300 million. In May 2021, the Group injected RMB220 million in Shandong Hi-speed Private Capital Management Co., Ltd. (山東高速民間資本管理有限公司) to increase its capital. In May 2021, the Issuer was assigned a corporate rating of BBB- by Fitch with a stable outlook, being the first company in Jiaozhou who has obtained an investment grade rating assigned by international rating agencies. In August 2021, Jiaozhou SASAC transferred 100 per cent. equity interest in Qingdao Xinlong Highway Construction Engineering Co., Ltd. (青島鑫隆公路建設工程有限公司) to the Issuer.
2022	In May 2022, according to the Approval by Jiaozhou State-owned Assets Supervision and Administration Commission on the Transfer of Equity Interests in Two Companies including Qingdao Shanghe Cornerstone Investment Development Group Co., Ltd. (膠州市國有資產監督管理委員會關於劃轉青島上合基石投資發展集團有限公司等兩家公司股權的批覆), Jiaozhou SASC transferred its 51 per cent. equity interest in Qingdao Shanghe Cornerstone Investment Development Group Co., Ltd. (青島上合基石投資發展集團有限公司) ("**Qingdao Shanghe**") to the Issuer at nil consideration. After such transfer, Qingdao Shanghe, which mainly conducts infrastructure construction, logistic and trading businesses in the SCO Demonstration Area, became a wholly-owned subsidiary of the Issuer. In July 2022, according to the Approval by Jiaozhou State-owned Assets Supervision and Administration Commission on the Transfer of the 100 Per Cent. Equity Interests in Four Companies including Qingdao Jiaozhou Bay Development Group Co., Ltd. (膠州市國有資產監督管理委員會關於將青島膠州灣發展集團有限公司等四家公司100%股權進行劃轉的批覆), Jiaozhou SASC transferred the entire equity interest in the Issuer held by it to Qingdao SCO Holdings Development Co., Ltd. (青島上合控股發展有限公司) (currently known as Qingdao SCO Holdings). In August 2022, the registration of such transfer of equity interest was completed. Following such transfer, the Issuer is wholly-owned by Qingdao SCO Holdings, which is in turn wholly-owned by Jiaozhou SASC.

2023	In February 2023, according to the Joint Statement jointly issued by Jiaozhou SASC and the SCO Demonstration Area Management Committee, the SCO Demonstration Area Management Committee became the actual controller of Qingdao SCO Holdings, though Qingdao SCO Holdings remains wholly owned by Jiaozhou SASC. Consequently, the actual controller of the Issuer has changed from Jiaozhou SASC to the SCO Demonstration Area Management Committee, while its shareholder remains unchanged. See "*Recent Developments – Change of the Actual Controller of the Issuer*" for further information. In May 2023, the Issuer announced on the website of the Shanghai Clearing House that pursuant to the Asset Integration Approval, Qingdao SCO Holdings transferred 49 per cent. equity interest owned by it in each of the Transferred Entities at nil consideration to the Issuer. Such equity transfers were completed in December 2022. See "*Recent Developments – Transfer of Equity Interests in Three State-owned Entities to the Issuer*" for further information. In September 2023, in order to promote the infrastructure construction and urban development in the SCO Demonstration Area and Jiaozhou, the Issuer, Qingdao Lingcheng Fund Management Co., Ltd. (青島領成基金管理有限公司), Qingdao SCO Urban Renewal Group Co., Ltd. (青島上合城市更新集團有限公司) and Qingdao SCO Urban-Rural Integration Group Co., Ltd. (青島上合城鄉融合集團有限公司) invested in and established Qingdao Guoda Lingcheng Urban Construction Investment Partnership Enterprise (Limited Partnership) (青島國大領成城市建設投資合夥企業(有限合夥)) (the "**Guoda Partnership**"). The Issuer, as a limited partner, invested RMB375 million to the Guoda Partnership and held 25 per cent. of its total equity interest.

RECENT DEVELOPMENTS

Additional Indebtedness since 31 December 2022

Since 31 December 2022, the Group has incurred additional indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. In particular, since 31 December 2022, the Group has issued debt instruments, including but not limited to short-term corporate bonds, private placement notes and medium-term notes with an aggregate principal amount of RMB6.8 billion in domestic capital market in the PRC.

Performance of the Group as at and for the six months ended 30 June 2023

On 28 August 2023, the Issuer published the 2023 Q2 Interim Financial Statements on the website of the Shanghai Clearing House, which were not subject to an audit or review.

For the six months ended 30 June 2023, the Group recorded a stable increase in its total operating revenue as compared to the same period in 2022. The Group's total operating cost for the six months ended 30 June 2023 increased correspondingly. The Group's total operating profit and net profit also increased as compared to the corresponding period in 2022. As at 30 June 2023, the Group's total assets increased as compared to the balance as at 31 December 2022. As at 30 June 2023, total liabilities of the Group increased as compared to the balance as at 31 December 2022, which was primarily attributable to the

increases in the Group's current liabilities incurred to enhance liquidity and to meet the Group's increasing capital needs as it continued to expand its businesses.

The financial information in the 2023 Q2 Interim Financial Statements may differ from future audited or reviewed information and the 2023 Q2 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The 2023 Q2 Interim Financial Statements should not be taken as an indication of the financial condition or results of operations of the Group for the full financial year ending 31 December 2023. The 2023 Q2 Interim Financial Statements does not constitute part of this Offering Circular. See "*Risk Factors – Risks Relating to the Group's Financial Information – Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular*".

Change of the Actual Controller of the Issuer

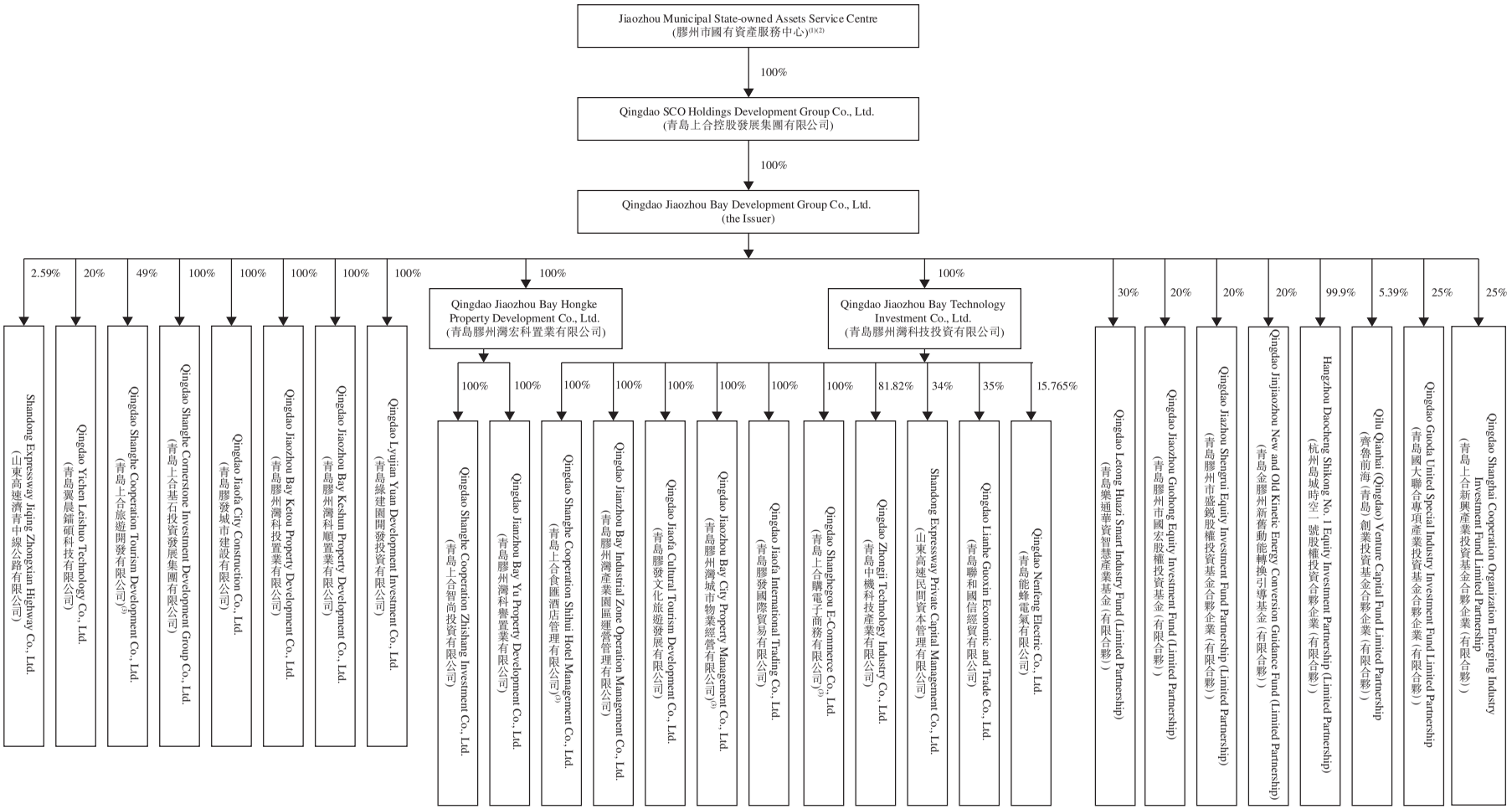
In February 2023, according to the Statement on the Actual Controller of Qingdao SCO Holdings Development Group Co., Ltd. (關於青島上合控股發展集團有限公司實際控制人的說明) jointly issued by Jiaozhou SASC and the SCO Demonstration Area Management Committee, the SCO Demonstration Area Management Committee became responsible for the daily supervision of Qingdao SCO Holdings and became the actual controller of Qingdao SCO Holdings. Qingdao SCO Holdings remains wholly owned by Jiaozhou SASC following the Joint Statement. Consequently, the actual controller of the Issuer has changed from Jiaozhou SASC to the SCO Demonstration Area Management Committee. As at the date of this Offering Circular, the Issuer's shareholder remains unchanged as Qingdao SCO Holdings, which is in turn wholly owned by Jiaozhou SASC.

Transfer of Equity Interests in Three State-owned Entities to the Issuer

On 4 May 2023, the Issuer announced on the website of the Shanghai Clearing House that pursuant to the Approval of the Comprehensive Plan for the Asset Integration of Jiaofa Group (Jiaoguoziwei [2022] No. 52) (關於膠發集團資產整合綜合方案的批覆(膠國資委[2022]52號)) issued by Jiaozhou State-owned Assets Supervision and Administration Commission, Qingdao SCO Holdings, the sole shareholder of the Issuer, transferred 49 per cent. equity interest owned by it in each of Qingdao Jiaozhou New City Construction Development Co., Ltd. (青島市膠州新城建設發展有限公司) (currently known as Qingdao Shanghe Urban-Rural Integration Development Group Co., Ltd. (青島上合城鄉融合發展集團有限公司)), Qingdao Jiaozhou Urban Development Group Co., Ltd. (青島市膠州城市建設發展集團有限公司) (currently known as Qingdao SCO Urban Renewal Group Co., Ltd. (青島上合城市更新集團有限公司)) and Qingdao Jin Jiaozhou Asset Operation Co., Ltd. (青島金膠州資產經營有限公司) to the Group at nil consideration. The Equity Transfers were completed in December 2022. Following the completion of the Equity Transfers, the book value of the Transferred Entities totalling approximately RMB14.8 billion and representing approximately 82.2 per cent. of the net assets of the Issuer as at 31 December 2021, was booked as the Issuer's long-term equity investment in the 2022 Audited Financial Statements and the Issuer's capital reserve increased accordingly (see notes 7(11) and 8(39) to the 2022 Audited Financial Statements). The Issuer believes that the Equity Transfers have a positive impact on its consolidated asset size and profitability and will enhance the Group's profitability.

CORPORATE STRUCTURE

The following chart presents a simplified structure of the Group and the shareholding of the Issuer as at 31 December 2022:



Notes:

(1) Pursuant to the Reply to the Adjustment of the Division-to-Section Level Administrative Departments of the Jiaozhou Municipal Government (Qing Bian Ban Zi [2019] No. 28) (關於膠州市承擔行政職能處科級事業單位機構調整的批覆) (青編辦字[2019]28號) issued on 25 April 2019, the name of Jiaozhou Municipal State-owned Assets Supervision and Administration Committee (膠州市國有資產監督管理辦公室) was changed to Jiaozhou Municipal State-owned Assets Service Centre (膠州市國有資產服務中心).

(2) In February 2023, according to the Statement on the Actual Controller of Qingdao SCO Holdings Development Group Co., Ltd. (關於青島上合控股發展集團有限公司實際控制人的說明) jointly issued by Jiaozhou SASC and the SCO Demonstration Area Management Committee, the SCO Demonstration Area Management Committee became the actual controller of Qingdao SCO Holdings, though Qingdao SCO Holdings remains wholly owned by Jiaozhou SASC. Consequently, the actual controller of the Issuer has changed from Jiaozhou SASC to the SCO Demonstration Area Management Committee, while its shareholding remains unchanged. See "*Recent Developments – Change of the Actual Controller of the Issuer*".

(3) The relevant subsidiary has ceased to be a consolidated subsidiary of the Issuer as at the date of this Offering Circular.

DESCRIPTION OF THE GROUP'S BUSINESS

The Group has historically played an important role in the development of the SCO Demonstration Area. At material times since its establishment, the Group has focused on municipal and infrastructure construction in the SCO Demonstration Area. In 2019, the Group further expanded its business into trading and property development to diversify its business operation and create new sources of income.

The Group currently operates six business segments, namely (i) infrastructure construction; (ii) primary land development; (iii) property investment and operation; (iv) trading; (v) property development; and (vi) miscellaneous.

Infrastructure Construction

Overview

Infrastructure construction has been the Group's core business since its establishment. The Group has historically played an important role in the construction of infrastructure in the Jiaozhou ETD Zone, and is currently focusing on the development of the SCO Demonstration Area. Over the years, the Group has undertaken and completed a large number of projects of strategic importance to the SCO Demonstration Area, including municipal roads, tunnels, transportation hubs, bridges and river improvement. The Group constructs its infrastructure projects mainly through the Issuer.

For the years ended 31 December 2020, 2021 and 2022, the Group's operating revenue generated from its infrastructure construction business was RMB257.2 million, RMB218.1 million and RMB225.1 million, respectively, representing 16.8 per cent., 8.7 per cent. and 8.1 per cent. of the Group's total operating revenue for the same periods. For the years ended 31 December 2020, 2021 and 2022, the Group's gross operating profit generated from infrastructure construction was RMB15.5 million, RMB13.2 million and RMB26.4 million, respectively, representing 5.6 per cent., 4.4 per cent. and 6.8 per cent. of the Group's total gross operating profits for the same periods.

Business model

The Group carries out its infrastructure development projects in the SCO Demonstration Area under the "build-and-transfer" model. Details of the infrastructure projects to be developed by the Group (such as the scope of work, estimated investment amount and estimated buyback amount for a number of projects) are normally set out in the Master Agreement entered into between the Group and the Finance Bureau of Jiaozhou in 2008. According to the Master Agreement, the Group develops relevant projects as the project owner and sells the projects to the Finance Bureau of Jiaozhou or its designated entities after construction has been completed.

Set forth below are key commercial terms of the Master Agreement:

Projects	Infrastructure projects to be developed by the Group primarily relate to the development of infrastructure in the SCO Demonstration Area, with an aggregate investment amount of approximately RMB10.0 billion. The Finance Bureau of Jiaozhou will notify the Group of the specific projects to be developed as well as the project specifications.
Primary responsibility	The Group is responsible for leading and coordinating the development of each project and obtaining the necessary funding for the construction. The Finance Bureau of Jiaozhou is responsible for obtaining the preliminary approval on each project to be developed and is responsible for buyback of the project upon completion.
Completion examination and acceptance	The Group should provide the Finance Bureau of Jiaozhou with a complete set of documents regarding the completion of the relevant projects according to applicable PRC laws and regulations. The Finance Bureau of Jiaozhou agrees to arrange project examination within 28 days after it receives the documents from the Group, and will issue an acceptance decision, or any feedback regarding the relevant projects, within 14 days thereafter. The Finance Bureau of Jiaozhou is deemed to accept the relevant projects and deemed to have issued an acceptance certificate if it does not arrange project examination within 28 days after it receives the documents from the Group, or if the Finance Bureau of Jiaozhou provides no feedback within 14 days after it receives the project documents.
Buyback amount	The total buyback amount represents the aggregate of (i) the construction costs, financing and other development-related expenses incurred by the Group and (ii) profit of the Group which is equal to a specified percentage of the amount described under (i). Construction costs and financing and other development-related expenses are subject to the audit arranged by the Finance Bureau of Jiaozhou.
Payment of buyback amount	The Finance Bureau of Jiaozhou agrees to pay: • 30 per cent. of the buyback amount within ten days after the project completion examination and acceptance certificate is issued; • 30 per cent. of the buyback amount within seven days of the date falling on the last day of 12 months after the project completion examination and acceptance certificate is issued; and • 40 per cent. of the buyback amount within seven days of the date falling on the last day of 24 months after the project completion examination and acceptance certificate is issued.

Interest starts to accrue on the outstanding buyback amount after the project completion examination and acceptance certificate is issued and is payable together with the buyback amount in accordance with the above timetable.

Warranties . . . . . The Group provides warranties in respect of the quality of the projects it develops and delivers within two years after they are completed and delivered (or another period as specified in the relevant contract).

Other obligations of the Group . . . The Group agrees, among others:

- to be responsible for securing sufficient capital to finance the project construction;
- to accept the supervision of the auditors commissioned by the Finance Bureau of Jiaozhou;
- to assist the Finance Bureau of Jiaozhou in the application for all necessary approvals, permits and certificates relating to relevant projects;
- to carry out the construction in accordance with the agreed timetable;
- to report the construction progress, construction costs and expense and other project information to the Finance Bureau of Jiaozhou on a monthly basis; and
- to make necessary adjustments to the development plan of the relevant projects in accordance with the requests of the Finance Bureau of Jiaozhou (provided that any additional costs and expenses arising from such adjustments are paid by the Finance Bureau of Jiaozhou).

On 28 December 2017, the Group, the Jiaozhou ETD Zone Management Committee (currently known as the SCO Demonstration Area Management Committee) and the Finance Bureau of Jiaozhou entered into a supplemental agreement to the Master Agreement. The table below sets out the payment schedule agreed between the Group, the SCO Demonstration Area Management Committee and the Finance Bureau of Jiaozhou in accordance with the supplemental agreement:

Year	**Buyback Amount**
	(RMB in millions)
2018	600.0
2019	800.0
2020	700.0
2021	700.0
2022	700.0
Subsequent to 2022	2,709.0
Total	**6,209.0**

The Group further entered into a second supplemental agreement with the SCO Demonstration Area Management Committee in October 2021, which provided for the buyback schedule of the Group from 2023 to 2027. The table below sets out the payment schedule agreed between the Group and the SCO Demonstration Area Management Committee from 2023 to 2027:

Year	Buyback Amount
	(RMB in millions)
2023	700.0
2024	800.0
2025	800.0
2026	900.0
2027	800.0
Total	**4,000.0**

Operating revenue reported under this business segment primarily represents the buyback amounts the Finance Bureau of Jiaozhou pays to the Group relating to the projects the Group completed under the Master Agreement. As at 31 December 2022, the Group received in total approximately RMB4,448 million in relation to project buyback from the SCO Demonstration Area Management Committee, as authorised by the Finance Bureau of Jiaozhou.

Project construction

The Group engages third-party construction companies to carry out the construction of its infrastructure construction projects through its standardised public tender process in accordance with applicable PRC laws and regulations. When selecting contractors, the Group considers a number of factors such as the reputation of the contractors, track record in similar projects, creditworthiness, technical capabilities, proposed construction blueprint and price. These construction companies carry out various types of work, including foundation digging, construction, equipment installation, internal decoration and various engineering work. The quality and timeliness of the construction is usually warranted by contract. In the event of a delay or poor workmanship, the Group may require the construction contractor to rectify the defect or pay a penalty.

Project description

As at 31 December 2022, the Group had completed infrastructure projects with a total estimated buyback amount of approximately RMB9,089 million under the Infrastructure Construction Master Project (基礎設施總項目).

Below is a summary of details of the Infrastructure Construction Master Project as at 31 December 2022:

Project Name	Estimated Total Investment Amount	Invested Amount	Investment Plan for 2023 – 2025	Estimated Total Buyback Amount	Revenue Recognised	Payment Received
	(RMB in millions)			(RMB in millions)		
Infrastructure Construction Master Project (基礎設施總項目)	9,958	8,237	The major projects have been completed. The remaining investment expenditures of this project are sporadic and pending completion audit and settlement.	9,089	8,081	4,448

Primary Land Development

Overview

The Group is a major entity commissioned by the Jiaozhou Municipal Government to undertake primary land development in the SCO Demonstration Area. It commenced the development of primary land in 2018. The Group engages in a wide range of development and construction activities that transform barren land into a condition ready for secondary real property development, involving land clearance, demolition of buildings, relocation and resettlement of residents, construction of networks of electricity, water, transportation, telecommunications, sewerage, gas and heat. The Group conducts its primary land development business primarily through the Issuer. As at 31 December 2022, there were approximately 4,000 mu of land and 7,000 mu of mudflats available for development or under development by the Group, which the Group believes satisfies its business needs in this segment for the next three to five years.

For the years ended 31 December 2020, 2021 and 2022, the Group's operating revenue generated from its primary land development business was RMB283.0 million, RMB188.7 million and RMB204.3 million, respectively, representing 18.5 per cent., 7.5 per cent. and 7.3 per cent. of the Group's total operating revenue. For the years ended 31 December 2020, 2021 and 2022, the Group's gross operating profit generated from primary land development was RMB22.1 million, RMB14.8 million and RMB16.0 million, respectively, representing 8.0 per cent., 5.0 per cent. and 4.1 per cent. of the Group's total gross operating profits.

Business model

The Group carries out primary land development projects according to the primary land development and operation authorisation agreement (土地一級開發整理封閉運作授權協議) entered into with the Jiaozhou Municipal Government in November 2018. The Group's primary land development process generally includes (i) primary land development by the Group (including demolition of buildings and relocation and resettlement of residents), and (ii) grant of land use rights by invitation to tender, public land auction, or listing-for-sale to real property developers. The Group funds its primary land development activities with its operating cash flow and capital provided by external sources of funding, such as bank loans.

The Group charges land development fee for its services rendered in primary land development. The amount of the land development fee covers the Group's development costs, which comprise design fees, maintenance fees, demolition fees and relocation compensation, and the Group's management fee or profit for such project. The Jiaozhou Municipal Government regularly inspects and evaluates the construction status and pays the land development fee to the Group on an instalment basis according to its land development budget and the land development progress, and such land development fee constitutes the operating revenue of the Group's primary land development business.

Project description

The following table sets forth the particulars of primary land development projects which the Group had completed as at 31 December 2022:

No.	Project	Site Area	Invested Amount	Estimated Total Payment to be Received	Payment Received
		(sq.m)		(RMB in millions)	
1.	Area situated at the North of Guizhou Road (貴州路以北片區)	666,667	1,333	1,546	305
2.	Dongxiying Area (東西營片區)	3,245,335	3,026	3,510	420
	Total	**3,912,002**	**4,359**	**5,056**	**725**

The following table sets forth the particulars of the Group's primary land development projects under construction as at 31 December 2022:

No.	Project	Site Area	Estimated Total Investment	Invested Amount
		(sq.m)	(RMB in millions)	
1.	Wanyang Area (萬洋片區)	800,000	460	460
2.	Chunming Logistic Area (春明物流片區)	130,667	260	325
	Total	**930,667**	**720**	**785**

Property Investment and Operation

Overview

The Group engages in the property investment and operation business through the Issuer and its subsidiary, Qingdao Jiaozhou Bay Technology Investment Co., Ltd. (青島膠州灣科技投資有限公司). It leases and manages (i) properties owned by the Group; and (ii) properties previously constructed by the Group under an agency construction agreement entered into between the Issuer and the SCO Demonstration Area Management Committee (previously known as the Jiaozhou ETD Zone Management Committee), and allocated to the Group by the SCO Demonstration Area Management Committee for nil consideration after completion of construction. Properties leased and managed by the Group include commercial properties, office buildings and industrial plants.

As at 31 December 2022, the Group had constructed leasable properties with a gross floor area of approximately 475,696 square metres, including commercial properties, office buildings and industrial plants. For the years ended 31 December 2020, 2021 and 2022, the Group's operating revenue from its property investment and operation business was RMB257.0 million, RMB376.1 million and RMB568.8 million, respectively, representing 16.8 per cent., 14.9 per cent. and 20.4 per cent. of the Group's total operating revenue for the same periods. For the years ended 31 December 2020, 2021 and 2022, the Group's operating gross profit from its property investment and operation business was RMB196.4 million, RMB215.9 million and RMB289.1 million, respectively, representing 70.6 per cent., 73.0 per cent. and 74.9 per cent. of the Group's total operating gross profit for the same periods.

Business model

The Group from time to time constructs commercial properties, office buildings and other public facilities such as schools and industrial parks in the SCO Demonstration Area. The Group funds the construction of such property projects through its own working capital. After the construction has been completed, the Group typically will enter into a lease agreement with the Jiaozhou Municipal Government or its subordinated governmental authorities in relation to each leasable property it operates. According to the terms of the lease agreements the Group has entered into with the SCO Demonstration Area Management Committee, the Group receives an annual rental fee to be paid by the SCO Demonstration Area Management Committee, which equals 8.0 per cent. of the Group's actual investment amount in the project. Starting from 1 January 2018, the annual rental fee to be paid by the SCO Demonstration Area Management Committee has been increased to 10.0 per cent. of the Group's actual investment amount in the project. Once the construction of such property has been completed and relevant construction audit report has been issued, the Group will be able to adjust the rental fee according to the audit result of its actual investment. The Group's operating revenue recorded from this business segment primarily represents the annual rental fee received from the SCO Demonstration Area Management Committee.

In addition, in December 2020, the SCO Demonstration Area Management Committee transferred the water-use right of Jin Lake (金湖), Ruyi Lake (如意湖) and Yuejin River (躍進河) with an estimated total

value of RMB4 billion to the Group for nil consideration, and starting from January 2021, the Group leased the water-use right to the SCO Demonstration Area Management Committee for annual rental fees.

Description of leased properties

The following table sets forth the details of the Group's major leased properties as at 31 December 2022:

No.	Property	Leased GFA	Lease Term	Average Rent per Square Metre	Leasing Rate
		(sq.m)		(RMB per day)	
1.	Xi'an Jiaotong University Qingdao Research Institute Project (西安交大青島研究院工程項目)[1]	154,445	2017.1.1 – 2026.12.31	1.61	100%
2.	Xi'an Jiaotong University Middle School Engineering Project (西安交大附中工程項目)[1]	56,841	2017.1.1 – 2026.12.31	2.63	100%
3.	High-tech Business Incubator Project (高新技術企業孵化器工程項目)[1]	43,500	2017.1.1 – 2026.12.31	0.51	100%
4.	High-End Equipment Manufacturing Industry Park – Pilot Area (高端裝備製造產業園—先導區)[1]	47,109	2017.1.1 – 2026.12.31	1.14	100%
5.	Jiaozhou Bay Industry New Area Venture Building Project (膠州灣產業新區創業大廈項目)	64,404	2017.1.1 – 2026.12.31	1.11	100%
6.	Jiaozhou Bay Industrial New District Management Building Project-Ruyi Hubei District Management Building (膠州灣產業新區管理樓項目—如意湖北區管理樓)	1,851	2017.1.1 – 2026.12.31	0.88	100%
7.	Jiaozhou Bay Industrial New District Management Building Project-Ruyi Hunan District Management Building (膠州灣產業新區管理樓項目—如意湖南區管理樓)	2,546	2018.7.1 – 2026.6.30	0.77	100%
8.	Huanghe Road Community Commercial Centre (黃河路社區商業中心)	3,196	2020.7.1 – 2025.9.30	4.50	64%
	Total	**373,892**			

Note:

(1) The project was constructed by the Group under an agency construction agreement. In January 2017, the Jiaozhou ETD Zone Management Committee (currently known as SCO Demonstration Area Management Committee) transferred the ownership of these projects to the Group for nil consideration.

– *Xi'an Jiaotong University Qingdao Research Institute Project* (西安交大青島研究院工程項目)

This project is located in the Jiaozhou Industrial New Area (膠州市產業新區), which is located in the central area of the SCO Demonstration Area. The main construction works included research and development, or R&D laboratories, classrooms and lecture halls, apartments for senior R&D personnel, production workshops and supporting facilities. This project has a total construction area of approximately 154,445 square metres. The Jiaozhou Industrial New Area was integrated into the "Six Regions and Four Districts of Qingdao City" in 2008. Situated on the western coast of Jiaozhou Bay, it has become an R&D hotspot with great potential. In order to further accelerate the development of the Jiaozhou Industrial New Area and to provide strong technology and talent support for the future development of Jiaozhou and the rest of Qingdao, the Qingdao Jiaozhou Bay Technology Investment Co., Ltd. (青島膠州灣科技投資有限公司) initiated the Xi'an Jiaotong University Qingdao Research Institute Project.

The construction of this project will not only further enhance the ability of Qingdao and Jiaozhou to independently innovate and cultivate high-level talent, which will help transform the trajectory of Qingdao's economic growth, but also deliver high-level scientific research achievements and provide strong intellectual support for Qingdao's knowledge and technological innovation industries.

– *Xi'an Jiaotong University Middle School Engineering Project* (西安交大附中工程項目)

This project is located in the SCO Demonstration Area. The main construction works include classrooms and lecture halls, cultural and recreational centres, R&D laboratories, student dormitories and supporting facilities. This project has a total construction area of approximately 56,741.8 square metres, of which the above-ground construction area is approximately 52,086.8 square metres and the underground construction area is approximately 4,655 square metres.

This project will play an important role in upgrading public facilities in the SCO Demonstration Area, as well as improving the quality of education in Jiaozhou.

– *High-tech Business Incubator Project* (高新技術企業孵化器工程項目)

The high-tech enterprise incubator project covers a site area of approximately 104,000 square metres, with a total construction area of approximately 44,000 square metres. The main construction works include ten industrial plants and their supporting facilities, such as water supply and drainage, greening and other amenities.

Phase I of the project involves four steel structure industrial plants each, with a construction area of 3,400 square metres. Phase II involves two steel structure industrial plants and four concrete structure industrial plants.

– *High-end Equipment Manufacturing Industry Park – Pilot Area* (高端裝備製造產業園—先導區)

This project is located in the northern district of the Jiaozhou Industrial New Area. The main construction works include multi-purpose buildings and supporting facilities. This project has a site area of approximately 128,083.3 square metres and a total construction area of approximately 72,313.8 square metres.

This project was constructed to achieve "corporate concentration, industrial agglomeration and land conservation". With a superior investment environment, professional service quality and a good industrial development platform to attract a large number of high-end enterprises, this project will continue to play an active role in promoting the overall development of the SCO Demonstration Area. The project has provided support to businesses in the service industries in surrounding areas and will provide entrepreneurial opportunities for university graduates and re-employment opportunities for laid-off workers. It will also promote scientific and technological innovation, optimise the local industrial structure and drive the economic transformation of Jiaozhou.

The following table sets forth the particulars of the Group's recently completed public service projects as at 31 December 2022. No rent is received for these leased properties as at the date of this Offering Circular since the Group has not entered into lease agreements with respect to these properties with the SCO Demonstration Area Management Committee or other governmental authorities. The Group intends to enter into lease agreements for the below listed properties with the relevant governmental authorities in the near future.

No.	Property	Approximate Total Investment	Approximate Total GFA
		(RMB in millions)	(sq.m)
1.	Junior High School Project in the SCO Demonstration Area (上合示範區初中項目)	350	48,000
2.	Primary School Project in the SCO Demonstration Area (上合示範區小學項目)	260	35,000
3.	Kindergarten Project in the SCO Demonstration Area (上合示範區幼兒園項目)	70	9,000
4.	Community Business Service Centre Project (社區商業服務中心項目)	60	7,000
5.	Special Service Fire Station Project (特勤消防站項目)	60	6,000
	Total	**800**	**105,000**

Description of properties under construction

The following table sets forth the particulars of the Group's multi-purpose property projects under construction as at the date of this Offering Circular.

No.	Property	Estimated Total Planned Investment	Estimated Total GFA
		(RMB in millions)	(sq.m)
1.	SCO Youth Entrepreneurship Centre Project (上合組織國家青年創業中心)	2,100	179,687
2.	SCO Business Centre (上合商務中心)	1,390	86,633
3.	SCO Plaza Comprehensive Development and Supporting Infrastructure Construction Project (上合廣場綜合開發利用及配套基礎設施建設項目)	4,600	317,510
4.	East Ruyi Lake Comprehensive Construction and Development Project (如意湖東區綜合建設開發項目)	4,880	72,000
5.	SCO International Conference Centre Project (上合國際會議中心項目)	3,540	236,882
6.	SCO Avenue Underground Transportation Infrastructure Project (上合大道地下道路交通配套工程)	5,980	246,025
7.	Xiyuan Hotel Project (西苑酒店項目)	3,980	145,000
8.	Nidec Global Electrical Industry Park Project (Phase I) (尼得科全球電器產業園項目(一期))	998	132,327
9.	SCO International Exchange Centre (Jiaozhou Communist Party School) (上合國際交流中心(膠州市委黨校))	992	82,000
10.	Qingdao Sino-French International Lounge and Sino-French Industrial Innovation Centre (青島中法國際客廳暨中法工業創新中心)	206	15,388
11.	SCO Technology Innovation Complex Project (上合技術創新綜合體項目)	398	46,015
12.	SCO Cross-border E-commerce Innovation Park (上合跨境電商創業園)	523	87,229
13.	SCO Cross-border E-commerce Innovation Park Phase III (上合跨境電商創業園三期)	461	63,100
14.	SCO Enterprise Demonstration Park Phase II (上合企業示範園二期)	679	65,596
	Total	**30,727**	**1,775,392**

Trading

Overview

The Group expanded its business into trading in May 2019. As at the date of this Offering Circular, the Group's trading business mainly includes sales of steels, frozen seafood, grain and oil. For the years ended 31 December 2020, 2021 and 2022, operating revenue generated from the Group's trading business RMB609.7 million, RMB1,294.4 million and RMB1,575.6 million, respectively, representing 39.9 per cent., 51.4 per cent. and 56.4 per cent. of the Group's operating revenue for the same periods. For the years ended 31 December 2020, 2021 and 2022, operating gross profit generated from the Group's trading business RMB9.3 million, RMB10.6 million and RMB18.5 million, respectively, representing 3.4 per cent., 3.6 per cent. and 4.8 per cent. of the Group's operating operation gross profit for the same periods.

The Group conducts its trading business primarily through its subsidiary, Qingdao Jiaofa International Trading Co., Ltd. (青島膠發國際貿易有限公司) ("**Jiaofa Trading**"). In accordance with the Approval Regarding the Transfer of Equity and Business of the Subsidiaries of the SCO Holdings Group (Jiao Guoziwei [2023] No. 6) (關於上合控股集團權屬公司股權及業務劃轉的批覆(膠國資委[2023]6號)) issued by the Jiaozhou State-owned Assets Supervision and Administration Commission (膠州市國有資產監督管理委員會) in February 2023, the Issuer delegated the daily operation of Jiaofa Trading to Qingdao SCO International Trading Co., Ltd. (青島上合國際貿易有限公司) ("**Qingdao SCO Trading**"), an affiliate of the Issuer, and transferred 49 per cent. of the equity interest owned by the Issuer in Jiaofa Trading to Qingdao SCO Trading at nil consideration. As at the date of this Offering Circular, the Issuer holds 51 per cent. equity interest in Jiaofa Trading and it remains a consolidated subsidiary of the Issuer, though Jiafa Trading is currently under daily supervision by Qingdao SCO Trading.

Business model

The Group's trading business involves the purchase of commodities from suppliers and on-selling them to its customers, primarily construction companies and trading companies located in Qingdao. The type and volume of goods purchased by the Group from its suppliers depend on orders placed by its downstream customers. Such transaction arrangement enables the Group to minimise inventory risk.

Upon receiving an order placed by its customer, the Group will purchase commodities as specified in such order from its suppliers. The Group typically requires its customers to pay an advance deposit to the Group in an amount as set out in the trading agreement. The Group then purchases the ordered goods from upstream suppliers. In general, the Group will make payments to relevant suppliers immediately after the receipt of required goods without any credit period. Such fast settlement mechanism with suppliers better ensures that the Group obtains preferential prices from its upstream suppliers to avoid the risk of price fluctuations.

The Group is responsible for the delivery of commodities to its customers and the insurance to cover the risk of loss or damage during the carriage. The Group normally settles with its downstream customers on a payment-after-delivery basis and upon confirmation of delivery and examination by its customers, the Group will initiate the payment process with its downstream customers. The Group generally grants a credit period of two to six months to its customers.

The Group funds its trading business primarily through its operating cashflow. Operating revenue reported under this business segment primarily represents the payments received from the downstream customers for the goods procured by the Group.

Suppliers

The table below sets forth the Group's top five suppliers for its trading business by transactional amount and the percentage of the total transactional amount of each for the periods indicated.

	Year ended 31 December					
	2020		2021		2022	
	Amount	Per cent. of Total	Amount	Per cent. of Total	Amount	Per cent. of Total
	(RMB in millions, except for percentages)					
Supplier A	111.8	16.7	212.6	16.8	380.0	19.7
Supplier B	100.1	15.0	195.8	15.4	258.3	13.4
Supplier C	80.4	12.0	108.7	8.6	228.5	11.9
Supplier D	80.3	12.0	79.0	6.2	208.3	10.8
Supplier E	60.4	9.0	76.1	6.0	203.5	10.6
Total	**433.0**	**64.7**	**672.2**	**53.0**	**1,278.6**	**66.4**

Customers

The table below sets forth the Group's top five customers for its trading business by transactional amount and the percentage of the total transactional amount of each for the periods indicated.

	Year ended 31 December					
	2020		2021		2022	
	Amount	Per cent. of Total	Amount	Per cent. of Total	Amount	Per cent. of Total
	(RMB in millions, except for percentages)					
Customer A	120.3	17.8	205.5	15.9	448.8	25.6
Customer B	100.1	14.8	178.0	13.8	412.7	23.5
Customer C	90.3	13.3	140.0	10.8	265.6	15.1
Customer D	80.1	11.8	115.6	8.9	198.2	11.3
Customer E	20.2	3.0	108.7	8.4	94.8	5.4
Total	**411.0**	**60.7**	**747.8**	**57.8**	**1,420.1**	**80.9**

Property Development

Overview

Leveraging the desirable living environment in Jiaozhou with convenient transportation solutions and growing number of public cultural and recreational facilities, the Group began to engage in a variety of real property development projects including the construction of residential housing and commercial properties in 2019. The Group carries out its property development projects through its subsidiary Qingdao Jiaozhou Bay Hongke Property Co., Ltd. (青島膠州灣宏科置業有限公司), which holds the Qualification Certificate of Real Estate Development (房地產開發企業資質證書) issued by the Urban and Rural Construction Committee of Qingdao (青島市城鄉建設委員會). As at 31 December 2022, the Group has obtained residential and commercial land use rights available for development with a total site area of approximately 0.45 million square metres.

For the years ended 31 December 2020, 2021 and 2022, the Group's operating revenue generated from its property development business was RMB16.0 million, RMB190.6 million and RMB46.0 million, respectively, representing 1.0 per cent., 7.6 per cent. and 1.6 per cent. of its total operating revenue for the same periods. For the years ended 31 December 2020, 2021 and 2022, the Group's gross profit (loss) generated from its property development business was RMB(1.6) million, RMB(3.1) million and RMB4.6

million, respectively, representing (0.6) per cent., (1.0) per cent. and 1.2 per cent. of its total operating profit for the same periods. The Group suffered net loss from its property development business for the years ended 31 December 2020 and 2021 primarily because the outbreak of COVID-19 in Jiaozhou and the PRC in general has led to decreases in the sales amount of the Group's property development projects.

Business model

The Group primarily develops residential properties for homebuyers in search of a better quality of life in Jiaozhou. The Group's property development process involves site selection and market positioning, land acquisition, financing of property developments, design, property construction, marketing and promotion, pre-sales, sales, payment and mortgage financing and after-sales services. The Group obtains the land use rights through the public bidding, auction and listing process, and engages contractors for the construction of most of its property developments. As at 31 December 2022, the Group's land bank was concentrated in Jiaozhou. The Group intends to carry out its property development projects in line with the Jiaozhou Municipal Government's development strategies.

To ensure the quality of construction, the Group's construction contracts set out specific quality requirements in which, for example, the Group requires its contractors to provide performance guarantees and a detailed construction plan. After the Group obtains the pre-sale permit for a property, it develops its sales strategies and arranges for the distribution and sale of the properties by itself or through sales agents.

Consistent with industry practice, the Group typically enters into purchase contracts with customers while properties are still under development, after satisfying the conditions for pre-sales. The Group does not recognise any operating revenue from the pre-sales of its property until the development of such property is completed and payment for such property has been made in full by relevant customer. Before the delivery of a pre-sold property upon the completion of development, deposits and purchase price or portions thereof received from the Group's customers are recorded as advances from customers under current liabilities on the Group's balance sheet.

The Group typically funds the development of its property through its working capital, pre-sale proceeds and external funding such as bank loans. When the Group obtains external funding, lenders will generally require the Group to pledge the Group's land use rights as security for the land on which the relevant property will be developed.

Project description

As at 31 December 2022, the Group had completed two property development projects, with a total gross floor area of approximately 116,751 square metres. The following table sets forth the particulars of the completed property development projects as at 31 December 2022.

Project	Location	Site Area	Total GFA	GFA Sold	Total Investment	Total Sales Amount
			(sq.m)		(RMB in millions)	
Guanlan Wenyuan Phase I (觀瀾文苑一期)	Jiaozhou	29,283	51,564	18,212	385	194
Guanlan Wenyuan Phase II (觀瀾文苑二期)	Jiaozhou	23,277	65,187	25,866	206	282

As at 31 December 2022, the Group had no property development project under construction.

Miscellaneous

Overview

The Group's miscellaneous business includes industrial investment and other businesses. For the years ended 31 December 2020, 2021 and 2022, operating revenue generated from the Group's miscellaneous business was RMB106.0 million, RMB248.0 million and RMB172.8 million, respectively, representing 7.0 per cent., 9.9 per cent. and 6.2 per cent. of the Group's operating revenue for the relevant periods.

The following table sets forth a breakdown of the operating revenue from each sub-category of the Group's miscellaneous business for the periods indicated:

	Year ended 31 December					
	2020		2021		2022	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB'000)		(RMB'000)		(RMB'000)	
Industrial investment	283.0	0.3	–	–	–[(1)]	–
Other business						
– Service to government	44,418.1	41.9	9,255.0	3.7	16,077.4	9.3
– Property income	418.4	0.4	2,962.7	1.2	9,082.8	5.3
– Labour outsourcing	34,318.5	32.4	39,471.6	15.9	27,533.9	15.9
– Sales of product	1,403.5	1.3	34,227.3	13.8	–	–
– Interest income	25,169.1	23.7	3,110.6	1.2	25,136.9	14.5
– Transfer of land use right	–	–	118,931.9	48.0	–	–
– Logistic revenue	–	–	–	–	83,234.2	48.2
– Others	–	–	40,058.4	16.2	11,698.0	6.8
Total	**106,010.6**	**100.0**	**248,017.5**	**100.0**	**172,763.2**	**100.0**

Note:

(1) The Group received approximately RMB2 million from its investment in funds for the year ended 31 December 2022, which was recorded under the investment income of the Group in the 2022 Audited Financial Statements.

Industrial investment

The Group commenced its industrial investment business in 2020 in response to the Jiaozhou Municipal Government's plans to attract investments and high-value projects in emerging industries. The Group's industrial investment primarily includes the formation of funds with other companies and equity investments. As at the date of this Offering Circular, the Group has participated in eight funds, in which it acts as a limited partner with an aggregate investment amount of approximately RMB2.3 billion.

Provision of services to government

According to the Jiaozhou ETD Zone Management Committee Government Purchased Services Agreement (膠州經濟技術開發區管委會政府購買服務合同) entered into by the Issuer and the Jiaozhou ETD Zone Management Committee (currently known as the SCO Demonstration Area Management Committee) in March 2018, the Group provides services to the Jiaozhou ETD Zone Management Committee such as property management services, maintenance of office equipment and operation of restaurant for its staff members.

Other businesses

Previously, the Issuer generated operating income from (i) property management services provided by its prior subsidiary, Qingdao Jiaozhou Bay City Property Operation Co., Ltd. (青島膠州灣城市物業經營有限公司) ("**Jiaozhou Property Operation**") to its self-owned commercial properties, (ii) labour outsourcing and consulting services provided by its prior subsidiary, Qingdao Jiaofa Human Resources Services Co., Ltd. (青島膠發人力資源服務有限公司) ("**Jiaofa Human Resources**"), (iii) operation of SCO Shihui Restaurant (上合食匯酒店) by SCO Shihui Restaurant Management Co., Ltd. (上合食匯酒店管理有限公司) ("**SCO Shihui Company**"), and (iv) logistic services provided by its prior subsidiary, Qingdao SCO Modern Logistic Development Co., Ltd. (青島上合現代物流發展有限公司) ("**Qingdao SCO Logistic**"). As Jiaozhou Property Operation has been transferred out of the Group in August 2022, and Jiaofa Human Resources, SCO Shihui Company and Qingdao SCO Logistic have been transferred out of the Group in May 2023, the Group has ceased to conduct the aforementioned miscellaneous businesses.

Occupational Safety

The Group regards occupational health and safety as one of its important corporate and social responsibilities. The Group has implemented guidelines setting out the responsibilities of its safety officers. The Group has established a variety of internal rules and operating procedures for work safety, accident handling and safety training. In particular, the Group has promulgated and enforced the "Safety Measures for Construction Safety", "Safety and Civilised Construction Quality Management System" and other internal laws and regulations. As at the date of this Offering Circular, the Group had not experienced any material safety incidents.

Environment Matters

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

Insurance

The contractors engaged in most of the Group's construction projects are required to obtain contractors all-risk and third-party liability insurance. Such policies generally extend for the entire contract period, including the maintenance period following completion of the project. In addition, the Group purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group currently maintains insurance coverage in amounts that it believes are necessary and are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

Employees

As at 31 December 2022, the Group had 247 employees.

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

Legal Proceedings

The Group may from time to time be involved in disputes and legal proceedings arising in the ordinary course of its business. To the best of the Issuer's knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DIRECTORS, SUPERVISOR AND SENIOR MANAGEMENT

Directors

The board of directors of the Issuer consists of six members, including a chairman and five directors. Each director of the Issuer is appointed for a term of three years, which is renewable upon reappointment or re-election. The board of directors is primarily responsible for determining business plans and investment proposals.

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

Name	Year of Birth	Position
Lu Wei (逯衛)	1977	Chairman of the board of directors
Li Jianfei (李健飛)	1976	Director and General Manager
Liu Zhenqing (劉振清)	1981	Director and Deputy General Manager
Zhu Bingqiang (朱炳強)	1974	Director and Executive Deputy General Manager
Li Quanwen (李全文)	1971	Director and Deputy General Manager
Wang Yanan (王亞男)	1979	Director and Chief Financing Management Officer

Mr. Lu Wei has been the director of the Issuer since January 2019 and has been the Chairman of the board of directors of the Issuer since November 2021. Mr. Lu previously served as the deputy chief and the chief of the finance department, a member of the party committee and the deputy director of Qingdao Jiaozhou Bay Industrial Park Management Committee (青島膠州灣工業園管委會), the deputy director of the management committee and a member of the party committee of Qingdao Jiaozhou Bay Industrial Base (青島膠州灣產業基地), the deputy director of the management committee and a member of the party committee of Qingdao New Industrial Zone (青島市產業新區). He also served as the deputy director of the service centre of Jiaozhou Economic and Technology Development Zone (膠州經濟技術開發區). Mr. Lu obtained his bachelor's degree in economics from Shandong Academy of Governance in July 2005 and his master's degree in business management from Xinjiang University of Finance and Economics in July 2017.

Mr. Li Jianfei has been the director of the Issuer since November 2021 and has been the general manager of the Issuer since May 2021. Mr. Li previously served as a staff member and the section chief of the Finance Bureau of Jiaozhou (膠州市財政局), the director of Jiaozhou Medical Insurance Management Centre (膠州市醫療保險管理中心)and the deputy general manager of the Issuer. Mr. Li obtained his bachelor's degree in taxation from Shandong University of Finance in July 1999.

Mr. Liu Zhenqing has been the director of the Issuer since November 2021 and has been the deputy general manager of the Issuer since December 2020. Mr. Liu previously served as the chief of the operation section and the operation manager of China Petroleum Seventh Construction Co., Ltd. (中國石油天然氣第七建設有限公司). Mr. Liu obtained his bachelor's degree from the business school of Jilin University.

Mr. Zhu Bingqiang has been the director of the Issuer since November 2021 and has been the executive deputy general manager of the Issuer since December 2020. Mr. Zhu previously served as the chief of Jiaozhou Municipal Management Office (膠州市政管理處), the chief of Jiaozhou New City Management Committee (膠州市新城管委會), the deputy general manager of Qingdao Jiaozhou New City Construction Development Co., Ltd. (青島膠州市有限公司) and the deputy director of Jiaozhou Planning Bureau (膠州市規劃局). Mr. Zhu has obtained a college degree.

Mr. Li Quanwen has been the director of the Issuer since November 2021 and has been the deputy general manager of the Issuer since August 2019. Mr. Li previously served as the section chief and the deputy director of the government investment audit centre of Jiaozhou Audit Bureau (膠州市審計局). He

previously obtained the awards of the bidding evaluation expert of construction projects in Shandong province, the procurement evaluation expert of the People's Government of Shandong Province and the bidding evaluation expert of water conservancy projects and transportation projects in Qingdao. He also serves as the adviser of the Working Group of Finance of Jiaozhou (膠州市金融工作領導小組) and the associate professor of Qingdao Institute of Technology (青島工學院). Mr. Li is a senior engineer and holds the qualification of first-grade constructor. Mr. Li obtained his bachelor's degree in engineering from Shandong Institute of Architecture Engineering (currently known as Shandong University of Architecture).

Ms. Wang Yanan has been the director of the Issuer since November 2021 and the chief financing management officer of the Issuer since December 2016. She previously served as director of the Finance Department of Qingdao Huadong Calcium Co., Ltd. (青島華東製鈣有限公司). Ms. Wang obtained her bachelor's degree from Qingdao University (青島大學) in 2004.

Supervisor

The supervisor of the Issuer is responsible for monitoring financial matters and overseeing the actions of the directors and the management of the Issuer.

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

Name	Year of Birth	Position
Lv Bochao (吕伯超)	1981	Supervisor

Mr. Lv Bochao has been the supervisor of the Issuer since May 2021. Mr. Lv previously served as a cashier, an accountant, the chief accountant and the financial officer of the finance department of Shandong Lineng Group Co., Ltd. (山東里能集團有限公司), the director of the financial section of Feicheng Mining Group Liangbaosi Energy Co., Ltd. (肥城礦業集團梁寶寺能源有限責任公司) and the project manager of the financing department, the deputy director and the director of the industrial development department of the Issuer. Mr. Lv obtained his bachelor's degree in accounting from China Central Radio and TV University in 2007.

Senior Management

The general manager of the Issuer is responsible for overseeing the day-to-day management of the Issuer's business and operations.

The following table sets forth information regarding the Issuer's senior management as at the date of this Offering Circular:

Name	Year of Birth	Position
Li Jianfei (李健飛)	1976	Director and General Manager
Zhu Bingqiang (朱炳強)	1974	Director and Executive Deputy General Manager
Li Quanwen (李全文)	1971	Director and Deputy General Manager
Liu Zhenqing (劉振清)	1981	Director and Deputy General Manager
Fan Yuze (樊譽澤)	1989	Chief Financial Officer

Mr. Li Jianfei has been the general manager of the Issuer since May 2021. For Mr. Li's biography, see "– *Directors*" above.

Mr. Zhu Bingqiang has been the deputy general manager of the Issuer since December 2020. For Mr. Zhu's biography, see "– *Directors*" above.

Mr. Li Quanwen has been the deputy general manager of the Issuer since August 2019. For Mr. Li's biography, see "– *Directors*" above.

Mr. Liu Zhenqing has been the deputy general manager of the Issuer since December 2020. For Mr. Liu's biography, see "– *Directors*" above.

Mr. Fan Yuze has been the chief financial officer of the Issuer since December 2016. Mr. Fan previously served as the financial assistant of Qingdao Haida Holdings Co., Ltd. (青島海達控股有限公司) and the financial manager of the Issuer. Mr. Fan obtained his bachelor's degree in accounting from Tianjin University of Commerce in July 2014.

Corporate Governance

The Issuer has established and implemented an effective corporate governance structure. It has adopted a flat organisational structure and set up 11 departments at the Issuer level to be jointly led by the general manager to promote its operational efficiency and to optimise its management structure. These 11 departments include comprehensive management, finance, financing management, engineering management, asset operation, industrial development, planning and design, quotation and contracting, inspection and audit, project management and relations between the party and the general public.

The primary duties of the 11 departments are set forth as follows:

- the comprehensive management department is principally responsible for organising administrative conferences, meetings and major events, managing internal document and company chops, human resources, IT, staff training and legal documentation;

- the finance department is principally responsible for implementing audit policies, plans and strategies, organising periodic financial audits, preparing profit distribution plans, coordinating the budget and governmental funding with the municipal and regional branches of the Ministry of Finance, evaluating the internal control system, assisting the implementation of asset management and reorganisation initiatives;

- the financing management department is principally responsible for formulating plans for equity investment and financing, managing the investment projects, expanding financing channels and maintaining the relationship with domestic and international financial institutions;

- the engineering management department is principally responsible for managing the entire construction project process and evaluating the state of completion of each project;

- the asset operation department is principally responsible for managing the operation and changes in holdings of assets, stocks, properties and its respective certificates, managing the registration of properties, establishing asset management system, formulating and implementing the asset optimisation or liquidation plan;

- the industrial development department is principally responsible for the review of investment institutions, implementation of review guidelines, management of the shareholding and operation of projects, participation in the fund management committee and reporting on the use of funds to the management committee and relevant governmental authorities;

- the planning and design department is principally responsible for the initial planning, design and review of construction projects, the application for construction project permits and licences, supervision and investigation of construction projects, evaluating the state of completion of the construction projects;

- the quotation and contracting department is principally responsible for the cost estimates, tending and bidding for projects, contract drafting, signing and execution, cost control and payment of projects and record- and book-keeping of contracts;

- the inspection and audit department is principally responsible for conducting evaluation and assessment over the Group's responsibility allocation system, performing auditing and supervision and conducting anti-corruption inspections;

- the project management department is principally responsible for leading and coordinating the project construction process, the construction of projects with definitive design plans and monitoring the status of projects under construction; and

- the department responsible for relations between the party and the general public is principally responsible for the daily management of the party committee, building the integrity and incorruptibility of the party and the foundational work of the party organisations.

In addition, the Issuer has put in place a comprehensive internal control system comprising sub-systems covering various operational aspects, including corporate governance, human resources, data information, business control, budget management, accounting management, financing management, external investment, external guarantees, connected transactions, internal supervision and control, emergency management and information disclosure.

PRC REGULATION

This section is a high-level overview of the principal PRC laws and regulations which are relevant to the issue of the Bonds by the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations, nor does it intend to be an exhaustive list of all the principal laws and regulations affecting the Group.

The PRC Legal System

China's legal system covers laws that fall under seven categories and three different levels. The seven categories are the Constitution and Constitution-related, civil and commercial, administrative, economic, social, and criminal laws and the law on lawsuit and non-lawsuit procedures. The three different levels are state laws, administrative regulations and local statutes. In general, court judgments do not constitute binding precedents. However, certain court judgments are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC ("**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 and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders. The People's Congresses or their standing committees of the comparatively larger cities may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation.

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 rules and regulations.

The PRC Judicial System

Under the PRC Constitution and the Law of Organisation of the People's Courts, the PRC Judicial System is made up of the Supreme People's Court, the local courts, military courts and other special court. The local courts are comprised of the basic courts, the intermediate courts and the higher courts.

The basic courts are organised into civil, criminal, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate 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 Supreme People's Court has established circuit courts to accept relevant cases within the regions under their circuit jurisdictions. Circuit courts are hearing organs dispatched by the Supreme People's Court. The judgments, rulings and decisions rendered by circuit courts are judgments, rulings and decisions by the Supreme People's Court.

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 order s given at the next higher level and the first judgments or orders given by the Supreme People's Court are 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, which was adopted on 9 April 1991, 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 is domiciled. 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, the place of the object of the contract or otherwise connected with the contract or its performance.

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. 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 PRC 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 judgment or ruling made by a foreign court may also be recognised and enforced by a PRC court in accordance with the PRC enforcement procedures if 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 PRC court's examination in accordance with the principal of reciprocity. If the PRC 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,

or damage its sovereignty or security, or is not in the interests of the society and public at large, the PRC court will not recognise and enforce the judgment made by a foreign court.

Main Regulatory Authorities and Contents of Supervision

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

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

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

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

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

Regulation on fiscal debts of local governments

In accordance with Guidance on Further Strengthening Adjustment of the Credit Structure to Promote the Fast and Smooth Development of the National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the CBIRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular of the State Council on Relevant Issues Concerning Strengthening the Management of Financing Platform Companies of Local Governments (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") was promulgated by the State Council in June 2010 and Circular of the General Office of the National Development and Reform Commission on Further Standardising the Bond Issuing Behaviour of Local Government Investment and Financing Platform Companies (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**") was promulgated by the NDRC in November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform's issuance of enterprise bonds.

On 21 September 2014, 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) ("**Circular 43**") was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents four channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions or incur new government debts. Public interest projects may be funded by the PRC government through issuing government bonds since the new Budget Law of the PRC, which took effect on 29 December 2018, empowers local governments to issue government bonds and carry out public interest projects with the capital generated, such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the PRC government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments. The Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The release of Circular 43 has changed the Group's financing and business model, especially those relating to its infrastructure development.

On 11 May 2015, Notice on Forwarding the Opinion of the MOF, the PBOC and the CBIRC on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments (國務院辦公廳轉發財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見的通知) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with the relevant regulations by competent investment authorities before the date on which Circular 43 was promulgated.

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

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

- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise the adaptation of such a mode to make up the construction needs. If they are in compliance with the relevant PRC regulations without any other funding

sources for construction, but the PRC government and social capital cooperation mode is not suitable temporarily, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by law and the relevant regulations.

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

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

In April 2017, the MOF, together with NDRC, the PBOC, the CSRC, the CBIRC and the Ministry of Justice, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43.

On 28 March 2018, MOF announced the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018]23號) (the "**MOF Circular**"), pursuant to which the offering circular for any local state-owned enterprise's bond issuance should not include any explicit or implied suggestion of government credit support, such as inclusion of the revenue and expenditure of the local government or its debt levels, and should not make misleading marketing of the bond by reference to the local government's credit, and shall clearly state in the offering circular that the local government only bears limited liability to the extent of its amount of contribution in such a state-owned enterprise, and that the debt should be repaid by the local state-owned enterprise itself. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Joint Circular**") was released which reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to use public interest assets to be included in corporate assets. See "*Risk Factors – Risks relating to the Bonds – The PRC government is not contractually obliged to repay any amount under the Bonds or the Trust Deed if the Issuer fails to meet its obligations under the Bonds*".

On 6 June 2019, the General Office of the NDRC issued the Circular of the General Office of the NDRC on the Relevant Requirements for Filing and Registration of Foreign Debt Issuance by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) ("**Circular 666**"), which aims to strengthen the management of the local governments' debts and prevent the risks of medium and long-term foreign debt and hidden debt of the local governments. Circular 666 expressly limits the use of proceeds of foreign debts issued by local state-owned enterprises which undertake local governments' financing functions to repaying medium and long-term foreign debts due within one year.

Regulation on real estate developers

Establishment of a real estate developer

Under the Law of the PRC on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) ("**Urban Real Estate Law**"), which was promulgated by the Standing Committee of the National People's Congress on 1 January 1995 and was last amended on 26 August 2019 and became effective on 1 January 2020, a "real estate developer" refers to an enterprise which engages in the development and sale of real estate for profit-making purposes. Urban Real Estate Law, together with the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) ("**Development Regulations**"), which was promulgated by the State Council on July 20, 1998 and last amended on 29 November 2020, stipulate that a real estate developer must meet the following requirements: (1) registered capital must be RMB1 million or more; and (2) it must employ four or more full-time real estate or construction professionals and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

Qualifications of a real estate developer

Pursuant to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) ("**Provisions on Administration of Qualifications**"), last amended by MOHURD on 2 March 2022 and became effective on 2 March 2022, a real estate developer shall apply for registration of its qualifications. An enterprise is not permitted to engage in the development and sale of properties without a qualification classification certificate. The construction administration authorities of the State Council are responsible for monitoring the qualifications of all real estate developers nationwide, and local real estate development authorities at or above the county level are responsible for monitoring the qualifications of local real estate developers. The Provisions on Administration of Qualifications divide real estate developers into two classes.

Class 1 qualifications are subject to approval of the construction administration authorities of the State Council, while Class 2 qualification is regulated by the construction administration authorities at the provincial level or the real estate development departments at the municipal level determined by them. A Class 1 real estate developer is not restricted with respect to the scale of its real estate projects and may undertake a real estate development nationwide. A real estate developer with Class 2 qualification may only undertake a project with a gross floor area of less than 250,000 square metres. The business scope of a developer with Class 2 qualification is determined by the construction administration authorities at the provincial level.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers from different aspects including the registered capital and financial condition of developers, lengths of time they have conducted real estate development business, the number of professionals they employ, performance and operating results from past real estate operations and their quality control systems. The qualification examination authority will grant the qualification certificate of the relevant class to the real estate developer that passes the qualification examination. A real estate developer shall only conduct the real estate development pursuant to the approved class of qualification.

Regulations on land and the development of real estate projects

Land grants

In April 1988, the NPC passed an amendment to the Constitution of the PRC. The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC amended the Land Administration Law of the PRC (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) implemented by the State Council on 19 May 1990 and was amended on 29 November 2020, a system of grant and transfer of the right to use state-owned land was adopted. A land user shall pay land premium to the government as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a grant contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the grant contract. The Development Regulations provide that the land use rights for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有土地使用權規定) issued by the MLR on 9 May 2002 and implemented on 1 July 2002 (the "**2002 Regulations**") and revised on 28 September 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有建設用地使用權規定) (the "**2007 Regulations**") effective on 1 November 2007, land for industry (except land for mining), commercial use, tourism, entertainment and commercial residential properties, and land for which there are two or more intended users must be granted by way of the public bidding, auction and listing procedure. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly. For instance, the local land and resources administration authorities must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to the approval of the local government. The grantee shall apply for land registration and obtain the land use rights certificate upon full payment of the land premium for the land according to the land grant contract. In the event that the land premium for the land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of public bidding, auction and listing procedure must be made 20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations stipulate that for listings on a land exchange, the time period for accepting bids must be no less than ten days. Following the 2002 Regulations, the MLR and the Ministry of Supervision (now known as the National Supervisory Commission) issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Public Bidding, Auction and Listing Procedure on a Land Exchange (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知) on 31 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR and the Ministry of Supervision required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with due to reasons stemming from historical legal legacy issues. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知), issued by the General Office of the State Council on 29 April 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a certain period so that the PRC government could rectify irregularities in land development in China. On 13 May 2011, the MLR implemented the Opinions on Upholding and Improving the System for the Transfer of Land by Public Bidding, Auction and Listing Procedure (國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides, among other things (i) how to correctly implement the land grant policy through the public bidding, auction and listing procedure; (ii) an explanation of improvements in the transparency of the public bidding, auction and listing procedure for housing land; (iii) an explanation of adjustments and improvements to the land grant policy through the public bidding, auction and listing procedure; (iv) promotion of online operation of the grant of land use rights; and (v) improvement in contracts for land grants through the public bidding, auction and listing procedure.

On 1 August 2003, the MLR implemented the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定), According to which if there is only one interested entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commercial residential properties etc.) may be granted by way of agreement. If two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of public bidding, auction and listing.

On 18 November 2009, the MOF, the MLR, the PBOC, the National Audit Office and the Ministry of Supervision issued the Notice on Further Strengthening the Land Grant Revenue and Expenditure Management (關於進一步加強土地出讓收支管理的通知) jointly, which stipulates:

- The land and resources administration authorities at municipality and county level must specify the land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land grant contract, lease contract and letter of decision on appropriation. If the land use conditions have been changed upon approval according to law, land and resources administration authorities at municipality and county level must specify the additional price of the land that shall be paid in the land grant and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual fails to pay up the land price as required, the land and resources administration authorities at municipality and county level must neither approve nor issue the state-owned land use rights certificate nor issue any severed certificate according to the proportion of the land price paid.

- In principle, the term for paying the full land grant price by instalments agreed between the land and resources administration authorities at municipality and county level and land transferee pursuant to law shall not exceed one year. The proportion of first payment shall not be less than 50.0 per cent. of the total land grant price.

Planning of construction projects

On 1 January 2008, the Standing Committee of the NPC implemented the PRC City and Countryside Planning Law (中華人民共和國城鄉規劃法) which was amended on 24 April 2015 and 23 April 2019, pursuant to which a construction planning permit must be obtained from the relevant urban and rural planning government authorities at municipality and county level or the township government designated by the government of the province, autonomous region, or centrally-administered municipality for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area. After obtaining the construction works planning permit, a construction project developer shall apply for a construction work permit from the housing and urban-rural development authorities under the government at the county or a higher level where the project is located in accordance with the Measures for the Administration of Construction Permit for Construction Projects (建築工程施工許可管理辦法) implemented by MOHURD on 25 October 2014 and last amended on 30 March 2021, unless the measures provide otherwise. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of investment projects shall fulfil certain conditions, including, among others, compliance with national industrial policies, development construction plans, land supply policy and market access standards, completion of all approval, examination and filing procedures, compliance with zoning plans in terms of siting and layout, completion of proper land use procedures and obtaining proper environmental valuation approvals, completion of energy saving evaluation and examination and completion of construction work commencement permits or construction start-up reports.

In accordance with the Development Regulations and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) ("**Quality Management Regulations**") implemented by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) implemented by MOHURD on 4 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and City Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) implemented by MOHURD on 2 December 2013, after the completion of construction of a project, the construction project must undergo inspection and receive the relevant approvals from local authorities which include approvals from planning bureau, police and fire authorities and environmental protection authorities.

Lease of buildings

The Administration Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法) was issued on 1 December 2010 and came into effect on 1 February 2011. The parties to a real estate lease shall go through the lease registration formalities with the competent construction (real estate) administration authorities of the centrally-administered municipality, city or county where the housing is located, within 30 days after the lease contract is signed. Failure to comply with above provision, there will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

Real estate registration

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例) ("**Interim Regulations**") issued by the State Council on 24 November 2014 and effective on 1 March 2015, and was amended on 24 March 2019, which amendment became effective on the same date, the PRC applies a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the Interim Regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application for registration shall be made jointly by both parties. However, the first registration application for the real estate without registration record could be filed by either party involved. Any interested party could apply to inquire about and obtain the real estate registration materials in accordance with the law. The real estate registration authorities shall provide the information as required. Furthermore, the Interim Regulations confirmed that various types of real estate ownership certificates issued prior to the implementation of the Interim Regulations shall remain valid.

The Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則) (the "**Implementing Rules**") was implemented by MLR on 1 January 2016 and was amended on 24 July 2019. The Implementing Rules stipulate that after first filing the application for real estate registration, the real estate registration authority shall perform a site inspection. The owners and interested parties may inquire about and obtain the relevant real estate registration information. The Implementing Rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, which shall establish a real estate registration information management system and an information safety and confidentiality system. No individual or entity shall disclose such real estate registration information.

Regulation on idle land

The Notice on Promoting the Saving and Intensive Use of Land (國務院關於促進節約集約用地的通知), issued by the State Council on 3 January 2008, aims at optimising the utilisation of land. It provides that if a piece of land has been idle for two years or more, it must be taken back without any compensation

resolutely and rearranged for other uses; if a piece of land has been idle for more than one year but less than two years, the real estate developer shall pay the idle land surcharge at 20 per cent. of the land grant premium.

Bidding and tendering management

Bidding and tendering for various construction projects have been provided for in the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法) promulgated by the Standing Committee of the NPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法實施條例) promulgated by the State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017 and 2 March 2019 and which amendment became effective on the same date, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the PRC, Ministry of Water Resources of the PRC, and Civil Aviation Administration of China promulgated on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and which amendment became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOHURD on 24 January 2017 and became effective on 1 May 2017 and Administrative Measures for the Bidding and Tendering of Housing Construction and City Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date, and was amended on 28 September 2018 and 13 March 2019, which amendment became effective on the same date.

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

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

In accordance with the Measures for the Construction Bidding and Tendering of Construction Projects, if any project that should undergo bidding as required by law fails to go through the bidding process or the bidding process is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1.0 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court of the PRC on 29 December 2020 and which became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall be deemed void.

Quality management

Laws and regulations on project quality mainly include Construction Law of the PRC (建築法) which became effective on 1 March 1998 and amended on 22 April 2011 which amendment became effective on 1 July 2011 and was amended on 23 April 2019, which amendment became effective on the same date, Quality Management Regulations (建設工程質量管理條例) which became effective on 30 January 2000 and amended on 23 April 2019, which amendment became effective on the same date, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 1 April 2021 and became effective on the same date, Administrative Measures for Completion Acceptance Record of Building Construction and City Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, Regulations on the Construction of Port Projects (港口工程建設管理規定) promulgated by MOT on 15 January 2018 which became effective on 1 March 2018 and was amended on 28 November 2019, which amendment became effective on the same date, Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 15 March 2004 and its implementation rules (公路工程竣(交)工驗收辦法實施細則) which was promulgated on 27 January 2010 and Measures for the Management of Construction Project Quality Deposits (建設工程質量保證金管理辦法) issued by the MOHURD and the MOF on 20 June 2017 and became effective on 1 July 2017.

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

Environmental protection management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the PRC (中華人民共和國環境保護法) amended by the Standing Committee of the NPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法) promulgated by the Standing Committee of the NPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by the State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017. The Ministry of Ecology and Environment of the PRC (the "**MEE**") supervises environmental protection work in the PRC and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

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

Air pollution

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 29 April 2000 by the Standing Committee of the NPC, which became effective on 1 September 2000 and was amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention

in the PRC. The MEE formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating specific local standards and may impose penalties for violation.

Water pollution

The Water Pollution Prevention Law (中華人民共和國水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the NPC, which became effective on 1 November 1984, and last amended on 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The MEE formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise pollution

The Prevention and Control of Noise Pollution Law of the PRC (中華人民共和國噪聲污染防治法)) (the "**Noise Pollution Prevention Law**"), promulgated by the SCPNC on 24 December 2021 and came into effect on 6 June 2022, which replaced the 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), establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall be subject to environmental impact assessment in accordance with applicable laws. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction projects

The Environmental Impact Appraisal Law of the PRC (中華人民共和國環境影響評價法), promulgated by the Standing Committee of the NPC on 28 October 2002, which became effective on 1 September 2003, and was amended on 29 December 2018, which amendment became effective on the same date, and the Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998 and was amended on 16 July 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment contracts

The Labour Contract Law of the PRC (中華人民共和國勞動合同法), promulgated by the Standing Committee of the NPC on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The Labour Contract Law of the PRC stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law of the PRC, employment contracts lawfully concluded prior to the implementation

of the Labour Contract Law of the PRC and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law of the PRC but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the NPC on 28 October 2010, which became effective on 1 July 2011, and was amended on 29 December 2018, which amendment became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and was amended 24 March 2019, which amendment became effective on the same date, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and last amended on 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Regulations on work safety

According to the Work Safety Law of the PRC (中華人民共和國安全生產法) effective from 1 November 2002 and last amended on 10 June 2021 and became effective on 1 September 2021, if anything relating to work safety shall be subject to examination and approval according to the provisions of the relevant laws and regulations (including approval, verification, permission, registration, certification, granting licences, and etc.), the departments responsible for work safety supervision and administration must carry out the examination and approval by strictly following the relevant laws and regulations as well as the conditions and procedures for safe production as required by national or industrial standards. In the event that the administrative department in charge of examination and approval discovers or receives reports that any entity has unlawfully engaged in relevant activities without obtaining approval or without passing the examinations for acceptance, it shall revoke the unlawful act without delay and handle the case according to the law.

Regulation on the issuance of foreign bonds

According to the NDRC Measures, domestic enterprises and their overseas controlled entities prior to issuing any foreign debts with a tenor of not less than one year shall obtain from the NDRC either a pre-issuance registration certificate pursuant to the NDRC Circular or, applicable to issuance applications after 10 February 2023, a certificate of review and registration of enterprise borrowing of foreign debts and shall notify the NDRC of the particulars of such approved issuances of foreign debts within ten PRC business days after the relevant issue date. Therefore, the Issuer should, in accordance with the NDRC Measures, among other things, (i) within ten PRC business days after the Issue Date, report certain information about the Bonds to the NRDC through the NDRC Online Reporting System including, among others, the key operating indicators of the Issuer and information about the Bonds; (ii) within ten PRC business days after the expiration of the validity of the NDRC Certificate report through the NDRC Online Reporting System the foreign debts borrowing information of the Bonds; (iii) within five PRC business days before the end of January and the end of July during each year that the Bonds are outstanding, report through the NDRC Online Reporting System the information on the use of proceeds raised from the offering of the Bonds, the repayment of principal and interest on the Bonds and the related plans and key operating indicators of the Issuer, among other matters; and (iv) promptly report information of any event which could affect the performance of obligations under the Bonds to the NDRC after such event occurs.

Regulation on the foreign exchange administration

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as at 13 May 2013 and amended on 4 May 2015, issuers of foreign debt are required to register with the SAFE. Issuers other than banks and financial departments of the PRC government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through the relevant record-filing procedures with the local branch of the SAFE.

PRC CURRENCY CONTROL

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, July 2011 and February 2012, respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (關於擴大跨境貿易人民幣結算試點有關問題的通知), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (關於擴大跨境貿易人民幣結算地區的通知) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (關於出口貨物貿易人民幣結算企業管理有關問題的通知) (together, the "**Circulars**") with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities a list of key enterprises subject to supervision and the aforementioned PRC governmental authorities have verified and signed off such list (the "**Supervision List**").

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**"), which, in particular, simplifies the procedures for cross-border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross-border remittance).

The Circulars and the 2013 PBOC Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of and/or registration or filing with the relevant PRC authorities.

Until recently, settlement for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties were also generally required to make capital account payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

On 10 May 2013, SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013 and was amended on 10 October 2018 and 30 December 2019, respectively. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOFCOM and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 3 December 2013, MOFCOM promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Announcement**"), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Announcement, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each foreign direct investment and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. The MOFCOM Announcement also removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Announcement specifically prohibits the use of funds used for foreign direct investment for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

Under current rules promulgated by SAFE, foreign debts borrowed and the foreign security provided by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign security regime.

The SAFE Provisions, the MOFCOM Circular and the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC FDI Measures**"), which are new regulations and was revised on 5 June 2015, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations 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.

TAXATION

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

Hong Kong

Withholding Tax

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

Profits Tax

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

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

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

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

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

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

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

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

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the "**Amendment Ordinance**") came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

Stamp Duty

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

PRC

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

EIT and IIT

EIT

Pursuant to the EIT Law and its implementation regulations (together, "**EIT Laws**"), resident enterprises and certain non-resident enterprises shall pay taxable income. Under the EIT Laws, enterprises that are established under PRC laws, or enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose "de facto management body" are within the territory of PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law. Resident enterprises shall pay PRC enterprise income tax in respect of their taxable income, and the tax rate is generally 25 per cent.

Under the EIT Laws, enterprises established under laws of foreign countries and regions and whose "de facto management body" are not within the territory of PRC, which have establishments or places of business in the PRC, or which do not have establishments or places of business in the PRC but have income sourced from the PRC are PRC tax non-resident enterprises. Pursuant to the EIT Laws, any nonresident enterprise who has an establishment or place of business in the PRC shall pay income tax at a rate of 25 per cent. in general on (i) PRC-sourced income in connected with its establishment or place of business in the PRC and (ii) income accruing outside the PRC but such income is connected with the establishment or place of business in the PRC.

Further, under the EIT Laws, any non-resident enterprise who (i) does not have an establishment or place of business in the PRC or (ii) has an establishment or place of business in the PRC but its PRC-sourced

income is not connected with such establishment or place of business in the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax shall be withheld at source by the PRC payer at a rate of 10 per cent. in general, subject to the provisions of an applicable tax treaty. Accordingly, under this circumstance,

1. an income tax may be imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer to non-resident Bondholders at a rate of 10 per cent. in general, subject to the provisions of an applicable tax treaty, if such interests are regarded as income derived from sources within the PRC under the EIT Laws.

2. any gains realised on the transfer of the Bonds by non-resident enterprise Bondholders under the EIT Laws may also be subject to enterprise income tax if such gains are regarded as PRC-sourced income.

IIT

Pursuant to the IIT Law and its implementation regulations, resident individuals and certain non-resident individuals shall pay taxable income. Under the IIT Law and its implementation regulations, individuals who have a domicile in the PRC, or who do not have a domicile in the PRC but have resided in the PRC for 183 days or more cumulatively within a tax year, shall be deemed as resident individuals, and income derived from both within and outside the PRC shall be subject to individual income tax. Further, individuals who do not have a domicile in the PRC and have not resided in the PRC, or individuals who do not have a domicile in the PRC but have resided in the PRC for less than 183 days cumulatively within a tax year, shall be deemed as non-resident individuals, and income derived from the PRC shall be subject to individual income tax.

Accordingly, resident individual Bondholders will be imposed an individual income tax with regards to interests paid by the Issuer and gains realised on the transfer of the Bonds at a rate of 20 per cent. in general. Further, if interests paid by the Issuer to non-resident individual Bondholders and gains realised on the transfer of the Bonds by non-resident individual Bondholders are treated as incomes sourced within the PRC, individual income tax may also be imposed on the non-resident individual Bondholders at a rate of 20 per cent., subject to applicable tax treaty.

VAT

Under Circular 36 which introduced a new VAT from 1 May 2016 to replace business tax, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within the PRC. In the event that non- PRC entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is six per cent. Accordingly, the interest and other interest like earnings received by Bondholder from the Issuer is likely to be subject to PRC VAT at the rate of six per cent., and consequently, the Issuer will be obligated to withhold VAT of six per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to non-PRC Bondholders that do not have business establishments in the PRC. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and

regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. However, despite the withholding of the PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions of the Bonds*".

Stamp Duty

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

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 ("**foreign passthru payments**") 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 passthru payments are published in the U.S. Federal Register, and Notes 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 19 September 2023 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table.

		Principal amount of the Bonds to be subscribed
		CNY
1.	China Galaxy International Securities (Hong Kong) Co., Limited	300,000,000
2.	CMB International Capital Limited	150,000,000
3.	Guotai Junan Securities (Hong Kong) Limited	150,000,000
4.	China International Capital Corporation Hong Kong Securities Limited	150,000,000
5.	China Zheshang Bank Co., Ltd. (Hong Kong Branch)	10,000,000
6.	JA Securities Limited	10,000,000
7.	SunRiver International Securities Group Limited	10,000,000
8.	SPDB International Capital Limited	10,000,000
9.	Zheshang International Financial Holdings Co., Limited	10,000,000
Total		**800,000,000**

The Subscription Agreement provides that the Joint Lead Managers and their respective affiliates, and their respective directors, officers and employees will be indemnified against certain liabilities in connection with the offer and sale of the 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 respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being "offered" should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the 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 would 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, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of

trading in the Bonds may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed and acting in its capacity as a Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising 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 Bonds is made and, if begun, may be ended at any time, but must end after a limited period. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilising Manager.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: DCM@chinastock.com.hk; dcm_hk@czbank.com; dcm.executionBJ@gtjas.com.hk; dcm@jasecurities.hk.cn; dcm3@sris.com.hk.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

General

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

No action has been or will be taken in any jurisdiction by the Issuer or the 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 resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The 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.

Each Joint Lead Manager has agreed that it will not offer, sell or deliver any Bonds within the United States.

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

United Kingdom

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

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

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

Hong Kong

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

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

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the 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.

PRC

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

Singapore

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

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

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

(b) a trust (where 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) (c) (ii) 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.

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

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the 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 Guidelines no. 009/B/2019-DSB/AMCM 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 and Guidelines no. 009/B/2019-DSB/AMCM, 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 and the MOX, in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Issuer included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications. between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Issuer. The Issuer is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Issuer, other potentially significant accounting and disclosure differences may have required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, each investor must rely upon its own examination of the Issuer, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding 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.

Accounting Year

Under the PRC GAAP, the accounting year shall run from 1 January to 31 December.

IFRS requires financial statements to be presented at least annually. However, it does not specify the start or end of the financial reporting period and permits an entity to change its reporting date.

Reversal of an Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, etc.) it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Classification of Expenses in the Income Statement/Statement of Comprehensive Income

Under the PRC GAAP, expenses must be classified based on their function in the income statement.

Under IFRS, enterprises may classify expenses either based on the nature of the expenses or their function in the statement of comprehensive income, depending on which format is considered reliable and more relevant.

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 System:** The Bonds have been accepted for clearance through CMU under the CMU Instrument Number CILHFN23086, an ISIN HK0000954393 and a Common Code 269096659.

2. **LEI:** The Issuer's Legal Entity Identifier is 5493008XGDB5UPDJ4K56.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Bonds and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the Issuer's sole shareholder dated 25 April 2023 together with a supplemental resolution of the Issuer's sole shareholder dated 24 July 2023, and a board resolution of the Issuer dated 25 April 2023 together with a supplemental board resolution of the Issuer dated 24 July 2023.

4. **No Material and Adverse Change:** Save as otherwise disclosed in this Offering Circular, there has been no material adverse change in the condition (financial or other), prospects, results of operations, business, properties or general affairs of the Issuer or the Group since 31 December 2022.

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

6. **Available Documents:** Copies of the Issuer's audited consolidated financial statements as at and for the years ended 31 December 2021 and 2022, the Trust Deed and the Agency Agreement relating to the Bonds will be available for inspection from the Issue Date at the Issuer's registered office at No.1 of Changjiang Road, Jiaozhou Economic and Technology Development Zone, Jiaozhou, Shandong, PRC. The Trust Deed and the Agency Agreement will also be available for inspection by the Bondholders following prior written request and proof of holding and identity to the satisfaction of the Trustee at the principal place of business of the Trustee at all reasonable times during normal business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time)), so long as any Bond is outstanding.

7. **Financial Statements:** The Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by CAAP, as stated in its reports appearing herein.

8. **Listing of Bonds:** Applications will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in the Bonds by way of debt issue to Professional Investors only and such permission is expected to become effective on or about 27 September 2023.

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Note: Page F-107 attached hereto is in Chinese and is generated by the website of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) (http://www.bicpa.org.cn/). Such page sets out the relevant filing information (including the filing number, the name of audit firm, the type of opinion and the responsible accountants) of the relevant financial statements under the Business Report Unified Coding Filing System (業務報告統一編碼報備系統) with the Beijing Institute of Certified Public Accountants. Pages F-101 and F-241 attached hereto are in Chinese and are the registration details of CAAP on the website of the CSRC. Pages F-102 and F-242 attached hereto are in Chinese and are copies of the business licence of the Issuer. Pages F-103 to F-105 and F-243 to F-245 attached hereto are in Chinese and are copies of the licences of CAAP and the relevant responsible accountants.

China Audit Asia Pacific Certified Pnblic Acconntants (Special General Partnership)

AUDIT REPORT

QINGDAO JIAOZHOU BAY DEVELOPMENT GROUP CO. ,LTD.
FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR 2022

BEIJING CHINA

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Audit Report

China Audit Asia Pacific Shen Zi (2023) No. 005814

Qingdao Jiaozhou Bay Development Group Co., Ltd.

I. Auditor's Opinion

We have audited the financial statements of Qingdao Jiaozhou Bay Development Group Co., Ltd. (hereinafter referred to as "Jiaozhou Bay Development Company"), which comprise the consolidated and company balance sheets as at 31 December 2022, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of chauges in owners' equity for the ycar 2022, and the relatcd notes to the financial statements. the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jiaozhou Bay Development Company as at 31 December 2022 and the results of operations and cash flows of the Consolidated and Company for the ycar 2022, prepared in accordance with the provisions of the Accounting Standards for Business Enterprises.

II. Basis for opinions

We conducted the audit in accordance with the Chinese Auditing Standards for Certified Public Accountants.Our responsibilities under those standards are further described in the responsibilities of certified public accountants for the audit of the financial statements section of the auditors' report. We are independent of Jiaozhou Bay Development Company in accordance with the ethical codes of Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities.We believe that the audit evidence we have ohtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of tbe management and governing bodies for the finaneial statements

The management of Jiaozhou Bay Development Company ("Management") is responsible for the preparation of financial statements that give a fair view in accordance with accounting standards for business and for designing, implementing and maintaining such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for the going concern of

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Jiaozhou Bay Development Company, for disclosing matters related to going concern and for applying the going concern assumption unless management plaus to liquidate Jiaozhou Bay Development Company, to discontinue operations or has no other realistic alternative.

Governance is responsible for overseeing the financial reporting process of Jiaozhou Bay Development Company.

IV. Responsibilitles of certified public accountants for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the fiuancial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opiniou. Reasonable assurance is a high level of assurance, but is not a guarautee that an audit conducted iu accordance with the auditing standards will always detect a material misstatement when it exists. Misstatemeuts may be caused by fraud or error, and are generally considered to be material if reasonably expected individually or aggregated may influence the economic decisions of users taken on the basis of these financial statements.

As we conduct the auditing process in accordance with the auditing standards, we exercise professional judgment and maintain professional criticism. In the meantime, we also perform the follow work.

A. Identify and assess the risks of material misstatement of financial statements caused by f raud or error, design and implement audit procedures to deal with these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for issuing audit opinions. The risk of not detecting a material misstatement resultiug from fraud is higher than for one resulting from error, as fraud may iuvolve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Understand the internal control related to audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

C. Evaluate the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.

D. Conclude on the appropriateness of the management' s use of the going eoncern basis of aceounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Jiaozhou Bay Development

Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statemeuts. if disclosures are inadequate, we should express an unqualified opinion.Our conclusions are based on the information available as of the audit report date. However, future matters or circumstances may lead to Jiaozhou Bay Development Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content (including disclosure) of the fina ncial statements, and evaluate whether the financial statements fairly reflect relevant transactions a nd events.

F. Obtain sufficient appropriate audit evidence regarding the fiuancial information of the entities or business activities within Jiaozhou Bay Development Company to express an opinion on the consolidated finaucial statements.We are responsible for guiding, supervising aud executing the group audit and assume full responsibility for the audit opiniou.

We commuuicate with governance ou the scope, timing, and significant audit findings of the planned audit, including internal control deficiencies of concern identified during the audit.

China Audit Asia Pacific
Certified Public Accountants
(Special General Partnership)

PRC Certified Public Accountant:
(Signature and seal)

PRC Certified Public Accountant:
(Signature and seal)

Beijlng, China **April 27,2023**

Consolidated balance sheet

December 31,2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd. Currency: Rmb

Project	Notes	Closing balance	opening balance
Cnrrent assets:			
Monetary fund	8.1	2,059,240,470.07	4,089,811,322.35
Trading financical assets			
Derivative financial asset			
Notes recievable	8.2	53,733,083.91	36,257,899.99
Accounts recievable	8.3	983,445,275.41	838,563,642.25
Recievables financing			
Prepayments	8.4	616,032,521.72	105,794,901.01
Other accounts reeievable	8.5	11,229,987,692.72	7,439,732,800.46
Of which: interest reccivable		516,666.67	102,254.78
Dividend receivable			
Inventory	8.6	22,282,921,099.25	14,554,456,236.37
Contract assets	8.7	8,940,123,977.87	10,571,936,202.02
Holding assets for sale			
Non-current assets that mature within one year	8.8	47,267,196.28	
Other current assets	8.9	227,573,416.53	115,548,007.44
Totat current assets		**46,440,324,733.76**	**37,752,101,011.89**
Non-current assets:			
Creditor's rights investments			
Other debt investments			
Long-term recievables	8.10	403,914,794.03	43,900,000.00
Long-term equity instrument investments	8.11	15,528,610,473.02	654,882,563.77
Other equity instrument investments	8.12	1,831,416,100.50	1,552,962,376.00
Other non-current financial invesrments	8.13	60,000,000.00	
Investment real estate	8.14	2,965,029,100.00	2,725,369,000.00
Fixed assets	8.15	336,958,524.25	292,139,827.62
Projiects under construction	8.16	5,465,550,034.46	2,507,866,556.63
Productive biological assets			
Oil and gas assets			
Right assets	8.17	10,188,510.32	
Intangible assets	8.18	10,943,734,426.80	4,013,564,121.66
The development of spending			
Goodwill			
Long-term poetry share expenses	8.19	433,694.26	
Deferred income tax assets	8.20	1,393,056.14	1,188,383.83
Other non-current assets	8.21	31,435,398.54	33,988,264.82
Total non-cnrrent Assets		**37,578,664,112.32**	**11,825,861,094.33**
Total assets		**84,018,988,846.08**	**49,577,962,106.22**

Legal representative: Responsible person in charge of accounting: Head of accounting insititution:

Consolidated Baiance Sheet

December 31,2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd. Currency: Rmb

Project	Notes	Closing balance	opening balance
Current liabilities:			
Short-term borrowing	8.22	2,480,986,711.15	2,253,944,106.33
Transactional finaneical liabilities			
Derivative financial liability			
Notes payable	8.23	363,286,399.46	33,270,000.00
Accounts payable	8.24	953,161,100.74	330,008,334.21
Advance payment	8.25	1,227,541.39	2,489,317.09
Contract liability	8.26	418,280,035.17	166,029,558.89
Employee compensation payable	8.27	1,426,141.53	
Payable taxes	8.28	668,610,112.77	604,756,138.55
Other payables	8.29	28,495,724.37	221,566,695.28
Of which: interest receivable		6,384,803.39	
Dividend receivable			
Holding poetry sale liabilities			
Non-current liabilities that mature within one year	8.30	8,002,954,447.66	6,229,711,258.60
Other current liabilities	8.31	2,341,340,164.61	1,065,186,417.24
Total current liabitities		**15,259,768,378.85**	**10,906,961,826.19**
Non-current tiabitities			
Long-term borrowing	8.32	9,451,732,377.92	6,562,299,439.76
Bonds payable	8.33	15,630,061,015.79	12,353,261,049.90
Among them:preferred stock			
Sustainable debt			
Lease liablity	8.34	386,085,666.61	
Long-term payables	8.35	2,123,765,321.31	1,323,406,155.07
Long-term employee compensation payable			
Estimated debts			
Deferred revenue	8.36	16,357,000.00	128,725,000.01
Deferred income tax liabilities	8.20	291,128,304.63	247,434,528.70
Other non-current liabilities			
Total non-current liabilities		**27,899,129,686.26**	**20,615,126,173.44**
Total liabitilies		**43,158,898,065.11**	**31,522,087,999.63**
Owuer's equity(or shareholders' equity)			
Paid-in capital(or equity)	8.37	1,650,000,000.00	1,200,000,000.00
Other equity instruments			
Among them:preferred stock			
Sustainable debt			
Capital reserves	8.38	36,043,168,148.97	13,786,608,889.43
Less:Inventory stocks			
Other comprehensive income			
The special reserve			
Surplus reserve	8.39	210,516,358.61	201,902,340.44
Undistributed profits	8.40	2,872,747,911.92	2,852,426,107.38
Total owner's equity(or shareholders' equity)attributable to the parent company		**40,776,432,419.50**	**18,040,937,337.25**
Minority equity		83,658,361.47	14,936,769.34
Total owner's equtty(or shareholders' equity)		**40,860,090,780.97**	**18,055,874,106.59**
Total liabilities and owuer's equity(or shareholaders' equity)		**84,018,988,846.08**	**49,577,962,106.22**

Legal representative: **Responsihle person io charge of accounting:** **Head of accounting institution:**

Consolidated profit statement

The year in 2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd.

Currency: Rmb

Project	Notes	Current Occurrence Amount	Previous period amount
I.Total operating revenue	8.41	**2,792,740,297.80**	**2,515,865,607.84**
Including:operating income	8.41	2,792,740,297.80	2,515,865,607.84
II.total operating cost		**2,997,052,226.29**	**2,361,584,532.90**
Including:operating costs	8.41	2,406,732,079.06	2,219,975,645.60
Taxes and surcharges	8.42	43,111,265.82	59,124,568.37
Cost of sales	8.43	7,879,900.64	3,992,582.27
Management fees	8.44	148,898,866.01	81,963,153.00
Research and development costs	8.45	47,650.00	-
Finance charges	8.46	390,382,464.76	-4,471,416.34
Including:interst expense		28,651,055.25	25,539,933.87
Interest income		13,879,733.80	8,902,555.92
Add:Other income	8.47	447,440,950.33	207,411,886.91
Investment income(loss marked with"-")	8.48	122,077,435.14	17,641,239.05
Among them:income from investment in joint ventures and joint ventures		119,888,339.52	17,641,239.05
Financial assets measured at amortized cost cease to recongnize earnings(loss marked with"-")			
Net exposure hedging gain(loss marked with"-")			
Gain from change in fair value(loss marked with"-")	8.49	174,741,606.44	524,573,357.09
Credict impairment loss(loss marked with"-")	8.50	-785,192.01	-4,752,807.30
Assets impairment loss(loss marked with"-")			
Income from asset disposal(loss marked with"-")	8.51	45,198.35	451,228.76
III.Operating profit(loss marked with"-")		**539,208,069.76**	**900,605,979.45**
Add:non-operating income	8.52	201,384.17	382,901.61
Less:non-operating expenses	8.53	856,952.26	1,768,937.16
IV.Total profit(total loss is marked with "-")		**538,552,501.67**	**899,219,943.90**
Less:income tax expense	8.54	100,126,500.26	201,049,766.75
V.Net profit(net loss marked with"-")		**438,426,001.41**	**698,170,177.15**
1.By business continuity			
Net profit from counting operations(net loss marked with"-")		438,426,001.41	698,170,177.15
Net profit from discountinued operations(net loss marked with"-")			
2.Classified by ownership			
Net profit attributable to shareholders of parent company(net loss marked with"-")		437,294,474.53	697,664,186.43
Profit and loss of minority shareholders(net loss marked with"-")		1,131,526.88	505,990.72
VI.Other comprehensive income net after tax			
1.After-tax net other comprehensive income attributable to the owner's equity of the parent company			
1.1Other comprehensive income that cannot be reclassified into profit and loss			
(1)Recalculate the amount of change in the set benefit plan			
(2)Other comprehensive income that cannot be canverted to profit or loss under the equity method			
(3)Changes in the fair of value other equity instrument			
(4)Changes in fair value of credict risk of enterprise			
(5)Other			
1.2Other comprehensive income reclassified into profit and loss		-	-
(1)Other comprehensive income that can be converted to profit and loss under the equity method			
(2)Changes in fair value of other credietor's rights investment			
(3)Changes in fair value of financial assets avalible for sale			
(4)Amount of financial assets reclassified into other comprehensive income			
(5)Cash flow hedging reserve(effective portion of cash flow hedging gains and losses)			
(6)Foreign currency financial statements translation difference			
(7)Other			
2.After-tax net of other comprehensive income attrihutable to minority shareholders			
VII.Total comprehensive income		**438,426,001.41**	**698,170,177.15**
1.Total comprehensive income attributable to shareholders of the parent company		437,294,474.53	697,664,186.42
2.Total comprehensive income attributable to minority shareholders		1,131,526.88	505,990.73
VIII.Earnings per share			
1.Basical earnings per share(YUAN/share)			
2.Diluted earnings per share(YUAN/share)			

1.egal representative:

Responsible person in charge of accounting:

Head of accounting insitution:

Consolidated statement of cash flows

The year in 2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd. **Currency: Rmb**

Project	Notes	Current Occurrence Amount	Previous period amount
I.Cash flow generated by operating activities			
Cash recieved from sales of goods and services		3,210,772,527.89	2,704,892,896.71
Tax refunds recieved		18,826,283.22	
Receipt of other cash related to business activities		6,551,619,618.03	8,527,491,261.69
Suhtotal cash inflow from operating activities		**9,781,218,429.14**	**11,232,384,158.40**
Cash used to pay for goods or services		8,119,831,845.69	3,700,002,139.50
Cash payments to and for employees		54,883,992.98	23,551,197.48
All taxes paid		82,474,161.51	161,366,977.17
Payment of other cash related to business activities		8,342,619,922.94	9,049,293,832.59
Operating activities cash outflow suhtotal		**16,599,809,923.12**	**12,934,214,146.74**
Net cash flows from operating activities	8.55	**-6,818,591,493.98**	**-1,701,829,988.34**
II.Cash flow generated by investment activities:			
Cash recieved to recover investments			
Cash recieved from investment income		9,569,665.07	9,361,623.05
Net cash recovered from the disposal of fixed assets,intangible assets and other long-term assets		16,915.00	600,767.88
Net cash recieved from disposal of subsidiaries and other business units			
Receipt of other cash related to investment activities		58,900,000.00	99,200,000.00
Investment activities cashi inflow subtotal		**68,486,580.07**	**109,162,390.93**
Cash paid for the purchase and construction of fixed assets,intangible assets and other long-term assets		2,436,078,304.53	904,786,595.01
Investment payments in cash		406,153,724.50	625,622,016.00
Net cash paid by subsidiaries and other business units			
Payment of other cash related to investment activities		30,000,000.00	1,642,873,347.00
Investment activities cash outflow subtotal		**2,872,232,029.03**	**3,173,281,958.01**
Net cash flows from investing activities		**-2,803,745,448.96**	**-3,064,119,567.08**
III.Cash flow generated by fundraising activities:			
Absord cash recieved from investments		450,000,000.00	3,500,000.00
Among them:the subsidiary absorbs the cash recieved by minority shareholders			
Obtain the cash recieved on the loan		9,372,490,000.00	3,236,413,258.17
Cash received from bond issues		8,557,975,428.25	8,542,000,000.00
Reciept of other cash related to fund-raising activities		1,433,240,000.00	1,225,000,000.00
Such as capital activities cash inflow subtotal		**19,813,705,428.25**	**13,006,913,258.17**
Cash to pay off debts		10,230,400,000.00	5,998,290,479.00
Cash paid to distribute dividends profits,or interest payments		1,366,534,229.88	34,144,346.77
Among them:dividends and profits paid by subsidiars to minority shareholders			
Paymen of other cash related to equal-capital acitivities		1,465,203,474.47	569,716,930.13
Such as capital activities cash outflow subtotal		**13,062,137,704.35**	**6,602,151,755.90**
Net cash flow from such capital activities		**6,751,567,723.90**	**6,404,761,502.27**
IV.Impaet of exchange rate fluctuations on cash and cash equivalents		40,872,619.36	-86,940.87
V.Net increase in cash and cash equivalents		**-2,829,896,599.68**	**1,638,725,005.98**
Add:statring balance of cash and cash equivalents		3,967,101,613.38	1,881,369,386.24
VI.Ending cash and cash equivalents balance		**1,137,205,013.70**	**3,520,094,392.22**

Legal representative: **Responsible person in charge of accounting:** **Head of accounting insititution:**

Consolidated statement of changes in oweners' equity
The year in 2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd. Currency: Rmb

Project	The year the amount													
	Owner's equity attributable to the parent company												Minority equity	Total owner's equity
	Paid-in capital(or equity)	Other equity instrument: Other stocks	Other equity instrument: Sustainable debt	Other equity instrument: Other	Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	Undistributed profit	Other	Subtotal		
I.Outstanding balance of last year	1,200,000,000.00				13,786,608,889.43				201,902,340.44	2,852,426,107.38		18,040,937,337.25	14,936,769.34	18,055,874,106.59
Add:Accounting policy changes														
Pre-error correction														
Merger of enterprise under the some control														
Other														
II.Balance at the beginning of the current year	1,200,000,000.00				13,786,608,889.43				201,902,340.44	2,852,426,107.38		18,040,937,337.25	14,936,769.34	18,055,874,106.59
III.Increase or decrease of current year(decrease marked within"-")	450,000,000.00				22,256,559,259.54				8,614,018.17	20,321,804.54		22,735,495,082.25	68,721,592.13	22,804,216,674.38
1.Total comprehensive income										437,294,474.53		437,294,474.53	1,131,526.88	438,426,001.41
2.Owners put in and reduce capital	450,000,000.00				22,256,559,259.54							22,706,559,259.54		22,706,559,259.54
2.1 Common stock invested by the owner	450,000,000.00											450,000,000.00		450,000,000.00
2.2.Other equity instrument holders invest capital														
2.3The amount of share payment credicted to owner's equity														
2.4Other					22,256,559,259.54							22,256,559,259.54		22,256,559,259.54
3.Profit distribution									8,614,018.17	-8,614,018.17				
3.1 Withdrawal of surplus reserves									8,614,018.17	-8,614,018.17				
3.2 Distribution to owners(or shareholders)														
3.3 Other														
4.Internal carry-over of owner's equity														
4.1Capital reserves to increase capital(or equity)														
4.2Surplus reserves to increase capital(or equity)														
4.3Surplus reserves to cover losses														
4.4Carry forward changes														
4.5Other comprehensive income carried forward to retained earnings														
4.6.Other														
5.Special reserves														
5.1Current period extraction														
5.2Use in this issue														
6.Other										-408,358,651.82		-408,358,651.82	67,590,065.25	-340,768,586.57
IV.Banlance at year-end of current year	**1,650,000,000.00**				**36,043,168,148.97**				**210,516,358.61**	**2,872,747,911.92**		**40,776,432,419.50**	**83,658,361.47**	**40,860,090,780.97**

Legal representative: **Responsible person in charge of accounting:** **Head of accounting insititution:**

Consolidated statement of changes in oweners' equity(continue)

The year in 2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd. **Currency: Rmb**

Project	The year the amount													
	Owner's equity attributable to the parent company													
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	Undistributed profit	Other	Subtotal	Minority equity	Total owner's equity
		Other stocks	Sustainable debt	Other										
I.Outstanding balance of last year	1,200,000,000.00				13,090,873,371.40				180,085,872.03	2,176,578,389.36		16,647,537,632.79	10,930,778.62	16,658,468,411.41
Add:Accounting policy changes														
Pre-error correction														
Merger of enterprise under the some control														
Other														
II.Balance at the beginning of the current	1,200,000,000.00				13,090,873,371.40				180,085,872.03	2,176,578,389.36		16,647,537,632.79	10,930,778.62	16,658,468,411.41
III.Increase or decrease of current year(decrease marked within"-")					695,735,518.03				21,816,468.41	675,847,718.02		1,393,399,704.46	4,005,990.72	1,397,405,695.18
1.Total comprehensive income										697,664,186.43		697,664,186.43	4,005,990.72	701,670,177.15
2.Owners put in and reduce capital					695,735,518.03							695,735,518.03		695,735,518.03
2.1 Common stock invested by the owner														
2.2.Other equity instrument holders invest capital														
2.3The amount of share payment credicted to owner's equity														
2.4Other					695,735,518.03							695,735,518.03		695,735,518.03
3.Profit distribution					-				21,816,468.41	-21,816,468.41				
3.1 Withdrawal of surplus reserves									21,816,468.41	-21,816,468.41				
3.2 Distribution to owners(or shareholders)														
3.3 Other														
4.Internal carry-over of owner's equity					-				-	-				
4.1Capital reserves to increase capital(or equity)														
4.2Surplus reserves to increase capital(or equity)														
4.3Surplus reserves to cover losses														
4.4Carry forward changes														
4.5Other comprehensive income carried forward to retained earnings														
6.Other														
5.Special reserves														
5.1Current period extraction														
5.2Use in this issue														
6.Other														
IV.Banlance at year-end of current year	1,200,000,000.00				13,786,608,889.43				201,902,340.44	2,852,426,107.38		18,040,937,337.25	14,936,769.34	18,055,874,106.59

Legal representative: **Responsible person in charge of accounting:** **Head of accounting insititution:**

Balance Sheet

December 31,2022

Prepared by：Qingdao Jiaozhou Bay Development Group Co.,Ltd. Currency: Rmb

Projeet	Notes	Closing baiance	opening balance
Current assets:			
Monetary fund		1,091,538,623.45	3,019,109,913.97
Trading financical assets			
Derivative financial asset			
Notes recievable		23,500,000.00	
Accounts recievable	15.1	41,974,796.67	78,786,595.01
Recievables financing			
Prepayments		24,140,288.74	2,625,947.94
Other accounts recievable	15.2	12,461,497,737.24	6,082,554,141.29
Of which: interest receivable		448,011,301.95	325,908,827.46
Dividend receivable			
Inventory		12,011,375,028.61	8,699,301,158.00
Contract assets		8,900,094,906.89	10,571,936,202.02
Holding assets for sale			
Non-current assets that mature within one year		12,830,916.76	
Other current assets			
Total current assets		**34,566,952,298.36**	**28,454,313,958.23**
Non-current assets:			
Creditor's rights investments			
Other debt investments			
Long-term recievables		74,695,523.33	
Long-term equity instrument investments	15.3	26,276,034,629.62	2,823,582,061.10
Other equity instrument investments		1,831,416,100.50	1,552,962,376.00
Other non-current financial invesrments		20,000,000.00	
Investment real estate		730,758,900.00	658,617,800.00
Fixed assets		168,318,687.31	180,297,998.05
Projiects under construction		1,585,636,226.50	1,180,639,533.61
Productive biological assets			
Oil and gas assets			
Right assets		10,188,510.32	
Intangible assets		3,816,795,321.13	3,879,622,188.42
The development of spending			
Goodwill			
Long-term poetry share expenses			
Deferred income tax assets			
Other non-current assets		3,153,995.19	3,398,175.47
Total non-current Assets		**34,516,997,893.90**	**10,279,120,132.65**
Total assets		**69,083,950,192.26**	**38,733,434,090.88**

Legal representative: Responsible person in charge of accounting: Head of accounting insititution:

Balance Sheet

December 31,2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd. Currency: Rmb

Project	Notes	Closing balance	opening balance
Current liabilities:			
Short-term borrowing		1,168,743,706.81	495,334,843.88
Transactional financical liabilities			
Derivative financial liability			
Notes payable		194,255,360.00	31,860,000.00
Accounts payable		55,704,948.28	29,715,902.37
Advance payment		602,082.95	248,824.95
Contract liability			
Employee compensation payable		780,891.89	
Payable taxes		494,126,589.64	495,122,109.62
Other payables		3,127,200,368.75	2,586,303,866.89
Of which: interest receivable		6,972,786.74	15,766,716.46
Dividend receivable			
Holding poetry sale liabilities			
Non-current liabilities that mature within one year		6,136,934,905.36	5,123,013,481.90
Other current liabilities		2,295,431,330.77	1,049,122,762.56
Total current liabilities		**13,473,780,184.45**	**9,810,721,792.17**
Non-current liabilities			
Long-term borrowing		1,727,064,836.11	1,474,064,122.22
Bonds payable		15,630,061,015.79	12,353,261,049.90
Among them:preferred stock			
Sustainable debt			
Lease liablity		81,501,659.08	
Long-term payables		292,783,332.58	182,487,432.59
Long-term employee compensation payable			
Estimated debts			
Deferred revenue			28,725,000.01
Deferred income tax liabilities		88,414,848.59	79,160,615.11
Other non-current liabilities			
Total non-current liabilities		**17,819,825,692.15**	**14,117,698,219.83**
Total liabilities		**31,293,605,876.60**	**23,928,420,012.00**
Owner's equity(or shareholders' equity)			
Paid-in capital(or equity)		1,650,000,000.00	1,200,000,000.00
Other equity instruments			
Among them:preferred stock			
Sustainable debt			
Capital reserves		33,571,758,406.67	11,122,568,351.59
Less:Inventory stocks			
Other comprehensive income			
The special reserve			
Surplus reserve		210,516,358.61	201,902,340.44
Undistributed profits		2,358,069,550.38	2,280,543,386.85
Total owner's equity(or shareholders' equity)		**37,790,344,315.66**	**14,805,014,078.88**
Total liabilities and owner's equity(or shareholaders' equity)		**69,083,950,192.26**	**38,733,434,090.88**

Legal representative: **Responsible person in charge of accounting:** **Head of accounting insititution:**

The income statement

The year in 2022

Prepared by： Qingdao Jiaozhou Bay Development Group Co.,Ltd.　　Currency: Rmb

Project	Notes	Current Occurrence Amount	Previous period amount
I, Operating income	15.4	**638,928,213.30**	**662,873,156.36**
Less:Operating cost	15.4	446,324,773.96	497,109,348.86
Taxes and surcharges		8,283,626.27	13,722,168.09
Selling expenses			56,603.77
admiinistrative expenses		64,491,434.80	55,205,578.07
Research and development costs			
Finance expenses		329,262,841.14	-26,654,997.66
among them: Interest charges			10,192,770.77
Interest income		6,894,440.24	5,760,418.57
Add: Other income		178,925,000.01	6,411,666.66
Return on investment(loss expressed with"-")	15.5	89,446,509.06	345,328.30
of which: investment income from joint ventures and joint		87,257,413.44	345,328.30
Financial assets measured at amortized cost cease to recognize earnings(loss expressed with"-")			
Net exposure hedging gain (loss expressed with"-")			
Change in fair value gain (loss expressed with"-")		37,016,933.91	161,837,238.71
Credit impairment losses (loss expressed with"-")			
Asset impairment loss (loss expressed with"-")			
Gain on disposal of assets (loss expressed with"-")		6,271.32	433,774.48
II, Operating profit(loss expressed with"-")		**95,960,251.43**	**292,462,463.38**
Add:Non-operating income		0.46	0.90
Less:Non-operating expense		565,836.71	1,668,171.99
III, Profit total (loss expressed with"-")		**95,394,415.18**	**290,794,292.29**
Less:Income tax expense		9,254,233.48	72,629,608.17
IV, Net profit (loss expressed with"-")		**86,140,181.70**	**218,164,684.12**
(1)Net profit from continuing operations		86,140,181.70	218,164,684.12
(2).Net profit from discontinued operations			
V, Other comprehensive income net after tax			
(1)Other comprehensive ineome which will not be reclassified subsequently to profit or loss			
1.As a result of remeasurement of net defined benefit plan liability or asset			
2.Other comprehensive income that eannot be converted to profit or loss under the equity method			
3.Other profit and loss instruments invest in financial assets with variable fair value			
4.Changes in fair value of enterprise's own credit risk			
5.other			
(2) Other comprehensive income reclassified into profit and loss			
(1)Other comprehensive ineome that can be converted to profit and loss under the equity method			
(2)Changes in fair value of other eredietor's rights investment			
(3)Changes in fair value of financial assets avalible for sale			
(4)Amount of financial assets reclassified into other comprehensive income			
(5)Cash flow hedging reserve(effective portion of eash flow hedging gains and losses)			
(6)Foreign currency financial statements translation difference			
(7)Other			
VI, Total comprehensive income		**86,140,181.70**	**218,164,684.12**

Legal representative:　　Responsible person in charge of accounting:　　Head of accounting institution:

Cash Flow Statement

Tbe year in 2022

Prenared hv : Qingdao Jiaozhou Bay Development Group Co.,Ltd. Currency: Rmb

Project	Notes	Current Occurrence	Previous period amount
I,Cash Flows From Operating Activities			
Cash from selling commodities or offering labor		643,607,632.11	1,007,940,533.75
Refund of tax and fee received			
Other cash received relating to operating activities		570,688,138.45	8,242,056,290.58
Sub-total of cash inflows from operating activties		**1,214,295,770.56**	**9,249,996,824.33**
Cash paid for commodities or labor		1,302,456,982.15	1,954,667,042.54
Cash paid to and for employees		20,094,642.16	14,074,055.07
Payments of all types of taxes		26,765,166.57	58,073,291.87
Other cash paid relating to operating activities		5,188,272,043.30	10,436,025,574.64
Sob-total of casb outflows from operating activties		**6,537,588,834.18**	**12,462,839,964.12**
Net casb flows from operating activities		**-5,323,293,063.62**	**-3,212,843,139.79**
II,Cash Fiows From Investing Activities			
Cash received from recovery of investments			
Cash received from returns on investments		2,189,095.62	
Net cash received from disposal of fixed assets, intangible assets & other long-term assets		16,915.00	600,767.88
Net cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		**2,206,010.62**	**600,767.88**
Cash paid to acquire fixed assets, intangible assets & other long-term		325,029,551.29	633,293,639.02
Cash paid to acquire investments		1,248,453,724.50	374,862,376.00
Net cash paid by subsidiaries and other business mits			
Other cash payments relating to investing activities			16,800,000.00
Sub-total of cash outflows from investing activities		**1,573,483,275.79**	**1,024,956,015.02**
Net cash flows from investing activities		**-1,571,277,265.17**	**-1,024,355,247.14**
III,Cash flow generated by fundraising activities:			
Absord cash recieved from investments		450,000,000.00	
Among them:the subsidiary absorbs the cash recieved by minority shareholders		3,315,700,000.00	879,000,000.00
Obtain the cash recieved on the loan		8,557,975,428.25	8,542,000,000.00
Cash received from bond issues		300,000,000.00	100,000,000.00
Reciept of other cash related to fund-raising activities		**12,623,675,428.25**	**9,521,000,000.00**
Sueb as eapital activities cash inflow sobtotal		5,852,600,000.00	3,585,327,272.17
Cash paid to distribute dividends, profits, or interest		1,214,907,981.14	
Payment of other cash related to fund-raising activities		786,413,967.72	252,815,500.00
Financing activities cash outflow subtotal		**7,853,921,948.86**	**3,838,142,772.17**
Net casb flows from financing activities		**4,769,753,479.39**	**5,682,857,227.83**
IV. Impact of exehange rate fluctnations on cash and easb equivalents		40,872,619.36	-86,940.87
V,Net increase in cash and casb equivalents		**-2,083,944,230.04**	**1,445,571,900.03**
Add: starting balance of cash and cash equivalents		2,766,294,413.97	1,320,722,513.94
VI.Baianee of cash and cash equivaients at the end of the period		**682,350,183.93**	**2,766,294,413.97**

Legal representative: **Responsible person in ebarge of accouuting:** **Head of accounting institutiou:**

Consolidated statement of changes in oweners' equity

The year in 2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd.

Currency:Rmb

Project	The year the amount										
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Other stocks	Sustainable debt	Other							
I.Outstanding balance of last year	1,200,000,000.00				11,122,568,351.59				201,902,340.44	2,280,543,386.85	14,805,014,078.88
Add:Accounting policy changes											
Pre-error correction											
Other											
II.Balance at the beginning of the current year	1,200,000,000.00				11,122,568,351.59				201,902,340.44	2,280,543,386.85	14,805,014,078.88
III.Increase or decrease of current year(decrease marked within"-")	450,000,000.00				22,449,190,055.08				8,614,018.17	77,526,163.53	22,985,330,236.78
1.Total comprehensive income										86,140,181.70	86,140,181.70
2.Owners put in and reduce capital	450,000,000.00				22,449,190,055.08						22,899,190,055.08
2.1 Common stock invested by the owner	450,000,000.00										450,000,000.00
2.2.Other equity instrument holders invest capital											
2.3The amount of share payment credicted to owner's equity											
2.4Other					22,449,190,055.08						22,449,190,055.08
3.Profit distribution									8,614,018.17	-8,614,018.17	
3.1 Withdrawal of surplus reserves									8,614,018.17	-8,614,018.17	
3.2 Distribution to owners(or shareholders)											
3.3 Other											
4.Internal carry-over of owner's equity											
4.1Capital reserves to increase capital(or equity)											
4.2Surplus reserves to increase capital(or equity)											
4.3Surplus reserves to cover losses											
4.4Carry forward changes											
4.5Other comprehensive income carried forward to retained earnings											
4.6.Other											
5.Special reserves											
5.1Current period extraction											
5.2Use in this issue											
6.Other											
IV.Banlance at year-end of current year	1,650,000,000.00				33,571,758,406.67				210,516,358.61	2,358,069,550.38	37,790,344,315.66

Legal representative:

Responsible person in charge of accounting:

Head of accounting institution:

Consolidated statement of changes in oweners' equity

The year in 2022

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,Ltd.

Currency:Rmb

Project	The year the amount										
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	Undistributed profit	Total owner's equity
		Other stocks	Sustainable debt	Other							
I.Outstanding balance of last year	1,200,000,000.00				10,982,073,311.04				180,085,872.03	2,084,195,171.14	14,446,354,354.21
Add:Accounting policy changes											
Pre-error correction											
Other											
II.Balance at the beginning of the current year	1,200,000,000.00				10,982,073,311.04				180,085,872.03	2,084,195,171.14	14,446,354,354.21
III.Increase or decrease of current year(decrease marked within"-")					140,495,040.55				21,816,468.41	196,348,215.71	358,659,724.67
1.Total comprehensive income										218,164,684.12	218,164,684.12
2.Owners put in and reduce capital					140,495,040.55						140,495,040.55
2.1 Common stock invested by the owner											
2.2.Other equity instrument holders invest capital											
2.3The amount of share payment credicted to owner's equity											
2.4Other					140,495,040.55						140,495,040.55
3.Profit distribution									21,816,468.41	-21,816,468.41	
3.1 Withdrawal of surplus reserves									21,816,468.41	-21,816,468.41	
3.2 Distribution to owners(or shareholders)											
3.3 Other											
4.Internal carry-over of owner's equity											
4.1Capital reserves to increase capital(or equity)											
4.2Surplus reserves to increase capital(or equity)											
4.3Surplus reserves to cover losses											
4.4Carry forward changes											
4.5Other comprehensive income carried forward to retained earnings											
4.6.Other											
5.Special reserves											
5.1Current period extraction											
5.2Use in this issue											
6.Other											
IV.Banlance at year-end of current year	**1,200,000,000.00**				**11,122,568,351.59**				**201,902,340.44**	**2,280,543,386.85**	**14,805,014,078.88**

Legal representative:

Responsible person in charge of accounting:

Head of accounting institution:

QINGDAO JIAOZHOU DAY DEVELOPMENT GROUP CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR 2022

1、Basic information about the company

Qingdao Jiaozhou Bay Development Group Co., Ltd.(hereinafter referred to as the "Company" or "the Company") was established on November 21, 2007 with the approval of the "Notice of Decision of the Standing Committee Meeting of the CPC Jiaozhou Municipal Party Committee" ((2007) No. 12) of the CPC Jiaozhou Municipal Committee and established by the Jiaozhou Financial Investment Center, the Management Committee of Jiaozhou New Industrial Zone and Qingdao Jiaozhou New City Construction and Development Co., Ltd. with a capital of 30 million yuan, 150 million yuan and 20 million yuan respectively, with a registered capital of 200 million yuan.

In 2013, according to the document [2013] No. 4 issued by the State-owned (Collective) Asset Management Commission of Jiaozhou City, "Reply on the Free Transfer of State-owned Equity of Qingdao Jiaozhou Bay Development Co., Ltd." and the "Agreement on the Transfer of Capital by Shareholders of Qingdao Jiaozhou Bay Development Co., Ltd.", the Administrative Committee of Jiaozhou New Industrial Zone transferred 75% of the state-owned equity held by Qingdao Jiaozhou Bay Development Group Co., Ltd.to the Administrative Committee of Jiaozhou Economic and Technological Development Zone without compensation.

In 2019, according to the document [2018] No. 39 of the Jiaozhou State-owned Assets Supervision and Administration Commission issued by the Jiaozhou State-owned Assets Supervision and Administration Commission [2018] "Reply on the Free Transfer of Equity of Qingdao Jiaozhou Bay Development Co., Ltd." and the "Shareholders Transfer and Capital Contribution Agreement of Qingdao Jiaozhou Bay Development Co., Ltd.", 100% of Qingdao Jiaozhou Bay Development Group Co., Ltd.will be held by the Jiaozhou Financial Investment Center, the Administrative Committee of Jiaozhou New Industrial Zone and Qingdao Jiaozhou New City Construction and Development Co., Ltd The state-owned equity was transferred to the State-owned Assets Supervision and Administration Office of Jiaozhou City free of charge. After the change of shareholding, the State-owned Assets Supervision and Administration Office of Jiaozhou City holds 100% of the equity of the company. On May 23, 2019, the industrial and Commercial Office of Jiaozhou State-owned Assets Supervision and Administration Office was changed to Jiaozheu State-owned Assets Service Center.

In 2022, according to the Jiaozhou State-owned Assets Supervision and Administration Commission's "Reply on the Transfer of 100% Equity of Qingdao Jiaozhou Bay Development Group Co., Ltd.and Four Other Companies", the Jiaozhou State-owned Assets Service Center transferred 100% of the state-ewned equity held by Qingdao Jiaozhou

Bay Development Group Co., Ltd.to Qingdao Jiaozhou Holding Development Group Co., Ltd. without compensation.

Unified social credit code: 91370281667871867G; registered capital: 2,000,000 yuan; legal representative: Lu Wei, residence: No. 1, Changjiang Road, Jiaozhou Economic and Technological Development Zone, Qingdao City, Shandong Province.

Business scope: general projects: asset management services for self-owned capital investment; investment activities with own funds; enterprise management consulting; information technology consulting services; building materials sales; non-residential real estate leasing; hotel management; property management; conference and exhibition services; park management services. (Except for projects that must be approved according to law, independently carry out business activities according to law on the basis of business license).

2、Basis of preparation of financial statements

The Company's financial statements are prepared on a going concern basis, based on transactions and events that have actually occurred, in accordance with the Accounting Standards for Business Enterprises - Basic Standards and specific accounting standards issued by the Ministry of Finance (hereinafter collectively referred to as "ASBEs"), and based on the significant accounting policies and estimates described below.

3、Statement of compliance with corporate accounting standards

The financial statements prepared by the Company comply with the requirements of the ASBE and give a true and complete view of the financial position of the Consolidated and the Company as at 31 December 2022 and of the results of operations and cash flows of the Consolidated and the Company for the year 2022 and other relevant information.

4、Notes to significant accounting policies, accounting estimates

1.Accounting period

The accounting year of the Company is the calendar year, which begins on 1 January and ends on 31 December of each year.

2.Local currency of account

The Company uses RMB as the local currency of accounts.

3.Criteria for determining cash and cash equivalents

Cash, as determined by the Company in preparing the statement of cash flows, represents the Company's cash on hand and deposits that are readily available for disbursement.

Cash equivalents, as determined by the Company in preparing the statement of cash flows, are investments held by the Company that have a short maturity, are highly liquid, are readily convertible to known amounts of cash and are

subject to an insignificant risk of change in value.

4.Foreign currency cperations and translation of foreign currency financial statements

(1) Translation of foreign currency operations

The Company accounts for foreign currency transactiens that occur by converting the locai currency to the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at the spot rate at the balance sheet date. Exchange differences arising frem differences between the spot rate at that date and the spet rate at initial recognition er at the previous balance sheet date are included in prefit or loss for the current period, except for exchange differences on special borrowings in foreign eurrencies that qualify for capitalisation, which are capitalised in the period in which they are capitalised and charged to the cost of the relevant assets.

Non-monetary items measured in terms of historical cost in a foreign currency are still translated using the spet exchange rate at the date of the transaction, without any change to the amount in its carrying amount. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rate at the date when the fair value was determined. The difference between the translated amount in the carrying amount and the amount in the eriginal carrying amount is treated as a change in fair value (including exchange rate changes) and is included in current profit or loss or recognized in other comprehensive income and credited to capital surpius.

(2) Translation of foreign currency financial statements

The Company's majority-owned subsidiaries, joint ventures, associates, etc., which adopt a different base currency from that of the Company, are required to translate their foreign currency financial statements before accounting fer them and preparing the consolidated financial statements.

Assets and liabiilities in the balance sheet are translated using the spot rate ef exchange at the balance sheet date, and owners' equity items, except for "undistributed earnings", are translated using the spot rate of exchange at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate at the daie of the transaction. Translation differences arising from the translation of foreign currency financial statements are shown in the balance sheet under other comprehensive income in the owners' equity.

Cash flows in foreign currencies are translated using spot exchange rates at the date of the transaction, if determined in accordance with a systematic and reasonable method. The amount of the effect of changes in exchange rates on cash is shown separateiy in the statement of cash flows.

On disposal of a foreign operation, the difference in translatien of the foreign currency statement relating to the foreign operation is transferred to profit or loss for the period of disposal, either in full or in proportion to the disposal of the foreign operation.

5. Accounting for business combinations under common control and those not under common control

(1) Business combinations under common control

Where a long-term equity investment in a business combination under common control is formed in which the merging party pays cash, transfers non-cash assets or assumes debt as consideration for the combination, the Company's share of the carrying value of the net assets of the merged party in the consolidated financial statements of the ultimate controlling party acquired at the date of combination is used as the initial investment cost of the long-term equity investment. If the carrying value of the net assets of the party being consolidated at the date of consolidation is negative, the cost of the long-term equity investment is determined at zero. If the party being consolidated was controlled by the ultimate controlling party through a business combination not under common control before being consolidated, the initial investment cost of the consolidated party's long-term equity investment shall also include the amount of relevant goodwill. The difference between the initial investment cost of a long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed shall be adjusted against capital surplus (capital premium or equity premium); if the balance of capital surplus (capital premium or equity premium) is not sufficient to cover the reduction, surplus reserves and undistributed profits shall be reduced in that order. If the consolidating party issues equity instruments as consideration for the consolidation, the difference between the initial investment cost of the long-term equity investment and the total neminal value of the shares issued shall be adjusted against capital surplus (capital premium or equity premium); if the capital surplus (capital premium or equity premium) is not sufficient for elimination, surplus reserves and unappropriated profits shall be eliminated in turn.

Intermediary fees such as audit, legal services, appraisal and consulting and other related administrative expenses incurred by the consolidating parties are charged to current profit or loss as incurred. Transaction costs directly related to the issuance of equity instruments as consideration for consolidation are reduced by capital surplus (equity premium) and, if capital surplus (equity premium) is not sufficient, by surplus reserves and unappropriated profits, in that order. Transaction costs directly related to the issuance of debt instruments as consideration for consolidation are included in the initial recognition amount of the debt instruments.

Where a business combination under the same control is achieved in stages through multiple transactions and is a package transaction, the consolidating party shall account for each transaction as a single transaction to obtain control. If the transaction is not a "package transaction", the initial cost of investment in the parent company's financial statements is calculated as the share of ownership interest in the consolidated party at the date of consolidation, calculated in proportion to the shareholding at the date of consolidation, and the difference between the initial cost of investment and the carrying value of its original long-term equity investment plus the carrying value of the consideration paid for the acquisition of further shares at the date of consolidation is adjusted against capital surplus (equity premium).

The difference between the initial investment cost and the sum of the book value of its original long-term equity investment and the book vaiue of the consideration paid for the acquisition of further shares at the date of consolidation is adjusted against capital surplus (share premium) and, if capital surplus is not sufficient to cover the reduction, against retained earnings.

In the consolidated financial statements, long-term equity investments held by the consolidator prior to reaching consolidation, for which relevant gains or losses, other comprehensive income and other changes in owners' equity have been recognized between the date of acquisition and the date on which the consolidator and the consolidated party are under the same ultimate control, shall be eliminated against opening retained earnings or current profit or loss, respectively, in the period of the comparative statements.

(2) Business combinations not under common control

For business combinations not under common control, the cost of the combination is the sum of the assets given, liabilities incurred or assumed and the fair value of equity securities issued by the purchaser at the date of purchase to obtain control of the acquiree. Intermediary costs incurred by the purchaser for the business combination, such as audit, legal services, valuation and consulting fees and other related administrative expenses, should be charged to current profit or loss as incurred. Transaction costs of equity instruments or debt instruments issued by the purchaser as consideration for the combination should be included in the initial recognition amount of the equity instruments or debt instruments.

Identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination not under common control that qualify for recognition are measured at fair value at the date of purchase. The difference between the purchaser's cost of the combination and its share of the fair value of the acquiree's identifiable net assets acquired in the combination is reflected as the vaiue of goodwill. If the purchaser's cost of consolidation is less than its share of the fair value of the acquiree's identifiable net assets acquired in the consolidation, the difference between the cost of consolidation and the share of the acquiree's identifiable net assets acquired in the consolidation after review is still less than the fair value of the acquiree's identifiable net assets acquired in the consolidation is included In non-operating income for the period.

Where a business combination other than a business combination under common control is achieved in stages through multiple transactions, the sum of the carrying value of the equity investment in the acquiree held prior to the date of purchase and the cost of the additional investment at the date of purchase is taken as the initiai investment cost of that investment in the parent company's financial statements.

In the consolidated financial statements, the equity interest in the acquiree held prior to the date of purchase is remeasured at the fair value of that equity interest at the date of purchase, with the difference between the fair value

and its carrying amount charged to current investment income; if the equity interest in the acquiree held prior to the date of purchase involves other comprehensive income, the other comprehensive income relating to it should be transferred to investment income for the period to which it belongs at the date of purchase, except for other comprehensive income that cannot be reclassified to current profit or loss Other comprehensive income is not reclassified to profit or loss for the current period.

The Company uses the sum of the fair vaiue of the equity interest in the acquiree held prior to the date of purchase at the date of purchase and the fair value of the consideration paid for the newly acquired equity interest at the date of purchase as the cost of consolidation, compared with the share of the fair value of the acquiree's identifiable net assets at the date of purchase acquired by the purchaser in proportion to its shareholding at the date of purchase, to determine the amount of goodwill to be recognized at the date of purchase or charged to profit or loss for the period of consolidation.

6. Presentation of consolidated financial statements

(1) Scope of tbe consolidated financial statements

The Company includes all subsidiaries (including separate entities controlled by the Company) in the scope of its consolidated financial statements, including enterprises controlled by the Company, divisible parts of investees and structured entities.

(2) Unification of accounting policies, balance sheet date and accounting period of parent and subsidiary companies

Where the accounting policies or accounting periods adopted by a subsidiary are not the same as those adopted by the Company, the financial statements of the subsidiary are adjusted as necessary in accordance with the Company's accounting policies or accounting periods in preparing the consolidated financial statements.

(3) Offsetting matters in tbe consolidated financial statements

The consolidated financial statements are based on the balance sheets of the parent company and subsidiaries, after offsetting internal transactions between the parent company and subsidiaries and between subsidiaries. The share of the subsidiary's ownership interest that does not belong to the parent company is presented as minority interest in the consolidated balance sheet under the heading of ownership interest.

Long-term equity investments held by subsidiaries in the parent company are treated as treasury shares of the enterprise group and are shown as a deduction from owners' equity in the consolidated balance sheet under the heading of "Less: treasury shares".

(4) Accounting for the acquisition of suhsidiaries through consolidation

For a subsidiary acquired through a business combination under common control, the assets, liabilities, results of

operations and cash flows of the subsidiary are included in the consolidated financial statements from the beginning of the period of consolidation as if the business combination had occurred at the time when the ultimate controlling party began to exercise control; for a subsidiary acquired through a business combination other than a business combination under common control, the fair value of the identifiable net assets at the date of purchase is used as the basis for the preparation of the consolidated financial statements for its individual Adjustments are made to the individual financial statements based on the fair value of the identifiable net assets at the date of purchase.

7. Step-by-step accounting for disposal of equity interests in subsidiaries to loss of control

(1) Accounting treatment in the parent company's financial statements and consolidated financial statements for each step-by-step disposal of equity interest to loss of control transaction that is not a "package deal"

For each transaction prior to the loss of control, the difference between the sale proceeds and the carrying amount of the long-term equity investment disposed of is included in investment income for the period in the parent company's financial statements. At the consolidated statement level, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the long-term investment calculated on an ongoing basis from the date of purchase or the date of consolidation is adjusted against capital surplus (equity premium), or retained earnings if insufficient to cover the shortfall.

For transactions at the time of loss of control where control, joint control or significant influence over the investee can no longer be exercised, the remaining equity interest in the parent company's financial statements is instead accounted for in accordance with the recognition and measurement of financial instruments standard, with the difference between the fair value and the carrying amount at the date of loss of control recorded as investment income for the period.

For transactions at the time of loss of control, the remaining equity interest after disposal, which is capable of exercising joint control or significant influence over the original subsidiary, is accounted for in the parent company's financial statements in accordance with the relevant previsions relating to the conversion from the cost method to the equity method. In the consolidated financial statements, the remaining equity interest is remeasured at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity interest and the fair value of the remaining equity interest, less the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase in proportion to the original shareholding, is included in investment income in the period in which control is lost. Other comprehensive income related to the equity investment in the original subsidiary is transferred to investment income in the period when control is lost.

(2) Accounting treatment in the parent company's financial statements and consolidated financial statements for each step-by-step disposal of equity interests to loss of control that is a "package deal"

For "package transactions", each transaction is accounted for as a disposal of a subsidiary in which control is lost. The difference between the disposal price and the corresponding carrying amount of the investment disposed of is recognised in the parent company's financial statements as investment income for the period. In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposal price and the share of the carrying amount of the subsidiary's net assets from the date of purchase on an ongoing basis is recognized as other comprehensive income and transferred to profit or loss in the period in which control is lost.

8. Financial instruments

A financial instrument is a contract that creates a financial asset for one party and a financial liability or an equity instrument for another party. A financial asset or financial liability is recognised when the Company becomes a party to a financial instrument contract.

(1) Classification and measurement of financial instruments

The Company classifies its financial assets into financial assets at amortized cost, financial assets at fair value threugh other comprehensive income and financial assets at fair value through profit or loss based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

① Investments in debt instruments measured at amortised cost

Financial assets are classified as financial assets measured at amortised cost when hoth of the following conditions are met: the Company's business model for managing such financial assets is to collect the contractual cash flows; the contractual terms of the financial asset provide that the cash flows arising on a specific date are solely payments of principal and interest based on the principal amount outstanding.

Financial assets measured at amortized cost, including notes and accounts receivable, other receivables, long-term receivables and debt investments, are initially measured at fair value, with related transaction costs included in the initial recognition amount; receivables that do not contain a significant financing component and receivables for which the Company has decided not to consider a financing component of more than one year are initially measured at the contractual transaction price.

Such financial assets are subsequently measured at amortised cost using the effective interest method, with interest calculated using the effective interest method over the holding period being charged to current profit or loss. On recovery or disposal, the difference between the consideration received and the carrying amount of the financial asset is recognized in profit or loss for the current period. Any gain or loss arising from its amortisation or impairment is included in profit or loss for the period.

② Financial assets at fair value through other comprehensive income

Investments in debt instruments measured at fair vaiue through other comprehensive income

Financial assets are classified as financial assets at fair value through other comprehensive income if both the foliowing conditions are met: the Company's business model for managing such financial assets is to both coilect the contractual cash fiows and to sell them; the contractual terms of the financial asset provide that the cash flows arising on a specific date are soieiy payments of principai and interest based on the principal amount outstanding.

Financial assets (debt instruments) at fair value through other comprehensive income, including other debt investments, are initially moasured at fair value, with related transaction costs charged to the initial recognition amount. The financial asset is subsequently measured at fair valuo, and changes in fair value are included in other comprehensive income, except for interest, impairment losses or gains and exchange gains or iosses calculated using the effective interest method.

On derecognition, tho cumulative gain or loss previously included in other comprehensive income is transferred from other comprehensive income to current profit or loss.

Investments in equity instruments designated as at fair value through other comprehensive income

The Company irrevocably elects to designate certain of its investments in non-trading equity instruments as financial assets at fair value through other comprehensive income, including investments in other equity instruments, etc. Only the related dividend income is recognized in profit or ioss for the current period, and changes in fair value are recognized in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously inciuded in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

(iii) Financial assets at fair value through profit or loss

Financial assets held by the Company that are not classified as financial assets at amortized cost and financial assets at fair value through other comprehensive income as described above are classified as financial assets at fair value through profit or loss. They include trading financial assets, derivative financial assets and other non-current financial assots, which are initially measured at fair value, with related transaction costs charged to current prefit or loss. The financial asset is subsequently measured at fair value, with changes in fair value recognized in profit or loss for the period. On derecognition, the difference between its fair value and the initial carrying amount is recognised as investment income.

(2) impairment of financial instruments

The Company recognizes a provision for losses on financial instruments classified as measured at amortized cost, financial instruments classified as at fair value through other comprehensive income (debt instruments), lease

receivables, contract assets, receivables and financial guarantee contracts on the basis of expected credit losses.

The Company determines the expected credit losses on the relevant financial instruments in accordance with the foilowing methodology:

(a) For financial assets, the credit loss shall be the present value of the difference between the contractual cash fiows receivable by the Company and the cash fiows expected to be received;

(b) For lease receivables, the credit loss shall be the present value of the difference between the contractuai cash fiows receivable by the Company and tho cash fiows expected to be collected;

(c) In the case of a financial guarantee contract, the credit loss shall be the presont value of the difference between the expected payment to be made by the Company to the holder of that contract in respect of a credit loss incurred by that holder, less the amount expected to be received by the Company from the holder of that contract, the debtor or any othor party;

(d) For undrawn loan commitments, the credit loss shall be the present value of the difference between the contractual cash fiows receivable by the enterprise and the cash fiows expected to be received if the holder ef the loan commitment had drawn down the corresponding loan.

(e) For finanoial assets that are credit impaired at the balance sheet date but not purchased or originated with credit impairment, the credit loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash fiows disceunted at the original effective interest rate.

The Company's approach to measuring expected credit losses on financial instruments refiects factors such as: the weighted average amount of unbiased probabilities determined by evaluating a range of possible outcomes; the time value of money; and reasonable and substantiated information about past events, current conditions and projections of future economic conditions that is available at the balance sheet date without undue additional cost or effort.

When the Company no longer has a reasonable expectation that the contractual cash fiows from a financial asset will be fully or partially recovered, the carrying amount of the financial asset is written down dlrectly. Such a wrlte-down constitutes derecognition of the related financial asset.

The Company's method of determining and accounting for specific expected credit losses for receivables and contract assets resulting frem transactions governed by the revenue standard, whothor or not they contain a significant financing component, and for lease receivables resulting from transactions governed by the lease standard, are detailed in the notes.

For other financial instruments, except for financial assets acquired or originated that are credit impaired, the Company assesses at each balance sheet date the change in the credit risk of the relevant financial instrument since

initial recognition. If the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit loss over the entire life of the financial instrument; if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit loss over the next 12 months of the financial instrument. The amount of the increase or reversal of the allowance for credit losses is recognized as an impairment loss or gain in profit or loss, except for financial assets classified as at fair value through other comprehensive income. For financial assets classified as at fair value through other comprehensive income, the Company recognises a provision for credit losses in other comprehensive income and recognises the impairment loss or gain in profit or loss, and does not reduce the carrying amount of the financial asset as shown in the balance sheet. For details of the determination of specific expected credit losses and accounting treatment, please refer to the notes.

Where the Company has measured a loss allowance in a prior accounting period at an amount equal to the expected credit loss over the entire life of the financial instrument, but at the current balance sheet date the financial instrument no longer represents a significant increase in credit risk since initial recognition, the Company measures the loss allowance for the financial instrument at the current balance sheet date at an amount equal to the expected credit loss over the next 12 months. The resulting reversal of the provision for losses is recorded as an impairment gain in profit or loss for the period.

① Significant increase in credit risk

The Company determines whether the credit risk of a financial instrument has increased significantly since initial recognition by comparing the risk of default of the financial instrument at the balance sheet date with the risk of default at the date of initial recognition, using reasonable and substantiated forward-looking information that is available.

The Company will consider the following factors when assessing whether there is a significant increase in credit risk:

The Company's main criteria for determining a significant increase in credit risk are the number of days past due exceeding 30 days or a significant change in one or more of the following indicators: significant changes in the business environment in which the debtor operates, internal or external credit ratings, actual or expected operating results, or a significant decline in the value of collateral or the credit rating of the guarantor.

At the balance sheet date, if the Company determines that a financial instrument has only low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition. A financial instrument is considered to have low credit risk if the risk of default on the instrument is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong and does not necessarily reduce the borrower's ability to meet its contractual cash obligations even if there are adverse changes in economic conditions and operating

environment over a longer period of time.

② Financial assets that are credit impaired

A financial asset becomes credit impaired when one or more of the following events that the Company expects will have an adverse effect on the future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes observable information that: (i) the issuer or debtor is experiencing significant financial difficulty; (ii) the debtor is in breach of contract, such as default or delinquency in interest or principal payments; (iii) the creditor has granted concessions to the debtor that the debtor would not otherwise have made because of economic or contractual considerations relating to tho debtor's financial difficulty; (iv) it is probable that the debtor will enter bankruptcy or other financial reorganisation ; (v) the disappearance of an active market for the financial asset as a result of the financial difficulties of the issuer or the debtor; and (vi) the purchase or origination of a financiai asset at a significant discount that reflects the fact that a oredit loss has occurred.

A financial instrument is presumed to be in default when it is overdue for more than (and including) 90 days.

(3) Basis of recognition and measurement of transfers of financial assets

The Company derecognises a financial asset when one of the following conditions is met: the contractual rights to receive cash flows from the financial asset are terminated; the financial asset is transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferor; the financial asset is transferred, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but relinquishes control of the financiai asset. The financial asset is transferred, although the Company neither transfers nor rotains substantially all the risks and rewards of ownership of the financial asset, but relinquishes control of the financial asset.

If a partial transfer of the Company's financial assets satisfies the conditions for derecognition, the carrying amount of the financial assets transferred as a whoie is apportioned botween the derecognized and unrecognized portions at their respective relative fair values at the date of transfer, and the difference between the sum of the consideration received for the derecognized portion and the amount corresponding to the derecognized portion of the accumulated changes in fair value proviously recognized in other comprohensive income and the carrying amount of the derecognized portion at the The difference between the amount of the consideration received and the cumulative amount of changes in fair value that would otherwise be recognized in other comprehensive income and the carrying amount of the derecognized portion at the date of derecognition is recognized in profit or loss or retained earnings.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset and does not relinquish control over the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises the related liabiiity accordingly.

Where the transferred financial asset is measured at amortised cost, the carrying amount of the related liability is equal to the carrying amount of the continuing involvement in the transferred financial asset less the amortised cost of the rights retained by the Company (if the Company retains the related rights as a result of the transfer of the financial asset) and plus the amortised cost of the obiigations assumed by the Company (if the Company assumes the related obligations as a result of the transfer of tho financial asset), and the related liability is not designated as at fair value financial liabilities that are measured at fair value through profit or loss;

Where a transferred financial asset is measured at fair value, the carrying amount of the related liability is equal to the carrying amount of the continuing involvement in the transferred financial asset loss the fair value ef the rights retained by the Company (if the Company retains the related rights as a result of the transfer of the financial asset) and plus the fair value of the obligatiens assumed by the Company (if the Company assumes the related obligations as a result of the transfer of the financial asset), the fair value of such rights and obligations shall be fair value when measured on a standalone basis.

If the conditions for derecognition are not met for a transfer of a financial asset, the financial asset transferred continues to be recognized in its entirety and the considoration recoived is recognized as a finanoial liability.

For transfers of financial assets under continuing involvement conditions, the Company recognises the relevant financial assets and financial liabilities to the extent of the continuing involvement in the transferred financial assets in order to fully refiect the rights retained and obligations assumed by the Company.

(4) Classification and measurement of financial liabilities

The Company's financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or ioss and financial liabilities at amortised cost. Financial liabilities are measured at fair value on initial recognition.

Financial liabilities at fair value through profit or loss comprise financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. Such financial liabilities are measured at fair value, and gains or losses arising from changes in fair value are included in profit or loss for the current period.

Financial liabilities measured at amortised cost are subsequentiy measured at amortised cost using tho effective interest method.

A financial liability or part thereof is derecognized when the present obligation of the Company's financial liability is discharged in whole or in part. If an agreement is entered into between the Company and a creditor to replace an existing financial liabiiity by the assumption of a new financial liability, and the contractual terms of the new financial liability are substantialiy different from those of the existing financial liability, the existing financial liability is

derecognised and the new financial liability is recognised at the same time.

If a financial liability is wholly or partially derecognised, the difference between the carrying amount of the derecognised portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is charged to current profit or loss.

(5) Derecognition of financial liabilities

A financial liability or part thereof is derecognized when the present obligation of the Company's financial liability is discharged in whole or in part. If an agreement is entered into between the Company and a creditor to replace an existing financial liability by the assumption of a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the existing financial liability, the existing financial liability is derecognised and the new financial liability is recognised at the same time.

If a financial liability is wholly or partially derecognised, the difference between the carrying amount of the derecognised portion and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) is charged to current profit or loss.

(6) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other. However, they are presented in the balance sheet in net amounts after offsetting each other if the following conditions are also met: the Company has a legal right to offset the recognised amounts and such legal right is currently enforceable; the Company plans to settle on a net basis, or to realise the financial asset and settle the financial liability at the same time. Transfers of financial assets that do not meet the conditions for derecognition are not allowed to be offset by the transferring party against the transferred financial assets and related liabilities.

9.Recognition and provision for bad debts on receivables

(1) Method of accounting for bad debt losses.

The Company uses an expected credit loss model to account for bad debt losses.

(2) Method of making provision for bad debts:

The Company measures the allowance for losses on receivables arising from transactions governed by the income guidelines, whether or not they contain a significant financing component, at an amount equal to the expected credit loss over their entire life.

The Company assesses expected credit losses on receivables on an individual and portfolio basis. If there is objective evidence that a receivable is credit impaired, the Company determines the expected credit loss for that receivable on an individual asset basis. For receivables classified as a portfolio, the Company calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and projections of

future economic conditions, through default risk exposures and expected credit loss rates over the entire life of the receivables.

Provision for bad debts is made on the basis of a combination of credit risk characteristics:	
Combination 1: Related parties in the scope of consolidation	Provision for bad debts is made at the expected credit loss rate for receivables and deposits incurred in production and operation between the Company and government units, government-controlled state-owned enterprises, government agencies, participating companies, related parties within the scope of consolidated statements, and employees within the Company.
Combination 2: Related parties not in the scope of consolidation	
Combination 3: Reserves, deposits, etc.	
Portfolio 4: Government and its controlled state-owned enterprises	
Portfolio 5: Other normal ageing	Ageing analysis

Bad debt provision is not generaliy made for receivables arising between the Group and related parties, but if there is conclusive evidence that the debtor unit of a related party has been withdrawn, bankrupt, insolvent or has a significant shortfall in cash flow, etc., and no debt restructuring or other means of recovery is contemplated for the receivables, the individual determination method is used and a corresponding bad debt provision is made based on the expected probable bad debt loss, and for those receivables that are expected to be fuliy Bad debt provision may also be made in full for amounts due from related parties that are expected to be wholly uncollectible.

(3) Criteria for recognition of bad debts

①A sum that remains uncollectible after the debtor has become bankrupt or died and has been legally discharged from his bankruptcy estate or estate.

② amounts for which the debtor is overdue in meeting its obligations and which have obvious characteristics indicating that they are genuineiy uncollectible.

(iii) The debtor has failed to meet its debt service obiigations for an extended period of time and there is sufficient evidence of non-recovery or a remote possibility of recovery.

The above amounts that are genuinely uncollectible are reported to the Board of Directors for approval and then written off as bad debts.

Accounting for expected credit losses

(4) The amount of increase or reversai of provision for credit losses is charged to current profit or loss as an impairment loss or gain.

10. Inventory

(1) Classificatien of inventories

Inventories mainly comprise development costs, engineering and construction, and low value consumables.

(2) Method of valuation of inventories issued

When inventories are issued, the weighted average method is used to determine the actuai cost of their issue.

(3) Method of providing fcr decline in value of inventories

At the balance sheet date, inventories are measured at the iower of cost or net realisable value, and provision for a decrease in the value of inventories is made on an individual inventory item basis, except for inventories with a large quantity and a iow unit price, for which provision for a decrease in the vaiue of inventories is made according to the category of inventories.

(4) Inventory systom for inventorios

The Company's inventory system is a perpetual inventory system.

(5) Amortisation metbod for low value consumables and packaging

Low value consumables and packaging are amortised using the one-time reversal method.

11. Long-term equity investments

(1) Determination cf initial investment cost

① For long-term equity investments acquired in a business combination, the initlal cost of investment is determined in accordance with Note 4, Article 5. ;

② For long-term equity investments acquired by paying cash, the initial cost of investment is the actual purchase price paid;

(iii) For long-term equity investments acquired by issuing equity securities, the initial cost of investment is the fair value of the equity securities issued;

④ The initial investment cost of long-term equity Investments acquired through debt restructuring shall be determined in accordance with the relevant provisions of ASBE No. 12 - Debt Restructuring.

⑤ For iong-term equity investments acquired in exchange for non-monetary assets, the initial cost of investment is determined in accordance with the reievant provisions of the standard.

(2) Subsequent measurement and prcfit or lcss reccgnition methods

Long-term equity investments in which the investor is able to exercise control over the investee should be accounted for using the cost method. The carrying value of long-term equity investments accounted for using the cost method generally remains unchanged except for additions or recoveries of investments. Investment income is recognized when the share of profits or cash dividends declared is calculated.

An investor's long-term equity investments in associates and joint ventures are accounted for using the equity method. If a portion of an investor's equity investment in an associate is held indirectly through a venture capital institution, mutual fund, trust company or similar entity, including an investment-linked insurance fund, the investor may,

in accordance with the relevant provisions of AS 22 - Financial Instruments The investor may choose to measure the indirectly held portion of the investment at fair value through profit or ioss in accordance with the relevant provisions of AS 22 - "Recognition and Measurement of Financial instruments" and account for the remaining portion using the equity method. Long-term equity investments accounted for using the equity method are recognized in investment income and adjusted for long-term equity investments in accordance with the share of net profit or loss realized by the investee. When the share of profits or cash dividends declared for distribution is calcuiated, the carrying value of the long-term equity investment is reduced accordingly.

(3) Ccnversion of accounting method fcr long-term equity investments

Transfer from fair value measurement to equity method accounting: If an equity investment in an investee (that does not have control, joint controi or significant influence) originally held and accounted for in accordance with the Standard on Recognition and Measurement of Financial Instruments increases its shareholding and is able to exercise joint control or significant influence over the investee as a result of additional investments, etc., upon transferring to the equity method of accounting, the investor shali, in accordance with the Standard on Recognition and Measurement of Financial instruments The fair value of the original equity investment, as determined in accordance with the Standard on Recognition and Measurement of Financial Instruments, plus the fair value of the consideration to be paid for the acquisition of the additional investment, shall be used as the initial cost of the investment to be accounted for under the equity method.

Transfer from fair value measurement or equity method of accounting to cost method of accounting: equity Investments previously held by the investor that do not have control, joint control or significant influence over the investee that are accounted for in accordance with the Standard on Recognition and Measurement of Financial instruments, or long-term equity investments previously held in associates or joint ventures that are able to exercise control over the investee due to additional investments, etc., are accounted for in accordance with the relevant business combination formed Long-term equity investments are accounted for in accordance with the relevant business combination.

Transfer from equity method accounting to fair value measurement: If a long-term equity investment previously held with joint control or significant influence over the investee is no longer exercising joint control or significant influence over the investee due to a partial disposal, etc., the remaining equity investment should instead be accounted for in accordance with the recognition and measurement of financial instruments standard, and the difference between its fair value at the date of loss of joint control or significant influence and its The difference between the fair value and the carrying amount at the date of loss of joint control or significant influence is included in profit or loss for the current period.

Cost method to equity method:

① If, as a resuit of the disposai of an investment, etc., control over an investee changes from being able to exercise control to having signlficant infiuence or exercising joint control with other investors, the cost of the long-term equity investment to be derecognised should first be carried ferward in proportion to the disposal of the investment. The cost of the remaining long-term equity Investment is then compared with the share of the fair value of the identifiable net assets of the investee to which the original investment was attributable based on the proportion of the remaining shareholding. If the former is greater than the latter, it is part of the goodwili reflected in the valuation of the investment and the carrying value of the long-term equity investment is not adjusted; if the former is less than the latter, the cost of the long-term equity investment is adjusted along with retained earnings.

② If the Company's sharehoiding percentage decreases as a result of a capital increase by another investor in a subsidiary of the Company, thereby iosing control but being able to exercise joint controi or exercise significant infiuence, the long-term equity investment should be transferred from the cost method to the equity method of accounting in the individual financiai statements. First, the difference between the Company's share of the increase in net assets of Atomic as a result of the share capital increase and the original carrying amount of the iong-term equity investment corresponding to the decrease in the shareholding percentage to be carried forward is recognized in profit or loss for the current period; then, the new shareholding percentage is adjusted as if the equity method of accountlng had been applied from the time the investment was acquired. In the consolidated financial statements, the accounting treatment should be in accordance with the relevant provisions of AS 33 - "Consolidated Financial Statements".

(4) Basis for determining joint contrcl or significant infiuence over an investee

(1) Basis for determining that there is joint control over an investee: It is an activity that has a significant effect on the retum of an arrangement that requires the unanimous consent of the participants sharing control before decisions can be made. This includes sales and purchases of goods or services, management of financial assets, purchases and disposals of assets, research and development activities and financing activities.

(2) Basis for determining significant infiuence over an investee: Significant influence is exercised when more than 20% to 50% of the voting capital of the investee is held. or less than 20%, but significant influence is present when one of the following conditions is met:

① representation on the board of directors or similar authority of the investee;

② participation in the policy making process of the investee;

(iii) the assignment of management personnel to the investee;

(iv) the investee relies on the technology er technical information of the investing company;

⑤ Significant transactions with the investee occurred.

(5) Impairment testing methods and impairment provisioning methods

At the balance sheet date, the Company examines its long-term equity investments for indications of possible impairment. When an indication of impairment exists, an impairment test is performed to confirm the recoverable amount of the investment and a provision for impairment is made for the portion of the recoverable amount that is less than the carrying amount, and once an impairment loss is made, it is not reversed in subsequent accounting periods.

The recoverable amount is determined as the higher of the net fair value of the long-term equity investment sold or the present value of the estimated future cash flows.

12. Investment properties

(1) Types and measurement models of investment properties

The Company's investment properties are of the following types: land use rights for lease, buildings for lease, and land use rights held and intended for transfer upon appreciation.

Investment properties are subsequently measured using the fair value model. The Group does not depreciate or amortise investment properties and adjusts the carrying value of investment properties at the balance sheet date based on their fair value, with the difference between the fair value and the original carrying value charged to current profit or loss.

(2) Adoption of fair value model accounting policy

To determine the fair value of investment properties, reference is made to the current market price of similar or comparable properties in an active market; if the current market price of similar or comparable properties is not available, reference is made to the most recent transaction price of similar or comparable properties in an active market, taking into account factors such as the circumstances of the transaction, the date of the transaction and the area in which it is located, so as to make a reasonable estimate of the fair value of the investment property; or based on the fair value is determined based on the present value of rental income and related cash flows expected to be earned in the future.

If the fair value at the date of conversion is less than the original carrying amount, the difference is recognized in profit or loss for the current period; if the fair value at the date of conversion is greater than the original carrying amount, the difference is recognized in other comprehensive income. When investment properties are converted to owner-occupied properties, the fair value at the date of conversion is used as the carrying amount of the owner-occupied properties, and the difference between the fair value and the original carrying amount is recognized in profit or loss for the current period.

Investment properties are derecognised when they are disposed of, or permanently withdrawn from use, and no economic benefits are expected from their disposal. Proceeds from the sale, transfer, retirement or destruction of

investment properties, net of their carrying amounts and related taxes, are credited or charged to current profit or loss.

13. Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets are tangible assets held for use in the production of goods, provision of services, rental or management of operations and have a useful life of more than one accounting year. It is recognized when the following conditions are also met:

(i) It is probabie that the economic benefits associated with the fixed asset will flow to the business;

② The cost of the fixed asset can be measured reliably.

(2) Classification of fixed assets and depreciation methods

The Company's fixed assets are mainly classified into: buildings, machinery and equipment, electronic equipment, transportation equipment, etc.; the depreciation method is based on the average annual method. The useful life and estimated net residual value of fixed assets are determined according to the nature and usage of each type of fixed assets. The usefui lives, estimated net residual values and depreciation methods of fixed assets are reviewed at the end of the year and adjusted accordingly if there are differences from the original estimates. The Company depreciates all fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately valued in the accounts.

Asset class	Expected service life (years)	Estimated net residual value (%)	Annual dopreciation rate (%)
Machinery and equipment	5-10	5	9.50 - 19.00
Electronic equipment	5	5	19.00
Transport equipment	5	5	19.00
Constructs	20	5	4.75
Furniture for the hospitality industry	5	5	19.00

(3) impairment testing methods for fixed assets and impairment provisioning methods

At the balance sheet date, the Company examines its fixed assets for indications of possibie impairment, and when an indication of impairment exists, an impairment test is performed to confirm their recoverable amount, and a provision for impairment is made for the amount by which the recoverable amount is less than the carrying amount.

14. Ccnstruction in progress

(1) Type of work in progress

The Company's construction work in progress is divided into two types: construction by self-supporting methods and construction by contracting out.

(2) Criteria and timing for the transfer of construction in progress to fixed assets

The Company's construction in progress is carried forward to fixed assets when the work is completed and

reaches its intended useable state. The criteria for determining the intended useable condition shall be one of the following:

(i) the physicai construction (including instaliation) of the fixed asset has been fully or substantially completed;

② has been trial production or trial operation, and the results show that the assets can operate properly or can be stable to produce a quaiified product, or the results of the trial operation show that it can operate normally or business;

(iii) The amount of expenditure on that constructed fixed asset is minimal or almost non-recurring;

④ The fixed assets purchased and constructed have met the design or contractuai requirements or are substantially in accordance with the design or contractual requirements.

(3) Method of testing for impairment of construction in progress and method of providing for impairment

At the balance sheet date, the Company examines the construction in progress for indications of possible impairment, and when an indication of impairment exists, an impairment test is performed to confirm its recoverable amount, and a provision for impairment is made for the portion of the recoverable amount that is iess than the carrying amount, and once an impairment ioss is made, it is not reversed in subsequent accounting periods.

The recoverable amount of construction in progress is determined as the higher of the net of the fair value of the asset less costs of disposal and the present value of estimated future cash flows from the asset.

15. Bcrrowing costs

(1) Principles for recognition of capitalised borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition or production of assets eligible for capitaiisation are capitalised and charged to the cost of the relevant assets; other borrowing costs are recognised as expenses when incurred and charged to current profit or loss in accordance with the amounts incurred. Assets eligible for capitalisation are assets such as fixed assets, investment properties and inventories that take a substantial period of time to reach their intended use or saleable condition through acquisition or production activities.

(2) Method of calculating capitalised amounts

Capitalisation period: The period from the point at which capitalisation of borrowing costs commences to the point at which capitaiisation ceases. The period during which capitalisation of borrowing costs is suspended is not included.

Suspension of capitalisation period: The period of capitaiisation of borrowing costs should be suspended if there is an abnormal interruption in the course of acquisition or production and the interruption iasts for more than three consecutive months.

Caiculation of the capitalization amount: ① borrowing special loans, in accordance with the actual interest costs incurred in the period of special loans, less the amount of interest income earned on the unused borrowed funds

deposited in banks or investment income earned on temporary investments; ② occupied general borrowing in accordance with the weighted average of the accumulated asset expenditure in excess of the portion of special borrowing multiplied by the capitalization rate of the occupied general borrowing to determine (ii) the capitalization rate is the weighted average interest rate of general borrowings; (iii) if there is a discount or premium on borrowings, the amount of discount or premium to be amortized for each accountlng period is determined in accordance with the effective interest rate method, adjusting the amount of interest for each period.

The effective interest rate method is a method of calculating the amortised discount or premium or interest expense on a borrowing based on its effectlve interest rate. Where the effective interest rate is the future cash flows over the expected iife of the borrowing, discounted to the current carrying vaiue of that borrowing using the interest rate.

16. Intangible assets

(1) Method of valuation of intangible assets

The Company's intangible assets are initially measured at cost. The actual cost of an intangible asset acquired is determined on the basis of the actual price paid and related expenditure. The actual cost of intangible assets contributed by investors is determined at the vaiue agreed in the investment contract or agreement, except where the agreed value in the contract or agreement is not fair, in which case the actual cost is determined at fair value. The cost of an intangible asset developed by itself is the total expenditure incurred until it reaches its intended use.

The Company subsequently measures intangibie assets, respectively, as foilows: (i) Intangible assets with finite useful lives are amortized using the straight-line method, and the useful lives and amortization methods of intangible assets are reviewed at the end of the year and adjusted accordingly if they differ from the original estimates. (ii) Intangible assets with indefinite useful lives are not amortised, but their usefui lives are reviewed at the end of the year and when there is conclusive evidence that their useful lives are finite, their useful iives are estimated and amortised on a straight-line basis.

(2) Estimated usefui life cf intangibie assets with finite usefui iives

Asset class	Expected service iife (years)	Based on
Land use rights	40	Serviceable life
Water access rights	40	Serviceable iife

The useful life and amortisation method of intangible assets with finite useful lives are reviewed at the end of each year.

(3) Basis for judgement of uncertain service life

The Company identifies intangible assets with indefinite usefui lives as intangible assets for which it is not foreseeable that the asset will provide economic benefits to the Company or for which the useful life is uncertain.

Judgement on the basis of indefinite useful life: (i) derived from contractual rights or other legai rights, but the

contractual provisions or legal provisions do not specify the useful life; (ii) comprehensive situation in the same industry or relevant expert arguments, etc., still can not determine the period of intangible assets to bring economic benefits to the company.

At the end of each year, a review of the useful lives of intangible assets with indefinite useful lives is carried out, mainly on a bottom-up basis, by the relevant departments using the intangible assets, to evaluate whether there are changes in the basis for determining indefinite useful lives, etc.

(4) Methodology for testing intangible assets for impairment and provision for impairment

At the balance sheet date, the Company examines intangible assets for indications of possible impairment, and when an indication of impairment exists, an impairment test is performed to confirm the recoverable amount of the asset, and a provision for impairment is made for the amount by which the recoverable amount is less than the carrying amount, and once an impairment loss is made, it is not reversed in subsequent accounting periods.

The recoverable amount of an intangible asset is determined as the higher of the asset's fair value less costs of disposal and the present value of the asset's expected future cash flows.

(5) Specific criteria for the research phase and development phase of internal research and development projects, and specific criteria for development phase expenditures to qualify for capitalisation

Expenditure on the research phase of an internal research and development project is charged to current profit or loss as incurred; expenditure on the development phase is recognized as an intangible asset if both of the following conditions are met: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) there is an intention to complete the intangible asset and use it or sell it; (3) the intangible asset generates economic benefits in a manner that includes the ability to demonstrate that the application of there is a market for the product produced by the intangible asset or a market for the intangible asset itself, and where the intangible asset is to be used internally, its usefulness can be demonstrated; (4) there are sufficient technical, financial and other resources to support the completion of the intangible asset and the ability to use or sell the intangible asset; and (5) the expenditure attributable to the development phase of the intangible asset can be measured reliably.

Specific criteria for classifying the research and development phases of an internal research and development project: the phase of planned investigation to acquire new technology, knowledge, etc. should be identified as the research phase, which is characterised by its planned and exploratory nature; the phase of applying research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use, should be identified as the development phase, which is characterised by its relevance and greater likelihood of producing results, The stage should be identified as the development stage, which is characterised by its relevance and greater likelihood of producing results.

17.Long-term amortised costs

The Company's iong-term amortization expense is defined as each expense that has been expensed but has a benefit period of one year or more (exciuding one year). Long-term amortization is amortized over the benefit period of the expense item. If an item of iong-term amortization does not benefit subsequent accounting periods, the entire unamertized amortized vaiue of the item is transferred to current profit or ioss.

18.Staff remuneration

Employee remuneration, which refers to the various ferms of remuneration or compensation given by an enterprise for services rendered by an empioyee or for the termination of an empioyment relationship. Employee remuneration inciudes short-term remuneration, post-empioyment benefits, termination benefits and other iong-term employee benefits.

The Company's short-term remuneration specificaily includes: employee salaries, bonuses, aiiowances and subsidies, employee welfare payments, social insurance premiums such as medicai insurance premiums, work injury insurance premiums and maternity insurance premiums, housing fund, trade union expenses and employee education expenses, short-term paid absences, short-term profit-sharing plans, non-monetary benefits and other short-term remuneration. Post-employment benefits of the Cempany refer to all forms ef remuneration and benefits, other than short-term remuneratien and termination benefits, provided by an enterprise after an empioyee retires or terminates employment with the enterprise in order to obtain services rendered by the employee. Severance benefits are compensation given by an enterprise to an employee to terminate the employment relationship with the employee prior to the expiry of the employee's empleyment contract or to encourage the employee te voluntarily accept redundancy. Other long-term employee benefits ef the Company refer to all employee compensation other than short-term remuneration, post-employment benefits and termination benefits, including long-term paid absences, long-term disability benefits and long-term profit-sharing plans.

(1) Accounting for short-term remuneration

The company recognises the actual short-term remuneration incurred as a liability in the accounting period in which the employee provides it to the company and includes it in the current profit or loss or in the cost of the related asset.

(2) Accounting for post-employment henefits

Post-empioyment benefits are divided into defined contribution plans and defined benefit plans.

① The Company recognises the amount of contributions payable under a defined contribution plan as a liability in the accounting period in which the employee performs services for the Company, and recognises it in profit or loss for the period or in the cost of the related asset.

2 The accounting treatment for defined benefit plans normally consists of the fellowing steps:

A measures the obligation arising frem the defined benefit pian and determines the period over which the related obligation falls, based on the expected accumulated benefit unit method, using unbiased and mutually consistent actuarial assumptions to estimate relevant demegraphic and financial variables, etc;

B Where there are assets in a defined benefit plan, the deficit or surplus arising from the present value of the defined benefit pian obligation less the fair value of the defined benefit plan assets is recognised as a net defined benefit plan liability or net asset. Where a defined benefit plan has a surplus, the net defined benefit plan asset is measured at the lower of the surplus of the defined benefit plan or the asset limit. The asset limit is the present vaiue of the economic benefits to be derived by the company from the refund or reduction of future contributions to the defined benefit plan;

At the end of period C, employee compensation costs arising from defined benefit plans are recognized as service cost, net interest on the net liabiiity or net assets of the defined benefit plans and changes resulting from the remeasurement of the net liability or net assets of the defined benefit plans, with service cost and net interest on the net iiability or net assets of the defined benefit plans recognized in profit or loss or the cost of the related assets, and changes resulting from the remeasurement of the net liability or net assets of the defined benefit plans changes arising from the remeasurement of the net liability or net assets of the defined benefit plan are included in other comprehensive income and are not allowed to be reversed to profit or loss In subsequent acceunting periods, except that these amounts recognised in other comprehensive income may be transferred within equity;

D A gain or loss on settlement Is recognised when the defined benefit plan is settled.

(3) Accounting for termination benefits

Where a company provides termination benefits to employees, a liability for employee compensation arising from termination benefits is recognised in profit or loss at the earliest of: (i) when the company is unable to unilaterally withdraw termination benefits provided as a result of a termination plan or proposed redundancy; and (ii) when the company recognises costs or expenses associated with a restructuring involving the payment of termination benefits.

(4) Accounting for other long-term employee benefits

Other long-term benefits provided by the Company to its employees that qualify as defined centribution plans are accounted for in accordance with the defined contribution plans; other long-term benefits, except for those that qualify as defined benefit plans, are accounted for in accordance with the defined benefit plans, and changes in the remeasurement of the net liability or net assets of the defined benefit plans are included in other comprehensive income and are not allowed to be reversed to profit or ioss in subsequent accounting periods and should be transferred te other comprehensive income upon the termination of the original defined benefit plan within the scope of equity. The portion

of the plan that was previously included in other comprehensive income should be carried forward to unappropriated earnings to the extent of equity. A plan is terminated when the plan ceases to exist, i.e. the Company is released from all future obligations arising from the plan.

19. Bonds payable

Non-convertible corporate bonds issued by the Company are treated as liabilities on the basis of the amount actualiy received (net of related transaction costs). The difference between the amount actualiy received for the bond issue and the total face vaiue of the bonds is treated as a premium or discount on the bonds and is amortised over the life ef the bonds at the coupon rate when interest is accrued, and is treated in accordance with the principles for the treatment of borrowing costs.

For convertible bonds issued by the Company, the liability and equity components are separated at initial recognition and treated separately. The fair value of the liability component is first recognized and used as its initial recognition amount, and the initiai recognition amount of the equity component is secondly determined by deducting the initial recognition amount of the liability component from the issue price of the convertible bond as a whole (net of related transaction costs).

20. Income

(1) Sale of goods

Revenue is recognized when the customer obtains contrel of the relevant goods if both of the following conditions are met: the parties to the contract have ratified the contract and undertaken to perform their respective obligations; the contract specifies the rights and obligations of the parties to the contract in relation to the goods transferred or services rendered; the contract has clear payment terms in relation to the geods transferred; the contract has commercial substance, i.e. performance of the contract wili change the Company's the risk, timing distribution or amount of future cash fiows; and it is probable that the Company will recover the consideratien to which it is entitied as a result of the transfer of the goods to the customer.

At the contract inception date, the Company identifies each individual performance obligation that exists in the contract and apportions the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the commodity promised by each individual performance obligation. The impact of variable consideration, the presence of significant financing elements in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation in a contract, the Company recognizes as revenue the transaction price apportioned to that individual performance obligation in accordance with the progress of performance over the relevant performance period if one ef the follewing conditions is met: the customer obtains and consumes the economic

benefits of the Company's perfermance at the same time as the Cempany's performance; the customer has control over the goods under construction in the course of the Company's performance; the goods produced in the course of the Company's performance the commodities produced in the course of the Company's perfermance have an irreplaceable use and the Company is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract. The progress of performance is determined using either the input method or the output method depending on the nature of the commodity being transferred. When the progress of performance is not reasonably determinable, revenue is recognized in the amount of costs incurred by the Company that are expected to be reimbursed until the progress ef performance can be reasonably determined.

If one of these conditions is not met, the Company recognizes revenue at the point at which the customer obtains control of the relevant commodity over the transaction price apportioned to that individual performance obligation. In determining whether the customer has acquired control of the commodity, the Company considers the following indications: the enterprise has a present right to receive payment for the commodity, i.e. the customer has a present obligation to pay for the commodity; the enterprise has transferred legal title to the commodity to the customer, i.e. the custemer has legal title to the commodity; the enterprise has transferred physical possesslon of the commodity to the customer, i.e. the customer has physical possession of the commodity; the enterprise has transferred ownershlp of the commodity to the customer the principal risks and rewards of ownership of the goods have been transferred by the enterprise to the customer, i.e. the customer has acquired the principai risks and rewards of ownership of the goods; the customer has accepted the goods; other indications that the customer has acquired control of the goods.

(2) Provision of lahour services

Revenue is recognized over a period of time based on the progress of performance, which is determined by the output method, based on the proportion of cumulative costs incurred to total estimated costs, as the customer acquires and consumes the economic benefits of the Company's performance.

(3) Transfer of rights to use assets

The Company recognizes revenue from the transfer of the right to use an asset when it is probable that the economic benefits associated with the transfer of the right to use the asset will flow and the amount of revenue can be measured reliably.

(4) Interest income

Determined on the basis of the timing of the use of the Company's monetary resources by others and the effective interest rate.

21.Government grants

(1) Types of government grants

Government grants are monetary or non-monetary assets (but excluding capital invested by the government as owner) obtained by the Company from the government without consideration and are mainly classified into two types: asset-related government grants and revenue-related govemment grants.

(2) Accounting for government grants

Government grants related to assets are recognized as deferred income and allocated evenly over the useful lives of the related assets to current profit or loss; government grants measured at nominal amounts are recognized directly in current prefit or loss. Govemment grants related to revenue are treated as follows: (i) those used to compensate the enterprise for related costs or losses in subsequent periods are recognized as deferred revenue and charged to current profit or loss in the period in which the related costs are recognized; (ii) those used to compensate the enterprise fer related costs or losses already incurred are charged directly to current profit or loss.

Gevernment grants related to the Company's ordinary activities are credited to other income or charged to related costs and expenses in accordance with the substance of the economic operatiens; govemment grants not related to ordinary activities are charged to non-operating income and expenses.

(3) Specific criteria for distinguishing between asset-related government grants and revenue-related government grants

Gevernment grants obtained by the Company for the acquisition or other formation of long-term assets are recognized as asset-related gevernment grants.

Government grants obtained by the Company, ether than those related to assets, are recognized as government grants related te revenue.

If the government document does not specify the object of the grant, the basis for determining whether to classify the govemment grant as asset-related or revenue-related:

(1) if the government document specifies the specific project for which the grant is intended, the division is made on the basis of the relative proportion of the amount of expenditure to be formed into assets and the amount of expenditure to be charged to expenses in the budget for that specific project, and the proportion of this division is subject to review at each baiance sheet date and change if necessary; (ii) if the government document makes only a general statement of purpose and does not specify a specific project, it is treated as a govemment grant related to revenue.

(4) Amortization method of deferred income related to government grants and recognition of amortization period

Government grants acquired by the Company in connection with assets are recognized as deferred income and transferred to profit or ioss from the time the related assets are available for use, with the deferred income being apportioned evenly over the expected usefui life of the related assets.

(5) Point of recognition of government grants

Government grants measured at the amount receivable are recognized when there is conciusive evidence at the end of the period that the relevant conditions set out in the financial support policy can be met and the financial support funds are expected to be received.

Government grants other than those measured at the amount receivable are recognised when the grant payments are actualiy received.

22. Deferred income tax assets and deferred income tax liabilities

Recognition of the Company's deferred income tax assets and deferred income tax liabilities:

(1) Deferred income tax assets or deferred income tax liabiiities are recognized on the basis of the difference between the carrying amount of the asset or iiability and its tax basis (if the tax basis of an item not recognized as an asset or liability can be determined in accordance with the provisions of the Tax Law, such tax basis is determined as the difference), caiculated at the tax rate applicable to the period when the asset is expected to be recovered or the liability settled.

(2) Deferred income tax assets are recognized to the extent that it is probable that taxabie income will be available against which deductible temporary differences can be utilized. Deferred income tax assets not recognized in prior accounting periods are recognized if, at the balance sheet date, there is sufficient evidence that sufficient taxable income will be available to offset the deductible temporary differences in future periods. If it is more likely than not that sufficient taxable income will not be available against which the deferred tax asset can bo utilised in future periods, the carrying amount of the deferred tax asset is written down.

(3) Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, unless the Company is able to control the timing of the reversal of the temporary differonce and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary differences will reverse in tho foreseeable future and it is probable that future taxable income will be availabie against which the deductible temporary differences can be utilized.

23. Leasing

A lease is a contract whereby the Company cedes or acquires the right to control the use of one or moro identified assets for a specified period of time in exchange for, or in consideration of, payment. At the inception date of a contract, the Company assesses whether the contract is a iease or contains a lease.

(1) The Company as lessee

① Initial measurement

At the inception date of a lease, the Company reoognizes the right to use the leased asset over the lease term as a right-to-use asset and the prosent value of the outstanding lease payments as a lease liability, except for short-term leasos and leases of low-valuo assets. In calculating the present value of lease paymonts, the Company uses the interest rate embedded in the lease as tho discount rate; if the interest rate embedded in the lease cannot be determined, it uses the lessee's incremental borrowing rate as the discount rato

② Subsequent measurement

The Company depreciates right-of-use assets with reference to the depreciation provisions of ASBE No. 4 - Fixed Assets. Where it is reasonably certain that ownership of the leased assets will be obtained at the end of the lease term, the Company depreciates the assets over the remaining useful life of the leased assets. If it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, the Company depreciates the asset over tho shortor of the lease torm or the remaining useful life of the leased asset.

For lease liabilities, the Company calculates the interest expense for each period of the lease term at a fixed periodic rate, which is charged to curront profit or loss or to the cost of the related asset. Variabie lease payments that are not included in the measurement of the lease liability are charged to current profit or loss or to the cost of the related asset when actualiy incurred.

After the commencement date of the lease term, when thore is a change in the substantive fixed payments, a change in the amount expected to be payable for the guaranteed residual value, a change in the index or rate used to determine the lease payments, a change in the valuation results or actual exercise of the purchase option, renewal option or termination option, the Company remoasures the iease liability at the present value of the changed lease payments and adjusts the carrying amount of the right-of-uso asset accordingly The carrying amount of tho right-of-use asset is adjusted accordingly. If the carrying value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Company recognizes the remaining amount in profit or loss for the current period.

③ Short-term leases and leases of low-value assets

For short-term leases (leases with a lease term of not moro than 12 months at the commencement date of the

lease) and leases of iow-valuo assets, the Company adopts a simplified approach by not recognizing right-of-use assets and lease liabilities and instead recognizing lease payments in the cost of the related assets or in current profit or loss on a straight-line basis or other systomatic and reasonable basis over the respective poriods of the lease term.

(2) The Company as lessor

The Company classifies leases as finance leases and operating leases based on the substance of the transaction at the inception date of the lease. Finance leases are leases that transfer substantially all the risks and rewards associated with ownership of the leased assets. Operating ieases are leases other than finance leases.

①Operating leases

The Company uses the straight-line method to recognize lease receipts under operating leases as rental income over the lease term. Variable lease payments relating to operating leases that are not included in the lease receipts are recognized in profit or loss when they are actually incurred.

②Financial leasing

At the inception date of the iease term, the Company recognizes finance lease roceivables and derecognizes the finance lease assets. Finance lease receivabies are initially measured at the net lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts outstanding at the commencement date of the lease discounted at the interest rate embedded in the lease) and interest income is recognized over the lease term based on a fixed periodic interest rate. Variable lease payments acquired by the Company that are not included in the measurement of net lease investments are rocognized in profit or loss as they are actually incurred.

5、Notes on changes in accounting policies and accounting estimates and corrections of errors

(1) Description of changes in significant accounting policies

The Company has no change in accounting policy for the period.

(2) Notes on changes in critical accounting estimates

There were nc significant changes in accounting estimates during the period.

(3) Correction of prior period accounting errors

There were no material accounting error corrections during the reporting period.

6、Taxes

1. Main tax types and rates

Tax Type	Specific tax rates
VAT	13%, 9%, 6%, 5%
Urban Maintenance and Construction Tax	7%

Tax Type	Specific tax rates
Education surcharge	3%
Local education surcharge	2%
Corporate income tax	25%
Land use tax	8 Yuan/m²
Stamp duty	0.005%, 0.05%, 0.1%, 0.30%

2. Tax incentives and approvals

According to the Notice on Issues Relating to the Treatment of Enterprise Income Tax for Special Purpose Fiscai Funds (Cai Shui [2011] No. 70) jointly issued by the Ministry of Finance and the State Administration of Taxation, the fiscai funds obtained by enterprises from the financial departments and other departments of the people's governments at or above the county ievei that should be included in the total income are not inciuded in the taxable income for the purpose of calculating the income tax payable.

According to the text of the State Administration of Taxation's Announcement on Issues Relating to VAT on Loan Services for International Transportation of Goods (State Administration of Taxation Announcement No. 42 of 2014), enterprises that indirectly handle the international transportation of goods, the entry and exit of means of transport engaged in international transportation to and from ports, contacting and arranging pilotage, berthing, loading and unloading, and other business procodures related to the agency of goods and vesseis for the principal may be exempted frem VAT in accordance with the provisions.

7、Business combinations and consolidated financial statements

(1) Suhsidiary companies

1、Information on significant subsidiaries

Serial numbor	Company name	Level	Type of business	Place of registrati on	Nature of husiness	Registered capital (million yuan)	Sharehol ding ratio	Voting rights	Access
1	Qingdao Jiaozhou Bay Technology Investment Co.	Grad e 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Investment & Asset Management	150,000	100%	100%	Investme nt set-up
2	Qingdao Shanghe Foodway Hotel Managoment Co.	Grad e 2	Domestic non-financiat enterprises	Jiaozhou, Qingdao	Catering services; accommodation services;	30,000	100%	100%	Investme nt set-up
3	Qingdao Jiaofa internationat Supply Chain Co.	Grad e 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Supply Chain Management Services	10,000	100%	100%	Investme nt set-up
4	Qingdao Jiaozhou Bay Industriai Park Operation and Management Co.	Grad e 2	Domestic non-financial corporations	Jiaozhou, Qingdao	Integrated services management bodies	10,000	100%	100%	Investme nt set-up
5	Qingdao Jiaofa Internationai Trade Co.	Grad e 2	Domestic non-financiai corporations	Jiaozhou, Qingdao	Domestic Trade Agents	10,000	100%	100%	Investme nt set-up

Serial number	Company name	Level	Type of business	Place of registration	Nature of business	Registered capital (million yuan)	Shareholding ratio	Voting rights	Access
6	Qingdao Jiaofa Cultural Tourism Development Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Organising cultural and artistic exchange activities	10,000	100%	100%	tnvestment set-up
7	Qingdao Zhongmai Technology tndustry Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Engineering and technological research and experimental development	11,000	61.8182%	81.8182%	Investment set-up
6	Qingdao Jiaozhou Bay City Property Management Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property Management Services	3,000	100%	100%	investment set-up
9	Qingdao Shanghebao E-commerce Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	tnternet Retailing	1,000	100%	100%	Investment set-up
10	Qingdao SCOPE tnvestment & Operation Co.	Grade 2	Domestic non-financial corporations	Jiaozhou, Qingdao	Conference & Exhibition Services	1,000	100%	100%	investment set-up
11	Qingdao Jiaofa City Construction Co.	Grade 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Construction work	100,000	100%	100%	tnvestment set-up
12	Qingdao SCO Cornerstone Investment Development Group Co.	Grade 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Investment & Asset Management	100,000	100%	100%	Non-repayable transfers
13	Qingdao Shanghe Modern Logistics Development Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	International Freight Forwarding	30,000	100%	100%	Non-repayable transfers
14	Qingdao Shanghe Modern Trade Development Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Domestic Trade Agents	30,000	100%	100%	Non-repayable transfers
15	Qingdao Shanghe Culture and Tourism Marine Development Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Travel Business	30,000	100%	100%	Non-repayable transfers
16	Qingdao Shanghe Modern International Exhibition Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Conference & Exhibition Services	10,000	100%	100%	Non-repayable transfers
17	Qingdao Shanghe Huasheng Real Estate Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Other housing construction	10,000	100%	100%	Non-repayable transfers
18	Qingdao Shanghe Huachuang Real Estate Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	Non-repayable transfers
19	Qingdao SCO Intelligent Park Operation and Management Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Campus Management Services	10,000	100%	100%	Non-repayable transfers
20	Qingdao SAIC Park Operation and Management Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Campus Management Services	3,000	100%	100%	Non-repayable transfers
21	Qingdao Shanghe Industrial Investment Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Campus Management Services	3,000	100%	100%	Non-repayable transfers
22	Qingdao China Railway Shanghe Central Plaza investment and Development Co.	Grade 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	investment & Asset Management	30,000	75%	75%	Non-repayable transfers

Serial numher	Company name	Level	Type of business	Place of registrati on	Nature of business	Registered capital (million yuan)	Sharehol ding ratio	Voting rights	Access
23	Qingdao Shanghe Huajin Investment Deveiopment Co.	Grad e 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	investment & Asset Management	3,000	51%	51%	Non-repa yabie transfers
24	Qingdao Shanghe Zhongchuang industry Investment Development Co.	Grad e 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property development and operation	3,000	51%	51%	Non-repa yabie transfers
25	Qingdao Green Building Park Development and tnvestment Co.	Grad e 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Capitai Investment Services	20,000	100%	100%	Investme nt set-up
26	Qingdao Jiaozbou Bay Keshun Reai Estate Co.	Grad e 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	investme nt set-up
27	Qingdao Jiaozhou Bay Hongke Reai Estate Co.	Grad e 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property development and operation	60,000	100%	100%	Investme nt set-up
28	Qingdao Shanghe Zhishang investment Co.	Grad e 2	Domestic non-financiai enterprises	Jiaozhou, Qingdao	Other Real Estate	30,000	100%	100%	investme nt set-up
29	Qingdao Jiaozhou Bay Koyo Reai Estate Co.	Grad e 2	Domestic non-financiai enterprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	tnvestme nt set-up
30	Qingdao Jiaozhou Bay Keirong Reai Estate Co.	Grad e 2	Domestic non-financiai enterprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	Non-repa yabie transfers
31	Qingdao Jiaozbou Bay Core Property Co.	Grad e 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	investme nt set-up
32	Qingdao Jiaozhou Bay industrial Investment Development Co.	Grad o 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	investment & Asset Management	50,000	100%	100%	investme nt set-up
33	Qingdao Jiaozhou Bay New Energy Management Co.	Grad e 2	Domestic non-financial enterprises	Jiaozhou, Qingdao	ioT Technoiogy Services	2,000	65%	65%	Investme nt set-up
34	Qingdao Xiniong Higbway Construction Engineering Co.	Grad e 1	Domestic non-financiai enterprises	Jiaozhou, Qingdao	Railway Engineering Construction	3,000	100%	100%	Nen-repa yable transfers
35	Qingdao Shangheyuanji Investment Co.	Grad e 1	Domestic non-financiai entorprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	Investme nt set-up
36	Qingdao Jiaozhou Bay Science and investment Reai Estate Co.	Grad e 1	Domestic non-financial enterprises	Jiaozhou, Qingdao	Property development and operation	10,000	100%	100%	Non-repa yable transfers

8、Notes to significant items in the consolidated financial statements

Unless otherwise stated, the following notes refer to "Opening balance" as at 1 January 2022, "Closing balance" as at 31 December 2022, "Prior period incurred" as at 31 December 2022, "Current period incurred" as at 31 December 2022 and "Current period incurred" as at 31 December 2022. 2021, "current period incurred" refers to 2022.

(1) Monetary funds

Item	Closing balance	Opening balance
Cash	389,371.01	817,007.86
Bank deposits	1,136,815,642.69	3,519,277,384.36
Other monetary funds	922,035,456.37	569,716,930.13
Total	**2,059,240,470.07**	**4,089,811,322.35**
Of which: totai funds held offshore		

1. Other monetary funds

Item	Closing balance	Opening balance
Letter of credit margin	9,630,000.00	5,357,172.13
Time deposits or call deposits for security purposes	709,221,302.89	537,020,000.00
Migrant Workers' Deposit	153,184,153.48	27,339,758.00
Money Order Deposit	50,000,000.00	
Totai	**922,035,456.37**	**569,716,930.13**

(2) Notes receivable

Item	Closing balance	Opening balance
Commerciai acceptances	29,477,899.99	36,257,899.99
Bankers' acceptances	24,255,183.92	
Total	**53,733,083.91**	**36,257,899.99**

(3) Accounts receivable

1. Accounts receivable are shown by type

Species	Closing balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which separate bad debt provision is made					
Receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	987,726,473.10	100.00	4,281,197.69	0.43	983,445,275.41
1. Accounts receivable with bad debts based on ageing analysis	324,260,755.23	32.83	4,281,197.69	1.32	319,979,557.54
2. Accounts receivable with bad debts charged to a low-risk portfolio	663,465,717.87	67.17			663,465,717.87
Total	**987,726,473.10**	**100.00**	**4,281,197.69**	**0.43**	**083,445,275.41**

(continued)

Species	Opening balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which separate bad debt provision is made					

Species	Opening balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	842,187,612.55	100.00	3,623,970.30	0.43	838,563,642.25
1. Accounts receivable with bad debts based on ageing analysis	526,727,806.96	62.54	3,623,970.30	0.69	523,103,836.86
2. Accounts receivable with bad debts charged to a low-risk portfolio	315,459,805.59	37.46			315,459,805.59
Total	**842,187,612.55**	**100.69**	**3,623,970.30**	**0.43**	**838,563,642.25**

Note: Accounts receivable with bad debt provisien based on low-risk portfolio: According to the Company's bad debt policy, no bad debt provision is made for receivables arising between the Company and government units, government platform companies and state-owned enterprises, government dispatch agencies, equity participation companies and internal employees of the Company.

2. Accounts receivable for which provision for bad debts is made on the basis of ageing analysis

Ageing of accounts	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Up to and including 1 year	248,370,886.97	76.60		462,052,725.26	87.72	
1-2 years (inclusive)	67,864,711.35	20.93	3,393,235.57	64,264,327.79	12.20	3,213,216.39
2-3 years (inclusive)	7,674,403.00	2.37	537,208.21			
3-4 years (inclusive)	0	0.00				
4-5 years (inclusive)	0	0.00				
More than 5 years	350,753.91	0.10	350,753.91	410,753.91	0.08	410,753.91
Total	**324,200,756.23**	**100.00**	**4,281,197.69**	**526,727,806.96**	**100.00**	**3,623,970.30**

3. Low risk portfolio of receivabies

Combination name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of accrual (%)
Combination 1: Related parties in the scope of consolidation			
Combination 2: Related parties not in the scope of consolidation			
Combination 3: Reserves, deposits, etc.			
Portfolio 4: Government and its controlled state-owned enterprises	663,465,717.87		
Portfolio 5: Other normal ageing			
Total	**663,465,717.87**		

(1) Breakdown of receivables from the government and its centroiled etate-owned enterprises

Name of debtor	Closing balance	Nature of payment
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone Management Committee	657,620,704.97	Lease payments, etc.
International Innovation Centre for Marine Science and Technology	3,052,086.99	Property Charges

Name of debtor	Closing balance	Nature of payment
in the SCO Model Area		
Jiaozhou City, Rixi Town Finance Office	2,792,925.91	Property Charges
Total	**083,465,717.87**	–

4. The top five accounts receivable with closing balances groupad by party in default

Name of unit	Closing balance	As a percentage of the closing balance of accounts receivable (%)	Closing balance of provision for bad debts	Ageing of accounts	Nature of payment
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone Management Committee	657,620,704.97	66.87		434,203,504.97 for up to 1 year and $223,417,200.00 for 1-2 years	Lease payments, property fees, etc.
Hangxiao Steel Structure (Shandong) Co.	59,212,566.47	6.02	572,543.90	Up to 1 year $47,761,688.55, 1-2 years $11,450,877.92	Trade payments
Qingdao Jianxiang Construction Group Co.	53,520,491.40	5.44	2,400,506.71	Up to 1 year $5,510,357.2, 1-2 years $48,010,134.2	Trade payments
Qingdao West Coast Zhengji Industrial Co.	50,185,155.38	5.10		Within 1 year	Trade payments
Zhongchuang Tianchi Intelligent Cold Link (Qingdao) Co.	34,178,422.91	3.48		Within 1 year	Trade payments
Total	**854,717,341.13**	**86.91**	**2,973,050.61**		

(4) Prepeymonts

1. Prepayments aro shown by ageing

Ageing of accounts	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Up to and including 1 year	608,903,587.49	98.84	78,257,968.08	73.97
1-2 years (inclusive)	3,591,372.29	0.53	27,255,039.00	25.76
2-3 years (inclusive)	3,537,293.6	0.58	914.76	0.00
3-4 years (inclusive)	224.04			
4-5 years (inclusive)	0.00		2,435.14	0.00
More than 5 years	44.30		278,544.01	0.27
Total	**616,032,521.72**	**100.00**	**105,794,901.01**	**100.00**

2 Top five prepeyments with closing baiances, grouped by party in arrears

Debt unit	Closing balance	Ageing of accounts	Nature of payment
Qingdao Tianzhuo Energy Co.	168,693,233.01	Within 1 year	Trade payments
Tianjin Xinyuan Hengda Metal Products Co.	130,539,786.57	Within 1 year	Trade payments
Shanghai Chenji Trading Co.	54,000,000.00	Less than 1 year	Trade payments
China Construction Sixth Bureau Civil Engineering Company Limited	45,231,334.86	Less than 1 year	Payment for work

Debt unit	Closing balance	Ageing of accounts	Nature of payment
Jiaozhou City Finance Bureau	41,713,526.00	Less than 1 year	Prepaid land premiums
Total	**440,177,899.44**	**-**	**-**

(5) Other receivables

Item	Closing balance	Opening balance
Interest receivable	516,666.67	102,254.78
Other receivables	11,229,471,026.05	7,439,630,545.68
Totai	**11,229,987,692.72**	**7,439,732,800.46**

1. interest receivable

Borrower	Closing balance	Opening balance
Qingdao Xinruijie Industry Investment Development Co.		102,254.78
Qingdao Jiaozhou Urban Construction Development Group Co.	516,666.67	
Total	**516,806.67**	**102,254.78**

2. Other receivables by type

Species	Closing balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of accrual (%)	
Other receivables for which separate bad debt provision is made					
Other receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	11,230,726,555.67	100.00	1,257,529.62	0.01	11,229,471,026.05
1. Other receivables with bad debts based on ageing analysis	101,363,904.67	0.90	1,257,529.62	1.24	100,106,375.05
2. Other receivables with bad debts charged to a low-risk portfolio	11,129,364,651.00	99.10			11,129,364,651.00
Total	**11,230,728,555.67**	**100.00**	**1,257,529.52**	**0.01**	**11,229,471,026.05**

(continued)

Species	Opening balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of accrual (%)	
Other receivables for which separate bad debt provision is made					
Other receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	7,440,760,110.68	100.00	1,129,565.00	0.02	7,439,630,545.68
1. Other receivables with bad debts based on ageing analysis	2,333,943.22	0.03	1,129,565.00	48.40	1,204,378.22
2. Other receivables with bad debts charged to a low-risk portfolio	7,438,426,167.46	99.97			7,438,426,167.46
Total	**7,440,700,110.68**	**100.00**	**1,129,569.00**	**0.02**	**7,439,630,545.68**

Note: Other receivables for which provision for bad debts is made on the basis of a low-risk portfolio: In accordance with the Company's bad debt policy, no provision for bad debts is made for receivables arising between the Company and government units, government platform companies and state-owned enterprises, government dispatch agencies, equity participation companies and internal employees of the Company.

3. Other receivables for which bad debt provision is made on a portfolio basis

(1) Its accounts receivable for which provision for bad debts is made on the basis of the ageing analysis

Ageing of accounts	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Carrying amount		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Up to and including 1 year	97,354,712.27	96.04		833,043.22	35.69	
1-2 years (inclusive)	2,529,292.40	2.50	128,464.82	370,500.00	15.87	18,525.00
2-3 years (inclusive)	369,500.00	0.36	25,865.00			
3-4 years (inclusive)				10,400.00	0.45	1,040.00
4-5 years (inclusive)	10,400.00	0.01	5,200.00	20,000.00	0.86	10,000.00
More than 5 years	1,100,000.00	1.09	1,100,000.00	1,100,000.00	47.13	1,100,000.00
Total	**101,363,904.67**	**100.00**	**1,257,529.62**	**2,333,943.22**	**100.00**	**1,129,565.00**

Note: The amount of the closing balance of 1-2 years inclusive is greater than the opening balance of 1 year or less as a result of the increase in the scope of consolidation.

(2) Other receivables with had debts charged to a low-risk portfolio

Combination name	Closing balance	Opening balance
Combination 1: Related parties in the scope of consolidation		
Combination 2: Related parties not in the scope of consolidation	280,793,456.56	
Combination 3: Reserves, deposits, etc.	278,171,925.82	310,502,620.83
Portfolio 4: Government and its controlled state-owned enterprises	10,570,399,268.62	7,127,923,546.63
Total	**11,129,364,651.00**	**7,438,426,167.46**

4. Other receivables with the top five closing balances, grouped by party in default

Name of debtor	Book balance
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone Management Committee	7,711,461,957.75
Qingdao Xinruijie Industry Investment Development Co.	1,200,000,000.00
Jiaozhou City Finance Bureau	572,660,964.62
Qingdao Shanghe Aerospace Technology Co.	450,000,000.00
Giaozhou City Land Transaction Centre Margin	236,242,625.00
Total	**10,170,365,547.37**

(6) Inventory

1. Breakdown of inventory types

Item	Closing balance			Opening balance		
	Book balance	Provision for fall in value	Carrying value	Book balance	Provision for fall in value	Carrying value
Raw materials	598,180.81		598,180.81	206,609.76		206,609.76

Item	Closing balance			Opening balance		
	Book balance	Provision for fall in value	Carrying value	Book balance	Provision for fall in value	Carrying value
Goods in stock	203,185,736.55		203,185,736.55	3,219,401.00		3,219,401.00
Development of products	204,114,287.66		204,114,287.86	165,027,034.49		185,027,034.49
Development costs	21,875,022,894.23		21,875,022,894.23	14,385,372,687.56		14,385,372,687.56
Turnaround materials				630,503.56		630,503.56
Total	**22,282,921,099.25**		**22,282,921,099.25**	**14,554,456,236.37**		**14,554,456,236.37**

(7) Contract assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Contract assets	8,940,123,977.87		8,940,123,977.87	10,571,936,202.02		10,571,936,202.02
Total	**6,940,123,977.67**		**8,940,123,977.87**	**10,571,936,202.02**		**10,571,936,202.62**

(6) Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	47,267,196.28	
Total	**47,267,196.28**	

(9) Other current assets

Item	Closing balance	Opening balance
Advance payment of corporate income tax	80,469.08	25,717,329.57
Prepaid VAT	11,804,694.13	11,282,598.24
Input tax to be deducted	215,688,253.32	78,548,079.63
Total	**227,573,416.53**	**115,548,007.44**

(10) Long-term receivables

Item	Closing balance	Opening balance
Qingdao Nengbee Electric Co.	15,000,000.00	15,000,000.00
Shandong High Speed Private Capital Management Co.		28,900,000.00
Finance lease payments	436,181,990.31	
Less: portion due within one year	47,267,196.28	
Total	**463,914,794.03**	**43,000,000.00**

(11) Long-term equity investments

1. Classification of long-term equity investments

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Investments in subsidiaries				
Investment in joint ventures				

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Investments in associates	654,882,563.77	14,873,937,909.25	210,000.00	15,528,610,473.02
Subtotal	**554,362,363.77**	**14,873,937,900.25**	**210,000.00**	**15,528,610,473.02**
Less: Provision for impairment of long-term equity investments				
Total	**554,802,563.77**	**14,873,537,099.25**	**210,000.00**	**15,528,610,473.02**

2. Breakdown of long-term equity investments

Investee Units	Opening balance	Increase/decrease during the period			
		Additional investments	Rednce investment	Gains and losses on investments recognised under the equity method	Adjustments to other comprehensi ve income
I. Joint vantures					
II. Associated enterprises					
Qingdao Yichen Laser Technology Co.	29,210,957.32			-1,015,263.08	
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co.	407,429.76			968.38	
Qingdao Shanghe Tourism Development Co.	8,804,255.39			-309,047.97	
Qingdao Golden Jiaozhou Asset Management Co.				38,093,330.13	
Qingdao Jiaozhou New Town Construction and Development Co.				19,577,285.80	
Qingdao Jiaozhou Urban Construction Development Group Co.				35,910,140.38	
Qingdao SCO Cornerstone investment Development Group Co.	202,009,078.08				
Qingdao SCOC Investment Co.		32,000,000.00		131,826.69	
SCO Central Enterprises (Qingdao) International Living Room Development Co.		58,800,000.00		2,331,026.44	
Shandong High Speed Private Capitai Management Co.	372,234,692.56			29,304,539.76	
Netgen Technology (Qingdao) Co.	39,840,339.84	16,900,000.00		-515,914.83	
Qingdao Lianhe Guoxin Economic & Trade Co.	7,375,810.82			1,379,448.02	
Subtotai	**554,882,563.77**	**107,700,000.00**		**119,888,339.52**	
Total	**654,882,363.77**	**107,700,099.00**		**119,888,339.53**	

(continued)

Investees	Increase/decrease during the period				Closing balance	Closing balance of provision for impairment
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
I. Joint ventures						
II. Associated enterprises						
Qingdao Yichen Laser Technology Co.					28,195,694.24	
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co.					408,398.14	

Investees	Increase/decrease during the period				Closing balance	Closing balance of provision for impairment
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
Qingdao Shanghe Tourism Development Co.					3,495,207.42	
Qingdao Golden Jiaozhou Asset Management Co.				2,871,133,629.07	2,904,226,959.20	
Qingdao Jiaozhou New Town Construction and Development Co.				8,543,250,147.41	8,562,827,433.01	
Qingdao Jiaozhou Urban Construction Development Group Co.				3,429,973,666.43	3,465,883,806.81	
Qingdao SCO Cornerstone Investment Development Group Co.				-202,009,078.08		
Qingdao SCOC Investment Co.				4,001,204.90	36,133,031.59	
SCO Central Enterprises (Qingdao) International Living Room Development Co.					61,131,026.44	
Shandong High Speed Private Capital Management Co.					401,539,232.32	
Netgen Technology (Qingdao) Co.					56,224,425.01	
Qingdao Lianhe Guoxin Economic & Trade Co.		210,000.00			8,545,258.84	
Subtotal		**210,000.00**		**14,646,349,565.73**	**15,528,610,473.02**	
Total		**210,000.00**		**14,646,349,563.73**	**15,528,610,473.02**	

(12) Investments in other equity instrumants

Item	Closing balance	Opening balance
Qingdao Jiaozhou Guohong Equity Investment Fund Partnership (Limited Partnership)	4,000,000.00	4,000,000.00
Qingdao LeTong Huazi Intelligent Industry Fund (Limited Partnership)	90,000,000.00	90,000,000.00
Hangzhou Island City Time One Equity Investment Partnership (Limited Partnership)	999,000,000.00	999,000,000.00
Qingdao Jiaozhou Shengrui Equity Investment Fund Partnership (Limited Partnership)	36,700,000.00	34,800,000.00
Qingdao Golden Jiaozhou New Old Energy Conversion Fund (Limited Partnership)	106,200,000.00	103,200,000.00
Shandong Expressway Jiqing Central Highway Co.	385,516,100.50	201,962,376.00
Qilu Qianhai (Qingdao) Venture Capital Fund Partnership (Limited Partnership)	210,000,000.00	120,000,000.00
Total	**1,831,416,100.50**	**1,552,962,376.00**

Note 1: According to the relevant partnership agreement, Qingdao Jiaozhou Bay Development Group Limited as a limited partner contributed Qingdao Jiaozhou Guohong Equity Investment Fund Partnership (Limited Partnership), Qingdao Letong Huazi Intelligent Industry Fund (Limited Partnership), Hangzhou Island City Time One Equity Investment Partnership (Limited Partnership), Qingdao Jiaozhou Shengrui Equity Investment Fund Partnership (Limited Partnership), Qingdao Golden Jiaozhou New Oid Energy Conversion Fund (Limited Partnership), Qilu Qianhai (Qingdao) Venture Capitai Fund Partnership (Limited Partnership), although holding 30% ef Qingdao Letong Huazi Intelligent Industry Fund (Limited Partnership) and 99.90% of Hangzheu Island City Time and Space No. 1 Equity Investment Partnership (Limited Partnership), they do not have control, joint control or significant influence over the investees and do not participate in the daily operetion activities of the enterprises .

Note 2: According to the relevant shareholders' contribution agreement, Qingdao Jiaozhou Bay Development Group Company Limited and other shareholders contributed to the establishment of Shandong Expressway Jiqing Central Highway Company Limited with a shareholding of 2.59%.

(13) Other non-current financial assets

Item	Closing balance	Opening balance
Qingdao Shanghe Emerging Industry Investment Fund Partnership (Limited Partnership)	20,000,000.00	
Shandong Gangxin Futures Co.	40,000,000.00	
Total	**60,000,000.00**	

(14) Investment properties

Item	Houses, buildings	Total
I. Opening balance	**2,725,365,000.00**	**2,725,365,000.00**
ii. Changes during the period	**239,000,160.00**	**239,660,160.00**
Add: outsourced		
Transfer from inventories / fixed assets / construction in progress	29,599,996.33	29,599,996.33
increase in business combinations	1,323,597.23	1,323,597.23
Increase in non-repayable transfers	33,994,000.00	33,994,900.00
Less: Disposals		
Other transfers out		
Changes in fair value	174,741,666.44	174,741,606.44
III. Closing balanco	**2,965,029,100.00**	**2,965,029,100.00**

(15) Fixed assets

Item	Closing balance	Opening balance
Fixed assets	336,958,524.25	292,139,827.62
Total	**336,958,524.25**	**292,139,827.62**

1. Fixed assets

Item	Houses and buildings	Machinery and equipment	Transport equipment	Electronic equipment	Furniture for the hospitality industry	Total
i. Original book value						
1. Opening balance	361,527,217.69	91,247,247.05	8,449,874.96	9,962,594.76	666,616.05	471,853,550.51
2. Increase in the current year	28,141,117.35	40,093,227.58	950,184.92	1,152,085.77		70,336,615.62
(1) Acquisition	28,141,117.35	40,093,227.58	482,246.87	634,959.03		69,351,550.83
(2) Transfer from construction in progress						
(3) Increase in business combinations			467,938.05	499,250.64		967,188.69
(4) Others				17,876.10		17,876.10
3. Decrease in the current year			918,490.81	32,779.64	21,569.27	972,839.72
(1) Disposal or scrapping			918,490.81			918,490.81
(2) Others				32,779.64	21,569.27	54,348.91
4. Closing balance	389,668,335.04	131,340,474.83	8,481,569.07	11,081,900.69	645,046.78	541,217,326.41
il. Accumulated depreciatien						
1. Opening baiance	109,943,613.66	54,673,726.66	7,113,663.89	7,948,487.03	34,211.65	179,713,722.89

Item	Houses and buildings	Machinery and equipment	Transport equipment	Electronic equipment	Furniture for the hospitality industry	Total
2. Increase in the current year	17,733,582.52	6,434,482.63	426,300.93	638,513.25	120,779.44	25,353,658.77
(1) Accrual	17,733,582.52	6,434,482.63	375,220.39	584,585.61	120,779.44	25,248,650.59
(2) Increase in business combinations			51,080.54	53,927.64		105,008.18
(3) Others						
3. Decrease in the current year			804,635.02	3,944.48		808,579.50
(1) Disposal or scrapping			804,635.02			804,635.02
(2) Others				3,944.48		3,944.48
4. Closing balance	127,677,196.16	61,108,209.29	6,735,349.80	8,583,055.80	154,991.09	204,258,802.16
iii. provision for impairment						
1. Opening balance						
2. Increase in the current year						
(1) Accrual						
3. Decrease in the current year						
(1) Disposal or scrapping						
4. Closing balance						
IV. Carrying value						
1. Closing book value	**261,901,138.86**	**70,232,265.34**	**1,746,219.27**	**2,498,845.09**	**490,055.69**	**336,958,524.25**
2. Opening book value	**251,583,604.03**	**36,573,520.39**	**1,336,191.07**	**2,014,107.73**	**632,404.40**	**292,139,827.62**

(16) Construction in progress

Item	Closing balance	Opening balance
Construction in progress	5,465,550,034.46	2,507,866,556.63
Total	**5,465,550,034.46**	**2,507,866,556.63**

1. Basic information on construction in progress

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Environmental signage project for the SCO model area	11,149,501.72		11,149,501.72	10,947,446.03		10,947,446.03
The Builders' House Project	40,890,696.40		40,890,696.40			
Nissan Motor Industrial Park Project	2,312,741.26		2,312,741.26			
Pok Oi Street Nursery	58,749,603.71		56,749,603.71	43,719,366.48		43,719,366.48
Yellow River Road Primary School Project	223,244,492.75		223,244,492.75	204,496,417.42		204,496,417.42
Development Zone Junior School Project	258,215,189.62		256,215,189.82	220,633,842.05		220,633,842.05
Qingdao Early Childhood Teacher Training Programme	501,801,375.29		501,801,375.29	483,097,253.31		483,097,253.31
Qingdao Sino-French International Living Room and Sino-French Industrial Innovation Centre	57,127,303.41		57,127,303.41	6,405,646.24		6,405,846.24

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
SCO Technological Innovation Complex (part of the Western Crossing University)	50,580,202.34		50,580,202.34	2,040,566.29		2,040,566.29
30 million for the SCO Technology Complex project (paid by the MC)	45,880,733.94		45,880,733.94			
SCO Cross-border E-commerce Business Park (Phase iii) (a new establishment)	91,698,066.33		91,698,066.33	88,453.95		88,453.95
SCO Cross Border E-Commerce Centre Project	187,409,162.06		187,409,162.06	68,990,991.56		68,990,991.56
Innovation Centre for High-Tech Business incubators (part of the incubator) in the Shanghe Model Area Project	20,786,724.94		20,786,724.94	3,003,057.84		3,003,057.84
SCO Training Centre Project	280,799,046.25		280,799,046.25	148,433,539.70		148,433,539.70
Community Service Centre Project	59,304,856.02		59,304,856.02	56,093,274.27		56,093,274.27
Special Duty Fire Station Project	37,343,629.64		37,343,629.64	35,304,854.81		35,304,854.81
Remaining plots in the Pilot Area	1,697,573.36		1,697,573.36	1,698,189.76		1,698,169.76
SCO Enterprise Model Park Service Centre Project	155,831,230.92		155,831,230.92	42,274,143.31		42,274,143.31
Semiconductor Industry Platform Renovation Project	26,753,954.88		26,753,954.88	16,484,873.87		16,484,873.87
Standard plant renovation project (design and construction general contracting)	43,696,167.91		43,696,167.91	32,109,584.90		32,109,584.90
Jiaozhou Economic and Technological Development Zone Municipal Infrastructure Project	702,615,628.52		702,815,628.52	521,123,690.04		521,123,690.04
Jiaozhou Economic and Technological Development Zone Sewage Network Supporting Project	21,258,143.70		21,258,143.70	13,724,433.30		13,724,433.30
Ruyi Lake Supporting Project	29,253,450.94		29,253,450.94	23,662,726.95		23,662,726.95
SCO Environmental Improvement Project	485,385,264.37		485,385,264.37	458,750,433.13		458,750,433.13
SCO Business Centre	188,393,387.84		168,393,387.84	25,753,197.10		25,753,197.10
Backfilling area works for China-Shanghai Cooperation Demonstration Area backfilling and ramming works	96,747,025.93		96,747,025.93	78,288,222.37		76,288,222.37
Central Business District underground car park complex project	11,333,202.41		11,333,202.41	10,742,371.95		10,742,371.95
Jiaoda Avonue Underground Road Traffic Support Project	776,712,516.48		776,712,516.48			
Qingdao City Dagu River Right Bank Embankment Project below Qinglan Highway	116,633,356.71		116,633,356.71			
Comprehensive development and utilization of underground space and supporting infrastructure	589,731,976.14		589,731,976.14			

Projects	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
project at Shanghe Plaza						
Dagan World Hotel	47,344,478.30		47,344,478.30			
Multimodal digital one-way cross-border alliance network	13,366,792.39		13,366,792.39			
SCO International Conference Centre Project	251,302,557.78		251,302,557.78			
Total	**5,465,556,034.46**		**5,465,550,034.46**	**2,507,869,556.03**		**2,507,866,550.63**

2. Changes in major construction projects in progress

Item	Opening balance of the peried	Increase during the year	Consolidated increase during the period	Transfer to fixed assets/investment properties	Other reductions
Environmental signage project for the SCO model area	10,947,446.03	202,055.69			
The Builders' Home		40,890,696.40			
Nissan Motor industrial Park Project		2,312,741.26			
Pok Oi Street Nursery	43,719,366.48	13,030,237.23			
Incubator Ancillary Facilities		3,175,140.79		3,175,140.79	
Yellow River Road Primary School Project	204,496,417.42	18,748,075.33			
Jiaotong University High School Annex		2,122,583.09		2,122,583.09	
Development Zone Junior School Project	220,633,842.05	37,581,347.77			
Qingdao Early Childhood Teacher Training Programme	463,097,253.31	18,704,121.98			
Qingdao Sino-French International Living Room and Sino-French Industrial Innovation Centre	6,405,646.24	50,721,857.17			
SCO Technological Innovation Complex (part of the Western Crossing University)	2,040,566.29	48,539,636.05			
30 million for the SCO Technology Complex project (paid by the MC)		45,880,733.94			
SCO Cross-border E-commerce Business Park (Phase iii) (a new establishment)	88,453.95	91,609,612.38			
SCO Cross Border E-Commerce Centre Project	68,990,991.56	118,418,170.50			
Innovation Centre for High-Tech Business incubators (part of the incubator) in the Shanghe Model Area Project	3,003,057.84	17,783,667.10			
SCO Training Centre Project	148,433,539.70	132,365,506.55			
Community Service Centre Project	56,093,274.27	3,211,581.75			
Special Duty Fire Station Project	35,304,854.81	2,038,774.83			
Xi'an Jiaotong University Research Institute Annex		17,983,438.01		17,983,438.01	
Remaining plots in the Pilot Area	1,698,169.76	-596.40			

Item	Opening balance of the period	Increase during the year	Consolidated increase during the period	Transfer to fixed assets/investment properties	Other reductions
SCO Enterprise Model Park Service Centre Project	42,274,143.31	113,557,087.61			
Semiconductor Industry Platform Renovation Project	16,484,873.87	10,269,081.01			
Standard plant renovation project (design and construction general contracting)	32,109,584.90	11,586,583.01			
South Building, Management Building		238,792.99		238,792.99	
Jiaozhou Economic and Technological Development Zone Municipai Infrastructure Project	521,123,690.04	181,691,938.48			
Jiaozhou Economic and Technological Development Zone Sewage Network Supporting Project	13,724,433.30	7,533,710.40			
Ruyi Lako Supporting Project	23,662,726.95	5,590,723.99			
SCO Environmental Improvement Project	458,750,433.13	26,634,831.24			
SCO Business Centre	25,753,197.10	142,640,190.74			
Smart Building		890,473.10		890,473.10	
Backfilling area works for China-Shanghai Cooperation Demonstration Area backfilling and ramming works	78,288,222.37	16,458,803.56			
Central Business District underground car park complex project	10,742,371.95	590,830.46			
Jiaoda Avenue Underground Road Traffic Support Project		775,738,240.36	974,276.10		
Qingdao City Dagu River Right Bank Embankment Project below Qinglan Highway		101,004,008.29	17,629,348.42		
Comprehensive development and utilization of underground space and supporting infrastructure project at Shanghe Plaza		587,595,781.92	2,136,194.22		
Dagan World Hotel		47,344,478.30			
Multimodal digital one-way cross-border alliance network		13,366,792.39			
SCO International Conference Centre Project		251,302,557.78			
Total	**2,507,866,550.03**	**2,901,354,037.07**	**26,739,818.74**	**24,410,427.98**	

(continued)

Item	End of period	Of which: interest capital Amount of capitalisation	Sources of funding
Environmental signage project for the SCO model area	11,149,501.72		Self-finencing
The Builders' Home	40,890,696.40		Self-financing
Nissan Motor industrial Park Project	2,312,741.26		Self-financing
Pok Oi Street Nursery	56,749,603.71	3,020,443.94	Self-financing
Incubator Ancillary Facilities			Self-financing

Item	End of period	Of which: interest capital Amount of capitalisation	Sources of funding
Yellow River Road Primary School Project	223,244,492.75	11,751,458.30	Self-financing
Jiaotong University High School Annex			Self-financing
Development Zone Junior School Project	258,215,189.82	12,994,270.86	Self-financing
Qingdao Early Childhood Teacher Training Programme	501,801,375.29		Self-financing
Qingdao Sino-French International Living Room and Sino-French Industrial Innovation Centre	57,127,303.41	2,172,235.20	Self-financing
SCO Technological Innovation Complex (part of the Western Crossing University)	50,580,202.34		Self-financing
30 million for the SCO Technology Complex project (paid by the MC)	45,880,733.94	1,717,234.77	Self-financing
SCO Cross-border E-commerce Business Park (Phase iii) (a new establishment)	91,696,066.33	2,522,519.99	Self-financing
SCO Cross Border E-Commerce Centre Project	187,409,162.06	9,359,416.68	Self-financing
Innovation Centre for High-Tech Business Incubators (part of the incubator) in the Shanghe Model Area Project	20,766,724.94	795,898.47	Self-financing
SCO Training Centre Project	280,799,046.25	23,242,000.00	Self-financing
Community Service Centre Project	59,304,856.02	3,112,595.65	Self-financing
Special Duty Fire Station Project	37,343,629.64	1,995,072.48	Self-financing
Xi'an Jiaotong University Research Institute Annox			Self-financing
Remaining plots in the Pilot Area	1,697,573.36		Self-financing
SCO Enterprise Model Park Service Centre Project	155,831,230.92	15,177,328.76	Self-financing
Semiconductor Industry Platform Renovation Project	26,753,954.88	1,280,970.07	Self-financing
Standard plant renovation project (design and construction general contracting)	43,698,167.91	2,162,151.21	Self-financing
South Building, Management Building			Self-financing
Jiaozhou Economic and Technological Development Zone Municipal Infrastructure Project	702,615,628.52	34,481,272.13	Self-financing
Jiaozhou Economic and Technelogical Development Zone Sewage Network Supporting Project	21,258,143.70	1,027,914.77	Self-financing
Ruyi Lake Supporting Project	29,253,450.94	1,403,968.50	Self-financing
SCO Environmental Improvement Project	465,385,264.37	25,269,633.48	Self-financing
SCO Business Centre	168,393,387.84	5,373,686.70	Self-financing
Smart Building			Self-financing
Backfilling area works for China-Shanghai Cooperation Demonstration Area backfilling and ramming works	96,747,025.93	4,806,291.11	Self-financing
Central Business District underground car park complex project	11,333,202.41	590,830.46	Self-financing
Jiaoda Avenue Underground Road Traffic Support Project	776,712,516.48	10,422,652.51	Self-finencing
Qingdao City Dagu River Right Bank Embankment Project below Qinglan Highway	116,633,356.71	4,554,149.95	Self-financing
Comprehensive development and utilization of underground space and supporting infrastructure project at Shanghe Plaza	589,731,976.14	7,982,990.95	Self-financing
Dagan World Hotel	47,344,478.30		Self-financing
Multimodal digital one-way cross-border alliance network	13,366,792.39		Self-financing
SCO international Conference Centre Project	251,302,557.78	8,915,868.76	Self-financing
Total	**5,465,550,034.46**	**190,132,866.70**	**-**

(17) Right to use assets

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance		
2. Increase in the current period	11,622,605.17	11,622,605.17
(1) Leasing	11,622,605.17	11,622,605.17
(2) Increase in business combinations		
3. Decrease in the current period		
(1) Disposai		
(2) Others		
4. Closing balance	11,622,605.17	11,622,605.17
II. Accumulated depreciation		
1. Opening balance		
2. Increase in the current period	1,434,094.85	1,434,094.85
(1) Leasing	1,434,094.85	1,434,094.85
(2) Increase in business combinations		
3. Decrease in the current period		
(1) Disposal		
(2) Others		
4. Closing balance	1,434,094.85	1,434,094.85
iii. provision for impairment		
1. Opening balance		
2. Increase in the current period		
(1) Leasing		
(2) Increase in business combinations		
(3) Others		
3. Decrease in the current period		
(1) Disposal		
(2) Others		
4. Closing balance		
IV. Carrying value		
1. Closing book value	**10,188,510.32**	**10,188,510.32**
2. Opening book value		

(18) Intangible assets

Item	Land use rights	Software	Water access rights	Special operating rights	Total
I. Original book value					
1. Opening balance	149,875,809.39	1,852,265.49	3,977,198,700.00		4,128,926,774.88
2. Increase in the current year	405,423,026.07	491,632.72	6,673,310,000.00	838,018,808.74	7,317,243,467.53
(1) Acquisition	128,492,166.11	304,816.80		2,808.74	128,799,791.65

Item	Land use rights	Software	Water access rights	Special operating rights	Total
(2) In-house R&D					
(3) Increase in business combinations	276,930,859.96	186,815.92	6,073,310,000.00	838,016,000.00	7,188,443,675.88
(4) Other transfers in					
3. Decrease in the current year					
(1) Disposal					
4. Year-end balance	555,298,835.46	2,343,898.21	10,050,508,700.00	838,018,808.74	11,446,170,242.41
ii. accumulated amortisation					
1. Opening balance	7,621,205.03	25,650.00	107,715,798.19		115,362,653.22
2. Increase in the current year	13,341,051.56	444,495.34	326,667,459.45	46,600,156.04	387,073,162.39
(1) Accrual	13,341,051.56	404,105.99	245,727,459.45	27,960,156.04	287,432,773.04
(2) Increase in business combinations		40,389.35	80,960,000.00	16,640,000.00	99,640,389.35
(3) Other transfers in					
3. Decrease in the current year					
(1) Disposal					
4. Year-end balance	20,962,256.59	470,145.34	434,403,257.64	46,600,156.04	502,435,815.61
iii. provision for impairment					
1. Opening balance					
2. Increase in the current year					
(1) Accruai					
3. Decrease in the current year					
(1) Disposal					
4. Year-end baiance					
IV. Carrying value					
1. Year-end book value	**534,336,578.87**	**1,873,752.87**	**9,616,105,442.36**	**791,418,652.70**	**10,943,734,426.80**
2. Carrying value al the beginning of the year	**142,254,564.36**	**1,826,615.49**	**3,869,482,901.81**		**4,013,564,121.66**

(19) Long-term amortised costs

Projects	Opening balance	Increase for the period	Amortisation for the period	Other reductions	Closing balance
Renovation costs		633,097.77	217,061.39		416,036.38
Other		28,808.96	11,151.08		17,657.86
Total		**661,906.73**	**228,212.47**		**433,694.26**

(20) Deferred income tax aseets

Item	Closing balance		Opening balance	
	Deferred income tax assets	Deductible temperary differences	Deferred income tax assets	Deductihle tsmporary differences
Provision for credit impairment	1,384,681.63	5,538,727.32	1,188,383.83	4,753,535.30
Changes in fair value of investment properties	8,374.31	33,497.24		
Total	**1,363,056.14**	**5,572,224.36**	**1,188,383.83**	**4,753,535.30**

(21) Deferred income tax liahilities

Item	Closing balance		Opening balance	
	Deferred income tax liahilities	Taxable temporery differences	Deferred incomo tax liabilities	Taxable temporary differences
Changes in fair value of investment properties	291,126,304.63	1,164,513,216.52	247,434,528.70	989,738,114.80
Total	**291,128,304.63**	**1,164,513,218.52**	**247,434,528.70**	**989,738,114.80**

(22) Other non-current assets

Item	Closing balance	Opening balance
Deferred income	31,435,398.54	33,988,264.82
Total	**31,435,398.54**	**33,988,254.82**

(23) Short-term borrowings

Item	Closing balance	Opening balance
Credit Borrowing		200,000,000.00
Pledged loans	66,700,000.60	
Secured Borrowing	900,000,000.00	
Guaranteed Borrowing	1,510,490,000.00	2,045,520,000.00
Interest payable	3,796,711.15	8,424,106.33
Total	**2,490,986,711.15**	**2,253,944,106.33**

1. Pledged loans

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry dats	Pledges
Qingdao Jiaozhou Bay Development Group Co.	China Everbright Bank Limited, Qingdao Ningxia Road Sub-branch	66,700,000.00	October 11, 2022	10 October 2023	Pledge of depesitory receipts
Total		**66,700,000.00**	-	-	-

2. Secured borrowing

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry dafe	Collateral
Qingdao Jiaozhou Bay Development Group Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	900,000,000.00	29 April 2022	27 April 2023	Land use rights: Ru (2023) Jiaozhou City Immovable Property Right No. 0001923, Ru (2023) Jiaozhou City Immovable Preperty Right No. 0001921, Ru (2023) Jiaozhou City Immovable Property Right No. 0001924
Total		**900,000,000.00**			

3. Guaranteed borrowing

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Guarantor
Qingdao Jiaozhou Bay Development Group Co.	Zheshang Bank Co Ltd Qingdao Branch	100,000,000.00	31 May 2022	30 May 2023	Qingdao Jiaozhou City Development Investment Co.
Qingdao Jiaozhou Bay Development Group Co.	Zheshang Bank Co Ltd Qingdao Branch	100,000,000.00	7 June 2022	6 June 2023	Qingdao Jiaozhou City Development Investment Co.
Qingdao Jiaozhou Day Technology Investment Co.	Hengfeng Bank Co Ltd Qingdao Nanjing Road	95,600,000.00	29 June 2022	29 June 2023	Qingdao Jiaozhou Bay Development Group Co.

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Guarantor
	Sub-branch				
Qingdao Jiaozhou Bay Technology Investment Co.	China Everbright Bank Limited, Qingdao Ningxia Road Sub-branch	70,000,000.00	21 September 2022	20 September 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Jiaozhou City Development Investment Co.
Qingdao Jiaozhou Bay Technology Investment Co.	China Everbright Bank Limited, Qingdao Ningxia Road Sub-branch	30,000,000.00	14 July 2022	13 March 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Jiaozhou City Development Investment Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Bank of Beijing Limited Qingdao Jiaozhou Sub-branch	53,200,000.00	26 August 2022	26 August 2023	Qingdao Jiaozhou Bay Development Group Co., Ltd.and Qingdao Jiaozhou City Development Investment Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	130,000,000.00	15 January 2022	14 January 2023	Qingdao Jiaozhou Bay Development Greup Limited, Qingdao Shaohai Development Group Limited
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	45,000,000.00	26 January 2022	25 January 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Shaohai Development Group Limited
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	30,000,000.00	January 27, 2022	26 January 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Shaohai Development Group Limited
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	30 January 2022	25 January 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Shaohai Development Group Limited
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	70,000,000.00	31 March 2022	30 March 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Shaohai Development Group Limited
Qingdao Jiaofa International Supply Chain Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Day Development Group Co.
Qingdao Jiaofa International Trade Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaofa International Trade Co.	Qingdao Rural Commerciai Bank Co Ltd, Shanghe Model District Sub-branch	180,000,000.00	29 April 2022	25 April 2023	Qingdao Jiaozhou Bay Development Group Limited, Qingdao Jiaozhou City Development Investment Co.
Qingdao Jiaofa International Trade Co.	Bank of Weifang Co.	40,000,000.00	June 10, 2022	5 June 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaofa International Trade Co.	Industrial Bank of China Limited, Qingdao Branch	101,850,000.00	19 August 2022	19 August 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaofa International Trade Co.	Bank of Beijing Limited, Qingdao Branch	9,840,000.00	12 Januery 2022	12 January 2023	Qingdao Jiaozhou City Development Investment Company Limited, Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay City Property Management Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaofa City Construction Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Green Building Park Development and Investment Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 Juiy 2023	Qingdao Jiaozhou Bay Development Group Co.

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Guarantor
Qingdao Shanghe Zhishang Investment Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstone Investment Development Group Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstone Investment Development Group Co.	Agricultural Bank of China Jiaozhou Sub-branch	76,000,000.00	31 March 2022	30 March 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstone Investment Development Group Co.	Agricultural Bank of China Jiaozhou Sub-branch	130,000,000.00	31 March 2022	30 March 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstone Investment Development Group Co.	Agricultural Bank of China Jiaozhou Sub-branch	120,000,000.00	20 April 2022	19 April 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Shanghe Modern Trade Development Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 July 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Shanghe Modern Logistics Development Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	10,000,000.00	29 Juiy 2022	28 July 2023	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Shanghe Modern Logistics Development Co.	Shanghai Pudong Development Bank Limited Qingdao Jiaozhou Sub-branch	20,000,000.00	15 July 2022	14 July 2023	Qingdao SCO Cornerstone Investment Development Group Co.
Total	–	**1,510,490,000.66**	–	–	–

(24) Notes payable

Item	Closing balance	Opening balance
Commercial acceptances	238,486,399.46	33,270,000.00
Bankers' accepiances	124,800,000.00	
Total	**363,286,399.49**	**33,270,000.00**

(25) Accounts payabie

1. Presentation of ageing of accounts payable

Item	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Up to and including 1 year	905,297,231.79	94.98	287,404,106.91	87.09
1-2 years (inclusive)	40,477,068.86	4.25	10,327,919.72	3.13
2-3 years (inclusive)	3,576,054.76	0.38	15,857,119.20	4.81
3-4 years (inclusivo)	2,212,640.48	0.23	2,331.52	0.00
4-5 years (inclusive)			13,988,752.01	4.24
More than 5 years	1,598,104.85	0.16	2,428,104.85	0.73
Total	**953,161,100.74**	**100.00**	**330,008,334.21**	**100.00**

2. Accounts payable with significant closing balances

Name of creditor	Amount owed	Ageing of accounts	Natere of payment

Name of creditor	Amount owed	Ageing of accounts	Nature of payment
Qingdao Municipal Space Development Group Limited Liability Company Jiaozhou Branch	235,510,677.81	Less than 1 year	Payment for work
China Railway Third Bureau Group Limited Qingdao Branch	187,519,366.77	Less than 1 year	Payment for work
China Construction Qingdao Investment & Construction Co.	71,257,525.74	Less than 1 year	Payment for work
China Construction Sixth Engineering Bureau Limited	61,069,169.86	Less than 1 year	Payment for work
Qingdao Pinbinhao Grain and Oil Group Co.	48,150,000.00	Less than 1 year	Trade payments
Total	**603,506,740.18**	–	–

(26) Receipts in advance

1. Aging of receivables in advance is shown

Age of accounts	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Less than 1 year	923,888.44	75.26	2,254,817.09	90.58
1 to 2 years	303,652.95	24.74		
2 to 3 years				
3 to 4 years				
4 to 5 years			234,500.00	9.42
More than 5 years				
Total	**1,227,541.39**	**100.00**	**2,489,317.09**	**100.00**

(27) Contractuai liabiiities

Item	Closing balance	Opening balance
House payment	95,333,097.25	124,493,341.70
Payment for goods	322,204,887.10	35,769,464.96
Property Charges	392,321.77	169,895.09
Other operations	349,729.05	5,596,857.14
Less: Contractual liabilities included in other non-current liabilities		
Total	**418,286,035.17**	**166,029,558.09**

1. The top five contractuai iiabiiities at the end of the period

Name of creditor	Amount owed	Ageing of accounts	Nature of payment
Shandong Lujin Import & Export Group Co.	168,476,363.30	Less than 1 year	Trade payments
Qingdao Deshengze Trading Co.	51,886,899.50	Less than 1 year	Trade payments
Shandong Port and Maritime Energy Trading Co.	50,032,568.81	Less than 1 year	Trade payments
Jilin Province Hakkamen import & Export Trading Co.	33,051,866.21	Within 1 year	Trade payments
Tianjin Shengxin Sporting Goods Co.	27,290,452.73	Less than 1 year	Trade payments
Total	**330,740,150.55**		–

(28) Payable to empioyees

Item	Opening balance	Payable for the period	Paid during the period	Closing balance
t. Short-term remuneration		54,579,867.93	53,333,140.50	1,246,727.43
ii. Post-employment benefits - defined contribution plans		6,449,774.69	6,270,360.59	179,414.10

Item	Opening balance	Payable for the period	Paid during the period	Closing balance
Total		**61,029,642.62**	**50,003,581.00**	**1,426,141.53**

1. Short-term remuneration

Item	Opening balance	Payable for the period	Paid during the period	Closing balance
1. Salaries, bonuses, allowances and subsidies		42,241,604.70	42,083,906.23	157,698.47
2. Employee welfare expenses		3,587,240.57	2,774,084.57	813,156.00
3. Social insurance premiums		4,526,027.62	4,507,059.53	18,968.09
Of which: (1) Medical insurance premiums		4,255,558.48	4,241,346.88	14,211.80
(2) Employment injury insurance premiums		270,469.14	265,712.86	4,756.29
(3) Maternity insurance premiums				
(4) Others				
4. Housing Provident Fund		3,701,496.66	3,558,118.86	143,378.00
5. Trade union funding and staff education funding		523,498.38	409,971.51	113,526.87
8. Short-term paid absence from work				
7. Short-term profit sharing schemes				
8. Other short-term paid				
Total		**54,579,867.93**	**58,333,140.50**	**1,246,727.43**

2. Post-empioyment benefits

Set up a drawdown plan project	Opening balance	Payable for the period	Paid during the period	Closing balance
1. Basic pension insurance		3,996,198.94	3,827,963.28	188,235.86
2. Unemployment insurance premiums		177,025.87	165,847.43	11,178.44
3. Corporate Pension Contributions		2,276,549.88	2,278,549.86	
Total		**6,449,774.69**	**6,270,360.50**	**179,414.10**

(29) Taxes payable

Tax Type	Closing balance	Opening balance
Corporate income tax	537,660,601.65	490,805,563.31
VAT	71,619,049.50	70,519,996.19
Business tax	22,624,954.55	22,624,954.55
Urban Maintenance and Construction Tax	9,668,078.95	9,457,898.80
Education surcharge	6,908,786.16	6,755,641.97
Land use tax	3,571,383.54	2,959,370.82
Local Water Construction Fund	799,989.75	797,067.65
Property tax	15,049,423.56	640,672.69
Stamp duty	674,856.50	165,409.40
Personal income tax	33,018.60	39,563.17
Total	**603,610,112.77**	**604,750,138.55**

(30) Other payables

Item	Closing balance	Opening balance
Interest payable	6,384,803.39	

Item	Closing balance	Opening beiance
Other payables	22,110,920.98	221,566,695.28
Total	**28,495,724.37**	**221,566,095.28**

1. Interest peyabie

Item	Closing balance	Opening balance
Interest on unit transactions	6,384,803.39	
Total	**6,384,003.39**	

2. Other payables

(1) Ageing analysis

Item	Closing balance	Opening balance
Up to and including 1 year	16,280,918.63	204,248,592.19
1-2 years (inclusive)	4,997,560.46	1,025,710.25
2-3 years (inclusive)	493,152.00	533,426.10
3-4 years (inclusive)	6,013.89	441,840.00
4-5 years (inclusive)	56,840.00	
More than 5 years	276,436.00	15,317,126.74
Total	**22,110,920.98**	**221,566,695.28**

(2) Other payables with significant closing balances

Name	Book batance	Nature of payment	Ageing of accounts
Qingdao Jiaofa Human Resources Service Co.	10,000,000.00	Current payments	Less than 1 year
China Merchants Zhongbai Trading & Logistics Co.	1,178,460.00	Current payments	Less than 1 year
China Construction 8th Bureau 2nd Construction Co.	1,058,619.81	Current payments	Less than 1 year
Tak Choi Decoration Co.	448,966.00	Current payments	Less than 1 year
Shandong Mingluo Education Technology Co.	260,000.00	Current payments	Less than 1 year
Total	**12,946,245.81**	**-**	**-**

(31) Non-current liabilities due within one year

Item	Closing balance	Opening balence
Long-term loans due within one year	2,312,020,000.00	1,463,520,000.00
Bonds payable due within one year	4,992,215,007.91	4,206,324,467.98
Long-term payables due within one year	650,887,430.85	559,866,790.62
Lease iiabilities due within one year	47,832,008.90	
Total	**8,002,954,447.66**	**6,229,711,258.00**

(32) Other current liabilities

Item	Closing balance	Opening balance
Short-term bonds payable	2,295,431,330.77	1,049,122,762.56
Tax to be transferred	45,908,833.84	18,063,654.88
Total	**2,341,340,154.61**	**1,065,186,417.24**

1. increase/decreese in short-term bonds peyable

Bond Name	Face Veiue	Release Date	Bond maturity	Issue amount	Opening balance
22 Lujiaofa Group ZR002	100,000,000.00	2022-1-27	366 days	100,000,000.00	
22 Giaozhou D1	1,000,000,000.00	2022-9-26	364 days	1,000,000,000.00	
22 Jiaozhou Bay SCP002	700,000,000.00	2022-9-2	270 days	700,000,000.00	
22 Jiaozhou Bay CP001	500,000,000.00	2022-12-14	365 days	500,000,000.00	
21 Jiaozhou Bay CP001	350,000,000.00	2021-4-14	365 days	350,000,000.00	349,601,095.89
21 Jiaozhou Bay SCP001	700,000,000.00	2021-9-16	270 days	700,000,000.06	699,521,666.67
Total	**3,350,000,000.00**	--	--	**3,358,000,000.00**	**1,049,122,762.58**

(continued)

Bond Name	Issued this year	Interest accrued at nominal value	Amortisation of premium and discount	Current year reimbursement	Closing balance
22 Lujiaofa Group ZR002	100,000,000.00	7,397,911.06	-20,215.63		99,979,784.37
22 Giaozhou D1	1,000,000,000.00	8,062,247.93	-3,063,487.60		996,936,512.40
22 Jiaozhou Bay SCP002	700,000,000.00	7,182,156.13	-436,198.88		699,568,801.12
22 Jiaozhou Bay CP001	500,000,000.00		-1,048,767.12		498,951,232.86
21 Jiaozhou Bay CP001				349,601,095.89	
21 Jiaozhou Bay SCP001				699,521,866.67	
Total	**2,350,000,000.00**	**22,542,315.12**	**-4,566,669.23**	**1,049,122,762.55**	**2,295,431,350.77**

(33) Long-term borrowings

Item	Closing balance	Opening balance
Pledged loans	1,544,460,000.00	1,509,980,000.00
Secured Borrowing	1,809,800,000.00	985,250,000.00
Guaranteed Borrowing	6,692,650,000.00	4,118,480,000.00
Credit Borrowing	1,699,800,000.00	1,400,000,000.00
interest payable	17,042,377.92	12,109,439.76
Less: Long-term loans due within ona year	2,312,020,000.00	1,463,520,000.06
Total	**9,451,732,377.92**	**6,582,299,439.76**

1. Pledged lcans

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Collateral/pledge, guarantor
Qingdao Jiaofa Internationai Trade Co.	Industrial Bank of China Limited, Qingdao Branch	249,960,000.00	2021/1/6	2024/1/4	Guarantor: Qingdao Jiaozhou Bay Technology Investment Company Limited; Collateral: Certificates of deposit
Qingdao Jiaofa City Construction Co.	Bank of Weifang Co.	9,500,000.00	2022/7/5	2025/7/4	Pledge: Certificate of deposit of the bank-00034049; Name of guarantor: Qingdao Jiaofa City Construction Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Bank of Communications Qingdao Jiaozhou Sub-branch	270,000,000.00	2016/6/21	2026/6/21	Pledge: Jiaozhou Economic and Technological Development Zone Management Committee Government Purchase Contract; Guarantor: Qingdao Shaohai Investment Development Co.

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Collateral/pledge, guarantor
Qingdao Jiaozhou Bay Technology investment Co.	China Construction Bank Corporation Limited, Jiaozhou Sub-branch	920,000,000.00	2019/1/3	2026/12/21	Pledged right: Roceivables under government purchased services; Piedgee: Qingdao Jiaozhou Bay Technoiogy Investment Co.
Qingdao Jiaozhou Bay Technoiogy investment Co.	industriei and Commerciai Bank of China Jiaozhou Sub-branch	95,000,900.00	2022/12/26	2025/12/26	Pledge of depository receipts
Totai	--	1,544,460,000.00	--	--	--

2. Secured horrowing

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Collateral/pledge, guarantor
Qingdao Jiaozhou Bay Deveiopment Group Co.	Bank of Communications Co Ltd Qingdao Jiaozhou Sub-branch	130,000,000.00	2022/11/9	2037/10/30	Land use right of tho Shanghe Business Centre project and the property and construction in progress thereon, real estate right certificate No.: Lu (20022) Jiaozhou reai estate right No. 0009895
Qingdao Jiaozhou Bay Deveiopment Group Co.	Bank of Communications Co Ltd Qingdao Jiaozhou Sub-branch	40,000,000.00	2022/12/1	2037/10/30	Land use right of tbe Shanghe Business Centre project and the property and construction in progress thereon, real estate right certificate No.: Lu (20022) Jiaozbou roai estate right No. 0009695
Qingdao Jiaozhou Bay Deveiopment Group Co.	Shanghe Demonstration Zone Sub-branch, Bank of China Limited, Qingdao Branch	60,000,000.00	2022/12/1	2037/10/30	Land use right of the Shangho Business Centre project and the property and construction in progress thereon, reai estate right certificate No.: Lu (20022) Jiaozhou reai estate right No. 0009895
Qingdao Jiaozhou Bay Development Group Co.	Shanghe Demonstration Zone Sub-branch, Bank of China Limited Qingdao Branch	60,000,000.00	2022/11/4	2037/10/30	Land use right of the Shanghe Business Centre project and the property and construotion in progress thereon, real estate right cortificate No.: Lu (20022) Jiaozhou real estate rigbt No. 0009895
Qingdao Jiaofa City Construction Co.	Agriculturai Development Bank of China	610,000,000.00	2022/6/24	2034/6/22	Coliateral:FD08_Ru(2022)Jiaozhou City Roal Estate Right No.0005404, Ru(2018)Jiaozhou City Real Estate Right No.0000355, Ru(2018)Jiaozhou City Roal Estate Right No.0000345; Guarantor:Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Industrial Park Operation and Management Co.	Agricultural Bank of China Limited, Qingdao Branch	50,000,000.00	2022/3/31	2041/9/27	Guarantor: Qingdao Jiaozhou Bay Deveiopment Group Company Limited; Coiiateral: Construction in progress of the SCO Enterprise Demonstration Park Project
Qingdao Jiaozhou Bay industriai Park Operetion and Management Co.	Agricultural Bank of China Limited, Qingdao Branch	120,000,000.00	2022/9/22	2041/9/27	Guarentor: Qingdao Jiaozhou Bay Deveiopment Greup Company Limited; Coliatoral: Construction in progress of the SCO Enterprise Demonstration Park Project
Qingdao Jiaozhou Bay Technology Investment Co.	China Agriculturai Deveiopment Bank, Jiaozhou Sub-branch	240,000,000.00	2017/12/22	2025/12/19	Mortgage: Lu (2016) Jiaozhou City Real Estate Right No. 0002800 Land Use Right and Construction in Progress on the Ground (Property); Guarantor: Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industriai and Commerciai Bank of China Jiaozhou	200,000,000.00	2022/9/29	2025/9/29	Mortgage on piots 1-2 and 1-3 of Kechuang; Guarentor: Qingdao Jiaozhou Bay Devolopment Group Co;
Qingdao Shanghe Zhongchuang industry investment Development Co.	industriai and Commerciai Bank of China Jiaozbou Sub-branch	299,800,000.00	2022/4/28	2023/12/30	Mortgagee: Qingdao Shanghe Zhongchuang industriai Investment Development Company Limited, Mortgage: Lu (2021) and Jiaozhou Reai Estate Right No. 0040606 State-owned

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Collateral/pledge, guarantor
Total	-	1,809,000,000.00	-	-	--

3. Guaranteed borrowing

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Guarantors
Qingdao Jiaozhou Bay Development Group Co.	Bank of China Limited Jiaozhou Sub-branch	295,000,000.00	2020-4-1	2023-4-1	Qinghai Shaohai Development Group Co.
Qingdao SCO Cornerstone Investment Development	Bank of Beijing Limited Qingdao Jiaozhou Sub-branch	99,500,000.00	2022-3-17	2024-3-17	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Development Group Co.	China Development Bank, Qingdao Branch	333,000,000.00	2022-9-6	2042-9-5	Qingdao Jiaozhou Bay Technology Investment Co.
Qingdao Jiaozhou Bay Development Group Co.	China Development Bank, Qingdao Branch	20,000,000.00	2022-8-14	2042-8-14	Qingdao Jiaozhou Bay Technology Investment Co.
Qingdao Jiaozhou Bay Development Group Co.	China Development Bank, Qingdao Branch	147,000,000.00	2022-9-14	2042-9-13	Qingdao Jiaozhou Bay Technology Investment Co.
Qingdao Jiaozhou Bay Development Group Co.	Hengfeng Bank Qingdao Fushan Road Sub-branch	171,000,000.00	2022-5-30	2025-5-30	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Development Group Co.	Guangfa Bank Co Ltd Qingdao Branch	90,000,000.00	2020-2-25	2023-2-20	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Development Group Co.	Xiamen International Bank Limited, Shanghai Branch	76,500,000.00	2021-5-21	2023-5-12	Ordinary credit guarantee provided by Qingdao
Qingdao Green Building Park Development and	Shanghai Pudong Development Bank Limited, Qingdao Jiaozhou	80,000,000.00	2020-8-27	2023-8-27	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstene Investment Deveiopment	China Construction Bank Corporation Limited, Jiaozhou	98,000,000.00	2021-10-26	2024-10-26	Qingdao Golden Jiaozhou Asset Management Co.
Qingdao SCO Cornerstone Investment Development	China Construction Bank, Jiaozhou Branch	100,000,000.00	2022-1-11	2025-1-11	Qingdao Golden Jiaozhou Asset Management Co.
Qingdao SCO Cornerstone Investment Development	China Construction Bank, Jiaozhou Branch	100,000,000.00	2022-1-11	2025-1-11	Qingdao Golden Jiaozhou Asset Management Co.
Qingdao Jiaozhou Bay Industrial Park Operation	Agricultural Bank of China Jiaozhou Sub-branch	100,000,000.00	2021-9-30	2041-9-29	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Industrial Park Operation	Industrial and Commercial Bank of China Jiaozhou Sub-branch	100,000,000.00	2021-9-30	2041-9-30	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Industrial Park Operation	Industrial and Commercial Bank of China Jiaozhou Sub-branch	40,000,000.00	2022-3-28	2035-4-15	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstone Investment Development	Bank of China Limited Jiaozhou Sub-branch	298,000,000.00	2022-4-15	2025-4-15	Qingdao Jiaozhou Bay Development Group Co.
Qingdao SCO Cornerstone Investment Development	China Agricultural Development Bank, Qingdao Branch	91,800,000.00	2022-4-8	2035-12-21	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-19	2026-2-18	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-19	2025-8-18	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-19	2025-2-18	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-19	2024-8-18	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-22	2024-2-21	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-22	2023-8-21	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	25,000,000.00	2016-2-22	2023-2-21	Qingdao Jiaozhou Bay Development Group Co.

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date	Guarantors
Qingdao Jiaozhou Bay Technology Investment Co.	industrial and Commercial Bank of China Jiaozhou Sub-branch	300,000,000.00	2016-4-30	2025-12-5	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	300,000,000.00	2016-7-31	2024-12-15	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Bank of China Limited Jiaozhou Sub-branch	80,000,000.00	2016-12-29	2031-12-28	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Technology Investment Co.	Bank of China Limited Jiaozhou Sub-branch	130,000,000.00	2017-1-5	2031-12-28	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Technology Investment Co.	Bank of China Limited Jiaozhou Sub-branch	130,000,000.00	2017-2-6	2031-12-28	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	150,000,000.00	2017-3-25	2026-12-15	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Shanghai Pudong Development Bank Limited, Qingdao Branch	95,950,000.00	2020-1-10	2023-1-9	Qingdao Jiaozhou Urban Development Investment
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	198,000,000.00	2020-6-26	2023-6-25	Qingdao Jiaozhou Bay Development Group Co.
Qingdeo Jiaozhou Bay Technology Investment Co.	China Exim Bank Shandong Branch	495,000,000.00	2020-9-23	2023-8-23	Qilu Bank Co Ltd Qingdao Branch
Qingdao Jiaozhou Bay Technology Investment Co.	China Development Bank, Qingdao Branch	240,000,000.00	2021.12.23	2036-12-22	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	180,000,000.00	2022-3-31	2042-3-31	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	120,000,000.00	2022-3-31	2042-3-31	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	60,000,000.00	2022-3-29	2037-3-29	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	220,000,000.00	2022-5-30	2042-5-30	Qingdao Jiaozhou Bay Development Group Co.
Qingdeo Jiaozhou Bay Technology Investment Co.	Agricultural Bank of China Jiaozhou Sub-branch	160,000,000.00	2022-5-30	2042-5-30	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	99,000,000.00	2022-7-29	2025-7-29	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial Bank of China Limited, Qingdao Branch	240,000,000.00	2022-8-19	2025-8-19	Qingdao Jiaozhou Bay Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Qingdao Rural Commercial Bank, Shanghe Model Area Sub-branch	280,000,000.00	2022-11-25	2025-11-23	Qingdao Shanghe Holding Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	Qingdao Rural Commercial Bank, Shanghe Model Area Sub-branch	200,000,000.00	2022-12-8	2025-12-6	Qingdao Shanghe Holding Development Group Co.
Qingdao Jiaozhou Bay Technology Investment Co.	China Exim Bank Shandong Branch	500,000,000.00	2022-9-29	2024-9-29	Qingdao Jiaozhou Urban Development Investment
Qingdao SCO Cornerstone Investment Development	Pudong Development Bank Qingdao Jiaozhou Sub-branch	99,000,000.00	2022-4-2	2025-4-28	Qingdao Golden Jiaozhou Asset Management Co.
Total	--	**6,692,650,000.00**	--	--	--

4. Credit borrowing

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date
Qingdao SCO Cornerstone investment Development Group Co.	Industrial and Commercial Bank of China Limited Jiaozhou Sub-branch	299,800,000.00	2021/12/30	2024/12/29
Qingdao Jiaozhou Bay Development Group Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	500,000,000.00	2020/4/1	2023/3/31
Qingdao Jiaozhou Bay Development Group Co.	Qingdao Bank Co Ltd Jiaozhou Sub-branch	500,000,000.00	2022/10/19	2024/10/18

Borrower	Loan Unit	Borrowing balance	Date of borrowing	Expiry date
Qingdao Jiaozhou Bay Development Group Co.	Tibetan Trust	300,000,000.00	2022/6/28	2024/6/27
Qingdao Jiaozhou Bay Technology Investment Co.	Industrial and Commercial Bank of China Jiaozhou Sub-branch	100,000,000.00	2021/1/13	2024/1/12
Total	-	**1,699,000,000.00**	-	-

(34) Bonds payable

1. Bonds payable

Item	Closing balance	Opening balance
Bonds payable	20,286,444,720.41	16,317,166,340.80
Interest payable en bonds	335,831,303.29	242,419,177.08
Expires within one year	4,992,215,007.91	4,206,324,467.98
Total	**15,650,061,015.79**	**12,353,261,049.00**

2. Increase or decrease in bonds payable

Bond Name	Face Value	Bond maturity		Issue amount	Opening balance	Current Issue
		Interest Commencement Date	Expiry date			
18 Jiaozhou Bay MTN001	800,000,000.00	27.4.2018	2023.4.27	800,000,000.00	796,486,787.31	
18 Jiaozhou Bay MTN002	800,000,000.00	23.11.2018	2023.11.23	800,000,000.00	795,742,663.04	
19 Jiaozhou Bay PPN001	500,000,000.00	14.1.2019	2022.1.14	500,000,000.00	499,947,522.51	
19 Lu Gumfa ZR001	500,000,000.00	22.2.2019	2022.2.22	500,000,000.00	499,585,309.22	
19 Lu Gumfa ZR002	500,000,000.00	20.3.2019	2022.3.20	500,000,000.00	499,586,388.37	
19 Lu Gumfa ZR003	500,000,000.00	26.3.2019	2022.3.26	500,000,000.00	499,585,309.22	
19 Jiaozhou Bay MTN001	700,000,000.00	2019.4.3	2024.4.3	700,000,000.00	695,817,547.27	
JZBDB2206	1,912,710,000.00	28.6.2019	2022.6.28	1,912,710,000.00	1,908,552,215.27	
19 Lu Gumfa ZR004	300,000,000.00	23.12.2019	2022.12.23	300,000,000.00	299,067,723.39	
20 Lu gumfa ZR001	200,000,000.00	2020.3.20	2023.3.20	200,000,000.00	199,492,208.40	
20 Jiaozhou Bay MTN001	400,000,000.00	2020.6.16	2023.6.16	400,000,000.00	398,203,017.24	
20 Lu gumfa ZR003	500,000,000.00	2020.8.26	2023.8.26	500,000,000.00	496,592,099.61	
20 Jiaozhou Bay PPN001	600,000,000.00	2020.8.31	2023.8.31	600,000,000.00	598,357,138.40	
20 Jiaozhou Bay PPN002	700,000,000.00	2020.10.22	2023.10.22	700,000,000.00	697,923,877.47	
21 Jiaozhou Bay MTN001	600,000,000.00	2021.1.8	2024.1.8	600,000,000.00	596,283,523.94	
21 Jiaozhou Bay PPN001	800,000,000.00	2021.3.19	2024.3.19	800,000,000.00	797,120,370.07	
21 Lu Gumfa ZR001	300,000,800.00	2021.4.2	2024.4.2	300,000,000.00	298,827,394.48	
21 Lu Gumfa ZR002	200,000,000.00	2021.4.29	2023.4.29	200,000,000.00	199,193,705.05	
USD 200 million of debt in 2021	1,275,140,000.00	2021.6.7	2024.6.7	1,275,140,000.00	1,264,416,229.73	
21 Jiaozhou Bay PPN002	900,000,000.00	2021.6.23	2024.6.23	900,000,000.00	596,400,302.32	
21 years of Societe Generale Direct Finance	300,000,000.00	2021.3.17	2023.3.17	300,000,000.00	300,000,000.00	
21 Jiaozhou Bay PPN003	600,000,000.00	2021.11.5	2026.11.5	600,000,000.00	596,851,646.28	

Bond Name	Face Value	Bond maturity		Issue amount	Opening balance	Current Issue
		laterest Commencement Date	Expiry date			
2021 Corporate Debt of $1.5 billion	1,500,000,000.00	2021.12.27	2026.12.27	1,500,000,000.00	1,488,892,448.72	
21 Jiaozhou Bay PPN004	1,000,000,000.00	2021.12.16	2026.12.16	1,000,000,000.00	994,640,913.51	
22 Corporate bonds of $1 billion	1,000,000,000.00	2022.3.16	2027.3.16	1,000,000,000.00		1,000,000,000.00
2022 ZS PPN	400,000,000.00	2022.3.17	2027.3.17	400,000,000.00		400,000,000.00
US$22 debt	1,904,459,980.96	2022.3.3	2025.3.3	1,904,459,980.96		1,994,459,980.96
22 Jiaozhou Bay MTN001	800,000,000.00	2022.6.2	2025.6.2	800,000,000.00		800,000,000.00
June 22 USD 300 million of debt	2,010,000,000.00	2022.6.16	2025.6.16	2,010,000,000.00		2,010,000,000.00
22 Jiaozhou Bay MTN002	700,000,000.00	2022.11.4	2025.11.4	700,000,000.00		700,000,000.00
22 Jiaozhou Bay PPN002	500,000,000.00	2022.12.1	2027.12.1	500,000,000.00		500,000,000.00
22 Lujiaofa Group ZR001	200,000,000.00	2022.1.27	2023.6.29	200,000,000.00		200,000,000.00
22 Lujiaofa Group ZR003	300,000,000.00	2022.6.29	2023.12.29	300,000,000.00		300,000,000.00
Total	**-**	**--**	**--**	**--**	**16,317,166,340.80**	**7,814,459,980.96**

(continued)

Bond Name	Interest accrued at nominal value	Amortisation of premium and discount	Current reimbursement	Other	Closing balance
18 Jiaozhou Bay MTN001	47,040,000.00	2,648,089.09			799,134,876.40
18 Jiaozhou Bay MTN002	40,000,000.00	2,196,521.30			797,939,184.34
19 Jiaozhou Bay PPN001	1,020,970.65	52,477.49	500,000,000.00		
19 Lu Gumfa ZR001	9,414,690.78	414,690.78	500,000,000.00		
19 Lu Gumfa ZR002	9,163,811.63	413,611.63	500,000,000.00		
19 Lu Gumfa ZR003	9,414,690.78	414,690.78	500,000,000.00		
19 Jiaozhou Bay MTN001	34,440,000.00	1,885,935.85			697,503,483.12
JZBDB2206	65,032,140.00	4,157,784.73	2,010,000,000.00	97,290,000.00	
19 Lu Gumfa ZR004	17,556,164.38	932,278.61	300,000,000.00		
20 Lu gumfa ZR001	10,400,000.00	416,606.84			199,908,815.24
20 Jiaozhou Bay MTN001	15,000,000.00	1,225,873.19			399,428,890.43
20 Lu gumfa ZR003	24,500,000.00	2,035,345.93			498,627,445.54
20 Jiaozhou Bay PPN001	27,000,000.00	974,323.42			599,331,461.82
20 Jiaozhou Bay PPN002	31,500,000.00	1,129,256.04			699,053,133.51
21 Jiaozhou Bay MTN001	25,080,000.00	1,797,133.83			598,080,657.77
21 Jiaozhou Bay PPN001	36,400,000.00	1,266,757.45			798,387,127.52
21 Lu Gumfa ZR001	14,100,000.00	592,452.64			299,219,847.12
21 Lu Gumfa ZR002	10,200,000.00	605,512.89			199,799,217.94
USD 200 million of debt in 2021	18,767,265.97	2,324,162.03		119,080,398.54	1,385,820,790.30
21 Jiaozhou Bay PPN002	39,330,000.00	1,409,229.97			897,809,532.29
21 years of Societe Generale Direct Finance	8,900,547.94	-283,018.87			299,716,981.13
21 Jiaozhou Bay PPN003	23,700,000.00	1,975,104.24			598,826,750.50
2021 Corporate Debt of $1.5 billien	59,850,000.00	2,049,379.14			1,490,941,827.86
21 Jiaozhou Bay PPN004	39,500,000.00	997,227.83			995,638,141.34

Bond Name	Interest accrued at nominal value	Amortisation of premium and discount	Current reimbursement	Other	Closing balance
22 Corporate bonds of $1 billion	31,140,247.10	-5,972,081.67			994,027,918.33
2022 ZS PPN	13,123,753.72	-1,740,831.44			398,259,168.56
US$22 debt	55,505,482.52	-14,306,541.80		186,177,311.75	2,076,330,750.91
22 Jiaozhou Bay MTN001	16,646,855.98	-4,098,568.70			795,901,431.30
June 22 USD 300 million of debt	55,539,829.97	-13,486,705.46		78,851,520.00	2,075,364,814.54
22 Jiaozhou Bay MTN002	3,938,148.98	-4,188,563.35			695,811,436.65
22 Jiaozhou Bay PPN002	1,946,445.35	-3,693,985.81			496,306,034.39
22 Lujiaofa Group ZR001	10,826,460.34	-278,289.12			199,721,710.68
22 Lu Gumfa Group ZR003	1,171,892.14	-446,709.32			299,553,290.66
Total	**807,149,198.21**	**-16,980,831.64**	**4,310,000,000.00**	**481,399,230.29**	**20,286,444,720.41**

(35) Lease liabilities

Projects	Closing balaace	Opening balance
Lease liabilities	433,917,675.51	
Less: Lease liabilities due within one year	47,832,908.90	
Total	**386,085,666.61**	

(36) Long-term payables

Item	Closing balance	Opening balance
Long-term payables	964,325,321.31	803,966,155.07
Specific payables	1,159,440,000.00	519,440,000.00
Total	**2,123,755,321.31**	**1,323,406,155.07**

1. Long-term payables

Projects	Closing balance	Opening balance
Sinopharm Holdings (China) Finance & Leasing Co.		71,819,678.57
Far East International Leasing Limited		19,642,773.82
Banyin Financial Leasing Co.	28,204,494.74	81,711,808.72
China Motor Finance & Leasing Co.	182,284,688.90	254,101,507.27
Shandong Huitong Financial Leasing Co.	493,009,469.28	444,020,731.00
COSCO Shipping & Leasing Co.		55,000,000.00
COSCO Shipping & Leasing Co.	140,000,000.00	165,000,000.00
Guangzhou Yuexiu Finance & Leasing Co.	66,666,666.66	100,000,000.00
Ping An International Finance & Leasing Co.	241,999,999.99	35,908,291.86
Far East International Finance & Leasing Ltd.		24,753,969.30
Far Eastem Hongxin (Tianjin) Finance & Leasing Co.	159,000,000.00	19,787,164.28
China Merchants Financial Leasing (Tianjin) Co.	60,047,432.59	92,197,021.05
Haitong Hengxin Internationai Finance & Leasing Co.	244,000,000.00	
Subtotal	**1,615,212,752.16**	**1,363,832,945.69**
Less: Long-term payables due within one year	650,887,430.85	559,866,790.62
Total	**964,325,321.31**	**809,980,155.07**

2. Specific payables

Item	Closing balance	Opening balance
Road infrastructure in the SCO model area	122,440,000.00	122,440,000.00
Qingdao Early Childhood Teacher Training Programme	397,000,000.00	397,000,000.00
SCO Technology Complex Project	90,000,000.00	
Shanghe Plaza Project	550,000,000.00	
Total	**1,159,440,000.00**	**519,440,000.00**

(37) Deferred income

1. Deferred Income Is presented by category

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance	Causes of formation
Government grants	128,725,000.01	16,357,000.00	128,725,000.01	16,357,000.00	Financial aiiocation
Total	**128,725,000.01**	**16,357,000.00**	**128,725,000.01**	**16,357,000.00**	-

2. Government grants

Item	Opening balance	Amount of new grants for the period	Amount charged to other gains during the period	Closing balance	Asset-related /relative to revenue
Wing Chen Lei Shuo plant rentai fee	3,725,000.01		3,725,000.01		Related to revenue
Yichen Lei Shue plant renovation payment	25,000,000.00		25,000,000.00		Related to revenue
Speciai subsidies for enterprise development funds	100,000,000.00		100,000,000.00		Retated to revenue
Muitimodai digital one-way cross-border alliance network		6,789,000.00		6,789,000.00	
Speciai Subsidy for Integrated Multimodal Transport Service Platform		9,566,000.00		9,568,000.00	
Total	**128,725,000.01**	**16,357,000.00**	**128,725,000.01**	**16,357,000.00**	-

Note: According to the "Notice from the Management Committee of China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone on the Issuance of Special Subsidy for Enterprise Development Funds of Qingdao Jiaozhou Bay Technology Investment Co., Ltd." dated 25 December 2020, Qingdao Jiaozhou Bay Technology Investment Co., Ltd. recoived RMB330,000,000.00 of special operating subsidy funds for enterprise development as the special operating subsidy funds for FY2020 (RMB30 milllon), The special operating subsidy funds for enterprise development for FY2020 (RMB200 million), FY20021 (RMB100 million) and FY2022 (RMB100 million) will be confirmed on a yearly basis.

(38) Paid-in capital

Name of investor	Opening balance		This year Add	Tbis year Reduction	Closing balance	
	Amount invested	Share %			Amount invested	Share %
Jiaozhou State-owned Assets Service Centre	1,200,000,000.00	100.00		1,200,000,000.00		
Qingdao Shanghe Holding Development Group Co.			1,850,000,000.00		1,650,000,000.00	100.00
Total	**1,200,000,000.00**	**100.00**	**1,650,000,000.00**	**1,200,000,000.00**	**1,650,000,000.00**	**100.00**

(39) Capital surplus

Itam	Opening balance	increase during the year	Decrease for tbe year	Closing baiance
Capital premiums				

Item	Opening balance	Increase during the year	Decrease for the year	Closing balance
Other capital surplus	13,786,608,889.43	22,259,190,055.08	2,630,795.54	36,043,168,148.97
Total	**13,786,608,889.43**	**22,259,190,055.08**	**2,630,795.54**	**36,043,168,148.97**

Note 1: According to the document "Jiaozhou State-owned Assets Supervision and Administration Commission Approval of the Comprehensive Plan for the Integration of Jiaofa Group Assets" (Jiaozhou State-owned Assets Supervision and Administration Commission [2022] No. 52), 49% of Qingdao Golden Jiaozhou Assets Management Company Limited, Qingdao Jiaozhou New City Construction and Development Company Limited and Qingdao Jiaozhou City Construction and Development Group Company Limited were transferred to Qingdao Jiaozhou Bay Development Group Company Limited, increasing the capital common stock by RMB14,844,357,442.91;

Note 2: According to the document "Jiaozhou State-owned Assets Supervision and Administration Commission Semi-approval of the transfer of equity interests in two companies, including Qingdao Shanghe Keystone Investment and Development Group Company Limited" ((Jiaozhou State-owned Assets Commission [2022] No. 18), 51% of the shareholders heid by Qingdao Shanghe Keystone Investment and Development Group Company Limited held by Jiaozhou State-owned Assets Service Centre were transferred to Qingdao Jiaozhou Bay Development Group Company Limited, after the transfer Qingdao Ltd. held 100% of it and increased the capital reserve by RMB7,380,837,712.17.

Note 3: In accordance with the Notice of Jiaozhou State-owned Assets Service Centre on the Consent of Jiaozhou Road Business Development Centre to the Free Transfer of Relevant Assets, the land located at No. 19 Fuzhou South Road, Jiaozhou City, together with the buildings on the ground, was transferred to Qingdao Jiaozhou Bay Development Group Company Limited free of charge, increasing the capital surplus by RMB33,994,900.00

Note 4: In accordance with the document of the Jiaozhou State-owned Assets Supervision and Administration Commission, "Notice on the Specialization and Integration of Human Resources Companies and Their Businesses of Jiaozhou Municipal Enterprises" (Jiaozhou State-owned Assets Supervision and Administration Commission [2022] No. 29), the 100% equity intarest of Qingdao Jiaozhou Bay Technology Investment Company Limited in Qingdao Jiaofa Human Resources Service Company Limited was transferred to Qingdao Jiaozhou Talent Group Company Limited without compensation, reducing the capital capital surplus by RMB2,630,795.54;

(40) Surplus reserves

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Statutory Surplus Provident Fund	201,902,340.44	6,614,018.17		210,516,358.61
Arbitrary Surplus Provident Fund				
Total	**201,902,340.44**	**8,614,018.17**		**210,516,358.61**

Note: The Company sets aside 10% of its annual net profit as statutory surplus reserve and no further reserve will be set aside when the accumulated statutory surplus reserve reaches more than 50% of the share capital.

(41) Unallocated profit

Item	Closing balance	Opening balance
Prior year closing balance	2,852,426,107.38	2,176,578,389.36
Add: Change in accounting policy		
Correction of prior period errors		
Other		
Opening balance for the period	2,852,426,107.38	2,176,578,389.36
increase for the period	437,294,474.53	697,664,186.43
Of which: net profit for the period transferred to	437,294,474.53	697,664,186.43
Other adjustment factors		
Decrease for the period	416,972,669.99	21,816,468.41
Of which: Current period's withdrawal of surplus reserves	8,814,018.17	21,816,468.41

Item	Closing balance	Opening baiance
General risk provision drawn down during the period		
Transfer of capital		
Number of cash dividends distributed during the period		
Other reductions	408,358,651.82	
Closing balance for the period	**2,872,747,911.92**	**2,852,420,107.38**

(42) Gperating income and operating costs

1. Braakdown of revenue and operating costs

Item	Incurred during the period		Prior Period incurred	
	Income	Costs	Income	Costs
I. Subtotal main operations	**2,765,870,380.43**	**2,405,630,969.31**	**2,392,017,190.56**	**2,135,832,871.74**
Jiaozhou Development Zone Infrastructure Projects	225,057,470.37	198,679,302.86	232,301,735.93	216,598,715.45
Rental income	568,947,332.84	279,871,909.69	376,091,979.89	160,213,655.25
Government Purchased Services	16,077,398.44	10,343,345.47	9,255,046.21	8,421,675.38
Property income	9,082,844.87	9,513,663.96	2,962,695.86	4,316,967.28
Trade income	1,575,640,268.96	1,557,161,244.08	1,328,627,953.64	1,317,849,184.87
Revenue from the sale of commercial properties	45,991,769.73	41,349,602.64	190,597,867.88	193,688,213.01
Labour dispatch income	27,533,653.43	29,429,154.59	39,471,605.50	37,866,968.42
Income from the Shanghe Trade Tower project			11,192,571.18	10,197,323.27
Operating income	9,965,067.96	9,958,785.32	9,300,637.45	8,922,785.79
Material			3,535,651.74	3,844,339.54
Land level development management fee income	204,340,215.08	188,348,372.16	188,679,245.26	173,913,043.48
Logistics revenue	83,234,158.75	81,035,688.32		
II. Subtotal other operations	**26,889,917.37**	**1,541,100.75**	**123,848,417.28**	**84,142,773.86**
Interest incoma	25,136,948.85		3,110,586.61	
Transfer of land use rights			118,931,952.27	84,141,423.86
Other	1,732,968.52	1,041,109.75	1,805,876.40	1,350.00
Total	**2,792,748,297.80**	**2,405,732,079.06**	**2,515,865,687.84**	**2,219,975,645.60**

(43) Taxes and surcharges

Item	Incurred during the period	Prior Period Incurred
Urban Maintenance and Constructien Tax	1,484,303.61	4,743,182.99
Education surcharge	1,061,246.16	3,378,592.77
Land Value Added Tax	439,896.94	11,393,308.65
Property tax	25,728,333.57	25,526,835.97
Land use tax	11,195,165.89	10,420,016.81
Vehicle use tax	3,630.00	1,496.52
Stamp duty	3,158,090.70	3,380,067.10
Other	40,598.73	281,067.56
Total	**43,111,205.82**	**59,124,568.37**

(44) Selling expenses

Item	incurred during the period	Prior Period Incurred
Advertising sales costs	4,599,773.49	2,715,956.83
Depreciation	42,796.26	42,751.44
Operational promotion fees	1,045,390.11	
Property Charges	1,156,274.51	1,009,433.88
Staff salaries and benefits	382,446.04	
Other	564,171.52	175,565.48
Collection and dispatch service fee	0.00	
Handling fee	0.00	
Decoration fees	0.00	16,991.15
Expendable materials	7,902.69	9,156.00
Electricity, water and gas bills	81,146.02	22,727.49
Total	**7,879,900.64**	**3,992,582.27**

(45) Overheads

Item	Incurred during the period	Prior Period Incurred
Office costs	3,656,545.32	3,959,595.22
Hospitality	162,416.89	138,876.98
Travel expenses	844,424.43	753,737.49
Depreciation	26,790,941.64	25,236,173.51
Communication costs	258,627.12	497,133.14
Utilities	328,383.87	171,237.27
Repair costs	1,443,464.72	257,308.68
Vehicle costs	1,317,536.43	768,916.25
Wages	35,718,451.53	16,074,772.32
Employee benefits	3,969,662.18	1,929,101.18
Provident Fund	2,770,934.32	1,449,077.00
Social Insurance	7,213,318.90	3,304,390.49
Other	2,615,400.42	1,101,883.90
Intermediary servicas and consultancy fees	37,381,888.55	18,680,565.80
Amortisation of intangible assets	3,185,524.69	1,034,635.90
Advertising costs	306,306.13	184,471.73
Staff education expenses	32,146.26	195,257.13
Technical service fees	9,317,026.44	
Loss of inventory	980,359.54	311,656.53
Design fees	188,072.12	1,500.00
Surveying and mapping fees	637,970.07	6,387.99
Property Service Charges	2,104,761.93	760,254.34
Party building funds	154,594.86	593,788.43
Trade union funding	629,138.49	287,109.88
Rental fees	1,607,114.19	3,780,422.77

Item	Incurred during the period	Prior Period Incurred
Corporate annuities	1,988,746.00	552,043.20
Labour costs	2,881,096.70	1,113,549.02
Decoration fees	100,483.50	52,504.37
Fencing fees	0.00	662,022.77
Disability Guarantee Fund	313,488.77	104,909.91
Total	**148,898,866.01**	**81,963,153.00**

(40) R&D costs

Item	Incurred during the period	Prior Period Incurred
Staff remuneration	47,650.00	
Total	**47,650.90**	

(47) Financo costs

Item	Incurred during the period	Prior Pcriod Incurred
Interest expense	28,651,055.25	25,539,933.87
Less: interest income	13,879,733.80	8,902,555.92
Net interest expense	14,771,321.45	16,637,377.95
Foreign exchange losses	343,238,610.93	
Less: Exchange gain		31,598,929.43
Net foreign exchange iosses	343,236,610.93	-31,598,929.43
Bank charges	2,453,329.19	2,491,708.67
Other	29,921,203.19	7,998,336.47
Total	**390,382,464.76**	**-4,471,410.34**

(40) Other gains

Item	Incurred during the period	Prior Period Incurred
Government grants related to ordinary activities	447,228,024.01	207,411,886.91
Personal income tax withholding fee return	960.95	
Value added tax credit amount	211,965.37	
Total	**447,440,950.33**	**207,411,866.91**

1. Breakdown of government grants

Item	Incurred during the period	Prior Period Incurred	Asset-related/relative to revenue
Developmant and Reform Bureau of Statistical Enterprise incentive Fund	400,000.00	1,000,000.00	Related to revenue
Wing Chen Lei Shuo plant rentai fee	3,725,000.01	3,411,666.86	Related to revenue
Jiaozhou Housing end Urban-Rural Development Bureau allocates funds for real economy support incentives	3,810,209.60		Related to revenue
URA allocates first batch of 2022 real economy support incentive funds	13,202,815.00		Related to revenue
Subsidies for new service sector enterprises	400,000.00		Related to revenuo
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone Management Committee Special Funds	170,000.00		Related to revenue
Yichen Lei Shue plant renovation subsidy payment	25,000,000.00		Related to revenue
Subsidies for special carrier bi-innovation projects		3,000,000.00	Related to rovenue
Special subsidies for enterprisa development funds	400,000,000.00	200,000,000.00	Related to revenue

Item	Incurred during the period	Prior Period Incurred	Asset-related/relative to revenue
Other	520,000.00	220.25	Related to revenue
Total	**447,228,024.01**	**207,411,886.91**	--

(49) Investment income

Sources of investment income generated	Incurred during the period	Prior Poriod Incurred
income from long-term equity investments accounted for under the equity method	119,888,339.52	17,641,239.05
Dividend income earned on investments in other equity instruments during the period in which they are held	2,189,095.62	
Total	**122,077,435.14**	**17,641,239.05**

(50) Gain on changes in fair value

Item	Current year occurrences	Prior Year Incurred
Gain on changes in fair value	174,741,606.44	524,573,357.09
Total	**174,741,606.44**	**524,573,357.09**

(51) Credit impairment losses

Item	Current year occurrences	Prior Year Incurred
Bad debt losses	-785,192.01	-4,752,807.30
Total	**-785,192.01**	**-4,752,807.30**

(52) Gain on disposal of assets

Item	Current year occurrences	Prior Year Incurred
Gain on disposal of assets	45,198.35	451,228.76
Total	**45,198.30**	**451,228.76**

(53) Non-operating income

Item	Incurred during the period	Prior Period Incurred
Revenue from fines		
Premium on long-term equity investments		
Other	201,384.17	382,901.61
Total	**201,384.17**	**382,901.61**

(54) Non-operating expenses

Item	Incurred during the period	Prior Period Incurred
External Donations	531,900.97	1,430,000.00
Loss on destruction and retirement of non-current assets	27,187.90	338,937.16
Other	297,863.39	338,937.16
Total	**856,952.26**	**1,768,937.16**

(55) income tax expense

Item	Incurred during the period	Prior Period Incurred
Current income tax calculated in accordance with the Tax Law and related regulations	56,637,396.64	48,349,291.24
Deferred income tax expense	43,489,103.62	152,700,475.51
Total	**100,120,500.26**	**201,049,766.75**

(56) Supplementary information to the cash flow statement

1. Reconciliation of net profit to cash flows from operating activities using the indirect method

Additional information	Amount for the period	Prior period amount
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	438,425,961.41	698,170,177.15
Add: Provision for credit impairment	785,192.01	-4,752,807.30
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	25,248,850.59	22,083,508.25
Amortication of intangible assets	287,432,773.04	102,305,132.90
Amortisation of long-term amortised costs	228,212.47	
Loss on disposal of fixed assets, intangible assets and other long-lived assets (gain is shown by a "-" sign)	-45,198.35	-451,228.76
Loss on scrapping of fixed assets (gain is shown with a "-" sign)	27,187.90	
Loss on changes in fair value (gain is shown by a "-" sign)	-174,741,608.44	-524,573,357.09
Finance costs (income is shown with a "-" sign)	28,651,055.25	25,244,262.64
Losses on investments (gains are shown with a "-" sign)	-121,814,670.96	-17,641,239.05
Decrease in deferred income tax assets (increase is shown with a "-" sign)	-204,672.31	-1,188,201.83
Increase in deferred income tax liabilities (decrease is shown by a "-" sign)	43,693,775.92	152,700,475.51
Decrease in inventories (increase is shown with a "-" sign)	-6,295,945,619.36	72,447,664.01
Decrease in operating receivables (increase is shown with a "-" sign)	-2,170,099,981.36	-1,815,544,605.80
Increase (decrease is shown by "-") in operating payables	1,119,767,446.21	-410,629,768.97
Other		
Net cash flows from operating activities	**-6,818,591,493.98**	**-1,701,829,988.34**
2. Significant investing and financing activities that do not involve cash receipts or disbursements:		
Conversion of debt to capital		
Convertible bonds due within one year		
Finance leasehold fixed assets		
3. Net change in cash and cash equivalents:		
Closing balance of cash	1,137,205,013.70	3,520,094,392.22
Less: Opening balance of cash	3,967,101,613.38	1,881,369,386.24
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-2,829,896,599.68	1,638,725,005.98

Note: The difference between the end of the previous period and the beginning of the current period is due to the non-repayable transfer of businesses in the current period.

2. Cash and cash equivalents

Item	Amount for the period	Prior period amount
i. Cash	1,137,205,013.70	3,520,094,392.22
Of which: cash on hand	389,371.01	817,007.86
Bank deposits readily available for disbursement	1,136,815,642.69	3,519,277,384.36

Item	Amount for the period	Prior period amount
Other monetary funds readily available for disbursement		
Doposited cantrai bank funds available for payment		
Interbank deposits		
interbank lending		
ii. cash equivalents		
Of which: investments in bonds maturing within three months		
iii. cash and cash equivaients balances at the end of the year	1,137,205,013.70	3,520,094,392.22

(57) Assets subject to ownership restrictions

Asset classes with restricted ownership	Carrying value at the end of the period	Reason for restriction
Monetary funds	922,035,456.37	Time deposits or call deposits for security purposes, construction labour deposits, letter of credit deposits, bills of exchange deposits
Inventory	2,066,600,666.58	Loan collateral
investment properties	894,405,300.00	Loan collaterai
Intangible assets	43,699,195.87	Loan collateral
Total	**3,920,749,618.82**	

9、Change in scope of consolidation

1、New scope of consolidation

Name of the Purchased Party	Point of acquisition of share rights	Shareholding ratio	Method of acquisition of shareholdings
Qingdao SCO Cornerstone investment Development Group Co.	Aprii 2022	100.00%	Non-repayable transfers
Qingdao Shanghe Modern Logistics Development Co.	April 2022	100.00%	Non-repayable transfers
Qingdao Shanghe Modern Trade Development Co.	Aprii 2022	100.00%	Non-repayable transfers
Qingdno Shanghe Culture and Tourism Marine Development Co.	April 2022	100.00%	Non-repayable transfers
Qingdao Shanghe Modern international Exhibition Co.	Aprii 2022	100.00%	Non-repayable transfers
Qingdao Jiaofa Huasheng investment Co.	April 2022	100.00%	Non-repayable transfers
Qingdao Shanghe Huachuang Real Estate Co.	Aprii 2022	100.00%	Non-repayable transfers
Qingdao SCO intelligent Park Operation and Management Co.	April 2022	100.00%	Non-repayable transfers
Qingdao SAIC Park Operation and Management Co.	April 2022	100.00%	Non-repayable transfers
Qingdao Shanghe industrial investment Co.	April 2022	100.00%	Non-repayable transfers
Qingdao China Railway Shanghe Central Plaza investment and Development Co.	April 2022	75.00%	Non-repayable transfers
Qingdao Shanghe Huajin investment Development Co.	April 2022	51.00%	Non-repayable transfers
Qingdao Shanghe Zhongchuang Industry investment Development Co.	April 2022	51.00%	Non-repayable transfers
Qingdao SCOPE Investment & Operation Co.	December 2022	100.00%	investment set-up
Qingdao Jiaozhou Bay Koyo Real Estate Co.	May 2022	100.00%	Investment set-up

2、Reduction in scope of cousolidation

Name	When no longer included in the scope of consolidation
Qingdao Jiaofa Human Resources Service Co.	July 2022

10、Notes on Contingencies

1、Guarantees to intra-group and extra-group units: RMB million

Serial number	Guarantee Unit	Subject of guarantee	Amount of guarantee	Date of guarantee from and to
I	For the Group			
1	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	17,500.00	2016.02.25-2026.2.25
2	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	28,500.00	2018.01.16-2026.1.16
3	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	9,595.00	2020.1.10 - 2023.1.10
4	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	4,000.00	2021.12.23-2036.12.22
5	Qingdac Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	13,000.00	2022.1.15 - 2023.1.14
8	Qingdao Jinozhou Bay Developmant Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	4,500.00	2022.1.28 - 2023.1.25
7	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	3,000.00	2022.1.27 - 2023.1.27
8	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	2,500.00	2022.1.30 - 2023.1.30
9	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	10,000.00	2022.2.8-2037.2.7
10	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	30,000.00	2022.3.31-2042.3.30
11	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	6,000.00	2022.3.29-2037.3.28
12	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	7,000.00	2022.3.31 - 2023.3.30
13	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	10,000.00	2022.4.28-2037.4.27
14	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	38,000.00	2022.5.30-2042.5.29
15	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	3,000.00	2022.7.14 - 2023.3.13
16	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	10,000.00	2022.7.29 - 2025.7.29
17	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jlaozhou Bay Technology Investment Co.	24,000.00	2022.8.19 - 2025.8.19
18	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	5,320.00	2022.8.26 - 2023.8.26
19	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay Technology Investment Co.	7,600.00	2022.9.21 - 2023.9.21
20	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa International Trade Co.	984.00	2022.1.12 - 2023.1.11
21	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa International Trade Co.	18,000.00	2022.4.29 - 2023.4.28
22	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa International Trade Co.	4,000.00	2022.6.10 - 2023.6.5
23	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shanghe Holding Development Group Co.	10,000.00	2022.8.12 - 2023.8.11
24	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa International Trade Co.	10,185.00	2022.8.19 - 2023.8.19
25	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa International Trade Co.	1,000.00	2022.7.29 - 2023.7.28
26	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shanghe Development Group Co.	9,950.00	2022.3.18 - 2024.3.17
27	Qingdao Jiaozhou Bay Development Group Co.	Qingdao SCO Cornerstone Investment Co.	20,000.00	2022.3.31 - 2023.3.30

Serial number	Guarantee Unit	Subject of guarantee	Amount of guarantee	Date of guarantee from and to
28	Qingdao Jiaozhou Bay Development Group Co.	Qingdao SCO Cornerstono Investment Co.	30,000.00	2022.4.15 - 2025.4.14
29	Qingdao Jiaozhou Bay Development Group Co.	Qingdao SCO Cornerstone investment Co.	12,000.00	2022.4.20 - 2023.4.19
30	Qingdao Jiaozhou Bay Development Group Co.	Qingdao SCO Cornerstona Investment Co.	10,600.00	2022.4.29 - 2025.4.29
31	Qingdao Jiaozhou Bay Development Group Co.	Qingdao SCO Cornerstone investment Co.	1,000.00	2022.7.29 - 2023.7.28
32	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shanghe Zhongchuang Industry Investment Development Co.	55,000.00	2022.4.28 - 2024.4.28
33	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Industriai Park Operation and Management Co.	4,000.00	2022.3.29-2035.4.15
34	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Industrial Park Operation and Management Co.	5,000.00	2022.3.31-2035.4.15
35	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Industrial Park Operation and Management Co.	20,000.00	2021.9.30-2041.4.15
36	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Industrial Park Operation and Management Co.	12,000.00	2022.9.22-2032.10.15
37	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Green Building Park Development and investment Co.	8,000.00	2020.8.28 - 2023.8.27
38	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Green Building Park Development and Investment Co.	1,000.00	2022.7.29 - 2023.7.28
39	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa City Construction Co.	61,000.00	2022.6.24-2034.6.22
40	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa City Construction Co.	1,000.00	2022.7.29 - 2023.7.28
41	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shanghe Modern Logistics Development Co.	1,000.00	2022.7.29 - 2023.7.28
42	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shanghe Zhishang Investment Co.	1,000.00	2022.7.29 - 2023.7.28
43	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Bay City Property Management Co.	1,000.00	2022.7.29 - 2023.7.28
44	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa Human Resources Service Co.	1,000.00	2022.7.29 - 2023.7.28
45	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa International Supply Chain Co.	1,000.00	2022.7.29 - 2023.7.28
46	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shangha Modern Trade Development Co.	1,000.00	2022.7.29 - 2023.7.28
47	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaofa international Trade Co.	10,000.00	2022.11.8 - 2023.11.7
48	Qingdao Jiaozhou Bay Technology Investment Co.	Qingdao Jiaozhou Bay Development Group Co.	6,004.74	2021.9.15 - 2024.9.15
49	Qingdao Jiaozhou Bay Technology Investment Co.	Qingdao Jiaozhou Bay Development Group Co.	2,000.00	2022.8.14-2042.8.14
50	Qingdao Jiaozhou Bay Technology Investment Co.	Qingdao Jiaozhou Bay Development Group Co.	33,300.00	2022.9.6-2042.9.5
51	Qingdao Jiaozhou Bay Technology Investment Co.	Qingdao Jiaozhou Bay Development Group Co.	14,700.00	2022.9.14-2042.9.14
Inward guarantees Subtotal			**500,038.74**	
II	**External guarantees**			
1	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Development Investment Co.	2,800.00	2017.9.30 - 2025.9.30
2	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Development Investment Co.	20,000.00	2018.2.28-2023.2.28
3	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Development Investment Co.	15,600.00	2920.1.15 - 2023.1.14
4	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Development Investment Co.	20,000.00	2020.11.20 - 2025.11.20

Serial number	Guarantee Unit	Subject of guarantee	Amount of guarantee	Date of guarantee from and to
5	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Chuangwin Lunda Industrial Development Co.	50,000.00	2021.3.30 - 2024.3.30
6	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Ducheng Water Engineering Co.	10,000.00	2022.4.26 - 2023.4.26
7	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Development Investment Co.	20,000.00	2021.11.10 - 2023.11.10
6	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Water Conservancy Development Co.	15,000.00	27.9.2016-2026.9.27
9	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Water Conservancy Development Co.	13,000.00	2016.4.15-2029.4.14
10	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Water Conservancy Development Co.	8,000.00	21.4.2016-2029.4.20
11	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Development Group Co.	10,000.00	2022.4.28 - 2023.4.27
12	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Development Group Co.	20,000.00	2022.8.17 - 2023.8.17
13	Qingdao Jiaozhou Bay Development Group Co.	Shandong Jiaodong Aviation City Investment Co.	20,000.00	2022.1.26 - 2024.1.26
14	Qingdao Jiaozhou Bay Development Group Co.	Shandong Jiaodong Aviation City Investment Co.	20,000.00	2022.9.28 - 2023.9.14
15	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Water Conservancy Development Co.	30,000.00	2022.9.16 - 2024.9.16
16	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Development Investment Co.	15,000.00	2022.10.26 - 2025.10.26
17	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Development Group Co.	6,000.00	2022.12.29 - 2023.12.29
18	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Shaohai Water Conservancy Development Co.	6,000.00	2022.12.29 - 2023.12.30
19	Qingdao Jiaozhou Bay Development Group Co.	Shandong Jiaodong Aviation City Investment Co.	7,500.00	2022.12.28 - 2023.12.27
20	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Golden Jiaozhou Asset Management Co.	150,000.00	2016.5.30-2036.5.29
21	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou New City Construction and Development Co.	30,000.00	28.10.2016 - 27.7.2024
22	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou New Town Construction and Development Co.	30,000.00	2017.5.2 - 2025.1.15
23	Qingdao Jiaozhou Bay Development Group Co.	Qingdao Jiaozhou Urban Construction Development Group Co.	10,000.00	2022.8.19 - 2023.6.19
External guarantees Subtotal			**528,300.00**	
Total			**1,127,338.74**	

11、Post-balance sheet non-adjusting events

The Company has no post-balance sheet events to disclose.

On 08 March 2023, the associate Ltd. was renamed as Qingdao Shanghe Urban Renewal Group Co., Ltd. and on 10 March 2023, the associate Qingdao Jiaozhou New Town Construction and Development Co.

12、Related party relationships and their transactions

(1) Information on the parent company of the business

Name of parent company	Place of registration	Type of institution	Shareholding of the ultimate controlling party in the business (%)	Proportion of voting rights in the enterprise of the ultimate controlling party (%)

Name of parent company	Place of registration	Type of institutien	Shareholding of the ultimate controlling party in the business (%)	Proportion of voting rights in the enterprise of the ultimate controlling party (%)
Qingdao Shanghe Holding Development Group Co.	Jiaozhou, Qingdao	State-owned enterprises	100.00	100.00

The ultimate controlling party of the Company is the Jiaozhou State-owned Assets Service Centre.

(2) Information on the Company's subsidiaries

See Note VII, (i) for details.

(3) Information on joint ventures and associates of the enterprise

Name of investee	Affiliations	Unified Social Credit Code
Qingdao Yichen Laser Technology Co.	Associates of the Enterprise	91370281MA3Q0YWC01
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co.	Associates of the Enterprise	91370281MA3CCF6LXP
Qingdao Shanghe Tourism Development Co.	Associates of the Enterprise	91370281MA3W7D1F4W
Qingdao Golden Jiaozhou Asset Management Co.	Associates of the Enterprise	91370281334070340M
Qingdao Jiaozhou New Town Construction and Development Co.	Associates of the Enterprise	91370281727815497E
Qingdao Jiaozhou Urban Construction Development Group Co.	Associates of the Enterprise	91370281MA3R3BXL5Y
Qingdao SCOC Investment Co.	Associates of the Enterprise	91370281MA94W29W68
SCO Central Enterprises (Qingdao) International Living Room Development Co.	Associates of the Enterprise	91370281MA3UQWM68Y
Shandong High Speed Private Capital Menagement Co.	Associates of the Enterprise	91370212MA3MJ8TD99
Netgen Technology (Qingdao) Co.	Associates of the Enterprise	91370281MA94GUWK39
Qingdao Lianhe Guoxin Economic & Trade Co.	Associates of the Enterprise	91370281MA3T6B4X7A

(4) Related party transactions

1. Connected transactions for the purchase and sale of goods, provision and receipt of services

a. Sales of goods/provision of services

Related parties	Content of connected transactions	Incurred during the period
Qingdao Jiaofa Human Resources Service Co.	Hotel catering income	77,495.00
Qingdao Lianhe Guoxin Economic & Trade Co.	Sale of sunflower oil	44,489,240.37
Qingdao Jiaozhou Urban Construction Development Group Co.	Interest income	487,421.39
Qingdao Golden Jiaozhou Asset Management Co.	Interest income	1,504,264.67
Qingdao Jiaofa Human Resources Service Co.	Interest income	235,608.07

2. Items receivable

Project name	Related parties	Closing balance	
		Book balance	Provision for bad debts
Interest receivable:			
	Qingdao Jiaofa Human Resources Service Co.	249,744.55	
	Qingdao Jiaozhou Urban Construction Development Group Co.	516,666.67	

Project name	Related parties	Closing balance	
		Book balance	Provisien for bad debts
Total		**766,411.22**	
Other receivables:			
	Qingdao Jiaozhou New Town Construction and Development Co.	140,000,000.00	
	Qingdao Jiaozhou Construction Engineering Quality Inspection Co.	78,269.90	
	Qingdao Golden Jiaozhou Asset Management Co.	138,400,000.00	
Total		**278,478,269.90**	

3. Items payable

Project name	Related parties	Closing balance
Accounts payable:		
	Qingdao Link Fund Management Co.	141,000.00
Total		**141,000.00**
Other payables:		
	Netgen Technology (Qingdao) Co.	12,804.00
	Qingdao Jiaofa Human Resources Service Co.	10,000,000.00
Total		**10,012,804.00**

13、Commitment matters

As at 31 December 2022, the Company has no commitments to account for.

14、Other significent matters note

As at 31 December 2022, the Company has no other material matters to account for.

15、Notes to the principal items in the parent company financial statements

Accounts receivable

1、Accounts receivable hy type

Species	Closing balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of accrual (%)	
Receivables for which separate bad debt provision is made					
Receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	41,974,796.67	100.00			41,974,796.67
1. Accounts receivable with bad debts based on ageing analysis					
2. Accounts receivable with bad debts charged to a low-risk portfolio	41,974,796.67	100.00			41,974,796.67
Total	**41,974,796.67**	**100.00**			**41,974,796.67**

(continued)

Species	Opening balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of accrual (%)	

Species	Opaning balance				
	Book balance		Provision for bad debts		Carrying value
	Amount	Proportion (%)	Amount	Percentage of accrual (%)	
Receivables for which separate bad debt provision is made					
Receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	78,786,595.01	100.00			78,786,595.01
1. Accounts receivable with bad debts based on ageing analysis					
2. Accounts receivable with bad debts charged to a low-risk portfolio	78,786,595.01	100.00			78,786,595.01
Total	**78,786,595.01**	**100.00**			**78,786,595.01**

Note: Accounts receivable with bad debt provision based on low-risk portfolio: According to the Company's bad debt policy, no bad debt provision is made for receivables arising between the Company and government units, government platform companies and state-owned enterprises, gevernment dispatch agencies, equity participation companies and internal employees of the Company.

2、Low risk portfoiio of receivahles

Combination name	Closing balance		
	Accounts receivable	Provision for bad debts	Percentage of accrual (%)
Combination 1: Related parties in the scope of consolidation	98,964.64		
Combination 2: Related parties not in the scope of consolidation	34,569.60		
Combination 3: Reserves, deposits, etc.			
Portfolio 4: Government and its controlled state-owned enterprises	40,818,365.43		
Portfoiio 5: Other normal ageing	1,022,897.00		
Total	**41,974,786.67**		

(2) Other receivables

Item	Closing balance	Opening balance
interest receivable	463,607,542.32	325,908,827.46
Other receivables	11,997,890,194.92	5,756,645,313.83
Total	**12,461,497,737.24**	**6,002,554,141.29**

1、Ciassificetion of interest receivable

Item	Closing balance	Opening balance
Interest on Group funds borrowings	463,607,542.32	325,908,827.46
Total	**463,007,542.32**	**325,908,827.46**

2、Other receivables by type

Species	Closing balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Percentage of accrual (%)
Other receivables for which separate bad debt provision is made				

Species	Closing balance			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Percentage of accrual (%)
Other receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	11,997,890,194.92	100.00		
1. Other receivabies with bad debts based on ageing analysis				
2. Other receivables with bad debts charged to a low-risk portfolio	11,997,890,194.92	100.00		
Total	**11,997,890,194.92**	**100.00**		

(continued)

Species	Opening balance			
	Book halance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Percentage of accrual (%)
Other receivables for which separate bad debt provision is made				
Other receivables for which provision for bad debts is made on the basis of a combination of credit risk characteristics	5,756,645,313.83	100.00		
1. Other receivables with bad debts based ou ageing analysis				
2. Other receivables with bad debts charged to a low-risk portfolio	5,756,645,313.83	100.00		
Total	**5,786,645,313.83**	**100.00**		

Note: Other receivables for which provision for bad debts is made on the basis of a low-risk portfolio: in accordance with the Company's bad debt policy, no provision for bad debts is made for receivables arising between the Company and gevemment units, govemment platform companies and state-owned enterprises, government dispatch agencies, equity participation companies and intemai employees of the Company.

3. Other receivables with bad debts charged to a low-risk portfolio

Combination name	Closing balance		
	Other receivables	Provision for bad debts	Percentage of accrual (%)
Combination 1: Related parties in the scope of consolidation	5,680,820,760.36		
Combination 2: Related parties not in the scope of consolidation	141,401,288.66		
Combination 3: Reserves, deposits, etc.	6,214,441.23		
Portfolio 4: Government and its controlled state-owned enterprises	6,167,543,143.65		
Total	**11,995,979,833.00**		

4. Other receivahles with the top tive closing balances, grouped hy perty in default

Name of debtor	Closing balance
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone Management Committee	3,803,219,775.48
Qingdao Xinruijie Industry Investment Development Co.	1,200,000,000.00
Qingdao Jiaozhou Bay Core Property Co.	789,661,505.84
Qingdao Jiaozhou Bay Sci-Tech Real Estate Co.	1,067,700,000.00
Qingdao Jiaofa City Construction Co.	1,368,720,000.00
Total	**8,229,301,281.32**

(3) Long-tsrm equity investments

1、 Classification of long-term equity investments

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Investments in subsidiaries	2,588,150,340.55	8,722,846,790.25		11,310,997,130.80
Investment in joint ventures				
Investments in associates	235,431,720.55	14,931,614,856.35	202,009,078.08	14,965,037,498.82
Subtotal	2,823,582,061.10	23,654,461,646.60	202,009,078.06	26,276,034,629.62
Less: Provision for impairment of long-term equity investments				
Total	**2,823,582,081.10**	**23,654,461,646.60**	**202,009,078.08**	**26,276,034,629.62**

2、 Breakdown of long-term equity investments

Investee Units	Accoun ting Method ology	Shareh otalng (%)	Percenta ge of voting rights (%)	Investment costs	Opening balance	Additional investments	Reduce investment
I. Subsidiaries				**2,457,009,000.00**	**2,588,158,340.58**	**950,009,000.08**	**0.08**
Qingdao Jiaozhou Bay Hongke Real Estate Co.	Cost method	100.00	100.00	600,000,000.00	600,000,000.00		
Qingdao Jiaozhou Bay Keshun Real Estate Co.	Cost method	100.00	100.00	100,000,600.00	100,000,000.00		
Qingdao Shangheyuanji Investment Co.	Cost method	100.00	100.00	100,000,000.00	100,000,000.00		
Qingdao Jiaofa City Construction Co.	Cost method	100.00	100.00	50,000,000.00	50,000,000.00	950,000,000.00	
Qingdao Jiaozhou Bay Science and Investment Real Estate Co.	Cost method	100.00	100.00		97,554,279.95		
Qingdao Jiaozhou Bay Industrial Investment Development Co.	Cost method	100.00	100.00	7,000,000.00	7,000,000.00		
Qingdao Xinlong Highway Construction Engineering Co.	Cost method	100.00	100.00		33,596,060.60		
Qingdao Green Building Park Development and Investment Co.	Cost method	100.00	100.00	190,000,000.00	190,000,000.00		
Qingdao SCO Cornerstone Investment Development Group Co.	Cost method	100.00	100.00				
Qingdao Jiaozhou Bay Technology Investment Co.	Cost method	100.00	100.00	1,410,000,000.00	1,410,000,000.00		
II. Joint ventures							
III. Associated enterprises				**236,160,009.08**	**235,431,720.55**	**0.08**	**0.00**
Qingdao Golden Jiaozhou Asset Management Co.	Equity method	49.00	49.00				
Qingdao Jiaozhou New Town Construction and Development Co.	Equity method	49.00	49.00				

Investee Units	Accounting Methodology	Shareholding (%)	Percentage of voting rights (%)	Investment costs	Opening balance	Additional investments	Reduce investment
Qingdao Jiaozhou Urban Construction Development Group Co.	Equity method	49.00	49.00				
Qingdao SCO Cornerstone Investment Development Group Co.	Equity method			200,000,000.00	202,009,078.08		
Qingdao Yichen Laser Technology Co.	Equity method	20.00	20.00	30,000,000.00	29,210,957.32		
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co.	Equity method	40.00	40.00	1,200,000.00	407,429.78		
Qingdao Shanghe Tourism Development Co.	Equity method	49.00	49.00	4,900,000.00	3,804,255.39		
Total				**2,693,100,000.60**	**2,823,502,081.10**	**950,009,000.08**	**0.00**

(continued)

Investee Units	Investment income recognised under the equity method	Adjustments to other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other	Closing balance	Closing balance of provision for impairment
I. Sub-enterprises						**7,772,846,790.25**	**11,310,997,136.80**	
Qingdao Jiaozhou Bay Hongke Real Estate Co.							600,000,000.00	
Qingdao Jiaozhou Bay Keshun Real Estate Co.							100,000,000.00	
Qingdao Shangheyuanji Investment Co.							100,000,000.00	
Qingdao Jiaofa City Construction Co.							1,000,000,000.00	
Qingdao Jiaozhou Bay Science and Investment Real Estate Co.							97,554,279.95	
Qingdao Jiaozhou Bay Industrial Investment Development Co.							7,000,000.00	
Qingdao Xinlong Highway Construction Engineering Co.							33,596,060.60	
Qingdao Green Building Park Development and Investment Co.							190,000,000.00	
Qingdao SCO Cornerstone Investment Development Group Co.						7,582,846,790.25	7,582,846,790.25	
Qingdao Jiaozhou Bay Technology Investment Co.						190,000,000.00	1,600,000,000.00	
II. Joint ventures								
III. Associated enterprises	**87,257,413.44**					**14,642,348,364.83**	**14,965,037,498.82**	
Qingdao Golden Jiaozhou Asset Management Co.	33,093,330.13					2,871,133,629.07	2,904,226,959.20	

investee Units	Investment income recognised under the equity method	Adjustments to other comprehensive income	Other cbanges in equity	Declaration of cash dividends or profits	Provision for impairment	Other	Closing balance	Closing balance of provision for impairment
Qingdao Jiaozhou New Town Construction and Development Co.	19,577,285.60					8,543,250,147.41	8,562,827,433.01	
Qingdao Jiaozhou Urban Construction Development Group Co.	35,910,140.38					3,429,973,666.43	3,465,883,806.81	
Qingdao SCO Cornerstone Investment Development Group Co.						-202,009,078.08		
Qingdao Yichen Laser Technology Co.	-1,015,263.08						28,195,694.24	
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co.	968.38						408,398.14	
Qingdao Shanghe Tourism Development Co.	-309,047.97						3,495,207.42	
Total	**87,257,413.44**					**22,415,195,158.08**	**25,276,034,629.62**	

(4) Operating income and operating costs

1. Breakdown of revenue and operating costs

Item	Incurred during the period		Prior Period Incurred	
	Income	Costs	Income	Costs
I. Subtotal main operations	**512,631,860.53**	**446,324,773.96**	**581,018,325.09**	**497,109,348.86**
Jiaozhou Development Zene Infrastructure Projects	138,771,038.53	130,396,924.14	218,078,313.48	204,918,415.26
Rental income	161,961,682.41	124,397,017.76	166,551,563.45	111,086,261.65
Government Purchased Services	8,458,924.51	3,182,459.90	48,594.34	46,827.27
Income from the Shanghe Trade Tower project			7,660,609.44	7,144,801.20
Land level development management fee income	204,340,215.08	188,348,372.16	188,679,245.28	173,913,043.48
II. Subtotal other operations	**120,296,352.77**		**81,854,860.37**	
Interest income	126,296,352.77		81,854,830.37	
Total	**638,928,213.30**	**446,324,773.95**	**662,873,155.36**	**497,199,348.86**

(5) Investment income

1. Breakdown of investment income

Sources of investment income gonerated	Incurred during the period	Prior Period Incurred
Income from long-term equity investments accounted for under the equity method	87,257,413.44	345,328.30
Dividend income earned on investments in ether equity instruments during the period in which they are held	2,189,095.62	
Total	**09,446,009.06**	**345,328.30**

16、Approval of financial statements

These financial statements have been approved for issue by the Board of Directors of the Company.

Qingdao Jiaozhou Bay Development Group Co.,Ltd.

27 April 2023

索 引 号	bm56000001/2023-00002630	分 类	审计与评估机构;监管对象
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名 称	从事证券服务业务会计师事务所名录（截至2022.12.31）		
文 号		主 题 词	

从事证券服务业务会计师事务所名录（截至2022.12.31）

从事证券服务业务会计师事务所名录（截至2022.12.31）

94	中审亚太会计师事务所（特殊普通合伙）	北京市海淀区复兴路 47 号天行建商务大厦 20 层 2206	010-51716767



统一社会信用代码

91110108061301173Y

营业执照

扫描市场主体身份码
了解更多登记、备案、
许可、监管信息，体验
更多应用服务。

名　　称　中审亚太会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　陈吉先，冯建江，刘宗义，王增明，曾云

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

仅供报告使用

出　资　额　2790万元

成立日期　2013年01月18日

主要经营场所　北京市海淀区复兴路47号天行建商务大厦20层2206

登记机关

2023 年 01 月 06 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：中审亚太会计师事务所（特殊普通合伙）

首席合伙人：王增明

主任会计师：

经营场所：北京市海淀区复兴路47号天行建商务大厦20层2206

组织形式：特殊普通合伙

执业证书编号：11010170

批准执业文号：京财会许可[2012]0084号

批准执业日期：2012年09月28日

仅供报告使用

证书序号 0014490

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

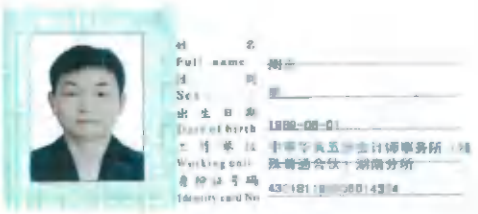
3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇二〇年 十二月 四 日

中华人民共和国财政部制



Full name 姓名

Sex 性别 女

出生日期 Date of birth 1980-08-01

工作单位 Working unit 中审亚太五洲会计师事务所（特殊普通合伙）湖南分所

身份证号码 Identity card No 430181198008014324

年度检验登记
Annual Renewal Registration
2017

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal

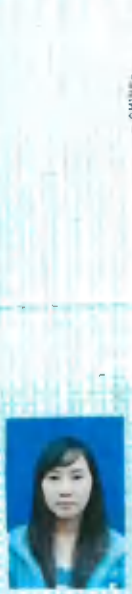
2019.3.29

证书编号：120100114856
No. of Certificate

批准注册协会：湖南省注册会计师协会
Authorized Institute of CPAs

发证日期：2016 年 05 月 06 日
Date of Issuance

2018 年 3 月 26 日



姓　名 Full name	向丽君
性　别 Sex	女
出生日期 Date of birth	1988-11-24
工作单位 Working unit	湖南建业会计师事务所有限公司湘潭分所
身份证号码 Identity card No	433130198811241725

年度检验登记
Annual Renewal Registration

本证书经审验合格，继续有效一年。
This certificate is valid for another year after this renewal.

合格专用章

2020 年 5 月 27 日

证书编号：No. of Certificate 430300010122

批准注册协会：湖南省注册会计师协会
Authorized Institute of CPAs

发证日期：Date of Issuance 2019 年 06 月 04 日

湖南建业会计师事务所有限公司湘潭分所于2020年9月8日变更为湖南建业会计师事务所（特殊普通合伙）湘潭分所

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

湖南建业会计师事务所（特殊普通合伙）湘潭分所
事务所 CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

2021 年 11 月 22 日

同意调入
Agree the holder to be transferred to

中审亚太会计师事务所（特殊普通合伙）湖南分所
事务所 CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2021 年 11 月 22 日

12

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所 CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

年 月 日
/y /m /d

同意调入
Agree the holder to be transferred to

事务所 CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

年 月 日
/y /m /d

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China Audit Asia Pacific Certified Public Accountants (Special General Partnership)

AUDIT REPORT

QINGDAO JIAOZHOU BAY DEVELOPMENT GROUP CO. ,LTD.
FINANCIAL STATEMENTS AND
REPORT OF THE AUDITORS
FOR THE YEAR 2021

BEIJING CHINA

北京注册会计师协会

业务报告统一编码报备系统

业务报备统一编码：	11010170202268100363 3
报告名称：	青岛胶州湾发展集团有限公司 2021 年度财务报表审计
报告文号：	中审亚太审字（2022）002210 号
被审（验）单位名称：	青岛胶州湾发展集团有限公司
会计师事务所名称：	中审亚太会计师事务所（特殊普通合伙）
业务类型：	财务报表审计
报告意见类型：	无保留意见
报告日期：	2022 年 04 月 25 日
报备日期：	2022 年 04 月 25 日
签字人员：	曾云(110002400025)， 向丽君(430300010122)

（可通过扫描二维码或登录北京注协官网输入编码的方式查询信息）

说明：本备案信息仅证明该报告已在北京注册会计师协会报备，不代表北京注册会计师协会在任何意义上对报告内容做出任何形式的保证。

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Audit Report

China Audit Asia Pacific Shen Zi (2022) No. 002210

Qingdao Jiaozhou Bay Development Group Co., Ltd.

I. Auditor's Opinion

We have audited the financial statements of Qingdao Jiaozhou Bay Development Group Co., Ltd. (hereinafter referred to as "Jiaozhou Bay Development Company"), which comprises the consolidated and company balance sheets as of 31 December, 2021, the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in owner's equity for the years 2021, and notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, it fairly reflects the financial situation of the merger and the Company on December 31,2021, as well as the operating results and cash flow of the merger and the Company in 2021.

II. Basis for opinions

We conducted the audit in accordance with the Chinese Auditing Standards for Certified Public Accountants.Our responsibilities under those standards are further described in the responsibilities of certified public accountants for the audit of the financial statements section of the auditors' report. We are independent of the Jiaozhou Bay Development Company in accordance with the ethical codes of Chinese Certified Public Accountants, and we have fulfllled our other ethical responsibilities.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of the management and governing bodies for the financial statements

Management of Jiaozhou Bay Development Company (the "Management") is responsible for the preparation of the financial statements that give a true and fair view in accordance with the Accounting Standards for Business Enterprises, and also designing, implementing and maintaining the internal control system as necessary such 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

sustainability capabilities of the Jiaozhou Bay Development Company, disclosing the matters related to the going concern and using the going concern basis of accounting unless the management either intends to liquidate Jiaozhou Bay Development Company or to cease operations, or have no realistic alternative but to do so.

The governing bodies are responsible for supervising the financial reporting process of Jiaozhou Bay Development Company.

IV. Responsibilities of certified public accountants 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 audit 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 the auditing standards will always detect a material misstatement when it exists. Misstatements may be caused by fraud or error, and are generally considered to be material if reasonably expected individually or aggregated may influence the economic decisions of users taken on the basis of these financial statements.

As we conduct the auditing process in accordance with the auditing standards, we exercise professional judgment and maintain professional criticism. In the meantime, we also perform the follow work.

A. Identify and assess the risks of material misstatement of financial statements caused by f raud or error, design and implement audit procedures to deal with these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for issuing audit opinions. 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.

B. Understand the internal control related to audit in order to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

C. Evaluate the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.

D. Conclude on the appropriateness of the management' s use of the going concern basis of

accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Jiaozhou Bay Development Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements. if disclosures are inadequate, we should express an unqualified opinion.Our conclusions are based on the information available as of the audit report date. However, future matters or circumstances may lead toJiaozhou Bay Development Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content (including disclosure) of the fina ncial statements, and evaluate whether the financial statements fairly reflect relevant transactions a nd events.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Qingdao Jiaozhou Bay Development Group Co.Ltd to express an opinion on the consolidated financial statements.We are responsible for guiding, supervising and executing the group audit and assume full responsibility for the audit opinion.

We communicate with governance on the scope, timing, and significant audit findings of the planned audit, including internal control deficiencies of concern identified during the audit.

China Audit Asia Pacific Certified Public Accountants (Special General Partnership)

PRC Certified Public Accountant: **Zeng Yuu (Project Partner)**

（Signature and seal）

PRC Certified Public Accountant: **Xiang Lijuu**

（Signature and seal）

Beijing, China **April 25,2022**

Consolidated balance sheet

December 31,2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB

Project	Notes	Year end balance	Beginning balance
Current assets:		——	——
Monetary fund	VIII (I)	4,089,811,322.35	1,875,339,961.66
☆Trading financical assets			
Financial assets measured at fair value and whose changes are recorded in current profit and loss			
Derivative financial asset			
Notes recievable	VIII (II)	36,257,899.99	
Accounts recievable	VIII (III)	838,563,642.25	525,135,077.89
☆Recievables financing			
Prepayments	VIII (IV)	105,794,901.01	753,292,103.85
Other accounts recievable	VIII (V)	7,439,732,800.46	7,209,790,490.49
Among them: Dividends receivable			
Inventory	VIII (VI)	14,554,456,236.37	13,258,063,931.71
Among them: raw materials			
Inventory(Finished goods)			
☆Contract assets	VIII (VII)	10,571,936,202.02	7,203,269,700.46
Holding assets for sale			
Non-current assets that mature within one year			
Other current assets	VIII (VIII)	115,548,007.44	123,151,441.74
Total current assets		**37,752,101,011.89**	**30,948,042,707.80**
Non-current assets:		——	——
☆Creditor's rights investments			
Financial assets available for sale			
Other debt investments			
Hold to maturity investments			
Long-term recievables	VIII (IX)	43,900,000.00	15,000,000.00
Long-term equity instrument investments	VIII (X)	654,882,563.77	333,943,317.77
☆Other equity instrument investments	VIII (XI)	1,552,962,376.00	1,240,000,000.00
☆Other non-current financial invesrments			
Investment real estate	VIII (XII)	2,725,369,000.00	1,914,812,900.00
Fixed assets	VIII (XIII)	292,139,827.62	301,092,411.49
Among them: Original cost of fixed assets		471,853,550.51	415,630,665.69
Accumulated depreciation		179,713,722.89	114,538,254.20
Provision for impairment of fixed assets			
Projiects under construction	VIII (XIV)	2,507,866,556.63	2,047,084,556.94
Productive biological assets			
Oil and gas assets			
☆Right assets			
Intangible assets	VIII (XV)	4,013,564,121.66	4,097,992,249.35
The development of spending			
Goodwill			
Long-term poetry share expenses			
Deferred income tax assets	VIII (XVI)	1,188,383.83	182.00
Other non-current assets	VIII (XVII)	33,988,264.82	36,541,131.09
Among them: Special reserve materials			
Total non-current Assets		**11,825,861,094.33**	**9,986,466,748.64**
Total assets		**49,577,962,106.22**	**40,934,509,456.44**

Consolidated balance sheet(Continue)

December 31,2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB

Project	Notes	Year end balance	Beginning balance
Current liabilities:		——	——
Short-term borrowing	VIII (XVIII)	2,253,944,106.33	1,099,436,510.00
☆Transactional financical liabilities			
Financial liabilities measured at fair value and whose changes are recorded in current profits and losses			
Derivative financial liability			
Notes payable	VIII (XIX)	33,270,000.00	104,998,925.19
Accounts payable	VIII (XX)	330,008,334.21	112,034,486.00
Advance payment	VIII (XXI)	2,489,317.09	582,033.68
☆Contract liability	VIII (XXII)	166,029,558.89	272,834,440.67
Employee compensation payable	VIII (XXIII)		
Among them: Deal with salary			
Benefits payable			
#Among them: Staff incentive and welfare Fund			
Payable taxes	VIII (XXIV)	604,756,138.55	550,567,871.05
Among them: Tax payable			
Other payables	VIII (XXV)	221,566,695.28	199,223,258.70
Among them: Dividends payable			
Holding poetry sale liabilities			
Non-current liabilities that mature within one year	VIII (XXVI)	6,229,711,258.60	3,293,238,991.78
Other current liabilities	VIII (XXVII)	1,065,186,417.24	1,223,679,491.32
Total current liabilities		**10,906,961,826.19**	**6,856,596,008.39**
Non-current liabilities:		——	——
Long-term borrowing	VIII (XXVIII)	6,562,299,439.76	7,238,230,000.00
Bonds payable	VIII (XXIX)	12,353,261,049.90	8,903,074,252.35
Among them:preferred stock			
Sustainable debt			
☆Lease liablity			
Long-term payables	VIII (XXX)	1,323,406,155.07	855,740,064.43
Long-term employee compensation payable			
Estimated debts			
Deferred revenue	VIII (XXXI)	128,725,000.01	327,666,666.67
Deferred income tax liabilities	VIII (XXXII)	247,434,528.70	94,734,053.19
Other non-current liabilities			
Among them: special reserve fund			
Total non-current liabilities		**20,615,126,173.44**	**17,419,445,036.64**
Total liabilities		**31,522,087,999.63**	**24,276,041,045.03**
Owner's equity(or shareholders' equity):		——	——
Paid-in capital(or equity)	VIII (XXXIII)	1,200,000,000.00	1,200,000,000.00
The state capital			
State-owned legal person capital		1,200,000,000.00	1,200,000,000.00
Collective capital			
The private enterprise			
The foreign capital			
#Less: Returned investment			
Net paid-in capital (or capital stock)		1,200,000,000.00	1,200,000,000.00
Other equity instruments			
Among them:preferred stock			
Sustainable debt			
Capital reserves	VIII (XXXIV)	13,786,608,889.43	13,090,873,371.40
Less: Inventory stocks			
Other comprehensive income			
Among them: Foreign currency statement translation difference			
The special reserve			
Surplus reserves	VIII (XXXV)	201,902,340.44	180,085,872.03
Among them: Statutory reserve fund		201,902,340.44	180,085,872.03
Discretionary provident fund			
#Reserve fund			
#Enterprise Development Fund			
#Return of profits to investment			
Undistributed profits	VIII (XXXVI)	2,852,426,107.38	2,176,578,389.36
Total owner's equity(or shareholders' equity)attributable to the parent company		**18,040,937,337.25**	**16,647,537,632.79**
*Minority equity		14,936,769.34	10,930,778.62
Total owner's equity(or shareholders' equity)		**18,055,874,106.59**	**16,658,468,411.41**
Total liabilities and owner's equity(or shareholaders' equity)		**49,577,962,106.22**	**40,934,509,456.44**

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Consolidated profit statement

December 31,2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB

Project	annotation	Year end balance	The balance of the previous period
I. Total ooerating revenue	VIII (XXXVII)	**2,515,865,607.84**	**1,529,002,952.35**
Including:operating income		2,515,865,607.84	1,529,002,952.35
II. total operating cost		**2,360,584,532.90**	**1,143,302,565.17**
Including:operating costs	VIII (XXXVII)	2,219,975,645.60	1,250,806,081.84
Taxes and surcharges	VIII (XXXVII)	59,124,568.37	46,185,905.18
Cost of sales	VIII (XXXVIII)	3,992,582.27	11,660,081.72
Management fees	VIII (XL)	81,963,153.00	62,285,990.13
Research and development costs			
Finance charges	VIII (XLI)	-4,471,416.34	-227,635,493.70
Including:interst expense		25,539,933.87	2,882,905.74
Interest income		8,902,555.92	9,710,267.93
Net loss on exchange (net income marked with "-")		-31,598,929.43	-224,885,748.42
Other			
Add: Other income	VIII (XLII)	207,411,886.91	138,215,798.25
Investment income(loss marked with"-")	VIII (XLIII)	17,641,239.05	295,432.97
Among them:income from investment in joint ventures and joint ventures		17,641,239.05	
☆Financial assets measured at amortized cost cease to recongnize earnings			
☆Net exposure hedging gain(loss marked with"-")			
Gain from change in fair value(loss marked with"-")	VIII (XLIV)	524,573,357.09	64,329,523.49
☆Credict impairment loss(loss marked with"-")	VIII (XLV)	-4,752,807.30	
Assets impairment loss(loss marked with"-")	VIII (XLVI)		-208.00
Income from asset disposal(loss marked with"-")	VIII (XLVII)	451,228.76	
III. Operating profit(loss marked with"-")		**900,605,979.45**	**588,540,933.89**
Add: non-operating income	VIII (XLVIII)	382,901.61	14,758,390.03
Among them : Government subsidies			
Less: non-operating expenses	VIII (IL)	1,768,937.16	2,033,000.08
IV. Total profit(total loss is marked with "-")		**899,219,943.90**	**601,266,323.84**
Less:income tax expense	VIII (L)	201,049,766.75	144,853,040.18
V. Net profit(net loss marked with"-")		**698,170,177.15**	**456,413,283.66**
(I) Classified by ownership		——	——
Net profit attributable to shareholders of parent company		697,664,186.43	451,029,111.08
*By business continuity		505,990.72	5,384,172.58
(II) By business continuity		——	——
Net profit from counting operations		698,170,177.15	456,413,283.66
Net profit from discountinued operations			
VI. Other comprehensive income net after tax			
After-tax net other comprehensive income attributable to the owner's equity of the parent company			
(I)Other comprehensive income that cannot be reclassified into profit and loss			
1、Recalculate the amount of change in the set benefit plan			
2、Other comprehensive income that cannot be canverted to profit or loss under the equity			
☆3、Changes in the fair of value other equity instrument			
☆4、Changes in fair value of credict risk of enterprise			
5、Other			
(II)Other comprehensive income reclassified into profit and loss			
1、Other comprehensive income that can be converted to profit and loss under the equity			
☆2、Changes in fair value of other credictor's rights investment			
3、Changes in fair value of financial assets avalible for sale			
☆4、Amount of financial assets reclassified into other comprehensive income			
5、Hold-on-maturity investment in reclassified as profit or loss on available-for-sale			
☆6、Provisions for credict impairment of other creditor's rights investments			
7、Cash flow hedging reserve(effective portion of cash flow hedging gains and losses)			
8、Foreign currency financial statements translation difference			
9、Other			
*After-tax net of other comprehensive income attributable to minority shareholders			
VII、Total comprehensive income		698,170,177.15	456,413,283.66
Total comprehensive income attributable to the owner of the parent company		697,664,186.43	451,029,111.08
*Total comprehensive income attributable to minority shareholders		505,990.72	5,384,172.58
VIII、Earnings per share		——	——
Basical earnings per share			
Diluted earnings per share			

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Statement of cash flows

The year in 2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co. ,LTD. Unit of amount:RMB Yuan

Project	annotation	This amount	The balance of previous period
I. Cash flow generated by operating activities		—	—
Cash recieved from sales of goods and services		2,704,892,896.71	2,128,644,519.57
Tax refunds recieved			
Receipt of other cash related to business activities		8,527,491,261.69	6,256,321,251.27
Subtotal cash inflow from operating activities		**11,232,384,158.40**	**8,384,965,770.84**
Cash used to pay for goods or services		3,700,002,139.50	2,541,279,706.39
Cash payments to and for employees		23,551,197.48	13,399,038.62
All taxes paid		161,366,977.17	63,007,585.39
Payment of other cash related to business activities		9,049,293,832.59	7,986,829,461.69
Operating activities cash outflow subtotal		**12,934,214,146.74**	**10,604,515,792.09**
Net cash flows from operating activities	VIII (LI)	**-1,701,829,988.34**	**-2,219,550,021.25**
II. Cash flow generated by investment activities:		—	—
Cash recieved to recover investments			
Cash recieved from investment income		9,361,623.05	
Net cash recovered from the disposal of fixed assets, intangible assets and other long-term assets		600,767.88	
Net cash recieved from disposal of subsidiaries and other business units			
Receipt of other cash related to investment activities		99,200,000.00	
Investment activities cashi inflow subtotal		**109,162,390.93**	
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		904,786,595.01	1,193,373,752.87
Investment payments in cash		625,622,016.00	1,570,625,822.84
Net cash paid by subsidiaries and other business units			
Payment of other cash related to investment activities		1,642,873,347.00	
Investment activities cash outflow subtotal		**3,173,281,958.01**	**2,763,999,575.71**
Net cash flows from investing activities		**-3,064,119,567.08**	**-2,763,999,575.71**
III. Cash flow generated by fundraising activities:		—	—
Absord cash recieved from investments		3,500,000.00	300,000,000.00
Among them: the subsidiary absorbs the cash recieved by minority shareholders			
Obtain the cash recieved on the loan		3,236,413,258.17	5,014,916,510.00
Cash received by issuing bonds		8,542,000,000.00	3,600,000,000.00
Reciept of other cash related to fund-raising activities		1,225,000,000.00	
Such as capital activities cash inflow subtotal		**13,006,913,258.17**	**8,914,916,510.00**
Cash to pay off debts		5,998,290,479.00	3,670,524,726.04
Cash paid to distribute dividends profits, or interest payments		34,144,346.77	2,535,385.41
Among them: dividends and profits paid by subsidiars to minority shareholders			
Paymen of other cash related to equal-capital acitivities		569,716,930.13	12,550,000.00
Such as capital activities cash outflow subtotal		**6,602,151,755.90**	**3,685,610,111.45**
Net cash flow from such capital activities		**6,404,761,502.27**	**5,229,306,398.55**
IV. Impact of exchange rate fluctuations on cash and cash equivalents		-86,940.87	**-268,544.15**
V. Net increase in cash and cash equivalents		**1,638,725,005.98**	**245,488,257.44**
Add: statring balance of cash and cash equivalents		1,881,369,386.24	1,629,851,704.22
VI. Ending cash and cash equivalents balance		**3,520,094,392.22**	**1,875,339,961.66**

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Consolidated statement of changes in oweners' equity

The year in 2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD.

Unit of amount:RMB Yuan

Project	The year the amount												
	Owner's equity attributable to the parent company											Minority equity	Total owner's equity
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	Undistributed profit	Subtotal		
		Other stocks	Sustainable debt	Other									
1、Withdrawal of surplus reserves	1,200,000,000.00				13,090,873,371.40				180,085,872.03	2,176,578,389.36	16,647,537,632.79	10,930,778.62	16,658,468,411.41
Add:Accounting policy changes													
Pre-error correction													
Other													
II、Balance at the beginning of the current year	1,200,000,000.00				13,090,873,371.40				180,085,872.03	2,176,578,389.36	16,647,537,632.79	10,930,778.62	16,658,468,411.41
III、Increase or decrease of current year(decrease marked within"-")					695,735,518.03				21,816,468.41	675,847,718.02	1,393,399,704.46	4,005,990.72	1,397,405,695.18
(I) Total comprehensive income										697,664,186.43	697,664,186.43	4,005,990.72	701,670,177.15
(II) Owners put in and reduce capital					695,735,518.03						695,735,518.03		695,735,518.03
1、Common stock invested by the owner													
2、Other equity instrument holders invest capital													
3、The amount of share payment credicted to owner's equity													
4、Other					695,735,518.03						695,735,518.03		695,735,518.03
(III) Special reserve extraction and use													
1、Draw on special reserves													
2、Use of special reserves													
(IV) Profit distribution									21,816,468.41	-21,816,468.41			
1、Withdrawal of surplus reserves									21,816,468.41	-21,816,468.41			
Among them: Statutory reserve fund									21,816,468.41	-21,816,468.41			
Discretionary provident fund													
#Reserve fund													
#Enterprise Development Fund													
#Return of profits to investment													
2、Extract general risk preparedness													
3、Distribution to owners (or shareholders)													
4、Other													
(V) Internal carry-over of owner's equity													
1、Capital reserves to increase capital(or equity)													
2、Surplus reserves to increase capital(or equity)													
3、Surplus reserves to cover losses													
4、Carry forward changes													
☆5、Other comprehensive income is carried forward to retained earnings													
6、Other													
IV.Banlance at year-end of current year	1,200,000,000.00				13,786,608,889.43				201,902,340.44	2,852,426,107.38	18,040,937,337.25	14,936,769.34	18,055,874,106.59

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

The year the amount (Continue)

The year in 2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB Yuan

Project	The year the amount												
	Owner's equity attributable to the parent company											Minority equity	Total owner's equity
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	distributed prof	Subtotal		
		Other stocks	Sustainable debt	Other									
I.Outstanding balance of last year	1,200,000,000.00				10,513,674,671.40				136,265,177.89	1,601,236,209.90	13,451,176,059.19	5,546,606.04	13,456,722,665.23
Add:Accounting policy changes									7,697,942.67	160,435,819.85	168,133,762.52	4,406,951.22	172,540,713.74
Pre-error correction													
Other													
II.Balance at the beginning of the current year	1,200,000,000.00				10,513,674,671.40				143,963,120.56	1,761,672,029.75	13,619,309,821.71	9,953,557.26	13,629,263,378.97
III.Increase or decrease of current year(decrease marked within"-")					2,577,198,700.00				36,122,751.47	414,906,359.61	3,028,227,811.08	977,221.36	3,029,205,032.44
(I) Total comprehensive income										451,029,111.08	451,029,111.08	977,221.36	452,006,332.44
(II) Owners put in and reduce capital					2,577,198,700.00						2,577,198,700.00		2,577,198,700.00
1、Common stock invested by the owner													
2、Other equity instrument holders invest capital													
3、The amount of share payment credicted to owner's equity													
4、Other					2,577,198,700.00						2,577,198,700.00		2,577,198,700.00
(III) Special reserve extraction and use													
1、Draw on special reserves													
2、Use of special reserves													
(IV) Profit distribution									36,122,751.47	-36,122,751.47			
1、Withdraw surplus reserves									36,122,751.47	-36,122,751.47			
Among them: Statutory reserve fund									36,122,751.47	-36,122,751.47			
Discretionary provident fund													
#Reserve fund													
#Enterprise Development Fund													
#Return of profits to investment													
2、Extract general risk preparedness													
3、Distribution to owners (or shareholders)													
4、Other													
(V) Internal carryover of owners' equity													
1、Capital reserves to increase capital(or equity)													
2、Surplus reserves to increase capital(or equity)													
3、Surplus reserves to cover losses												—	
4、Carry forward changes												—	
☆5、Other comprehensive income is carried forward to retained												—	
6、Other													
IV.Banlance at year-end of current year	1,200,000,000.00				13,090,873,371.40				180,085,872.03	2,176,578,389.36	16,647,537,632.79	10,930,778.62	16,658,468,411.41

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Balance Sheet

Friday As at 31,December,2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Currency:Rmb

Project	annotation	The ending balance	balance at end of last year
Current Assets:		—	—
Cash and cash equivalents		3,019,109,913.97	1,320,722,513.94
☆Trading financial assets			
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial asset			
Notes receivable			
Accounts receivable	XL (I)	78,786,595.01	9,384,956.00
☆Receivables financing			
prepayments		2,625,947.94	683,561,296.30
Other accounts receivable	XL (II)	6,082,554,141.29	6,398,474,150.78
Among them: Dividends receivable			
Inventory		8,699,301,158.00	8,699,301,158.00
Among them: raw materials			
Inventory(Finished goods)			
☆Contract assets		10,571,936,202.02	7,203,269,700.46
Holding assets for sale			
Non-current assets that mature in one year			
Other current assets			
Total current assets		**28,454,313,958.23**	**24,314,713,775.48**
Non-current assets::		—	—
☆ Creditor's rights investment			
Financial assets available for sale			
☆ Other debt investments			
Hold to maturity investments			
Long-term receivables			
Long-term equity investment	XL (III)	2,823,582,061.10	2,630,186,392.25
☆Other equity instrument investments		1,552,962,376.00	1,240,000,000.00
☆Other non-current financial investments			
Investment real estate		658,617,800.00	487,739,000.00
Fixed assets		180,297,998.05	187,974,275.08
Among them: Original cost of fixed assets		254,581,140.77	253,186,811.57
Accumulated depreciation		74,283,142.72	65,212,536.49
Provision for impairment of fixed assets			
Projects under construction		1,180,639,533.61	787,545,945.24
Productive biological assets			
Oil and gas assets			
☆ Right assets			
Intangible assets		3,879,622,188.42	3,968,912,869.37
The development of spending			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets			
Other non-current assets		3,398,175.47	3,642,355.74
Among them: Special reserve materials			
Total non-current assets		**10,279,120,132.65**	**9,306,000,837.68**
Total assets		**38,733,434,090.88**	**33,620,714,613.16**

Balance sheet(Continue)

December 31,2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB

Project	Notes	Year end balance	Beginning balance
Current liabilities:		—	—
Short-term borrowing		495,334,843.88	
☆Transactional financical liabilities			
Financial liabilities measured at fair value and whose changes are recorded in current profits and losses			
Derivative financial liability			
Notes payable		31,860,000.00	
Accounts payable		29,715,902.37	34,100,169.07
Advance payment		248,824.95	
☆Contract liability			
Employee compensation payable			
Among them: Deal with salary			
Benefits payable			
#Among them: Staff incentive and welfare Fund			
Payable taxes		495,122,109.62	455,888,580.59
Among them: Tax payable			
Other payables		2,586,303,866.89	4,056,574,761.46
Among them: Dividends payable			
Holding poetry sale liabilities			
Non-current liabilities that mature within one year		5,123,013,481.90	2,268,888,471.38
Other current liabilities		1,049,122,762.56	1,199,298,630.14
Total current liabilities		**9,810,721,792.17**	**8,014,750,612.64**
Non-current liabilities:		—	—
Long-term borrowing		1,474,064,122.22	1,889,000,000.00
Bonds payable		12,353,261,049.90	8,903,074,252.35
Among them:preferred stock			
Sustainable debt			
☆Lease liablity			
Long-term payables		182,487,432.59	306,390,646.99
Long-term employee compensation payable			
Estimated debts			
Deferred revenue		28,725,000.01	27,666,666.67
Deferred income tax liabilities		79,160,615.11	33,478,080.30
Other non-current liabilities			
Among them: special reserve fund			
Total non-current liabilities		**14,117,698,219.83**	**11,159,609,646.31**
Total liabilities		**23,928,420,012.00**	**19,174,360,258.95**
Owner's equity(or shareholders' equity):		—	—
Paid-in capital(or equity)		1,200,000,000.00	1,200,000,000.00
The state capital			
State-owned legal person capital		1,200,000,000.00	1,200,000,000.00
Collective capital			
The private enterprise			
The foreign capital			
#Less: Returned investment			
Net paid-in capital (or capital stock)		1,200,000,000.00	1,200,000,000.00
Other equity instruments			
Among them:preferred stock			
Sustainable debt			
Capital reserves		11,122,568,351.59	10,982,073,311.04
Less: Inventory stocks			
Other comprehensive income			
Among them: Foreign currency statement translation difference			
The special reserve			
Surplus reserves		201,902,340.44	180,085,872.03
Among them: Statutory reserve fund		201,902,340.44	180,085,872.03
Discretionary provident fund			
#Reserve fund			
#Enterprise Development Fund			
#Return of profits to investment			
Undistributed profits		2,280,543,386.85	2,084,195,171.14
Total owner's equity(or shareholders' equity)attributable to the parent company		**14,805,014,078.88**	**14,446,354,354.21**
*Minority equity			
Total owner's equity(or shareholders' equity)		**14,805,014,078.88**	**14,446,354,354.21**
Total liabilities and owner's equity(or shareholaders' equity)		**38,733,434,090.88**	**33,620,714,613.16**

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Profit statement

December 31,2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB

Project	annotation	Year end balance	The balance of the previous period
I.Total ooerating revenue		**662,873,156.36**	**677,313,151.93**
Including:operating income	XL（IV）	662,873,156.36	677,313,151.93
II.total operating cost		**539,438,701.13**	**346,378,679.76**
Including:operating costs	XL（IV）	497,109,348.86	521,799,121.95
Taxes and surcharges		13,722,168.09	10,381,409.84
Cost of sales		56,603.77	735,568.83
Management fees		55,205,578.07	42,450,719.10
Research and development costs			
Finance charges		-26,654,997.66	-228,988,139.96
Including:interst expense		10,192,770.77	3,828,595.90
Interest income		5,760,418.57	8,084,599.25
Net loss on exchange (net income marked with "-")		-31,473,273.11	-224,885,748.42
Other			
Add: Other income		6,411,666.66	107,706,320.95
Investment income(loss marked with"-")	XL（V）	345,328.30	-217,492.55
Among them:income from investment in joint ventures and joint ventures		345,328.30	-217,492.55
☆Financial assets measured at amortized cost cease to recongnize earnings			
☆Net exposure hedging gain(loss marked with"-")			
Gain from change in fair value(loss marked with"-")		161,837,238.71	10,481,478.98
☆Credict impairment loss(loss marked with"-")			
Assets impairment loss(loss marked with"-")			
Income from asset disposal(loss marked with"-")		433,774.48	
III.Operating profit(loss marked with"-")		**292,462,463.38**	**448,904,779.55**
Add: non-operating income		0.90	2,000.00
Among them : Government subsidies			
Less: non-operating expenses		1,668,171.99	2,033,000.00
IV.Total profit(total loss is marked with "-")		**290,794,292.29**	**446,873,779.55**
Less:income tax expense		72,629,608.17	85,646,264.89
V.Net profit(net loss marked with"-")		**218,164,684.12**	**361,227,514.66**
(I) Classified by ownership		——	——
Net profit attributable to shareholders of parent company		218,164,684.12	361,227,514.66
*By business continuity			
(II) By business continuity		——	——
Net profit from counting operations		218,164,684.12	361,227,514.66
Net profit from discountinued operations			
VI.Other comprehensive income net after tax			
After-tax net other comprehensive income attributable to the owner's equity of the parent company			
(I)Other comprehensive income that cannot be reclassified into profit and loss			
1、Recalculate the amount of change in the set benefit plan			
2、Other comprehensive income that cannot be canverted to profit or loss under the equity			
☆3、Changes in the fair of value other equity instrument			
☆4、Changes in fair value of credict risk of enterprise			
5、Other			
(II)Other comprehensive income reclassified into profit and loss			
1、Other comprehensive income that can be converted to profit and loss under the equity			
☆2、Changes in fair value of other credictor's rights investment			
3、Changes in fair value of financial assets avalible for sale			
☆4、Amount of financial assets reclassified into other comprehensive income			
5、Hold-on-maturity investment in reclassified as profit or loss on available-for-sale			
☆6、Provisions for credict impairment of other creditor's rights investments			
7、Cash flow hedging reserve(effective portion of cash flow hedging gains and losses)			
8、Foreign currency financial statements translation difference			
9、Other			
*After-tax net of other comprehensive income attributable to minority shareholders			
VII、Total comprehensive income		**218,164,684.12**	**361,227,514.66**
Total comprehensive income attributable to the owner of the parent company		218,164,684.12	361,227,514.66
*Total comprehensive income attributable to minority shareholders			
VIII、Earnings per share		——	——
Basical earnings per share			
Diluted earnings per share			

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Statement of cash flows

The year in 2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD. Unit of amount:RMB Yuan

Project	annotation	This amount	lance of previous
I.Cash flow generated by operating activities		—	—
Cash recieved from sales of goods and services		1,007,940,533.75	1,250,190,765.19
Tax refunds recieved			
Receipt of other cash related to business activities		8,242,056,290.58	8,650,957,359.74
Subtotal cash inflow from operating activities		**9,249,996,824.33**	**9,901,148,124.93**
Cash used to pay for goods or services		1,954,667,042.54	1,760,731,069.83
Cash payments to and for employees		14,074,055.07	10,602,499.04
All taxes paid		58,073,291.87	9,009,206.03
Payment of other cash related to business activities		10,436,025,574.64	10,076,798,150.89
Operating activities cash outflow subtotal		**12,462,839,964.12**	**11,857,140,925.79**
Net cash flows from operating activities		**-3,212,843,139.79**	**-1,955,992,800.86**
II.Cash flow generated by investment activities:		—	—
Cash recieved to recover investments			
Cash recieved from investment income			
Net cash recovered from the disposal of fixed assets,intangible assets and other long-		600,767.88	
Net cash recieved from disposal of subsidiaries and other business units			
Receipt of other cash related to investment activities			
Investment activities cashi inflow subtotal		**600,767.88**	
Cash paid for the purchase and construction of fixed assets,intangible assets and othe		633,293,639.02	735,819,276.78
Investment payments in cash		374,862,376.00	1,608,400,000.00
Net cash paid by subsidiaries and other business units			
Payment of other cash related to investment activities		16,800,000.00	
Investment activities cash outflow subtotal		**1,024,956,015.02**	**2,344,219,276.78**
Net cash flows from investing activities		**-1,024,355,247.14**	**-2,344,219,276.78**
III.Cash flow generated by fundraising activities:		—	—
Absord cash recieved from investments			300,000,000.00
Among them:the subsidiary absorbs the cash recieved by minority shareholders			
Obtain the cash recieved on the loan		879,000,000.00	2,150,000,000.00
Cash received by issuing bonds		8,542,000,000.00	3,600,000,000.00
Reciept of other cash related to fund-raising activities		100,000,000.00	
Such as capital activities cash inflow subtotal		**9,521,000,000.00**	**6,050,000,000.00**
Cash to pay off debts		3,585,327,272.17	1,530,281,786.16
Cash paid to distribute dividends profits,or interest payments			
Among them:dividends and profits paid by subsidiars to minority shareholders			
Paymen of other cash related to equal-capital acitivities		252,815,500.00	9,200,000.00
Such as capital activities cash outflow subtotal		**3,838,142,772.17**	**1,539,481,786.16**
Net cash flow from such capital activities		**5,682,857,227.83**	**4,510,518,213.84**
IV.Impact of exchange rate fluctuations on cash and cash equivalents		-86,940.87	-268,544.15
V.Net increase in cash and cash equivalents		**1,445,571,900.03**	**210,037,592.05**
Add:statring balance of cash and cash equivalents		1,320,722,513.94	1,110,684,921.89
VI.Ending cash and cash equivalents balance		**2,766,294,413.97**	**1,320,722,513.94**

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

Statement of changes in oweners' equity

The year in 2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD.

Unit of amount:RMB Yuan

Project	The year the amount												
	Owner's equity attributable to the parent company											Minority equity	Total owner's equity
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	distributed prof	Subtotal		
		Other stocks	Sustainable debt	Other									
I、Withdrawal of surplus reserves	1,200,000,000.00				10,982,073,311.04				180,085,872.03	2,084,195,171.14	14,446,354,354.21		14,446,354,354.21
Add:Accounting policy changes													
Pre-error correction													
Other													
II、Balance at the beginning of the current year	1,200,000,000.00				10,982,073,311.04				180,085,872.03	2,084,195,171.14	14,446,354,354.21		14,446,354,354.21
III、Increase or decrease of current year(decrease marked within"-")					140,495,040.55				21,816,468.41	196,348,215.71	358,659,724.67		358,659,724.67
(I) Total comprehensive income										218,164,684.12	218,164,684.12		218,164,684.12
(II) Owners put in and reduce capital					140,495,040.55						140,495,040.55		140,495,040.55
1、Common stock invested by the owner													
2、Other equity instrument holders invest capital													
3、The amount of share payment credicted to owner's equity													
4、Other					140,495,040.55						140,495,040.55		140,495,040.55
(III) Special reserve extraction and use													
1、Draw on special reserves													
2、Use of special reserves													
(IV) Profit distribution									21,816,468.41	-21,816,468.41			
1、Withdrawal of surplus reserves									21,816,468.41	-21,816,468.41			
Among them: Statutory reserve fund									21,816,468.41	-21,816,468.41			
Discretionary provident fund													
#Reserve fund													
#Enterprise Development Fund													
#Return of profits to investment													
2、Extract general risk preparedness													
3、Distribution to owners (or shareholders)													
4、Other													
(V) Internal carry-over of owner's equity													
1、Capital reserves to increase capital(or equity)													
2、Surplus reserves to increase capital(or equity)													
3、Surplus reserves to cover losses													
4、Carry forward changes													
☆5、Other comprehensive income is carried forward to retained earnings													
6、Other													
IV.Banlance at year-end of current year	1,200,000,000.00				11,122,568,351.59				201,902,340.44	2,280,543,386.85	14,805,014,078.88		14,805,014,078.88

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

The year the amount (Continue)

The year in 2021

Prepared by : Qingdao Jiaozhou Bay Development Group Co.,LTD.

Unit of amount:RMB Yuan

Project	The year the amount												
	Owner's equity attributable to the parent company											Minority equity	Total owner's equity
	Paid-in capital(or equity)	Other equity instrument			Capital reserves	Less: inventory stocks	Other comprehensive income	The special reserve	Surplus reserve	distributed prof	Subtotal		
		Other stocks	Sustainable debt	Other									
I. Outstanding balance of last year	**1,200,000,000.00**				**8,504,874,611.04**				**136,265,177.89**	**1,689,808,923.89**	**11,530,948,712.82**		**11,530,948,712.82**
Add:Accounting policy changes									7,697,942.67	69,281,484.06	76,979,426.73		
Pre-error correction													
Other													
II. Balance at the beginning of the current year	**1,200,000,000.00**				**8,504,874,611.04**				**143,963,120.56**	**1,759,090,407.95**	**11,607,928,139.55**		**11,607,928,139.55**
III. Increase or decrease of current year(decreas					**2,477,198,700.00**				**36,122,751.47**	**325,104,763.19**	**2,838,426,214.66**		**2,838,426,214.66**
(I) Total comprehensive income										361,227,514.66	361,227,514.66		361,227,514.66
(II) Owners put in and reduce capital					2,477,198,700.00						2,477,198,700.00		2,477,198,700.00
1、Common stock invested by the owner													
2、Other equity instrument holders invest capital													
3、The amount of share payment credicted to owner's equity													
4、Other					2,477,198,700.00						2,477,198,700.00		2,477,198,700.00
(III) Special reserve extraction and use													
1、Draw on special reserves													
2、Use of special reserves													
(IV) Profit distribution									36,122,751.47	-36,122,751.47			
1、Withdraw surplus reserves									36,122,751.47	-36,122,751.47			
Among them: Statutory reserve fund									36,122,751.47	-36,122,751.47			
Discretionary provident fund													
#Reserve fund													
#Enterprise Development Fund													
#Return of profits to investment													
2、Extract general risk preparedness													
3、Distribution to owners (or shareholders)													
4、Other													
(V) Internal carryover of owners' equity													
1、Capital reserves to increase capital(or equity)													
2、Surplus reserves to increase capital(or equity)													
3、Surplus reserves to cover losses												—	
4、Carry forward changes												—	
☆5、Other comprehensive income is carried forward to retained earnings												—	
6、Other													
IV. Banlance at year-end of current year	**1,200,000,000.00**				**10,982,073,311.04**				**180,085,872.03**	**2,084,195,171.14**	**14,446,354,354.21**		**14,446,354,354.21**

Unit leader: Responsible person in charge of accounting: Head of accounting institution:

QINGDAO JIAOZHOU BAY DEVELOPMENT GROUP CO. ,LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR 2021

(Where the notes are not specially specified, the currency unit is RMB yuan.)

I: Basic information of the company

Qingdao Jiaozhou Bay Development Group Co. ,Ltd. (hereinafter called the "Company" or "the Company") on 21 November 2007, approved by the Notice of the Standing Committee of the CPC Jiaozhou Municipal Committee (No.12,2007), by Jiaozhou Financial Investment Center, Jiaozhou Industrial New Area Management Committee and Qingdao Jiaozhou New City Construction and Development Co.Ltd, it invested 30 million yuan, 15.0 million yuan and 20 million yuan respectively, with a registered capital of 20.0 million yuan.

In 2013, according to the Document [2013] No.4 of Qingdao Jiaozhou Bay Development Co.,Ltd. Free Transfer of State Equity Co.Ltd. issued by Jiaozhou State-owned (Collective) Asset Management Committee and Qingdao Jiaozhou Bay Development Co.,Ltd.The Management Committee of Jiaozhou Industrial New Area transfers 75% of the state-owned equity of Qingdao Jiaozhou Bay Development Co.,Ltd.to the Management Committee of Jiaozhou Economic and Technological Development Zone free of charge.

In 2019, according to the Document [2018] on Free Transfer of Qingdao Jiaozhou Bay Development Co.,Ltd.issued by Jiaozhou State-owned Assets Supervision and Administration Commission and Qingdao Jiaozhou Bay Development Co.,Ltd.Jiaozhou Financial Investment Center, Jiaozhou Industrial New Area Management Committee and Qingdao Jiaozhou New City Construction and Development Co.Ltd. will transfer 100% of the state-owned equity of Qingdao Jiaozhou Bay Development Co.,Ltd. to Jiaozhou State-owned Assets Supervision and Administration Office free of charge.After the equity changes, Jiaozhou State-owned Assets Supervision and Administration Office holds 100% of the equity of the company.On May 23,2019, Jiaozhou State-owned Assets Supervision and Administration Office was changed to Jiaozhou State-owned Assets Service Center.

Registration No.: 370281018022400; Registered capital: RMB 200 million; Legal representative: Lu Wei, Address: No.1 ChangJiang Road, Jiaozhou Economic and Technological Development Zone, Jiaozhou City, Qingdao, ShanDong Province.

Business scope: investment, enterprise operation and management planning, investment management consulting, investment in infrastructure construction; wholesale and retail; building materials and water conservancy construction.(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments).(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments).

II: Preparation basis of financial statements

The Company's financial statements of the Company are based on going concern, based on actual transactions and matters, in accordance with the Accounting Standards for Business Enterprises and specific accounting Standards promulgated by the Ministry of Finance (hereinafter referred to as the "Accounting Standards for Business Enterprises"), and based on the important

accounting policies and estimates described below.

III: Statements that follow accounting standards for business enterprises

The consolidated and financial statements prepared by the company meet the requirements of the Accounting Standards for Business Enterprises. They truly and completely reflect the company's financial position on December 31,2021 and its operating results and cash flow in 2021,and other relevant information.

IV: Description of important accounting policies and accounting estimates

1: Accounting Period

The accounting year of the Company is the Gregorian calendar year, that is, from January 1 to December 31 of each year.

2: Recording currency

The company uses RMB as the bookkeeping standard currency.

3: Identification criteria for cash and cash equivalents

The cash determined by the Company in the preparation of the cash flow statement means the cash on stock of the Company and the deposits that can be used for payment at any time.

The cash equivalents determined by the Company in the preparation of the cash flow statement refer to the investments held by the Company with a short term, strong liquidity, easy to convert into a known amount of cash and very little risk of change in value.

4: Foreign currency business and foreign currency financial statements translation

(1): Foreign currency business conversion

The Company adopts the foreign currency transactions equivalent to the standard currency on the date of the transaction.

The balance sheet date of foreign currency currency items according to the balance sheet date, because the spot exchange rate and the initial recognition or before the balance sheet date, except for capitalization during the capitalization of the cost of related assets, are included in the current profit and loss.

Foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate on the date of transaction occurrence, and do not change the amount of the accounting standard currency.Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the fair value determination date, and the difference between the amount of the bookkeeping currency and the original bookkeeping currency shall be treated as fair value changes (including exchange rate changes), included in the current profit or loss or recognized as other comprehensive income and included in capital reserves.

(2): Translation of foreign currency financial statements

If the holding subsidiaries, joint ventures and joint enterprises of the Company adopt the bookkeeping currency different from the Company, and then the accounting and consolidated financial statements are converted.

The assets and liabilities in the balance sheet shall be converted at the spot rate on the balance sheet date, and the owner's equity items except the "undistributed profit" items shall be converted at the spot rate at the time of occurrence.The income and expense items in the income statement shall be converted at the spot exchange rate on the date of the transaction.The translation difference of foreign currency financial statements generated from translation shall be shown below in the other comprehensive income of owners' equity items in the balance sheet.

If the foreign currency cash flow is determined according to the system and reasonable

method, it shall be converted at the spot exchange rate on the date of the transaction.The impact of exchange rate changes on cash is listed separately in the cash flow statement.

When disposing of the overseas operation, the translation difference in the foreign currency statements related to the overseas operation shall be transferred to the current profit and loss entirely or in proportion to the disposal of the overseas operation.

5: Accounting treatment methods for business merger under the same control and not under the same control

(1): Business merger under the same control

If the long-term equity investment merger under the same control pays cash, transfers non-cash assets or assumes debts as the merger consideration, the Company shall share the book value of the net assets obtained on the merger date as the initial investment cost of the long-term equity investment in the long-term equity investment in the flnal financial statements.If the book value of the net assets of the consolidated party on the merger date is negative, the long-term equity investment cost shall be determined at zero.If the merged party is controlled by the flnal controlling party through a business merger not under the same control, the initial investment cost of the long-term equity investment of the merged party shall also include the relevant amount of goodwill.The difference between the initial investment cost of long-term equity investment and the cash paid, the non-cash assets transferred and the book value of the debt, the capital reserve (capital premium or equity premium) shall be adjusted; if the balance of capital reserve (capital premium or equity premium) is insufficient, the surplus reserve and undistributed profit shall be deducted successively.If the merger party takes the issuing equity instrument as the merger consideration, the merger party shall adjust the capital reserve (capital premium or equity premium) according to the total capital value between the initial investment cost of the issued shares and the total face value of the long-term equity investment; if the capital reserve (capital premium or equity premium) is insufficient, the surplus reserve and undistributed profits shall be deducted successively.

The intermediary expenses such as audit, legal services, evaluation and consulting and other related administrative expenses incurred by the consolidated party shall be calculated at the time of occurrence.If the transaction expenses directly related to the issuance of equity instruments as the merger consideration, the capital reserve (capital premium) and the capital reserve (capital premium) is insufficient, the surplus reserve and undistributed profits shall be deducted in turn.Transaction expenses directly related to the issuance of the debt instrument as the merger consideration are included in the initial recognized amount of the debt instrument.

If the enterprise merger under the same control is realized step by step through multiple transactions, which is a package transaction, the merger party shall accounting treat each transaction as a transaction that obtains the control right.Does not belong to the "package deal", in the parent company in the financial statements, the merger date calculated by the shareholding ratio of the merger date shall enjoy the book owner's equity share of the merged party as the initial investment cost of the investment,the difference between the initial investment cost and the book value of the original long-term equity investment plus the book value of the newly paid consideration for further shares obtained on the merger date shall adjust the capital reserves (equity premium), and if the capital reserve is insufficient, the retained income shall be written down.

In the consolidated financial statements, the long-term equity investment held by the consolidated party prior to reaching the merger, for the relevant gains and losses, other comprehensive earnings and other changes in owners' equity, the initial retained earnings or current gains and losses during the comparison statement shall be offset respectively between the acquisition date, the merger date, and the merged party are under the same final control.

(2): Business consolidation is not under the same control

For enterprises not under the same control, the merger cost includes the purchase of the buyer for the control of the assets, incurred or assumed liabilities and the fair value of equity securities issued, for the merger audit, legal services, evaluation and consulting intermediary fees and other management fees when recorded in the current profit and loss. The transaction expenses of equity securities or debt securities issued by the purchaser as the consolidated consideration shall be included in the initial recognized amount of equity securities or debt securities.

The identifiable assets, liabilities and contingent liabilities obtained by the purchaser in the business merger not under the same control shall be measured at fair value on the date of purchase.The difference between the merger cost of the purchaser and the fair value share of the identifiable net assets obtained in the merger is reflected in the goodwill value.If the cost of the merger is less than the fair value share of the identifiable net assets obtained by the buyer obtained in the merger, the difference between the merger cost that is still less than the fair value share of the identifiable net assets obtained by the merger after the review shall be included in the non-operating income of the current period.

If the enterprise merger is not under the same control is realized step by step through multiple transactions, in the financial statements of the parent company, the sum of the book value of the purchased equity investment held before the purchase date and the new investment cost on the purchase date shall be taken as the initial investment cost of the investment.

In the consolidated financial statements, the equity of the purchaser held before the purchase date shall be remeasured 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 included in the current investment income; if the equity held before the purchase date involves other comprehensive income, the relevant comprehensive income, except other comprehensive income for the current profit and loss.

The Company compares the fair value of the equity held by the purchaser before the purchase date and the fair value of the consideration paid on the purchase date with the equity purchased by the purchase date as the merger cost.

6: Preparation method of consolidated financial statements

(1): Scope of the consolidated financial statements

The Company includes all its subsidiaries (including the separate entities controlled by the Company) into the scope of the consolidated financial statements, including the enterprises controlled by the Company, the divisible parts of the invested units and the structured entities.

(2): Accounting policies of unified parent-subsidiary companies, balance sheets and accounting period of unified parent-subsidiary companies

If the subsidiary is inconsistent with the accounting policies or accounting periods adopted by the Company, the financial statements of the Company when preparing the consolidated financial statements.

(3): Consolidated financial statement offset matters

The consolidated financial statements are based on the balance sheets of the parent and subsidiary and have offset internal transactions between the parent and subsidiaries.The share of the owners 'equity of the subsidiary that does not belong to the parent company, as the minority shareholders' equity, is listed as the "minority shareholders 'equity" item under the owners' equity items in the consolidated balance sheet.

The long-term equity investment held by the subsidiary of the parent company shall be regarded as the stock stock of the enterprise group, as a reduction of the owner's equity, and listed as the "reduction: stock" item under the owner's equity items in the consolidated balance sheet.

（4）: The merger obtains the subsidiary accounting treatment

For subsidiaries obtained by enterprise merger under the same control, the merger shall have occurred since the final controller, and the assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the current period, the individual financial statements are adjusted on the basis of fair value of recognizable net assets on the purchase date.

7: Accounting method for step disposal of subsidiary equity to loss of control

（1）: Accounting methods in the parent company's financial statements and consolidated financial statements of transactions ranging from equity disposal to loss of control that are not part of the "package transaction"

For the transactions before the loss of control, the difference between the sale price and the book value of the disposal of long-term equity investment in the financial statements of the parent company is included in the current investment income.At the level of consolidated statements, the difference between the disposal price and the disposal of long-term investment shall enjoy the net assets share continuously calculated by the subsidiary from the purchase date or the merger date, and the capital reserve (equity premium) shall be adjusted. If the deduction is insufficient, the retained income shall be adjusted.

For the loss of control, can not implement the control of the invested unit, common control or significant influence, the financial statements of the parent company, for the remaining equity, change to accounting treatment according to financial instruments and measurement standards, the difference between the fair value on the date of the book value included in the current investment income.

For the transaction without control, if the remaining equity after disposal can exert joint control or significant impact on the original subsidiary, the financial statements of the parent company shall conduct accounting treatment according to the relevant provisions of the relevant cost law to the equity law.In the consolidated flnancial statement, the remaining equity shall be remeasured at its fair value on the date of loss of control.The difference between the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the net assets of the original subsidiary calculated at the original shareholding proportion and continuously calculated from the purchase date, shall be included in the investment income of the current period of loss of control.Other comprehensive income related to the equity investment of the original subsidiary shall be converted into the current investment income upon the loss of control.

（2）: Accounting methods in the parent company's financial statements and consolidated financial statements of the transactions under the "package transaction"

For those "package transactions", the transactions shall be treated as a transaction that

disposed of subsidiaries and loses control.The difference between the disposal price of the parent company and the book value corresponding to the disposal investment is recognized in the financial statement as the current investment income.In the consolidated financial statement, for each transaction before the loss of control, the difference between the disposal price and the share of the book value of the subsidiary from the purchase date is recognized as other comprehensive income, and transferred into the profit and loss of the current period when control is lost.

8: Financial instruments

Financial instruments refer to a contract that forms the financial assets of one party and forms the financial liabilities or equity instruments of the other parties.When the Company becomes a party to a financial instrument contract, it recognizes a financial asset or financial liability.

(1): Classification and measurement of financial assets

According to the business model of managing financial assets and the contract cash flow characteristics of financial assets, the company divides financial assets into: financial assets measured at amortized cost, financial assets measured at fair value and whose changes are included in other comprehensive income, and financial assets measured at fair value and whose changes are included in the current profit and loss.

① Investment in debt instruments measured at amortized cost

Financial assets that meet the following conditions shall be classified as financial assets measured at amortized cost: The business model of the company for managing such financial assets is with the goal of collecting contract cash flow; The contractual terms of the financial asset provide that the cash flow generated on a particular date is only for the payment of the interest based on the principal and the outstanding principal amount.

Financial assets measured at amortized cost, including bills receivable and receivables, other receivables, long-term receivables, creditor's rights investment, etc., shall be initially measured at the fair value, and the relevant transaction expenses shall be included in the initial recognized amount; The accounts receivable without the material financing component and those that the company decides not to consider the financing component of no more than one year shall be initially measured at the contract transaction price.

Such financial assets are subsequently measured at the amortized cost according to the real interest rate method, and the interest calculated by the real interest rate method during the holding period shall be included in the current profit and loss. Upon recovery or disposal, the difference between the price obtained and the book value of the financial assets shall be included in the current profit or loss.The gains or losses caused by the amortization or impairment shall be included in the current profit and loss.

②Financial assets measured at fair value and whose changes are included in other comprehensive income

Investment in debt instruments measured at fair value and whose changes are included in other comprehensive returns

Financial assets that meet the following conditions shall be classified as financial assets measured at fair value and whose changes are included in other comprehensive income: The business model of the company in managing such financial assets is to target both collecting contract cash flow and selling; The contractual terms of the financial asset provide that the cash flow generated on a particular date is only for the payment of the interest based on the principal and the outstanding principal amount.

Financial assets (debt instruments) measured at fair value and their changes are included in other comprehensive income, including other creditor's rights investments, shall be initially measured at fair value, and relevant transaction expenses shall be included in the initial recognized amount. The financial assets shall be subsequently measured according to the fair value, and the changes in fair value shall be included in other comprehensive income except the interest, impairment losses, gains and exchange gains and losses calculated by the real interest rate method.

Upon termination of recognition, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and recorded in the current profit and loss.

Designated as an equity instrument investment measured at fair value and its changes are included in other comprehensive income

The company irrevocably chooses to designate part of non-trading equity instruments as financial assets measured at fair value and their changes are included in other comprehensive income, including other equity instruments investments, only relevant dividend income in current profits and losses, and fair value changes in other comprehensive income. When the financial asset is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained income.

③ Financial assets measured at fair value and whose changes are included in the current profit and loss

The company classifies the financial assets not divided into financial assets measured at amortized cost and financial assets measured at fair value and their changes included in other comprehensive income as financial assets measured at fair value and their changes included in the current profits and losses, Including trading financial assets, derivative financial assets, other non-current financial assets, etc., shall be initially measured at the fair value, and the related transaction costs are included in the current profit and loss. The financial assets are subsequently measured according to the fair value, and the change in the fair value is included in the current profit and loss.At the time of termination, the difference between the fair value and the initial recorded amount is recognized as the investment income.

(2): Impairment of financial instruments

The company recognizes loss preparation based on financial instruments measured on the basis of amortized cost, financial instruments measured on fair value and changes included in other comprehensive income, lease receivables, contract assets, receivables and financial guarantee contracts on the basis of expected credit losses.

The company determines the expected credit losses of the relevant financial instruments as follows:

(a) For financial assets, the credit loss shall be the present value of the difference between the contract cash flow collected by the company and the cash flow expected.

(b) For the lease receivables, the credit loss shall be the present value of the difference between the contract cash flow collected by the company and the cash flow expected.

(c) For the financial guarantee contract, the credit loss shall be the present value of the difference between the estimated payment of the company for such credit losses, minus the amount that the company expects to collect from the contract holder, the debtor or any other party.

(d) For the loan commitment not used, the credit loss shall be the present value of the difference between the contract cash flow collected by the enterprise and the expected cash flow

collected in the case of the loan commitment holder using the corresponding loan.

(e) For financial assets with credit impairment that have occurred on the balance sheet date but are not purchased or generated with credit impairment, the credit loss is the difference between the book balance of the financial assets and the present value of the estimated future cash flow discounted at the original actual interest rate.

The methods of measuring the expected credit loss of financial instruments include: Unbiased probability-weighted average amount as determined by evaluating a range of possible outcomes; Monetary time value; Reasonable and grounded information on past matters, current conditions, and future economic conditions forecasts that is available without unnecessary additional costs or effort on the balance sheet day.

If the company no longer reasonably expects that the contractual cash fiow of the financial assets can be recovered in whole or in part, the book balance of the financial assets shall be directly written down.This write-down constitutes a termination of recognition of the relevant financial assets.

For the receivables and contract assets formed by the revenue standard transactions (whether they include significant financing material or not), for lease receivables formed from transactions regulated by the lease criteria, the company shall determine the method and accounting treatment method of the specific expected credit loss, , as detailed in notes for details.

For other financial instruments, the company evaluates the changes of the credit risk of the relevant financial instruments on each balance sheet date, except for the financial assets purchased or derived from credit impairment. If the credit risk of the financial instrument has been significantly increased since the initial confirmation, the company shall measure the loss preparation according to the amount equivalent to the expected credit loss during the entire duration of the financial instrument; If the credit risk of the financial instrument does not increase significantly since the initial confirmation, the company measures the loss preparation at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. The increase or return amount of credit loss provision shall be included as impairment loss or profit, except as financial assets measured as fair value and whose changes are included in other comprehensive income. For financial assets classified as measured at fair value and their changes are included in other comprehensive earnings, the company recognizes its credit loss provision in other comprehensive earnings, and includes impairment losses or gains into current profits and losses, and does not reduce the book value of the financial assets listed in the balance sheet.See notes for the determination and accounting treatment of specific expected credit loss.

The company has measured the loss provision in the previous accounting period in the amount equivalent to the expected credit loss for the entire duration of the financial instrument, however, on the current balance sheet date, the financial instrument is no longer a significant increase in credit risk after the initial recognition. The company measures the loss provision of the financial instrument on the current balance sheet date equivalent to the expected credit loss in the next 12 months, and the return amount of the loss provision formed thereby is included in the current profit and loss as the impairment profit.

① Credit risk increases significantly

The company uses reasonable and based forward-looking information available to determine whether the credit risk of the financial instrument has increased significantly since the initial confirmation by comparing the risk of default on the balance sheet date with the risk of default on

the initial recognition date.

The company will consider the following factors in assessing for a significant increase in credit risk:

The main criteria for the company to judge a significant increase in credit risk are overdue days exceeding 30 days, or significant changes in one or more of the following indicators: the operating environment of the debtor, the internal and external credit rating, the significant changes in the actual or expected operating results, the significant decline of the value of the collateral or the credit rating of the guarantor, etc.

On the balance sheet date, if the company determines that the financial instrument only has a low credit risk, the credit risk of the financial instrument has not increased significantly since the initial confirmation. If the financial instrument default risk is low, the borrower has a strong ability to perform its contractual cash flow obligations in the short term, and even if the economic situation and operating environment change in a long term, but may not necessarily reduce the borrower to fulfill its contractual cash obligations, then the financial instrument is deemed to have a low credit risk.

② Financial assets with credit impairment having occurred

When one or more events that the company expects to adversely affect the future cash flow of the financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of a credit impairment of financial assets includes the following observable information: ①Major financial difficulties for the issuer or the debtor; ② The debtor breaches the contract, such as paying interest or principal in default or overdue,etc; ③ Creditors give concessions that the debtor will not make under any other circumstances for economic or contractual considerations related to the debtor's financial difficulties; ④ Debtors are likely to go bankrupt or undergo other financial restructuring; ⑤ The financial difficulties of the issuer or debtor lead to the disappearance of the active market of the flnancial assets; ⑥ Purchases or derives a financial asset at a substantial discount that refiects the fact that a credit loss has occurred.

When a financial instrument overdue exceeds (including) 90 days, the company presumes that the financial instrument has defaulted.

（3）: Basis and measurement of financial asset transfer

If the financial assets meet one of the following conditions, the company shall terminate the recognition of the financial assets: Terminate the contract right to collect the cash flow of the financial assets; The financial assets have been transferred, and the company transfers almost all the risks and remuneration in the ownership of the financial assets to the transferred party; The financial assets have been transferred, and although the company has neither transferred or retained almost all the risks and rewards in the ownership of the financial assets, it has abandoned the control of the financial assets.

If the partial transfer of the company's financial assets meets the conditions for termination of confirmation, the overall book value of the total financial assets transferred shall be apportioned between the termination recognition part and the unterminated recognition part according to the relative fair value of the date of transfer, and the difference between the sum of the consideration received in the termination recognized part and the amount of the accumulated change in the fair value originally included in the other comprehensive income and the book value of the termination recognized part on the date of termination recognized shall be included in the current profit and loss or retained income.

If the company has not transferred or retained almost all the risks and remuneration in the ownership of the financial assets, and has not waived the control over the financial assets, the relevant financial assets shall be recognized to the extent of the transferred financial assets, and the relevant liabilities shall be recognized accordingly.

Where the transferred financial assets are measured at amortized cost, the carrying value of the relevant liabilities is equal to the carrying value of the remaining related assets to the transferred financial assets minus the amortized cost of the rights retained by the company (If the company reserves the relevant rights for the transfer of financial assets), plus the amortized cost of the obligations assumed the company (If the company undertakes the transfer of financial assets). The relevant liabilities are not designated as financial liabilities measured at fair value and their changes are included in the current profit and loss.

Where the transferred financial assets are measured at their fair value, the carrying value of the relevant liabilities is equal to the carrying value of the remaining related assets to the transferred financial assets minus the fair value of the rights retained by the company (If the company reserves the relevant rights for the transfer of financial assets), plus the fair value of the obligations assumed the company (If the company undertakes the transfer of financial assets). The fair value of such rights and obligations shall be the fair value when measured on an independent basis.

If the transfer of financial assets does not meet the conditions for termination of recognition, the transferred financial assets shall continue to be fully confirmed, and the consideration received shall be recognized as a financial liability.

For the transfer of financial assets under the condition of continued involvement, the company recognizes the relevant financial assets and financial liabilities according to the extent of the continued transferred financial assets, so as to fully reflect the rights and obligations retained by the company.

（4）: Classification and measurement of financial liabilities

The financial liabilities of the company at the initial recognition are classified as financial liabilities measured at fair value and changes in the current profit and loss and financial liabilities measured at amortized cost. Financial liabilities are measured at fair value upon initial recognition.

Financial liabilities measured at fair value and whose changes are included in current profits and losses, including trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profits and losses. Such financial liabilities are measured at fair value, and the gains or losses caused by changes in fair value shall be included in the current profit and loss.

Financial liabilities measured at the amortized cost shall be measured at the amortized cost by using the actual interest rate method.

If the current obligations of the company's financial liabilities have been discharged in whole or in part, the recognition of the financial liabilities or a part thereof shall be terminated. The company signs an agreement with its creditors to replace the existing financial liabilities by assuming the new financial liabilities, and if the contract terms of the new financial liabilities are substantially different from the existing financial liabilities, the existing financial liabilities and the new financial liabilities shall be terminated.

If the financial liabilities are terminated in whole or in part, the difference between the book

value of the terminated part and the consideration paid (including transferred non-cash assets or new financial liabilities) shall be included in the current profit and loss.

（5）: Termination and recognition of flnancial liabilities

If the current obligations of the company's financial liabilities have been discharged in whole or in part, the recognition of the financial liabilities or a part thereof shall be terminated. The company signs an agreement with its creditors to replace the existing financial liabilities by assuming the new financial liabilities, and if the contract terms of the new financial liabilities are substantially different from the existing financial liabilities, the existing financial liabilities and the new financial liabilities shall be terminated.

If the financial liabilities are terminated in whole or in part, the difference between the book value of the terminated part and the consideration paid (including transferred non-cash assets or new financial liabilities) shall be included in the current profit and loss.

（6）: Set-off of financial assets and financial liabilities

Financial assets and financial liabilities are listed separately in the balance sheet and are not offset against each other. However, if the following conditions are met, the net amount after mutual offset is shown in the balance sheet: The company has the statutory right to set off the recognized amount, and such statutory right is currently enforceable; The company plans to net settle, or simultaneously realize the financial assets and settle the financial liabilities. If the transfer of financial assets does not meet the conditions of termination and confirmation, the transferring party shall not offset the transferred financial assets and relevant liabilities.

9: Confirmation and provision of bad debt provisions for receivables

（1）: Accounting method for bad debt losses.

The Company adopts the expected credit loss model to calculate the bad debt losses.

（2）: The Company adopts the expected credit loss model to calculate the bad debt losses.

The Company measures loss preparation for receivables (whether or not including significant financing components) formed by transactions regulated by revenue criteria in the amount equivalent to the expected credit loss for the entire duration.

The Company evaluates the expected credit loss of receivables based on individual items and combinations.If there is objective evidence that a receivables has experienced credit impairment, the Company determines the expected credit loss for the receivables on the basis of a single asset.For the receivables divided into combinations, the Company refers to the historical credit loss experience, combines the current situation and the forecast of future economic conditions, and calculates the default risk exposure and the expected credit loss rate of the whole duration.

Method of drawing aside bad debt provision according to the combination of credit risk characteristics:	
Combination 1: Related parties within the scope of the merger	The Company and the government units, state-owned enterprises controlled by the government, government offices, joint-stock companies, related parties within the consolidated statements and the receivables of the production and operation shall be provision for bad debt according to the expected credit loss rate.
Combination 2: related parties within the scope of merger	
Combination 3: petty fund, security deposit, etc	
Combination4:The government and its controlled state-owned enterprises	

Method of drawing aside bad debt provision according to the combination of credit risk characteristics:	
Combination 5: Other normal account ages	Account age analysis method

The receivables between the Group and the related parties generally do not reserve for bad debts, but if there is solid evidence that the related party debt unit has been withdrawn, bankrupt, insolvent, cash flow, etc., and are not ready to recover debt restructuring or other receivables, adopt the individual identification method, for all the receivables that cannot be withdrawn.

（3）: Recognition standard for bad debts

①:After the debtor is bankrupt or dies, with his bankrupt estate or estate.

②:The debtor fails to perform the debt repayment obligation and has obvious characteristics that it can not be recovered.

③:The debtor has not performed his debt repayment obligations for a longer period, and there is sufficient evidence that no recovery or recovery is very unlikely.

The above funds that really cannot be recovered shall be transferred as bad debts after approval by the board of directors.

Accounting methods for expected credit losses

（4）: he increase or return amount of credit loss provision is included as impairment loss or gain.

10 : Inventory

(1): Classification of inventory

Inventory mainly includes development costs, engineering construction, low-value consumables, etc.

(2): Method of valuation for issuing an inventory

When the inventory is issued, the actual cost is determined by the weighted average method.

（3）: Method of provision for inventory decline price

On the balance sheet date, the inventory is measured according to the lower cost and the net realizable value, and the inventory decline provision shall be made according to a single inventory item. However, for the inventory with large quantities and low unit price, the inventory decline provision shall be made according to the inventory category.

（4）: :Inventory inventory system

The Company's inventory inventory system is perpetual inventory system.

（5）: Amortization method of low-value consumables and packaging materials

Low-value consumables and packaging materials are amortized by the primary resale method.

11: Long-term equity investment

（1）: Initial investment cost is determined

①For the long-term equity investment obtained from the enterprise merger, the initial investment cost shall be determined in accordance with Article 5 of Note IV.

②For the long-term equity investment obtained in cash, the initial investment cost is the actual purchase price paid.

③For the long-term equity investment obtained by issuing equity securities, the initial investment cost is the fair value of the issuing equity securities.

④The initial investment cost of the long-term equity investment obtained through the debt reorganization shall be determined in accordance with the relevant provisions of the Accounting

Standards for Business Enterprises No.12 —— Debt Reorganization.

⑤The initial investment cost of the long-term equity investment obtained from the exchange of non-monetary assets shall be determined according to the relevant provisions of the guidelines.

（2）: Follow-up measurement and profit and loss recognition method

The long-term equity investment that the investor can exercise control over the invested unit shall be calculated by the cost method.For long-term equity investment calculated by cost method, the book value is generally unchanged except for additional or recovered investment.When fy the profits or cash dividends.

The investor adopts the equity method for the long-term equity investment of the joint venture and joint venture.The equity investment of associated venture, which is indirectly held by venture capital institutions, mutual funds, trust companies, or similar subjects including investment insurance fund, regardless of whether the above subjects have a significant impact on the investment, the investor can calculate the profit and loss for the rest by the equity method.For the long-term equity investment calculated by the equity method, the investment income is recognized and the long-term equity investment is adjusted according to the share of the net profit and loss realized by the invested unit that should be enjoyed or shared by the invested unit.When the declared profit or cash dividend calculates the proceeds, the book value of the long-term equity investment is reduced accordingly.

（3）: Conversion of the long-term equity investment accounting method

Fair value measurement to equity method: the invested equity investment (no control, common control or significant influence), in accordance with the financial instrument recognition and measurement standards, additional investment, can exert joint control or significant infiuence on the invested unit, in the transfer to the equity method, the fair value of the original equity investment plus the fair value paid for the new investment, as the initial investment cost according to the equity method.

Fair value measurement or equity method accounting transfer cost method accounting: the investor has not control, common control or significant impact in accordance with the financial instruments confirmation and measurement standards for accounting equity investment, or the long-term joint venture equity investment, due to additional investment, can control the invested unit, according to the long-term equity investment accounting treatment.

Equity method accounting to fair value measurement: the original long-term equity investment with common control or significant influence, due to the disposal of shareholding decline, unable to the joint control or significant influence, should be changed according to the financial instruments recognition and measurement standards, the difference between the loss of fair value and book value is included in the current profit and loss.

Cost method to equity method:

①If the change of control to the invested unit to significant influence or the joint control with other investors, the long-term equity investment cost shall be carried forward according to the proportion of the disposal investment.Then compare the cost of the remaining long-term equity investment with the share of the fair value of the recognizable net assets of the latter and the goodwill reflected in the investment price without adjusting the book value of the long-term equity investment and the former and the retained income while adjusting the cost of the long-term equity investment.

②If the company's shareholding ratio decreases due to the capital increase of other investors, and the company loses control but can implement joint control or exert significant influence, the long-term equity investment shall be converted from the cost method to the equity method for accounting in the individual financial statements.Firstly, according to the new shareholding ratio, the share of the increased net assets of the atomic Company and the original book value of the long-term equity investment corresponding to the reduced shareholding proportion should be carried forward into the current profit and loss at the time of the investment.In the consolidated financial statements, accounting treatment shall be carried out in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No.33, —— Consolidated Financial Statements.

（4）: To determine the basis for having a common control and significant influence on the invested unit

1）: The basis for determining the common control of the invested unit: it means that the activities with a significant impact on the return of an arrangement must be decided by the unanimous consent of the participants sharing the control right.Including the sales and purchase of goods or services, the management of financial assets, the purchase and disposal of assets, research and development activities, and financing activities.

2）: The basis for determining the significant impact on the invested unit: when holding more than 20% to 50% of the voting capital of the invested unit, it has a significant impact.Or if less than 20% but meeting one of the following conditions:

①:Having representatives on the board of directors or similar authority of the invested unit;

②:Participate in the policy making process of the invested units;

③To send management personnel to the invested unit;

④:The investee relies on the technical or technical data of the investment company;

⑤:Important transactions occur with the invested unit.

（5）: Impairment test method and impairment provision provision method

On the balance sheet date, the Company shall check whether there are possible signs of impairment in long-term equity investment. When there are impairment signs, it shall conduct impairment test to confirm the recoverable amount and draw impairment provision for the part of the recoverable amount less than the book value. Once the impairment loss is withdrawn, it will not be reversed during the later accounting period.

The recoverable amount is determined at the value between the net fair value of the long-term equity investment sale and the present value of expected future cash flows.

12: Investment real estate

（1）Types and measurement mode of investment real estate

Types of investment real estate of the company: leased land use right, leased buildings, land use right held and prepared to be transferred after appreciation.

The investment real estate adopts the fair value mode for subsequent measurement. The Group does not make depreciation or amortize the investment real estate, adjust its book value on the basis of the fair value of the investment real estate on the balance sheet date, and the difference between the fair value and the original book value is included in the current profit and loss.

（2）Adopt the fair value model for the accounting policy

When determining the fair value of the investment property, reference the current market price of the similar or similar property in the active market; if the current market price of the

similar or similar property cannot be obtained, estimate the fair value of the investment market; or determine the fair value based on the expected future rental income and the present value of the relevant cash flow.

When self-use real estate or inventory is converted into investment real estate, it shall be calculated at the fair value of the conversion day. If the fair value on the conversion day is less than the original book value, the difference shall be included into the current profit and loss; if the fair value on the conversion day is greater than the original book value, the difference shall be recognized as other comprehensive income.When the investment real estate is converted into self-use real estate, the fair value of the conversion day shall be taken as the book value of the self-use real estate, and the difference between the fair value and the original book value shall be included in the current profit and loss.

When the investment real estate is disposed of or permanently withdrawn from use and economic benefits from its disposal, the recognition of the investment real estate shall be terminated.The disposal income from the sale, transfer, scrapping or damage of investment real estate shall be included into the current profits and losses after deducting its book value and related taxes.

13: Fixed assets

（1）Confirmation conditions of fixed assets

Fixed assets refer to tangible assets held for the production of goods, providing labor services, leasing or operation and management, and with a service life of more than one fiscal year.Confirmation occurs when the following conditions are met:

①:Economic benefits related to the fixed asset are likely to flow into the enterprise;

②:The cost of this fixed asset can be measured reliably.

（2）Fixed assets classification and depreciation method

The fixed assets are mainly divided into: buildings, machinery, electronic equipment, transportation equipment, etc. The depreciation method adopts life average method.Determine the service life and estimated net residual value of fixed assets according to the nature and use of various fixed assets.At the end of the year, the service life, estimated net residual value and depreciation method of the fixed assets will be reviewed. If there is any difference from the original estimate, they will be adjusted accordingly.The Company provides depreciation on all fixed assets except for fixed assets which have been fully depreciated and land denominated separately.

asset category	Estimated service life (years)	Expected net residual value rate of (%)	yearly depreciation (%)
Machinery equipment	5-10	5	9.50-19.00
ED	5	5	19.00
Conveyer	5	5	19.00
Constructs	20	5	4.75
Hotel furniture	5	5	19.00

（3）Impairment test method and impairment provision provision method of fixed assets

On the balance sheet date, the Company checks whether there are signs of possible impairment of fixed assets and confirms the recoverable amount by making an impairment

provision based on the part of the recoverable amount less than the book value. Once the impairment loss is withdrawn, it will not be reversed during the later accounting period.

14 : Construction projects under construction

（1）Category of work under construction

The projects under construction are divided into self-run construction and outsourcing construction.

（2）Standard and time point for carrying forward fixed assets of projects under construction

When the project under construction reaches the completion of the project, carry forward fixed assets.The criteria for predetermined usable status shall meet one of the following conditions:

① Entity construction (including installation) of fixed assets has been fully completed or substantially completed;

② The trial production or trial operation, and the results show that the assets can operate normally or stably produce qualified products, or the test operation results indicate that it can operate normally or operate;

③ Spending on fixed assets constructed is little or almost no;

④The fixed assets purchased have met the design or contract requirements, or basically meet the design or contract requirements.

（3） Impairment test method and impairment provision provision method of construction under construction

On the balance sheet date, the Company checks whether there are possible impairment of the project under construction, and the impairment test shall conduct the impairment test to confirm the recoverable amount according to the recoverable amount lower than the book value. Once the impairment loss is withdrawn, it will not be reversed during the later accounting period.

The recoverable amount of the project under construction is determined on the basis of the net value of the asset minus the disposal expense and the present value of the expected future cash flow of the asset.

15: Loan expenses

（1）Confirmation principles of the capitalization of borrowing costs

The borrowing expenses incurred by the Company, which may be directly attributable to the purchase, construction or production of the assets meeting the capitalization conditions, shall be capitalized and included in the relevant asset costs; other borrowing expenses shall be recognized as expenses according to the amount incurred and included in the current profits and losses.Assets that meet the conditions for capitalization refer to fixed assets, investment real estate and inventory assets that need to take a considerable period of purchase, construction or production activities to reach the intended usable or marketable state.

（2）Calculation method of capitalized amount

Capitalization period: refers to the period from the beginning of borrowing expenses to the stop of capitalization point.The period of capitalization is not included.

Suspension period: if the abnormal interruption occurs in the process of purchase, construction or production, and the interruption time lasts for more than 3 consecutive months, the capitalization period of the borrowing expenses shall be suspended.

Calculation of capitalization amount: ① borrows the amount after the interest expense

incurred by the current period of the special borrowing, minus the interest income or temporary investment income; ② determines the weighted average of asset expenditure by the capitalization rate of the general borrowing; ③If borrowing has a discount or premium, adjust the discount or premium amount for each interest period.

The real interest rate method is the method of calculating the amortized discount or premium or interest expense according to the real interest rate.The actual interest rate is the future cash fiow of the loan during the expected duration, which discount is the interest rate used for the current book value of the loan.

16: Intangible assets

（1）Method of intangible assets

The intangible assets of the Company are initially measured at the cost.The purchased intangible assets shall be taken as the actual cost according to the actual price paid and related expenses.For the intangible assets invested by the investor, the actual cost shall be determined according to the value agreed in the investment contract or agreement, but the value agreed in the contract or agreement is unfair, the actual cost shall be determined according to the fair value.The cost of the intangible assets is the total expenditure incurred before reaching the intended purpose.

The subsequent measurement of intangible assets of the Company are as follows: ① limited intangible assets are amortized by the straight line method, and at the end of the year, the service life and amortization methods of intangible assets shall be reviewed. If there is any difference with the original estimate, adjustments shall be made accordingly.② intangible assets with uncertain service life are not amortized, but at the end of the year, the service life is reviewed. When there is conclusive evidence that the service life is limited, the service life is estimated and amortized according to the straight line method.

（2）Estimation of the service life of intangible assets with limited service life

asset category	Estimated service life (years)	in accordance with
land use right	40	Available years
Water use right	40	Available years

At the end of each year, the service life and amortization method of intangible assets with limited service life shall be reviewed.

（3） The judgment basis of uncertain service life

The Company will not foresee the period when the assets will bring economic benefits to the Company, or determine the intangible assets such as uncertain service period as intangible assets with uncertain service life.

Judgment basis for uncertain service life: ① comes from contractual rights or other legal rights, but there is no clear service life in the contract or legal provisions; ② cannot judge the same industry situation or bring economic benefits of intangible assets through relevant expert demonstration.

At the end of each year, the uncertain service life of intangible assets is reviewed, mainly in a bottom-up way, and basically reviewed by the relevant departments of the use of intangible assets, and evaluating whether the uncertain service life judgment basis is changed.

（4） Impairment test method and impairment provision provision method for intangible assets

On the balance sheet date, the Company checks whether there are signs of possible impairment, and in case of impairment, conducts impairment test to confirm the recoverable

amount, and makes provision for impairment based on the part of the recoverable amount below the book value. Once the inpairment loss is withdrawn, it will not be reversed during the later accounting period.

The recoverable amount of intangible assets is determined by both the net amount of the fair value of the asset minus the disposal expense, and the present value of the expected future cash flow of the asset.

（5）Specific standards for the research and development stages of internal research and development projects, as well as the specific standards for the development stage expenditure to meet the capitalization conditions

Expendpending in the research phase of internal research and development projects, Including in current profit and loss upon occurrence; Expenditure in the development stage, If the following conditions are also met, Recognized as intangible assets: (1) it is technically feasible to complete the intangible assets to be used or sold; (2) Having the intention to complete and use or sell the intangible assets; (3) The way that the intangible assets generate economic benefits, Including the ability to prove that the products produced by the intangible assets are in the market or the market of the intangible assets themselves, The intangible assets will be used internally, Can prove its usefulness; (4) With sufficient technical, financial resources and other resources to support it, To complete the development of the intangible assets, And have the ability to use or sell the intangible assets; (5) The expenditure attributable to the development stage of the intangible assets can be measured reliably.

Specific criteria for dividing the research and development stages of internal research and development projects: a planned investigation phase to acquire new technology and knowledge shall be defined as planned and exploratory, and applying research or other knowledge before commercial production or use to produce new or substantially improved material, device, product and more likely to develop.

17 ： Long-term unamortized expenses

Long-term deferred expenses refer to the expenses that have been spent, but the benefit period is more than one year (excluding one year).Long-term amortized expenses shall be amortized in installments according to the benefit period of the expense items.If the long-term amortized expenses do not benefit from the future accounting period, the amortized value of the outstanding items will be transferred into the current profit and loss.

18： Employee compensation

Employee compensation, it is to point to the various forms of compensation or compensation that the enterprise gives to obtain the service that the employee provides or remove labor relationship.Employee compensation includes short-term compensation, post-resignation benefits, dismissal benefits and other long-term employee benefits.

The company short-term compensation includes: worker salary, bonus, allowances and subsidies, worker welfare, medical insurance, industrial injury insurance and maternity insurance premiums, housing accumulation fund, union funds and worker education funds, short-term paid absenteeism, short-term profit sharing plan, non-monetary benefits and other short-term compensation.Post-resignation benefits of the company refer to the various forms of remuneration and benefits provided by the enterprise after the employee retires or removes the labor relationship with the enterprise, except for short-term compensation and dismissal benefits.Dismissal welfare, it is to point to the enterprise removes the labor relationship with the worker before the employee

labor contract expires, or the compensation that gives the worker to encourage the worker to accept the cut voluntarily.Other long-term employee benefits of the Company refer to all employee compensation except short-term compensation, post-resignation benefits and dismissal benefits, including long-term paid absence, long-term disability benefits, long-term profit sharing plan, etc.

（1）Accounting methods for short-term compensation

During the accounting period provided by the employees, the company shall recognize the actual short-term compensation as liabilities and include them into the current profit and loss or related asset costs.

（2） Accounting treatment method for post-resignation benefits

Post-resignation benefits are divided into set deposit plan and set benefit plan.

①During the accounting period when the employees serve the Company, the payable amount calculated by the set withdrawal plan shall be recognized as liabilities and included in the current profit and loss or related asset costs.

②Accounting for setting a benefit plan usually includes the following steps:

A:According to the expected cumulative welfare unit method, use unbiased and consistent actuarial assumptions to estimate the relevant demographic and financial variables, measure the obligations arising from the benefit plan, and determine the period during which the relevant obligations belong;

B:If there are assets in the set benefit plan, the present value of the set benefit plan obligations minus the deficit or surplus formed by the fair value of the set benefit plan assets is recognized as the net liabilities or net assets of the set benefit plan.If there is a surplus in the benefit plan, the net assets of the benefit plan shall be measured as the lower level of the surplus and the asset limit.The asset limit refers to the present value of the economic benefits that the Company can refund from setting the benefit plan or reduce the future funds paid to the set benefit plan;

C:At the end of the period, the employee compensation costs generated from the set benefit plan are recognized as the service cost, the net interest on the net liabilities or net assets of the net liabilities or net assets, the change generated from the net liabilities or net assets in other comprehensive income, and is not allowed to profit or loss, but can transfer these recognized amounts in other comprehensive income within the equity;

D:Determine a settlement benefit or loss when setting a benefit plan settlement.

（3）Accounting treatment method for dismissal benefits

If the Company provides dismissal benefits to employees, it shall confirm the compensation liabilities and include them in the current profit and loss: ① cannot unilaterally withdraw the dismissal benefits due to the labor relationship plan or reduction proposal; ② when confirms the costs or expenses related to the restructuring involving the payment of dismissal benefits.

（4） Accounting treatment methods for other long-term employee benefits

Other long-term benefits provided by the Company to employees meeting the conditions shall be accounted for; other long-term benefits shall be accounted for in accordance with the established benefit plan. Changes in the net liabilities or net assets of the other comprehensive income shall be added to the original established benefit plan.Plan termination means that the plan no longer exists, that is, the enterprise has discharged all future obligations arising from the plan.

19 ： Bonds payable

Non-convertible corporate bonds issued by the Company shall be treated as liabilities according to the actual amount received (deducting relevant transaction expenses); the difference between the actual amount received and the total face value of the bonds as a premium or discount, amortized at the coupon interest during the duration of the bonds and treated according to the principle of borrowing costs.

The convertible corporate bonds issued by the Company are split into the liabilities and equity components and processed separately upon initial confirmation.First, the fair value of the liability component is recognized and taken as the initial recognized amount.Secondly, the initial recognized amount of the equity component is determined according to the amount of the overall issue price of the convertible corporate bonds (deducting the related transaction expenses) after deducting the initial recognized amount of the liability component.

20 : Income

（1）Sales of goods

The contract between the Company and the Customer recognizes the income when the Customer takes control of the goods has approved the contract and undertake to perform their obligations; the contract specifies the rights and obligations of the parties related to the goods transferred or provided; the contract has explicit payment terms for the transferred goods; the contract has commercial substance that the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow; the consideration entitled by the Company to transfer the goods to the Customer.

On the commencement date of the Contract, the Company recognizes the individual performance obligations existing in the Contract and distributes the transaction price to each individual performance obligation in accordance with the relative proportion of the individual selling price of the goods promised under the individual performance obligations.The influence of variable consideration, significant financing components existing in the contract, non-cash consideration, customer consideration payable and other factors is considered in determining the transaction price.

For each single performance obligation in the Contract, if one of the following conditions is met, the Company will share the income that the transaction price proceeds to the performance of the Company at the performance of the performance of the Company and the Company is entitled to collect payment for the total performance completed throughout the Contract period.The performance progress shall be determined by input method or output method according to the nature of the transferred goods. When the performance progress cannot be reasonably determined and the cost incurred by the Company is expected to be compensated, the income shall be recognized according to the cost amount incurred until the performance progress can be reasonably determined.

If any of the above conditions is not met, the Company will share the transaction price recognition income of the individual performance obligation at the point when the Customer acquires control of the relevant commodity.In determining whether the Customer has acquired control of the commodity, the Company considers the following indication that the Customer receives current payment for the commodity; the Customer to the Customer; other indications that the Customer has acquired control of the commodity.

（2） Rendering of service

At the same time of the performance of the Company, the customer obtains and consumes the

economic benefits brought by the performance of the Company, and recognizes the revenue within a period of time according to the performance progress. The method for determining the performance progress is the output method, specifically according to the proportion of the accumulated cost to the estimated total cost.

（3）Transfer the right to use the assets

The Company recognizes the transfer income when the economic benefits related to the transfer are likely to flow in and the amount of income can be measured reliably.

（4）Interest revenue

Calculated and determined according to the time when others use the company's monetary funds and the actual interest rate.

4.21 Government subsidies

（1）Type of government subsidy

Government subsidy refers to the monetary assets or non-monetary assets obtained by the company from the government for free (but excluding the capital invested by the government as the owner), which are mainly divided into two types of asset-related government subsidies and income-related government subsidies.

（2） Government subsidies for accounting treatment

Government subsidies related to assets are recognized as deferred income, which are distributed equally during the service life of relevant assets and included into the current profits and losses; and government subsidies measured in nominal amount are directly recorded into the current profits and losses.Government subsidies related to earnings shall be treated in the following circumstances: ①If is used to compensate the related expenses or losses in the future period, it is recognized as deferred income and included in the current profits and losses during the period of confirming the relevant expenses; ② If is used to compensate the related expenses or losses incurred by the enterprise, directly included in the current profits and losses.

Government subsidies related to the daily activities of the Company shall be included in other income or offset related costs according to the essence of economic business; government subsidies unrelated to daily activities shall be included in non-operating revenues and expenses.

（3）Specific criteria for distinguish between asset-related government subsidies and income-related government subsidies

The government subsidies obtained by the Company for the purchase and construction or otherwise for forming long-term assets shall be recognized as the government subsidies related to the assets.

The government subsidies obtained by the Company except the government subsidies related to assets are recognized as the government subsidies related to income.

If the government document does not specify the subsidy object, and the government subsidy is divided into asset-related or income-related judgment basis:

①The Government document defines the relative proportion of the expenditure amount and the expenditure amount included in the expenses according to the specific project budget. The division proportion shall be reviewed on each balance sheet date and changed if necessary; ② The Government document only describes the general purpose and does not specify the specific project as the government subsidy related to the income.

（4） Amortization of deferred proceeds related to government subsidies and recognition of the amortization period

The government subsidies related to the assets obtained by the Company are recognized as deferred income. Since the relevant assets are available, the deferred income shall be divided equally divided into the current profits and losses according to the expected use period of the relevant assets.

（5） Confirmation point of government subsidies

The government subsidy measured according to the amount receivable shall be confirmed at the end of the term that they can meet the relevant conditions stipulated by the financial support policies and are expected to receive financial support funds.

Other government subsidies except the government subsidies measured by the amount receivable shall be confirmed when the subsidy amount is actually received.

4.22 Deferred income tax assets / deferred income tax liabilities

Recognition of deferred income tax assets and liabilities:

（1）Based on the difference between the book value of assets and liabilities and the tax basis (if the items not recognized as assets and liabilities can be determined in accordance with the tax law, the tax basis can be determined to be the difference),deferred income tax assets or deferred income tax liabilities are recognized at the applicable tax rate during the expected recovery of the asset or repayment of the liabilities.

（2） Recognition of deferred income tax assets is limited to the taxable income that is likely to offset deductible temporary differences.On the balance sheet date, if there is conclusive evidence that sufficient taxable income is likely to be obtained during the future period to offset the deductible temporary difference, the unidentified deferred income tax assets in the previous accounting period are recognized.If it is likely to obtain enough taxable income to offset the deferred income tax assets, the book value of the deferred income tax assets shall be written down.

（3） Deferred tax liabilities are recognized for taxable temporary differences related to investments of subsidiaries and affiliates unless the Company can control the time of the temporary difference and the temporary difference will likely not be reversed in the foreseeable future.For the deductible temporary difference related to the investment of subsidiaries and affiliates, the deferred income tax asset is likely to be back in the foreseeable future and the taxable income used to deduct the deductible temporary difference in the future.

4.23 Lease

A lease is a contract in which the company transfers or acquired the right to control one or more use of identified assets for a certain period in exchange for or payment of consideration. On the commencement date of a contract, the company evaluates whether the contract is a lease or contains a lease.

（1） The Company acts as the lessee

① Initial measurement

At the beginning date of the lease term, the Company recognizes the right to use the leased assets during the lease term as the use assets, and recognizes the present value of the outstanding lease payment as the lease liability, except the short-term lease and low-value asset lease.When calculating the present value of the lease payment, the Company uses the lease interest rate as the discount rate; if the lease interest rate cannot be determined, the incremental borrowing rate of the

lessee is used as the discount rate

② Follow-up measurement

If the Company draws depreciation of the used assets in reference to the relevant depreciation provisions of Accounting Standards for Business Enterprises No.4 —— Fixed Assets, and the Company can reasonably determine the ownership of the leased assets at the expiration of the lease term, the Company shall draw depreciation within the remaining service life of the leased assets.If we cannot reasonably determine the ownership of the lease assets upon the expiration of the lease term, the Company shall draw depreciation within the duration of the lease term and the remaining service life of the leased assets.

For the lease liabilities, the Company shall calculate the interest expense during each period of the lease period at a fixed periodic interest rate, including it into the current profit and loss or the relevant asset cost.Variable lease payments not included in the measurement of lease liabilities are included into current gains and losses or related asset costs upon actual occurrence.

After the start of the lease term, when the substantially fixed payment changes, the expected amount payable changes, the index or ratio of determining the lease payment changes, the appraisal result or the actual exercise option changes, the lease liabilities, and adjust the book value of the tenure assets accordingly.If the book value of the use right assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company shall include the remaining amount into the current profit and loss.

③ Short-term lease and low-value asset leasing

For short-term lease (at the beginning of the lease less than 12 months) and low value asset lease, the company adopts simplify processing method, do not confirm the right assets and lease liabilities, and during the lease period in accordance with the line method or other system reasonable method lease payments into the relevant asset cost or current profit and loss.

（2） The company acts as the lessor

On the start date of the lease, based on the essence of the transaction, the lease is divided into financial lease and operating lease.A finance lease is a lease that substantially transfers almost all of the risks and rewards associated with the ownership of the leased assets.Operating lease refers to a lease other than a financial lease.

① operation lease

The Company adopts the straight-line method to confirm the lease collection amount of the operating lease as the rental income of each period during the lease term.The variable lease payment amount related to the operating lease not included in the lease collection amount shall be recorded in the current profit and loss upon the actual occurrence.

② finance lease

On the beginning date of the lease term, the Company confirms the financial lease receivable and terminthe recognition of the financial lease assets.The finance lease receivable is initially measured as the net amount of the lease investment (the unsecured surplus and the outstanding lease receipt at the beginning of the lease term discounted at the included interest rate) and the interest income during the lease term is recognized at a fixed periodic interest rate.The variable lease payment obtained by the Company not included in the net lease investment shall be included in the current profit and loss upon the actual occurrence.

V: Description of the changes in accounting policies and accounting estimates and the correction of errors

(一) Description of the major accounting policy changes

Upon the resolution of the board meeting of the Company, The company on January 1,2021 will implement the following new financial instruments related standards and the new revenue standards, and change the relevant accounting policies in accordance with the provisions of the new standards. Including: In 2017, the Ministry of Finance revised " Accounting Standards for Business Enterprises No.22 —— financial instruments confirmation and measurement", "Accounting Standards for Business Enterprises No. 23 —— financial assets transfer", "Accounting Standards for Business Enterprises No.24 —— hedge accounting ", "Accounting Standards for Business Enterprises No. 37 —— financial instruments report " "Accounting Standards for Business Enterprises No.14——Revenue" In 2018, the Ministry of Finance revised " Accounting Standards for Business Enterprises No.21—— Leasing ". The above revised guidelines shall come into force as of January 1,2021.

According to the resolution of the board of directors of the company, in order to more objectively reflect the real value of the investment real estate, the investment real estate with the original cost measurement mode accounting will be calculated according to the fair value mode.This accounting policy change adopts the retroactive adjustment method.

The Company has restated the comparative statements accordingly according to the above reporting requirements.

Balance sheet item	On December 31st, 2020	Adjust the number	January 1st, 2021
Circulating assets:			
Stock	20,461,333,632.17	-7,203,269,700.46	13,258,063,931.71
Contract assets		7,203,269,700.46	7,203,269,700.46
Subtotal	**20,461,333,632.17**		**20,461,333,632.17**
Non-current assets:			
Financial assets available for sale	1,240,000,000.00	-1,240,000,000.00	
Investment in other equity instruments		1,240,000,000.00	1,240,000,000.00
Investment real estate	1,864,480,132.48	50,332,767.52	1,914,812,900.00
Accumulated depreciation of investment real estate	324,324,751.08	-324,324,751.08	
Subtotal	**3,428,804,883.56**	**-273,991,983.56**	**3,154,812,900.00**
Cash liabilities:			
Item received in advance	297,797,335.53	-297,215,301.85	582,033.68
Contract liabilities		272,834,440.67	272,834,440.67
Other current liabilities	1,199,298,630.14	24,380,861.18	1,223,679,491.32
Subtotal	**1,497,095,965.67**	**0.00**	**1,497,095,965.67**
Non-current liability :			
Deferred income tax liabilities	1,069,673.55	93,664,379.64	94,734,053.19

Balance sheet item	On December 31st, 2020	Adjust the number	January 1st, 2021
Subtotal	**1,069,673.55**	**93,664,379.64**	**94,734,053.19**
Owner's equity :			
Surplus public accumulation	170,042,447.94	10,043,424.09	180,085,872.03
Undistributed profit	1,910,745,136.22	265,833,253.14	2,176,578,389.36
Minority equity	5,814,316.89	5,116,461.73	10,930,778.62
Subtotal	**2,086,601,901.05**	**280,993,138.96**	**2,367,595,040.01**
Profit statement subject:	Pre-adjustment year 2020 year	Pre-adjustment year 2020 year	Pre-adjustment year 2020 year
Main business cost	1,336,955,726.94	-86,149,645.10	1,250,806,081.84
Income from changes in fair value		64,329,523.49	64,329,523.49
Income tax expenses	107,233,248.03	37,619,792.15	144,853,040.18
Subtotal	**1,444,188,974.97**	**15,799,670.54**	**1,459,988,645.51**

(II) Description of the changes in the major accounting estimates

The company has not occurred any major accounting estimate changes in this period.

(III)Correction of early-stage accounting errors

No major accounting errors have occurred during the reporting period.

1. Earnings before interest taxes depreciation and amortization

2. Major taxes and tax rates

Categories of taxes	Specific tax rate
Added-value tax	13%, 9%, 6%, 5%
Urban maintenance & construction tax	7%
Extra charges of education funds	3%
Local education surcharge	2%
Business income taxes	25%
Use tax of land	8元/m²
Stamp duty	0.005%、0.05%、0.1%、0.30%

3. Tax incentives and approvals

According to the Ministry of Finance, the state administration of taxation jointly issued the notice on special use financial funds on enterprise income tax processing problems (tax [2011] no. 70) spirit, the enterprise from the people's governments at or above the county level and other departments should be included in the total income of fiscal funds is not included in the taxable income calculation payable income tax.

VI.Business Consolidation and consolidated financial statements(I)Subenterprise situation

1、 Important subsidiary situation

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Shareholding ratio	The right to vote	The way to obtain
1	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Foreign investment with its own funds, enterprise management consulting services (without financial regulatory approval, deposit absorption, financial guarantee, financial services); development, technology transfer, infrastructure construction, housing construction and leasing, hotel management, reclamation, tidal flats and supporting construction, operation and maintenance; water conservancy construction, general equipment manufacturing, landscaping, wholesale and retail: building materials.(For projects subject to approval according to law, business activities can be carried out only after being approved by relevant departments.)	150,000.00	100	100	investment set up
2	Qingdao Zhongji Technology industry Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	General electromechanical equipment leasing (excluding special equipment); real estate leasing; incubator investment, operation and management; investment and service of small and medium-sized enterprises; development, development and sales of new technologies and products; technical services and trading; wholesale and retail: hardware, nursery stock, building materials and steel.	11,000.00	81.82	81.82	Business consolidation not under the same control
3	Qingdao Jiaozhou Bay City Proper	three-level	Domestic non-financia	Jiaozhou City, Qingda	Invest in real estate projects with its own funds (without financial regulatory approval, financial absorption, financial guarantee and other financial business); property management services, housing leasing, municipal engineering construction, greening	3,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital（Ten thousand yuan）	Shareholding ratio	The right to vote	The way to obtain
	ty Management Co., Ltd		l enterprises	o	engineering, lighting engineering; design, agency, domestic advertising, operation and maintenance of state-owned assets, general equipment manufacturing (excluding special equipment); wholesale, retail: hardware, seedlings, steel, building materials.				
4	Qingdao Jiaofa International Trade Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Wholesale and retail: power high and low voltage equipment, wire and cable, building materials, metal materials (excluding precious metals), steel, wood, stone, minerals, decorative materials, hardware materials, plastic products, handicrafts, daily provisions; retail: primary agricultural products, aquatic products, frozen aquatic products, fresh meat, frozen meat, prepackaged food, bulk food, dairy products; import and export of goods and technology (prohibited by national laws and regulations); operating other general business items without administrative approval.	10,000.00	100	100	investment set up
5	Qingdao Jiaofa Human Resources Service Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Labor dispatch, human resources, human resources information consulting services, career intermediary services; property management services, cleaning services, enterprise management consulting, business information consulting (without financial regulatory approval, deposit absorption, financing guarantee, financial services), wholesale and retail: daily provisions, office supplies, household appliances, hardware, electronic products, computers and auxiliary equipment, ordinary mechanical and electrical equipment, metal materials (excluding precious metals), building materials, furniture, general labor prevention supplies, communication equipment (excluding satellite ground receiving	500.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Shareholding ratio	The right to vote	The way to obtain
					equipment).				
6	Qingdao Jiaofa Culture and Tourism Development Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Conference and exhibition display services; tourism information consulting services; corporate image design; cultural and art exchange activities; car rental; school bus rental; design, production and release of domestic advertising business, investment development and management of tourism related projects; general electromechanical equipment leasing (excluding special equipment); real estate leasing; development and operation of tourism service facilities; enterprise marketing planning; property management services and hotel management services.	10,000.00	100	100	Investment set up
7	Qingdao Jiaozhou Bay Industrial Park Operation and Management Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Infrastructure development, Construction and Operation Management, Foreign investment of its own assets, Owned property rental, estate management, Enterprise Management Consulting Services (without approval by the financial regulatory authorities, Do not engage in financial business such as deposit absorption, financing guarantee, financial management for clients), Labor services (excluding labor dispatch and foreign labor cooperation), Parking lot Management Services, Conference Services, Exhibition & Display Services, Landscaping project, Housing Agency Services, Storage services (excluding national prohibited items and inflammable and explosive items, Excluding freezing, refrigeration, refrigeration, hazardous chemicals and other storage), Science and Technology business incubator	10,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Share holding ratio	The right to vote	The way to obtain
					investment, management and business incubation, hotel management, Catering service, Wholesale and retail: building materials, metal materials (excluding precious metals), steel, wood, stone, mineral products, decorative materials, wujiaodian, plastic products, handicrafts, daily provisions.				
8	Qingdao SCO Food Hotel Management Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Licensed items: catering service; food management (selling bulk food); food production; accommodation services; life beauty services; bath services.(For projects subject to approval according to law, business activities can be carried out only after approval by relevant departments. The specific business projects shall be subject to the approval documents or licenses of relevant departments.) General items: catering management; Food Internet sales (selling pre-packaged food); hotel management; Daily general merchandise sales; Parking lot service; Conference and Exhibition services; Information consulting services (excluding licensing information consulting services); Marketing planning; Advertising production; Advertising design, agency; Advertising release (non-radio stations, television stations, newspapers and periodicals publishing units); brand management; Food management (only selling pre-packaged food); Arts and crafts and etiquette products sales (except ivory and its products); Office supplies sales; Stationery and supplies retail; Office equipment rental service; Office equipment sales; Washing and dyeing service; Fitness and leisure activities; Typing	1,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Shareholding ratio	The right to vote	The way to obtain
					and photocopying; Housing rental; Computer and communication equipment leasing; Takeout delivery service; car rental; Ticket service agency services; Organize cultural and artistic exchange activities; Business training (excluding education and training, vocational skills training and other training requiring permission); Etiquette service; Wedding etiquette services.(Independent carry out business activities except for projects required to be approved according to law, with business license according to law)				
9	Qingdao Shanghe Purchase E-commerce Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	E-commerce, e-commerce platform services, Supply chain management (without the approval of the financial regulatory authorities, Shall not engage in financial business such as deposit absorption, financing guarantee or financial management on behalf of clients); Wholesale and retail: furniture supplies, digital products and accessories, pet supplies, outdoor supplies (excluding food, drugs), pre-packaged food; Wholesale and retail: maternal and infant products, health food, agricultural and by-products, vegetables, fruits, drinks, drinks, condiments, fresh meat, cosmetics, arts and crafts, electronic products, needle textiles, clothing, daily provisions; International freight forwarders, domestic freight forwarders, general freight transport; Import	1,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Shareholding ratio	The right to vote	The way to obtain
					and export of goods and technology (projects prohibited by state laws and regulations shall not be operated, Business that is restricted by laws and regulations only after obtaining permission), Operating other general business projects that can be operated without administrative examination and approval.				
10	Qingdao Jiaozhou Bay Kerui Real Estate Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Invest in real estate projects with its own funds (without financial regulatory approval, deposit absorption, financial guarantee, other financial services); real estate development and operation, house decoration engineering, real estate intermediary services, housing sales agency, house leasing; landscaping engineering, earthwork engineering design, construction; wholesale and retail: building materials, decoration materials	10,000.00	100	100	Investment set up
11	Qingdao Rubber International Supply Chain Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Supply chain management services; sales agency; information consulting services (excluding licensing information consulting services); building materials sales; daily merchandise sales; wood sales; aquatic products retail; wholesale of aquatic products.(Except for projects subject to approval, independent business activities by business license.) License items: technology import and export; import and export agency; import and export of goods; food import and export.(For projects subject to approval according to law, business activities can be carried out only after approval by relevant departments. The specific business projects shall be subject to the approval documents	10,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital（Ten thousand yuan）	Share holding ratio	The right to vote	The way to obtain
					or licenses of relevant departments.)				
12	Qingdao Jiaozhou Bay Kesun Real Estate Co., Ltd	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Invest in real estate projects with its own funds (without financial regulatory approval, financial guarantee, financial services); real estate development and operation, house decoration engineering, real estate intermediary services, housing sales agency, housing leasing, landscaping engineering, earthwork engineering design, construction; wholesale and retail: building materials, decoration materials.	10,000.00	100	100	Investment set up
13	Qingdao Jiaozhou Bay Hongke Real Estate Co., Ltd	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Invest in real estate projects with its own funds (without financial approval, financial guarantee, financial services); real estate development and operation, housing decoration engineering, real estate agency services, housing sales agency, housing leasing, landscaping engineering, earthwork engineering design and construction; wholesale and retail: building materials, decoration materials.	60,000.00	100	100	Investment set up
14	Qingdao Jiaozhou Bay Kelong Real Estate Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Invest in real estate projects with its own funds (without financial regulatory approval, deposit absorption, financial guarantee, financial services); real estate development and operation, housing decoration engineering, real estate intermediary services, housing sales agency, housing leasing, earthwork engineering design and construction; wholesale and retail: building materials, decoration materials.(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments.)	10,000.00	100	100	Free transfer

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Share holding ratio	The right to vote	The way to obtain
15	Qingdao Shanghai Cooperation Zhisheng Investment Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	In real estate projects investment management (without the approval of financial regulators, shall not be engaged in absorbing deposits, financing guarantee, valet financial business), real estate development, design, construction: housing construction engineering, indoor and outdoor decoration engineering, landscaping engineering, earthwork, real estate intermediary services, commercial housing agency sales, housing leasing, wholesale, retail: building materials, decoration materials.(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments.)	30,000.00	100	100	Investment set up
16	Qingdao Jiaofa City Construction Co., LTD	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Construction project construction.(Must be approved in accordance with the project, approved by the relevant departments can carry out business activities, specific management project is subject to relevant department approval documents or permits) general project: with its own funds for investment activities, land consolidation services, engineering management services, landscaping engineering construction, construction materials sales, building decoration materials sales, planning and design management.(Except for business projects required to be approved according to law, business activities according to law)	100,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital（Ten thousand yuan）	Share holding ratio	The right to vote	The way to obtain
17	Qingdao Jiaozhou Bay Kechuang Real Estate Co., LTD	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Invest in real estate projects with its own funds (without financial regulatory approval, financial guarantee, financial services); real estate development and operation, housing decoration engineering, real estate intermediary services, housing sales agency, housing leasing, landscaping engineering, earthwork engineering design, construction; wholesale and retail: building materials, decoration materials.(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments.)	10,000.00	100	100	Investment set up
18	Qingdao Green Construction Park Development and Investment Co., Ltd	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	With its own funds foreign investment, enterprise management consulting (above without approval of financial regulators, shall not be engaged in absorbing deposits, financing guarantee, valet financial business), industrial park operation management, municipal public facilities management and maintenance, urban infrastructure construction, property management services, landscaping, sewage pipe installation and repair, billboard production, installation, wholesale, retail: building materials, decoration materials, planting, sales of seedlings.	20,000.00	100	100	Investment set up
19	Qingdao Jiaozhou Bay Industrial Investment and Develo	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	General projects: investment activities with its own funds; venture capital (limited to unlisted enterprises); management of enterprise headquarters.(Except for business activities required to be approved according to law, with business license according to law)	50,000.00	100	100	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital（Ten thousand yuan）	Shareholding ratio	The right to vote	The way to obtain
	pment Co., Ltd								
20	Qingdao Jiaozhou Bay New Energy Management Co., Ltd	Three-level	Domestic non-financial enterprises	Jiaozhou City, Qingdao	General projects: contract energy management; Internet of Things technology services; software development; Engineering and technical research and experimental development; Intelligent power transmission and distribution and control equipment sales; Battery sales; Electrical equipment sales; Wind power generation technology services; Sales of electric power electronic components; Mechanical and electrical equipment sales; Advanced power electronic device sales; Electronic special equipment sales; Research and development of highly efficient and energy-saving technology in the electric power industry; Power generation technical services; Solar power generation technology services; Sales of electric power facilities and equipment; Technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion; Industrial Internet data services; 5G communication technology services; Internet data services; Cloud computing	2,000.00	65	65	Investment set up

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Shareholding ratio	The right to vote	The way to obtain
					equipment and technical services; Photovoltaic power generation equipment leasing; Special equipment rental; Charging and control equipment rental.(Except for projects necessary to be approved according to law, carry out business activities independently according to law)				
21	Qingdao Jiaozhou Bay Science and Investment Real Estate Co., Ltd	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	Invest in real estate projects with its own funds (without financial regulatory approval, financial guarantee, financial services); real estate development and operation, house decoration engineering, real estate intermediary service, house sales agency, house leasing, landscaping engineering, earthwork engineering design, construction; wholesale and retail: building materials and decoration materials.(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments.)	10,000.00	100	100	Free transfer

order number	The name of firm	Level times	Form of business enterprise	Registered Address	Business nature	Registered capital (Ten thousand yuan)	Shareholding ratio	The right to vote	The way to obtain
22	Qingdao Xinlong Highway Construction Engineering Co., Ltd	Two stage	Domestic non-financial enterprises	Jiaozhou City, Qingdao	It can bear the standard of the first class below the registered capital of the enterprise and a bridge with a single span tracer <100 meters.Conway works with a length of <1000 meters can undertake the construction of bridge works with a single span of 100 meters and below.Can undertake the construction of bridge works with a single span of 100 meters and below.It can undertake the construction of highway pavement works below the first-level standard with the single contract amount not exceeding 5 times of the registered capital of the enterprise.It can undertake the construction of earthwork, small and medium-sized Bridges, protection, drainage and soft foundation treatment works of the primary standard with the single contract amount not exceeding 5 times the registered capital of the enterprise.Road building machinery leasing.Production and sales of cement concrete and components.(For projects subject to approval according to law, business activities can only be carried out after being approved by relevant departments).	3,000.00	100	100	Free transfer

一、Three new subsidiaries: Qingdao Jiaofa International Supply Chain Co., Ltd., Qingdao Jiaozhou Bay Industrial Investment and Development Co., Ltd., Qingdao Jiaozhou Bay New Energy Management Co., Ltd.; free transfer to three subsidiaries: Qingdao Jiaozhou Bay Real Estate Co., Ltd., Qingdao Jiaozhou Bay Rong Real Estate Co., Ltd., Qingdao Xinlong Highway Construction Engineering Co., Ltd.

VIII.Description of important items in consolidated financial statements

Unless otherwise noted, "beginning balance" refers to January 1,2021, "ending balance" refers to December 31,2021, "amount of the previous period" refers to 2020, and "amount of the current period" refers to 2021 degrees.

（I） Monetary resources

Project	The ending balance	The beginning balances
Cash	817,007.86	551,484.09
Bank deposit	3,519,277,384.36	1,865,188,477.57
Other monetary funds	569,716,930.13	9,600,000.00
Total	**4,089,811,322.35**	**1,875,339,961.66**
Including: the total amount of money deposited abroad		

1、Other monetary funds

Project	Year end balance	Balance at the beginning of the year
Letter of Credit deposit	5,357,172.13	
Time deposits or notice deposits used for security	537,020,000.00	
Migrant workers deposit	27,339,758.00	9,600,000.00
Total	**569,716,930.13**	**9,600,000.00**

（II） Notes receivable

Project	The ending balance	The beginning balances
Trade acceptance draft	36,257,899.99	
Bank acceptance		
Total	**36,257,899.99**	

(III)Accounts receivable

1、Accounts receivable are listed by category

Project	Year end balance				
	Book balance		Bad debt provision;		Book value
	Amount of money	Ratio (%)	Amount of money	Ratio (%)	
Receivables with significant Single amount and separate bad debt provision					
Receivables for bad debt provision according to the combination of credit risk characteristics	842,187,612.55	100.00	3,623,970.30	0.43	838,563,642.25
1、Collect receivables for bad debts according to account age analysis	526,727,806.96	62.54	3,623,970.30	0.69	523,103,836.66
2、Receireceivable for bad debts according a low-risk portfolio	315,459,805.59	37.46			315,459,805.59
Accounts receivable whose single amount is not significant but has a single bad debt provision					
Total	**842,187,612.55**	**100.00**	**3,623,970.30**	**0.43**	**838,563,642.25**

(Continue)

Project	Balance at the beginning of the year				
	Book balance		Bad debt provision		Book value
	Amount of money	Ratio (%)	Amount of money	Ratio (%)	
Receivables with significant single amount and separate bad debt provision					
Receivables for bad debt provision according to the combination of credit risk characteristics	525,135,077.89	100.00			525,135,077.89
1. Analyze the accounts receivable for bad debts according to the account age	348,175,846.84	66.30			348,175,846.84
2. Set aside the accounts receivable for bad debts	176,959,231.05	33.70			176,959,231.05

Project	Balance at the beginning of the year				
	Book balance		Bad debt provision		Book value
	Amount of money	Ratio (%)	Amount of money	Ratio (%)	
according to the low-risk portfolio					
Accounts receivable whose single amount is not significant but has a single bad debt provision					
Total	525,135,077.89	100.00			525,135,077.89

Notes : Accounts receivable for bad debt provision according to the low-risk portfolio: According to the company's bad debt policy, the company, the government units, government platform companies, state-owned enterprises, government dispatched agencies, joint-stock companies and internal employees of the company.

2、Analyze the accounts receivable for bad debt provision according to account age

Account aging	On December 31st, 2021			December 31st, 2020		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount of money	Ratio%)		Amount of money	Ratio (%)	
Within 1 year (including 1 year)	462,052,725.26	87.72		348,175,846.84	100.00	
1-2 years (including 2 years)	64,264,327.79	12.20	3,213,216.39			
2-3 years (including 3 years)						
3-4 years (including 4 years)						
4-5 years (including 5 years)						
More than 5 years	410,753.91	0.08	410,753.91			
Total	526,727,806.96	100.00	3,623,970.30	348,175,846.84	100.00	

notes : Accounts receivable with an age of more than 5 years are caused by the newly transferred subsidiary Qingdao Xinlong Highway Construction Engineering Co., LTD.

3、Accounts receivable for a low-risk portfolio

Combination name	On December 31st, 2021		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Combination 1: Related parties within the scope of the merger			
Combination 2: related parties within the scope of merger			

Combination name	On December 31st, 2021		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Combination 3: petty fund, security deposit, etc			
Portfolio 4: The government and its state-owned enterprises under their control	315,459,805.59		
Combination 5: Other normal account ages			
Total	**315,459,805.59**		

(1) Details of the accounts receivable of the government and its controlled state-owned enterprises

Name of debtor	The ending balance	The nature of money
Administrative Committee of China-SSCO Local Economic and Trade Cooperation Demonstration Zone	313,808,015.03	Lease fee, land transfer fee
Jiaozhou City licha town financial office	1,651,790.56	property management fee
Total	**315,459,805.59**	——

(IV)Advance payment

1.Prepayments are listed by age

Account aging	The ending balance		The beginning balances	
	Amount of money	Ratio (%)	Amount of money	Ratio (%)
Within 1 year (including 1 year)	78,257,968.08	73.97	731,391,830.85	97.09
1-2 years (including 2 years)	27,255,039.00	25.76	20,000,000.00	2.66
2-3 years (including 3 years)	914.78	0.00		
3-4 years (including 4 years)				
4-5 years (including 5 years)	2,435.14	0.00	1,900,273.00	0.25
More than 5 years	278,544.01	0.27		
Total	**105,794,901.01**	**100.00**	**753,292,103.85**	**100.00**

Notes: The prepayment with an age of more than 2 years is caused by the new transfer to the subsidiary Qingdao Xinlong Highway Construction Engineering Co., LTD.

2.Large prepayments aged over one year

Debt units	The ending balance	Account aging	The nature of money
Qingdao Lofty Enterprise Development and Management Co., Ltd	23,755,039.00	1-2 年	No settlement has been made
China Construction Bureau No.2 Second Construction Engineering Co., Ltd	1,500,000.00	1-2 年	No settlement has been made
Qingdao Zhongyong Shengtai Road Engineering Co., Ltd	1,000,000.00	1-2 年	No settlement has been made
Jiaozhou Zhongshuntong Construction Engineering Materials Co., Ltd	1,000,000.00	1-2 年	No settlement has been made
Total	**27,255,039.00**	——	——

(V)Accounts receivable-other

Project	The ending balance	The beginning balances
Interest in black	102,254.78	77,293,779.45
Accounts receivable-other	7,439,630,545.68	7,132,496,711.04
Total	**7,439,732,800.46**	**7,209,790,490.49**

1.Interest in black

Loan unit	The ending balance	The beginning balances
Qingdao Jiaozhou Bay Science and Investment Real Estate Co., Ltd		75,668,786.30
Qingdao Jiaozhou Bay Kelong Real Estate Co., Ltd		1,624,993.15
Qingdao Xinruijie Industrial Investment and Development Co., Ltd	102,254.78	
Total	**102,254.78**	**77,293,779.45**

2.Other receivables are listed by category

Project	The ending balance				
	Book balance		Bad debt provision		Book value
	Amount of money	Ratio (%)	Amount of money	Proportion of provision (%)	
Other receivables with significant single amount and separate provision for bad debts					
Other receivables prepared for bad debt reserves according to the combination of credit risk characteristics	7,440,760,110.68	100.00	1,129,565.00	0.02	7,439,630,545.68

Project	The ending balance				
	Book balance		Bad debt provision		Book value
	Amount of money	Ratio (%)	Amount of money	Proportion of provision (%)	
1. Collect other receivables of bad debts according to the aging analysis	2,333,943.22	0.03	1,129,565.00	48.40	1,204,378.22
2. Other receivables for bad debts according to the low-risk portfolio	7,438,426,167.46	99.97			7,438,426,167.46
Other receivables whose single amount is not significant but is separately prepared for bad debts					
Total	**7,440,760,110.68**	**100.00**	**1,129,565.00**	**0.02**	**7,439,630,545.68**

(Continuous)

Project	Balance at the beginning of the year				
	Book baiance		Bad debt provision		Book value
	Amount of money	Ratio (%)	Amount of money	Proportion of provision (%)	
Other receivables with significant single amount and separate provision for bad debts					
Other receivables prepared for bad debt reserves according to the combination of credit risk characteristics	7,132,497,439.04	100.00	728.00	0.00	7,132,496,711.04
1. Collect other receivables of bad debts according to the aging analysis	2,523,903.34	0.04	728.00	0.03	2,523,175.34
2. Other receivables for bad debts according to the low-risk portfolio	7,129,973,535.70	99.96			7,129,973,535.70
Other receivables whose single amount is not significant but is separately prepared for bad debts					
Total	**7,132,497,439.04**	**100.00**	**728.00**	**0.00**	**7,132,496,711.04**

Notes: Other accounts receivable for bad debt provision according to the low-risk portfolio: According to the company, no bad debt policy is required for the company, the government units, government platform companies, state-owned enterprises, government dispatched offices, joint-stock companies and internal employees of the company.

3.Other receivables that are made for bad debt provision in combination

(1) Accounts receivable for bad debt provision according to the aging analysis method

Account aging	On December 31st, 2021			December 31st, 2020		
	Book balance		Bad debt provision	Book amount		Bad debt provision
	Amount of money	Ratio (%)		Amount of money	Ratio (%)	

Account aging	On December 31st, 2021			December 31st, 2020		
	Book balance		Bad debt provision	Book amount		Bad debt provision
	Amount of money	Ratio (%)		Amount of money	Ratio (%)	
Within 1 year (including 1 year)	833,043.22	35.69		2,513,503.34	99.59	
1-2 years (including 2 years)	370,500.00	15.87	18,525.00			
2-3 years (including 3 years)				10,400.00	0.41	728.00
3-4 years (including 4 years)	10,400.00	0.45	1,040.00			
4-5 years (including 5 years)	20,000.00	0.86	10,000.00			
More than 5 years	1,100,000.00	47.13	1,100,000.00			
Total	**2,333,943.22**	**100.90**	**1,129,565.00**	**2,523,903.34**	**100.00**	**728.00**

Notes: The prepayment with an age of more than 4 years is caused by the new transfer to the subsidiary Qingdao Xinlong Highway Construction Engineering Co., LTD.

(2) Other receivables for bad debts are drawn by the low-risk portfolio

Combination name	On December 31st, 2021		
	Accounts receivable-other	Bad debt provision	Proportion of provision (%)
Combination 1: Related parties within the scope of the merger			
Combination 2: related parties within the scope of merger			
Combination 3: petty fund, security deposit, etc	310,502,620.83		
Portfolio 4: The government and its state-owned enterprises under their control	7,127,923,546.63		
Totai	**7,438,426,167.46**		

(3) Reserve fund and margin for the low-risk group

Name of debtor	Book balance	Book balance
Jiaozhou City Land Trading Center security deposit	209,557,084.00	Land deposit
CoSCO Shipping Leasing Co., Ltd	20,000,000.00	bail
Sinopharm Holdings (China) Financial Leasing Co., LTD	3,000,000.00	bail

Far East International Leasing Co., Ltd	6,435,000.00	bail
BangBank Financial Leasing Co., Ltd	6,000,000.00	bail
Ping An International Financial Leasing Co., Ltd	24,000,000.00	bail
Guang Xing Xinglong Trust Co., Ltd	3,000,000.00	bail
Far East International Leasing Co., Ltd	26,000,000.00	bail
Beijing Jingdong Century Trading Co., Ltd	100,000.00	bail
Workers borrow money	12,410,536.83	a shot in the locker
Totai	**310,502,620.83**	

（4）Other receivables from the government and the state-owned enterprises under its control

Name of debtor	Book balance	The nature of money
Administrative Committee of the China-SCO Local Economic and Trade Cooperation Demonstration Zone	5,743,311,216.84	Current money
Jiaozhou Finance Bureau	587,660,964.62	Current money
Qingdao Jiaozhou New City Construction and Development Co., Ltd	140,000,000.00	Current money
Qingdao Golden Jiaozhou Asset Management Co., Ltd	138,400,000.00	Current money
Jiaozhou Kowloon Street Office	84,304,604.55	Current money
Sanli River Street Office	72,000,000.00	Current money
Jiaozhou City in cha town financial office	65,883,942.70	Current money
Jiaozhou City Jiaxi Town Financial Office	65,000,000.00	Current money
Qingdao Jiaozhou Bay Kexin Financing Guarantee Co., Ltd	60,000,000.00	Current money
The People's Government of Jiaxi Town	54,000,000.00	Current money
Zhongyin Sub-district Office	50,000,000.00	Current money
Qingdao Xinruijie Industrial investment and Development Co., Ltd	26,000,000.00	Current money
The People's Government of Rica Town	14,000,000.00	Current money
Qingdao Jiaozhou City Construction and Development Co., Ltd	11,500,000.00	Current money
Qingdao Shaohai Development Group Co., Ltd	10,000,000.00	Current money
Kowloon Evergrande project index fee	5,857,799.00	Current money
Shandong Provincial Department of Transportation expressway toll Settlement Center	5,018.92	Current money
Total	**7,127,923,546.63**	

4、Other receivables of the top five ending balances collected by the arrears party

Name of debtor	Book balance
Administrative Committee of China-SSCO Local Economic and Trade Cooperation Demonstration Zone	5,743,311,216.84
Jiaozhou Finance Bureau	587,660,964.62
Jiaozhou City Land Trading Center margin	209,557,084.00
Qingdao Jiaozhou New City Construction and Development Co., Ltd	140,000,000.00
Qingdao Golden Jiaozhou Asset Management Co., Ltd	138,400,000.00
Total	**6,818,929,265.46**

(VI)Stock

1.Inventory categories are listad separately

Project	The ending balance			Balance at the beginning of the year		
	Book balance	Fali price prepa ration	Book value	Book balance	Fall price prep arati on	Book value
Raw material	206,609.76		206,609.76			
Merchandise inventory	3,219,401.00		3,219,401.00	18,864,493.78		18,864,493.78
Develop products	165,027,034.49		165,027,034.49	238,562,610.86		238,562,610.86
Cost of developmen t	14,385,372,687.56		14,385,372,687.56	13,000,636,827.07		13,000,636,827.07
Turnover materials	630,503.56		630,503.56			
Total	**14,554,456,236.37**		**14,554,456,236.37**	**13,258,063,931.71**		**13,258,063,931.71**

(VII)Contract assets

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
engine ering cost	13,211,000, 122.87		13,211,000, 122.87	9,183,171,8 67.75		9,183,171,8 67.75
Project gross profit	1,110,568,2 29.15		1,110,568,2 29.15	1,077,781,2 82.71		1,077,781,2 82.71
Project settlem ent	-3,749,632, 150.00		-3,749,632, 150.00	-3,057,683, 450.00		-3,057,683, 450.00
Total	**10,571,936, 202.02**		**10,571,936, 202.02**	**7,203,269,7 00.46**		**7,203,269,7 00.46**

(VIII) Other current assets

Project	The ending balance	Balance at the beginning of the year
Pay the enterprise income tax in advance	25,717,329.57	
Advance payment of VAT	11,282,598.24	10,137,206.52
To be deducted input tax	78,548,079.63	113,014,235.22
Total	**115,548,007.44**	**123,151,441.74**

(IX)Long-term receivables

Project	Year end balance	Balance at the beginning of the year
Qingdao Nengbee Electric Co., LTD	15,000,000.00	15,000,000.00
Shandong Expressway Private Capital Management Co., Ltd	28,900,000.00	
Total	**43,900,000.00**	**15,000,000.00**

Notes: The long-term receivables of Shandong Expressway Private Capital Management Co., Ltd. are loans from related parties.

(X)Long-term equity investment

1.Long-term equity investment classification

Project	Balance at the beginning of the year	This period increase	This period increase	The ending balance
Investment in subsidiaries				
Investment in joint ventures				
investment in associated	333,943,317.77	330,300,869.05	9,361,623.05	654,882,563.77
Subtotal	**333,943,317.77**	**330,300,869.05**	**9,361,623.05**	**654,882,563.77**
Less: write-down provision for long-term equity investment				
Total	**333,943,317.77**	**330,300,869.05**	**9,361,623.05**	**654,882,563.77**

2.Long-term equity investment details

Invested unit	Adjust accounts method	Shareholding ratio (%)	Proportion of voting rights (%)	Capitalized cost	Balance at the beginning of the year	Additional investment	Disinvestment
I、Subenterprise							
II、 cooperative enterprise							
III、 [经] jointly run				**647,103,630.00**	**333,943,317.77**	**312,659,630.00**	

Invested unit	Adjust accounts method	Shareholding ratio (%)	Proportion of voting rights (%)	Capitalized cost	Balance at the beginning of the year	Additional investment	Disinvestment
business							
Qingdao Yichen Radium Shuo Technology Co., Ltd	equity method	20.00	20.00	30,000,000.00	29,800,920.13		
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co., Ltd	equity method	40.00	40.00	1,200,000.00	403,884.80		
Qingdao SCO Cornerstone Investment and Development Group Co., LTD	equity method	49.00	49.00	200,000,000.00	149,981,587.32	50,000,000.00	
Qingdao SCO Tourism Development Co., Ltd	equity method	49.00	49.00	4,900,000.00		4,900,000.00	
Netroot Technology (Qingdao) Co., LTD	equity method	49.00	49.00	40,000,000.00		40,000,000.00	
Qingdao Lianhe and Guoxin Economic and Trade Co., Ltd	equity method	35.00	35.00	7,000,000.00	6,728,074.59		
Shandong Expressway Private Capital Management Co., Ltd	equity method	34.00	34.00	364,003,630.00	147,028,850.93	217,759,630.00	
Total				**647,103,630.00**	**333,943,317.77**	**312,659,630.00**	

(Continuous)

Invested unit	Investment income recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Announcement cash dividends or profits	Withdraw impairment provision	Other	Ending balance	Closing balance of the impairment provision
I、Subenterprise								
II、Cooperative enterprise								
III、Jointly run business	**17,641,239.05**			**9,361,623.05**			**654,882,563.77**	
Qingdao Yichen Radium Shuo Technology Co., Ltd	-589,962.81						29,210,957.32	
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co., Ltd	3,544.96						407,429.76	
Qingdao SCO Cornerstone Investment and Development Group Co., LTD	2,027,490.76						202,009,078.08	
Qingdao SCO Tourism Development Co., Ltd	-1,095,744.61						3,804,255.39	
Netroot Technology (Qingdao) Co., LTD	-159,660.16						39,840,339.84	
Qingdao Lianhe and Guoxin Economic and Trade Co., Ltd	647,736.23						7,375,810.82	
Shandong Expressway Private Capital Management Co., Ltd	16,807,834.68			9,361,623.05			372,234,692.56	
Total	**17,641,239.05**	—	—	**9,361,623.05**	—		**654,882,563.77**	

(XI)Investment in other equity instruments

Project	Year end balance	Balance at the beginning of the year
Qingdao Jiaozhou Guohong Equity Investment Fund Partnership (Limited partnership)	4,000,000.00	4,000,000.00

Project	Year end balance	Balance at the beginning of the year
Qingdao Letong Capital Smart Industry Fund (Limited partnership)	90,000,000.00	90,000,000.00
Hangzhou Island City Time No.1 Equity Investment Partnership (Limited Partnership)	999,000,000.00	999,000,000.00
Qingdao Jiaozhou Shengrui Equity Investment Fund Partnership (Limited partnership)	34,800,000.00	9,000,000.00
Qingdao Golden Jiaozhou Old and New Driving Energy Conversion Fund (limited partnership)	103,200,000.00	38,000,000.00
Shandong Expressway Jiqing Middle Line Highway Co., Ltd	201,962,376.00	100,000,000.00
Qilu Qianhai (Qingdao) Venture Capital Fund Partnership (Limited partnership)	120,000,000.00	
Total	1,552,962,376.00	1,240,000,000.00

Notes1： Under the relevant partnership agreement, Qingdao jiaozhou bay development group co., LTD., as a limited partner in Qingdao jiaozhou countries hong equity investment fund partnership (limited partnership), Qingdao le tong China wisdom industry fund (limited partnership), Hangzhou island time one equity investment partnership (limited partnership), Qingdao jiaozhou sheng sharp equity investment fund partnership (limited partnership), Qingdao gold jiaozhou old and new kinetic energy conversion fund (limited partnership), qilu sea (Qingdao) venture capital fund partnership (limited partnership), Although holding 30% of Qingdao Letong Capital Smart Industry Fund (limited partnership) and 99.90% of Hangzhou Island City Time No.1 Equity Investment Partnership (limited partnership), However, it has no control, joint control or significant impact on the invested unit, And do not participate in the daily business activities of the enterprise.

Notes2： According to the relevant shareholder investment agreement, Qingdao Jiaozhou Bay Development Group Co., Ltd. and other shareholders invested to establish Shandong Expressway Jiqing Middle Route Highway Co., Ltd., with a shareholding ratio of 2.59%.

(XI)Investment real estate

Project	Houses and buildings	Land use right	Total
I、The beginning balance	**1,914,812,900.00**		**1,914,812,900.00**
II、Changes in this period	**810,556,100.00**		**810,556,100.00**
add： outsourcing			
Projects under construction will be transferred	285,982,742.91		285,982,742.91
Less：handle			
Turn to self-use real estate			
Change in fair value	524,573,357.09		524,573,357.09
III、The ending balance	**2,725,369,000.00**		**2,725,369,000.00**

(XIII)Fixed assets

Project	The ending balance	Balance at the beginning of the year
Fixed assets	292,139,827.62	301,092,411.49

Project	The ending balance	Balance at the beginning of the year
Total	292,139,827.62	301,092,411.49

1.Fixed assets

Project	Houses and buildings	Machinery equipment	Conveyer	Electronic equipment	Hotel furniture	Total
I、Book original value						
1、Balance at the beginning of the year	343,957,918.50	57,672,529.38	7,549,804.73	6,450,413.08		415,630,665.69
2、Increase the amount this year	17,569,299.19	33,574,717.67	5,616,964.85	3,512,181.68	666,616.05	60,939,779.44
（1） purchase		1,342,490.67	848,768.85	353,160.21	666,616.05	3,211,035.78
（2）Projects under construction will be transferred						
（3）The merger of enterprises increased	13,553,576.25	32,232,227.00	4,768,196.00	3,154,419.70		53,708,418.95
（4）Other	4,015,722.94			4,601.77		4,020,324.71
3、Reduce the amount this year			4,716,894.62			4,716,894.62
（1）Disposal or scrapping			4,716,894.62			4,716,894.62
（2）Other						
4、 Year end balance	361,527,217.69	91,247,247.05	8,449,874.96	9,962,594.76	666,616.05	471,853,550.51
II、Accumulated depreciation						
1、Balance at the beginning of the year	84,338,037.29	18,809,002.39	6,716,428.35	4,674,786.17		114,538,254.20
2、Increase the amount this year	25,608,629.49	35,864,724.27	4,697,098.36	3,272,410.71	34,211.65	69,477,074.48
（1）Counting and drawing	16,685,835.62	5,893,888.24	190,086.13	317,435.99	34,211.65	23,121,457.63
（2）The merger of enterprises increased	8,922,793.87	29,970,836.03	4,507,012.23	2,954,974.72		46,355,616.85
（3）Other						
3、Reduce the amount this year			4,301,605.79			4,301,605.79
（1）Disposal or scrapping			4,301,605.79			4,301,605.79
（2）Other						
4、Year end balance	109,946,666.78	54,673,726.66	7,111,920.92	7,947,196.88	34,211.65	179,713,722.89

Project	Houses and buildings	Machinery equipment	Conveyer	Electronic equipment	Hotel furniture	Total
III、Provision for diminution in value						
1、Balance at the beginning of the year						
2、Increase the amount this year						
（1）Counting and drawing						
3、Reduce the amount this year						
（1）Disposal or scrapping						
4、Year end balance						
IV、Book value						
1、Year-end book value	**251,580,550.91**	**36,573,520.39**	**1,337,954.04**	**2,015,397.88**	**632,404.40**	**292,139,827.62**
2、Book value at the beginning of the year	**259,619,881.21**	**38,863,526.99**	**833,376.38**	**1,775,626.91**		**301,092,411.49**

(XIV)Construction in process

Project	The ending balance	Balance at the beginning of the year
Construction in process	2,507,866,556.63	2,047,084,556.94
Total	2,507,866,556.63	2,047,084,556.94

1.Basic information of the projects under construction

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
2 #, 4 #, 5 #, 6 # water drainage ditch project	24,521,458.57		24,521,458.57	19,240,182.72		19,240,182.72
Semiconductor industry platform transformation	16,441,256.27		16,441,256.27			

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
project						
Semiconductor intelligent technology city gate	43,617.60		43,617.60			
Power drainage project in the northern park of the SCO Demonstration Zone	7,070,894.32		7,070,894.32	19,018.87		19,018.87
Standard plant renovation project (General contract for design and construction)	32,109,584.90		32,109,584.90			
Harmony Avenue, Taohe Road municipal infrastructure project	142,533,137.31		142,533,137.31	76,193,828.60		76,193,828.60
Lighting and supporting projects around Ruyi Lake	16,947,130.63		16,947,130.63			
Shanghai Cooperation demonstration area of Huanghe Road west section 10kv power line project	2,769,345.73		2,769,345.73	2,769,345.73		2,769,345.73
The Yellow River branch road, happiness street and other nine branch road projects	67,623,431.80		67,623,431.80	57,597,899.55		57,597,899.55
Geely Satellite Internet project temporary road and site finishing project	494,414.03		494,414.03			
Foundation backfill project in the area west of Jiaotong University Avenue and north of Chuanhua Highway Port	66,037.74		66,037.74			
Jiaozhou Economic and Technological Development	174,730.66		174,730.66			

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
Zone Chuangye Avenue south section, west side planning road machine 4 # water system ditch north section project						
Jiaozhou Economic and Technological Development Zone north section of Jiaotong Avenue, Innovation Building Road and other 10kv power line project	13,840,202.35		13,840,202.35	13,834,422.15		13,834,422.15
Jinze Street, Jiaozhou Economic and Technological Development Zone, Changjiang First Road, Changjiang Second Road, Finance Road and Chengming Street Road	96,268,971.21		96,268,971.21	46,395,618.04		46,395,618.04
Jiaozhou Economic and Technological Development Zone South District Road Affiliated Project	5,188.68		5,188.68	5,188.68		5,188.68
Jiaozhou Economic and Technological Development Zone, Suntech Avenue (Luanhe Road-Expressway South) cable and pipeline project	844,794.15		844,794.15	820,766.98		820,766.98
Jiaozhou Economic and Technological Development Zone for min Street, Taohe Road 10kv power cable project	3,981,348.05		3,981,348.05	3,981,348.05		3,981,348.05

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
Jiaozhou Economic and Technological Development Zone sewage pipe network supporting project	11,422,628.77		11,422,628.77	11,422,628.77		11,422,628.77
General contract for design and construction of supporting works in Jiaozhou Economic and Technological Development Zone	2,301,804.53		2,301,804.53	2,160,295.10		2,160,295.10
Jiaozhou Economic and Technological Development Zone Changjiang Road greening project	10,226,168.76		10,226,168.76	10,178,998.95		10,178,998.95
Nongxin Food 35kv incoming line project	873,938.80		873,938.80	873,938.80		873,938.80
Qingdao Jiaozhou Bay Development Group Co., Ltd. Qingdao 2020 Small municipal Project Supervision	49,504.95		49,504.95			
Ruyi Lake supporting project	6,715,596.32		6,715,596.32			
The SCO logo design and construction integration project	1,932,297.20		1,932,297.20	1,932,297.20		1,932,297.20
Business Center project on north of SCO Service Center	5,862,385.32		5,862,385.32			
Shanghai Cooperation Organization bid for environmental remediation (road disease treatment and node improvement)	19,684.45		19,684.45			

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
bidding control price						
SCO Business Center	19,890,811.78		19,890,811.78			
Road Environment Improvement Project of Shanghai Cooperation Demonstration Zone (Jiaotong University Avenue, Luanhe Road)	39,359,458.94		39,359,458.94	38,968,278.05		38,968,278.05
Road Environment Improvement Project of SCO Demonstration Zone (Suntech Avenue, Huanghe Road)	61,876,965.94		61,876,965.94	61,405,267.84		61,405,267.84
Shanghai Cooperation Cooperation Demonstration Area public environment art Promotion consulting project	1,122,218.87		1,122,218.87			
Comprehensive improvement and optimization project of environmental landscape in Shanghai Cooperation Demonstration Area	339,849,694.53		339,849,694.53	291,182,564.79		291,182,564.79
The SCO demonstration area will backfill earthwork and strong consolidation project	8,337,918.44		8,337,918.44	8,337,918.44		8,337,918.44
New infrastructure road (Huaihe Road, Xiangjiang Branch Branch) Project)	1,128,440.38		1,128,440.38			
New roads supporting infrastructure in SCO Demonstration Zone	846,991.96		846,991.96			

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
(Xingfu Street, Weimin Street, Huaihe Branch Road, Xiangjiang Branch Road)						
Shanghai Cooperation demonstration project liuyanghe Road, Chuangye Avenue and other Road, greening projects	46,542,528.92		46,542,528.92	27,461,118.33		27,461,118.33
Shanghai is a demonstration project of 10kv Luohe Road	2,489,101.94		2,489,101.94	2,489,101.94		2,489,101.94
Earthwork backfill project of south of Qinglian railway and west of Jiaotong University road in Shanghai Cooperation demonstration area	3,419,178.53		3,419,178.53	2,313,792.04		2,313,792.04
Shanghai Cooperation Cooperation demonstration area wanyang mass innovation surrounding two road project	71,721.51		71,721.51			
Local upgrading project around the seawall in the SCO demonstration area	1,675,322.25		1,675,322.25			
Shanghai Cooperation Cooperation demonstration zone such as logistics avenue and other road infrastructure projects	6,507,123.39		6,507,123.39			
Shanghai Cooperation	8,560,863.57		8,560,863.57	1,283,491.71		1,283,491.71

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
demonstration area Yihe Road, planning road, planning the second road south extension						
Lighting lighting at important nodes of the SCO demonstration zone	169,811.32		169,811.32			
Suntech Avenue 220KV substation comprehensive pipe corridor and north district 35KV power supporting project	214,245.29		214,245.29			
Wetland restoration and surrounding industrial planning project of Jiaozhou Economic and Technological Development Zone	4,370,000.00		4,370,000.00	4,370,000.00		4,370,000.00
Wanyang project temporary power consumption project	125,128.38		125,128.38			
Weihe Road greening project	36,799,640.79		36,799,640.79	27,574,149.67		27,574,149.67
Backfilling and temporary road in the south side of Weihe Road	5,636,203.96		5,636,203.96	5,626,770.00		5,626,770.00
Xiangjiang road west extension (high-speed-railway) and the planning of the first road, the second road greening project	15,038,682.28		15,038,682.28	14,972,644.55		14,972,644.55
Reof new material 35kv incoming engineering	754,330.36		754,330.36	732,131.98		732,131.98

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
Zhanqian Avenue (Lanzhou Road to Jiaoji Railway) sewage pipeline construction project	5,504,587.20		5,504,587.20			
Changjiang Road, Jiao Tong University Avenue enclosure fee	21,864.08		21,864.08			
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone	12,152,410.40		12,152,410.40	7,976,540.59		7,976,540.59
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone International Meeting Room Interactive Exchange Center project				114,376.17		114,376.17
China-Shanghai Cooperation Cooperation Demonstration Zone backfill earthwork and dynamic compaction project backfill area 2 project	4,808,394.17		4,808,394.17	2,449,094.12		2,449,094.12
China-Shanghai Cooperation Demonstration Zone backfill earthwork and strong ramming project backfill area one, third projects	73,479,828.20		73,479,828.20	38,858,785.65		38,858,785.65

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book vaiue
Central Business District underground parking lot complex project	10,742,371.95		10,742,371.95			
Central Business District 35KV power line project	4,004,141.18		4,004,141.18	4,004,141.18		4,004,141.18
Jiaozhou Economic and Technological Development Zone advertising and media carrier setting project	6,590,980.04		6,590,980.04	6,528,240.69		6,528,240.69
Environmental labeling project of the SCO Demonstration Zone	4,356,465.99		4,356,465.99	3,836,176.42		3,836,176.42
Shanghai Cooperation Cooperation Enterprise Demonstration Park Project (Phase II)	40,269,514.10		40,269,514.10	2,739,835.21		2,739,835.21
Shanghai Cooperation Cooperation Enterprise Demonstration Park Project (Phase I)	2,004,629.21		2,004,629.21	1,375,055.27		1,375,055.27
Boai Street Kindergarten Project	43,719,366.48		43,719,366.48	43,086,237.70		43,086,237.70
Incubator-affiliated facilities				20,109,659.10		20,109,659.10
Huanghe Road Primary School Project	204,496,417.42		204,496,417.42	176,190,894.39		176,190,894.39
Affiliated facilities of Jiaotong University				28,823,922.98		28,823,922.98
Development Zone junior high school project	220,633,842.05		220,633,842.05	214,594,458.86		214,594,458.86
Qingdao Preschool Teachers' Project	483,097,253.31		483,097,253.31	481,402,309.53		481,402,309.53
SCO Cross-border	88,453.95		88,453.95			

Project	Year end balance			Balance at the beginning of the year		
	Book balance	Provision for diminution in value	Book value	Book balance	Provision for diminution in value	Book value
E-commerce Pioneer Park (Phase Iii) (a new project approval)						
The SCO Cross-border E-commerce Center project	68,990,991.56		68,990,991.56	35,777,159.61		35,777,159.61
High-tech Business Incubator Innovation Center (part of the incubator) project	3,003,057.84		3,003,057.84			
The SCO Training Center Program	154,839,185.94		154,839,185.94	57,845,540.54		57,845,540.54
The Community Service Center Project	56,093,274.27		56,093,274.27	32,158,095.71		32,158,095.71
The Secret Service Fire Station Project	35,304,854.81		35,304,854.81	18,836,448.22		18,836,448.22
Affiliated facilities of Xi'an Jiaotong University Research Institute	2,040,566.29		2,040,566.29	97,902,088.17		97,902,088.17
Auxiliary facilities of the pilot area	1,698,169.76		1,698,169.76	38,332,489.30		38,332,489.30
Total	**2,507,866,556.63**		**2,507,866,556.63**	**2,047,084,556.94**		**2,047,084,556.94**

2、Changes in major construction projects under construction

Project	Number at the beginning of the year	This year increased	Transfer to fixed assets / investment real estate	Other reduction
2 #, 4 #, 5 #, 6 # water drainage ditch project	19,240,182.72	5,281,275.85		
Semiconductor industry platform transformation project		16,441,256.27		
Semiconductor intelligent technology city gate		43,617.60		
Power drainage project in the northern park of the SCO Demonstration Zone	19,018.87	7,051,875.45		

Project	Number at the beginning of the year	This year increased	Transfer to fixed assets / investment real estate	Other reduction
Standard plant renovation project (General contract for design and construction)		32,109,584.90		
Harmony Avenue, Taohe Road municipal infrastructure project	76,193,828.60	66,339,308.71		
Lighting and supporting projects around Ruyi Lake		16,947,130.63		
Shanghai Cooperation demonstration area of Huanghe Road west section 10kv power line project	2,769,345.73			
The Yellow River branch road, happiness street and other nine branch road projects	57,597,899.55	10,025,532.25		
Geely Satellite Internet project temporary road and site finishing project		494,414.03		
Foundation backfill project in the area west of Jiaotong University Avenue and north of Chuanhua Highway Port		66,037.74		
Jiaozhou Economic and Technological Development Zone Chuangye Avenue south section, west side planning road machine 4 # water system ditch north section project		174,730.66		
Jiaozhou Economic and Technological Development Zone north section of Jiaotong Avenue, Innovation Building Road and other 10kv power line project	13,834,422.15	5,780.20		
Jinze Street, Jiaozhou Economic and Technological Development Zone, Changjiang First Road, Changjiang Second Road, Finance Road and Chengming Street Road	46,395,618.04	49,873,353.17		
Jiaozhou Economic and Technological Development Zone South District Road Affiliated Project	5,188.68			
Jiaozhou Economic and Technological Development Zone, Suntech Avenue (Luanhe Road-Expressway South) cable and pipeline project	820,766.98	24,027.17		
Jiaozhou Economic and Technological Development Zone for min Street, Taohe Road 10kv power cable project	3,981,348.05			
Jiaozhou Economic and Technological Development Zone sewage pipe network supporting project	11,422,628.77			

Project	Number at the beginning of the year	This year increased	Transfer to fixed assets / investment real estate	Other reduction
General contract for design and construction of supporting works in Jiaozhou Economic and Technological Development Zone	2,160,295.10	141,509.43		
Jiaozhou Economic and Technological Development Zone Changjiang Road greening project	10,178,998.95	47,169.81		
Nongxin Food 35kv incoming line project	873,938.80			
Qingdao Jiaozhou Bay Development Group Co., Ltd. Qingdao 2020 Small municipal Project Supervision		49,504.95		
Ruyi Lake supporting project		6,715,596.32		
The SCO logo design and construction integration project	1,932,297.20			
Business Center project on north of SCO Service Center		5,862,385.32		
SCO environmental remediation (road disease treatment and node improvement) bidding control price		19,684.45		
SCO Business Center		19,890,811.78		
Road Environment Improvement Project of Shanghai Cooperation Demonstration Zone (Jiaotong University Avenue, Luanhe Road)	38,968,278.05	391,180.89		
Road Environment Improvement Project of SCO Demonstration Zone (Suntech Avenue, Huanghe Road)	61,405,267.84	471,698.10		
Shanghai Cooperation Cooperation Demonstration Area public environment art Promotion consulting project		1,122,218.87		
Comprehensive improvement and optimization project of environmental landscape in Shanghai Cooperation Demonstration Area	291,182,564.79	48,667,129.74		
The SCO demonstration area will backfill earthwork and strong consolidation project	8,337,918.44			
New Road (Huaihe Road, Xiangjiang Branch Branch) Project)		1,128,440.38		
New roads supporting infrastructure in SCO Demonstration Zone (Xingfu Street, Weimin Street, Huaihe Branch Road, Xiangjiang Branch Road)		846,991.96		

Project	Number at the beginning of the year	This year increased	Transfer to fixed assets / investment real estate	Other reduction
Shanghai Cooperation demonstration project liuyanghe Road, Chuangye Avenue and other Road, greening projects	27,461,118.33	19,081,410.59		
The Shanghai Cooperation Group is a demonstration area of Luohe Road 10kv spinning machine line transformation project	2,489,101.94			
Earthwork backfill project south of Qinglian Railway and west of Jiaotong University Road in Shanghai Cooperation Demonstration area	2,313,792.04	1,105,386.49		
Shanghai Cooperation Cooperation demonstration area wanyang mass innovation surrounding two road project		71,721.51		
Local upgrading project around the seawall in the SCO demonstration area		1,675,322.25		
Shanghai Cooperation Cooperation demonstration zone such as logistics avenue and other road infrastructure projects		6,507,123.39		
Shanghai Cooperation demonstration area Yihe Road, planning road, planning the second road south extension	1,283,491.71	7,277,371.86		
Lighting lighting at important nodes of the SCO demonstration zone		169,811.32		
Suntech Avenue 220KV substation comprehensive pipe corridor and north district 35KV power supporting project		214,245.29		
Wetland restoration and surrounding industrial planning project of Jiaozhou Economic and Technological Development Zone	4,370,000.00			
Wanyang project temporary power consumption project		125,128.38		
Weihe Road greening project	27,574,149.67	9,225,491.12		
Backfilling and temporary road in the south side of Weihe Road	5,626,770.00	9,433.96		
Xiangjiang road west extension (high-speed-railway) and the planning of the first road, the second road greening project	14,972,644.55	66,037.73		
Reof new material 35kv incoming engineering	732,131.98	22,198.38		
Zhanqian Avenue (Lanzhou Road to Jiaoji Railway) sewage pipeline construction project		5,504,587.20		

Project	Number at the beginning of the year	This year increased	Transfer to fixed assets / investment real estate	Other reduction
Changjiang Road, Jiao Tong University Avenue enclosure fee		21,864.08		
Wisdom building		9,041,561.29	9,041,561.29	
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone	7,976,540.59	4,175,869.81		
China-Shanghai Cooperation Organization International Economic and Trade Cooperation Demonstration Zone International Meeting Room Interactive Exchange Center project	114,376.17	-114,376.17		
China-Shanghai Cooperation Cooperation Demonstration Zone backfill earthwork and dynamic compaction project backfill area 2 project	2,449,094.12	2,359,300.05		
China-Shanghai Cooperation Demonstration Zone backfill earthwork and strong ramming project backfill area No	38,858,785.65	34,621,042.55		
Central Business District underground parking lot complex project		10,742,371.95		
Central Business District 35KV power line project	4,004,141.18			
Jiaozhou Economic and Technological Development Zone advertising and media carrier setting project	6,528,240.69	62,739.35		
Environmental labeling project of the SCO Demonstration Zone	3,836,176.42	520,289.57		
Shanghai Cooperation Cooperation Enterprise Demonstration Park Project (Phase II)	2,739,835.21	37,529,678.89		
Shanghai Cooperation Cooperation Enterprise Demonstration Park Project (Phase I)	1,375,055.27	629,573.94		
Boai Street Kindergarten Project	43,086,237.70	633,128.78		
Incubator-affiliated facilities	20,109,659.10	2,422,779.56	22,532,438.66	
Huanghe Road Primary School Project	176,190,894.39	28,305,523.03		
Affiliated facilities of Jiaotong University	28,823,922.98	200,000.00	29,023,922.98	
Development Zone junior high school project	214,594,458.86	6,039,383.19		
Qingdao Preschool Teachers' Project	481,402,309.53	1,694,943.78		
SCO Cross-border E-commerce Pioneer Park (Phase III) (a new project approval)		88,453.95		
The Shanghai Cooperation Organization Cross-border E-commerce Center project	35,777,159.61	33,213,831.95		
High-tech Business Incubator Innovation Center		3,003,057.84		

Project	Number at the beginning of the year	This year increased	Transfer to fixed assets / investment real estate	Other reduction
(part of the incubator) project				
The SCO Training Center Program	57,845,540.54	96,993,645.40		
The Community Service Center Project	32,158,095.71	23,935,178.56		
The Secret Service Fire Station Project	18,836,448.22	16,468,406.59		
Affiliated facilities of Xi'an Jiaotong University Research Institute	97,902,088.17	75,370,487.61	171,232,009.49	
Auxiliary facilities of the pilot area	38,332,489.30	9,128,343.32	45,762,662.86	
High-end equipment incubator project		8,390,147.63	8,390,147.63	
Total	**2,047,084,556.94**	**746,764,742.60**	**285,982,742.91**	

（Continuous）

Project	Year-end number	Among them: Interest This amount	Funds provided
2 #, 4 #, 5 #, 6 # water drainage ditch project	24,521,458.57		Financial fund
Semiconductor industry platform transformation project	16,441,256.27		Funds in the hands of the localities
Semiconductor intelligent technology city gate	43,617.60		Funds in the hands of the localities
Power drainage project in the northern park of the SCO Demonstration Zone	7,070,894.32		Funds in the hands of the localities
Standard Plant Renovation Project (General Contract for Design and Construction)	32,109,584.90		Funds in the hands of the

Project	Year-end number	Among them: Interest This amount	Funds provided
			localities
Harmony Avenue, Taohe Road municipal infrastructure project	142,533,137.31		Funds in the hands of the localities
Lighting and supporting projects around Ruyi Lake	16,947,130.63		Funds in the hands of the localities
Shanghai Cooperation demonstration area Huanghe Road west section 10kv power line project	2,769,345.73		Funds in the hands of the localities
The Yellow River branch road, happiness street and other nine branch road projects	67,623,431.80		Financial fund
Geely Satellite Internet project temporary road and site finishing project	494,414.03		Funds in the hands of the localities
Foundation backfill project in the area west of Jiaotong University Avenue and north of Chuanhua Highway Port	66,037.74		Funds in the hands Of the localities
Jiaozhou Economic and Technological Development Zone Chuangye Avenue south section, west side planning road machine 4 # water system ditch north section project	174,730.66		Funds in the hands of the localities
Jiaozhou Economic and Technological Development Zone north	13,840,202.35		Funds in

Project	Year-end number	Among them: Interest This amount	Funds provided
section of Jiaotong Avenue, Innovation Building Road and other 10kv power line project			the hands of the localities
Jinze Street, Jiaozhou Economic and Technological Development Zone, Changjiang First Road, Changjiang Second Road, Finance Road and Chengming Street Road	96,268,971.21		Financial fund
Jiaozhou Economic and Technological Development Zone South District Road Affiliated Project	5,188.68		Funds in the hands of the localities
Jiaozhou Economic and Technological Development Zone, Suntech Avenue (Luanhe Road-Expressway South) cable and pipeline project	844,794.15		Funds in the hands of the localities
Jiaozhou Economic and Technological Development Zone for min Street, Taohe Road 10kv power cable project	3,981,348.05		Funds in the hands of the localities
Jiaozhou Economic and Technological Development Zone sewage pipe network supporting project	11,422,628.77		Funds in the hands of the localities
General contract for the design and construction of sewage pipe network supporting works in Jiaozhou Economic and Technological Development Zone	2,301,804.53		Funds in the hands of the localities
Jiaozhou Economic and Technological Development Zone Changjiang Road greening project	10,226,168.76		Funds in the hands

Project	Year-end number	Among them: Interest This amount	Funds provided
			of the localities
Nongxin Food 35kv incoming line project	873,938.80		Funds in the hands of the localities
Qingdao Jiaozhou Bay Development Group Co., Ltd. Qingdao 2020 Small municipal Project Supervision	49,504.95		Funds in the hands of the localities
Ruyi Lake supporting project	6,715,596.32		Funds in the hands of the localities
The SCO logo design and construction integration project	1,932,297.20		Funds in the hands of the localities
The Business Center Project on the North Side of the SCO Service Center	5,862,385.32		Funds in the hands of the localities
Shanghai Cooperation Organization bid for environmental remediation (road disease treatment and node improvement) bidding control price	19,684.45		Funds in the hands of the localities
SCO Business Center	19,890,811.78		Funds in the

Project	Year-end number	Among them: Interest This amount	Funds provided
			hands of the localities
Road Environment Improvement Project of Shanghai Cooperation Demonstration Zone (Jiaotong University Avenue, Luanhe Road)	39,359,458.94		Financial fund
Road Environment Improvement Project of SCO Demonstration Zone (Suntech Avenue, Huanghe Road)	61,876,965.94		Financial fund
Shanghai Cooperation Cooperation Demonstration Area public environment art Promotion consulting project	1,122,218.87		Funds in the hands of the localities
Comprehensive improvement and optimization project of Shanghai Cooperation Demonstration Area	339,849,694.53		Financial fund
The SCO demonstration area will backfill earthwork and strong consolidation project	8,337,918.44		Funds in the hands of the localities
New infrastructure Road in SCO Demonstration Zone (Huaihe Road, Xiangjiang Branch Branch) Project)	1,128,440.38		Funds in the hands of the localities
New roads supporting infrastructure in the SCO Demonstration Zone (Xingfu Street, Weimin Street, Huaihe Branch Road, Xiangjiang Branch Road)	846,991.96		Funds in the hands of the localities
Shanghai Cooperation demonstration project liuyanghe Road, Chuangye Avenue and other Road, greening projects	46,542,528.92		Funds in the hands of the localities

Project	Year-end number	Among them: Interest This amount	Funds provided
The Shanghai Cooperation Group is a demonstration area of Luohe Road 10kv spinning machine line transformation project	2,489,101.94		Funds in the hands of the localities
Earthwork backfill works south of Qinglian railway and west of Shanghai Jiaotong University Road	3,419,178.53		Funds in the hands of the localities
Shanghai Cooperation Cooperation demonstration area wanyang mass innovation surrounding two road project	71,721.51		Funds in the hands of the localities
Local upgrading project of the seawall in the SCO demonstration area	1,675,322.25		Funds in the hands of the localities
Shanghai Cooperation Cooperation demonstration zone such as logistics avenue and other road infrastructure projects	6,507,123.39		Funds in the hands of the localities
Shanghai Cooperation demonstration area Yihe Road, planning road, planning the second road south extension	8,560,863.57		Funds in the hands of the localities
Lighting lighting at important nodes of the SCO demonstration zone	169,811.32		Funds in the hands of the localitie

Project	Year-end number	Among them: Interest This amount	Funds provided
			s
Suntech Avenue 220KV substation comprehensive pipe corridor and north 35KV power supporting project	214,245.29		Funds in the hands of the localitie s
Wetland restoration and surrounding industrial planning project of Jiaozhou Economic and Technological Development Zone	4,370,000.00		Funds in the hands of the localitie s
Wanyang project temporary power consumption project	125,128.38		Funds in the hands of the localitie s
Weihe Road greening project	36,799,640.79		Funds in the hands of the localitie s
Backfilling and temporary road in the south side of Weihe Road	5,636,203.96		Funds in the hands of the localitie s
Xiangjiang road west extension (high-speed-railway) and the planning of the first road, the second road greening project	15,038,682.28		Funds in the hands of the localitie s
Reof new material 35kv incoming engineering	754,330.36		Funds in the hands of the

Project	Year-end number	Among them: Interest This amount	Funds provided
			localities
Zhanqian Avenue (Lanzhou Road to Jiaoji Railway) sewage pipeline construction project	5,504,587.20		Funds in the hands of the localities
Changjiang Road, Jiao Tong University Avenue enclosure fee	21,864.08		Funds in the hands of the localities
Wisdom building			Funds in the hands of the localities
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone	12,152,410.40		Funds in the hands of the localities
China-Shanghai Cooperation Organization Local Economic and Trade Cooperation Demonstration Zone International Meeting Room Interactive Exchange Center project	-		Funds in the hands of the localities
China-Shanghai Cooperation Cooperation Demonstration Zone backfill earthwork and dynamic compaction project backfill area 2 project	4,808,394.17		Funds in the hands of the localities
China-Shanghai Cooperation Demonstration Zone backfill earthwork and strong ramming project backfill area I and 3 projects	73,479,828.20		Funds in the hands

Project	Year-end number	Among them: Interest This amount	Funds provided
			of the localities
Central Business District underground parking lot complex project	10,742,371.95		Funds in the hands of the localities
Central Business District 35KV power line project	4,004,141.18		Funds in the hands of the localities
Jiaozhou Economic and Technological Development Zone advertising and media carrier setting project	6,590,980.04		Funds in the hands of the localities
Environmental labeling project of the SCO Demonstration Zone	4,356,465.99		Funds in the hands of the localities
Shanghai Cooperation Cooperation Enterprise Demonstration Park Project (Phase II)	40,269,514.10		Funds in the hands of the localities
Shanghai Cooperation Cooperation Enterprise Demonstration Park Project (Phase I)	2,004,629.21		Funds in the hands of the localities
Boai Street Kindergarten Project	43,719,366.48		Funds in the

Project	Year-end number	Among them: Interest This amount	Funds provided
			hands of the localities
Incubator-affiliated facilities			Funds in the hands of the localities
Huanghe Road Primary School Project	204,496,417.42		Funds in the hands of the localities
Affiliated facilities of Jiaotong University			Funds in the hands of the localities
Development Zone junior high school project	220,633,842.05		Funds in the hands of the localities
Qingdao Preschool Teachers' Project	483,097,253.31		Funds in the hands of the localities
SCO Cross-border E-commerce Pioneer Park (Phase III) (a new project approval)	88,453.95		Funds in the hands of the localities
The Shanghai Cooperation Organization Cross-border	68,990,991.56		Funds in

Project	Year-end number	Among them: Interest This amount	Funds provided
E-commerce Center project			the hands of the localities
SCO Demonstration Zone High-tech Enterprise Incubator Innovation Center (a part of the incubator) project	3,003,057.84		Funds in the hands of the localities
The SCO Training Center Program	154,839,185.94		Funds in the hands of the localities
The Community Service Center Project	56,093,274.27		Funds in the hands of the localities
The Secret Service Fire Station Project	35,304,854.81		Funds in the hands of the localities
Affiliated facilities of Xi'an Jiaotong University Research Institute	2,040,566.29		Funds in the hands of the localities
Auxiliary facilities of the pilot area	1,698,169.76		Funds in the hands of the localities

Project	Year-end number	Among them: Interest This amount	Funds provided
High-end equipment incubator project			Funds in the hands of the localities
Total	**2,507,866,556.63**	——	——

(XV)Intangible assets

Project	Land use right	Software	Water use right	Total
I、Book original value				
1、Balance at the beginning of the year	133,851,069.68		3,977,198,700.00	4,111,049,769.68
2、Increase in the amount of this period	29,938,351.12	1,852,265.49		31,790,616.61
（1）Purchase	3,088,221.12	1,852,265.49		4,940,486.61
（2）Internal research and development				
(3) Increase in business				
(4) Other	26,850,130.00			26,850,130.00
3、The amount of this period is reduced	13,913,611.41			13,913,611.41
（1）Handle	13,913,611.41			13,913,611.41
（2）Other turn out				
4、The ending balance	149,875,809.39	1,852,265.49	3,977,198,700.00	4,128,926,774.88
II、Accumulated amortization				
1、Balance at the beginning of the year	4,771,689.70		8,285,830.63	13,057,520.33
2、Increase in the amount of this period	2,849,515.33	25,650.00	99,429,967.56	102,305,132.89
（1）Counting and drawing	2,849,515.33	25,650.00	99,429,967.56	102,305,132.89
3、The amount of this period is reduced				
（1）Handle				
（2）Other turn out				
4、The ending balance	7,621,205.03	25,650.00	107,715,798.19	115,362,653.22
III、Provision for diminution in value				
1、Balance at the beginning of the year				
2、Increase in the amount of this period				
（1）Counting and drawing				

Project	Land use right	Software	Water use right	Total
3、The amount of this period is reduced				
（1）Handle				
4、The ending balance				
IV、Book value				
1、The ending balance	142,254,604.36	1,826,615.49	3,869,482,901.81	4,013,564,121.66
2、The beginning balances	129,079,379.98		3,968,912,869.37	4,097,992,249.35

(XVI)Deferred income tax assets

Project	The ending balance		The beginning balances	
	Deductable temporary difference	Deferred income tax assets	Deductable temporary difference	Deferred income tax assets
Asset impairment provision	4,753,535.30	1,188,383.83	728.00	182.00
Total	**4,753,535.30**	**1,188,383.83**	**728.00**	**182.00**

(XVII)Other non-current assets

Project	The ending balance	Balance at the beginning of the year
Deferred income	33,988,264.82	36,541,131.09
Total	**33,988,264.82**	**36,541,131.09**

(XVIII)Short-term borrowing

Project	The ending balance	The beginning balances
Debt of honour	200,000,000.00	
Guaranteed loan	2,045,520,000.00	1,099,436,510.00
Interest in red；interest payable	8,424,106.33	
Total	**2,253,944,106.33**	**1,099,436,510.00**

1.Debt of honour

Loan unit	Loan unit	Loan balance	Time limit
Qingdao Jiaozhou Bay Development Group Co., Ltd	Nanyang Commercial Bank (China) Co., Ltd. Qingdao Branch	200,000,000.00	2021.1.14-2022.1.14
Total		**200,000,000.00**	

2. Guaranteed loan

Loan unit	Loan unit	Loan balance	Time limit	Boodsman
Qingdao Jiaozhou Bay Development Group Co., Ltd	China Everbright Bank Co., Ltd. Qingdao Ningxia Road Sub-branch	89,000,000.00	2021.5.20-2022.5.19	Qingdao Jiaozhou City Development and Investment Co., Ltd

Loan unit	Loan unit	Loan balance	Time limit	Bondsman
Qingdao Jiaozhou Bay Development Group Co., Ltd	Zheshang Bank Co., Ltd. Qingdao Branch	200,000,000.00	2021.5.28-2022.5.28	Qingdao Jiaozhou City Development and Investment Co., Ltd
Qingdao Jiaofa City Construction Co., LTD	Industrial Bank Co., Ltd., Qingdao Branch	18,000,000.00	2021.8.18-2022.8.18	Guarantor: Qingdao Jiaozhou Bay Development Group Co., LTD., pledgor: Qingdao Jiaozhou Bay Development Group Co., LTD., Pledge: Future usufruct of carbon quantity
Qingdao Jiaofa International Trade Co., Ltd	Industrial Bank Co., Ltd., Qingdao Branch	50,000,000.00	2021.1.26-2022.1.26	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaofa International Trade Co., Ltd	Qingdao Rural Commercial Bank Co., Ltd. Shanghai Cooperation Demonstration Zone Sub-branch	180,000,000.00	2021.4.26-2022.4.25	Qingdao Jiaozhou Bay Development Group Co., LTD., Qingdao Jiaozhou Bay Urban Development and Investment Co., Ltd
Qingdao Jiaofa International Trade Co., Ltd	Weifang Bank Co., Ltd. Qingdao Jiaozhou Sub-branch	40,000,000.00	2021.4.15-2022.4.14	Qingdao Jiaozhou Bay Technology Investment Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Bank of Beijing Co., Ltd., Qingdao Jiaozhou Sub-branch	36,800,000.00	2021.12.30-2022.12.30	Qingdao Jiaozhou Bay Development Group Co., LTD., Qingdao Jiaozhou City Development and Investment Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Qingdao Rural Commercial Bank Co., Ltd. Shanghai Cooperation Demonstration Zone Sub-branch	280,000,000.00	2021.11.30-2022.11.25	Qingdao Shaohai Water Conservancy Development Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Qingdao Rural Commercial Bank Co., Ltd. Shanghai Cooperation Demonstration Zone Sub-branch	200,000,000.00	2021.12.14-2022.12.13	Qingdao Shaohai Water Conservancy Development Co., Ltd
Qingdao Jiaozhou Bay	China Everbright Bank Co., Ltd. Qingdao	70,000,000.00	2021.9.23-2022.9.22	Qingdao Jiaozhou Bay Development Group Co., LTD.,

Loan unit	Loan unit	Loan balance	Time limit	Bondsman
Technology Investment Co., Ltd	Ningxia Road Sub-branch			Qingdao Jiaozhou Bay Urban Development and Investment Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	China Everbright Bank Co., Ltd. Qingdao Ningxia Road Sub-branch	66,720,000.00	2021.10.20-2022.10.19	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	100,000,000.00	2021.7.22-2022.7.22	Qingdao Jiaozhou Bay Development Group Co., LTD., Jiaozhou Financial Investment Center
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Agricultural Bank of China Jiaozhou Branch	130,000,000.00	2021.1.8-2022.1.7	Qingdao Jiaozhou Bay Development Group Co., LTD., Qingdao Shaohai Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Agricultural Bank of China Jiaozhou Branch	100,000,000.00	2021.2.4-2022.2.3	Qingdao Jiaozhou Bay Development Group Co., LTD., Qingdao Shaohai Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Agricultural Bank of China Jiaozhou Branch	70,000,000.00	2021.9.27-2022.3.26	Qingdao Jiaozhou Bay Development Group Co., LTD., Qingdao Shaohai Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Zheshang Bank Co., Ltd. Qingdao Branch	95,000,000.00	2021.12.13-2022.1.10	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial Bank Co., Ltd., Qingdao Jiaozhou Sub-branch	200,000,000.00	2020.12.30-2022.1.1	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaofa International Trade Co., Ltd	Zheshang Bank Co., Ltd	50,000,000.00	2021.6.24-2022.6.23	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaofa	Zheshang Bank Co., Ltd	70,000,000.00	2021.5.31-	Qingdao Jiaozhou Bay

Loan unit	Loan unit	Loan balance	Time limit	Bondsman
International Trade Co., Ltd			2022.5.30	Development Group Co., LTD., Qingdao Jiaozhou Bay Urban Development and Investment Co., Ltd
Total	——	**2,045,520,000.00**	——	——

(XIX) Notes payable

Project	Year end balance	Balance at the beginning of the year
Trade acceptance draft	33,270,000.00	
Bank acceptance		4,928,925.19
Letter of credit		100,070,000.00
Total	**33,270,000.00**	**104,998,925.19**

(XX)Payable account

1.Accounts payable age listing

Project	The ending balance		Balance at the beginning of the year	
	Amount of money	Ratio（%）	Amount of money	Rotio（%）
Within 1 year (including 1 year)	287,404,106.91	87.09	67,025,531.85	59.83
1-2 years (including 2 years)	10,327,919.72	3.13	29,006,622.63	25.89
2-3 years (including 3 years)	15,857,119.20	4.81	2,331.52	0.00
3-4 years (including 4 years)	2,331.52	0.00	16,000,000.00	14.28
4-5 years (including 5 years)	13,988,752.01	4.24		
More than 5 years	2,428,104.85	0.73		
Total	**330,008,334.21**	**100.00**	**112,034,486.00**	**100.00**

2.Accounts payable with a large ending balance

Name of creditor's right unit	Amount owed	Account aging	Unrepaid cause
Qingdao Pinpin Hao Grain and Oil Group Co., Ltd	55,450,000.00	Within 1 year	Trade payment has not yet been settled
China Construction Sixth Bureau Civil Engineering Co., Ltd	30,790,000.00	RMB 16,801,247.99 within 1 year and $13,988,752.01 in 4-5 years.	The project has not yet been completed
China Construction Eighth Bureau Second Construction Co., LTD	29,525,958.17	RMB 28,023,626.65 within 1 year, RMB 1,500,000.00 for 2-3 years, and RMB 2,331.52	The project has not yet been completed

Name of creditor's right unit	Amount owed	Account aging	Unrepaid cause
		for 3-4 years.	
Chongqing Longnan Electromechanical Equipment Co., Ltd	29,475,127.44	Within 1 year	Trade payment has not yet been settled
Jiyuan Huaming Trading Co., Ltd	25,525,099.28	Within 1 year	Trade payment has not yet been settled
Total	**170,766,184.89**	—	—

(XXI)Item received in advance

1.Age listing of advance receipts

Account aging	The ending balance		Balance at the beginning of the year	
	Amount of money	Ratio (%)	Amount of money	Ratio (%)
Within 1 year	2,254,817.09	90.58	582,033.68	100.00
1 To 2 years				
Two to three years				
Three to four years				
Four to five years	234,500.00	9.42		
More than 5 years				
Total	**2,489,317.09**	**100.00**	**582,033.68**	**100.00**

Notes: The prepayment with an age of more than 4 years is caused by the new transfer to the subsidiary Qingdao Xinlong Highway Construction Engineering Co., LTD.

(XXII)Contract liabilities

Project	The ending balance	Balance at the end of last year
Room money	124,493,341.70	268,113,277.06
payment for goods	35,769,464.96	329,796.08
property management fee	169,895.09	141,621.70
Other business	5,596,857.14	4,249,745.83
Less: Contract liabilities included in other non-current liabilities		
Total	**166,029,558.89**	**272,834,440.67**

(XXIII) Employee pay payable

Project	Balance at the beginning of the year	This period to cope with	This issue has been paid	The ending balance
1. Short-term compensation		22,895,851.61	22,895,851.61	
2. Post-resignation welfare-Set a deposit plan		3,537,870.87	3,537,870.87	
Total		**26,433,722.48**	**26,433,722.48**	

1.Short-term pay

Project	Balance at the beginning of the year	This period to cope with	This issue has been paid	The ending balance
1. Wages, bonuses, allowances and subsidies		18,354,454.96	18,354,454.96	
2. Employee welfare expenses		2,023,393.97	2,023,393.97	
3. Social insurance premiums		612,371.82	612,371.82	
Including: (1) medical insurance premium		599,119.42	599,119.42	
(2) Industrial injury insurance premium		13,252.40	13,252.40	
(3) Birth insurance premium				
(4) Other				
4. Housing accumulation fund		1,479,974.33	1,479,974.33	
5. Trade union funds and staff education funds		425,656.53	425,656.53	
6. Short-term paid absence				
7. Short-term profit-sharing plan				
8. Other short-term pay				
Total		**22,895,851.61**	**22,895,851.61**	

2.Post-leave benefits

Set up the staging plan items	Balance at the beginning of the year	This period to cope with	This issue has been paid	The ending balance
1. Basic endowment insurance		2,882,755.61	2,882,755.61	
2. Unemployment insurance premium		99,376.06	99,376.06	
3. Enterprise annuity payment		555,739.20	555,739.20	
Total		3,537,870.87	3,537,870.87	

(XXIV) Tax payable

categories of taxes	The ending balance	Balance at the beginning of the year
Business income taxes	490,805,563.31	455,504,347.61
Added-value tax	70,519,996.19	50,089,982.87
Business tax	22,624,954.55	22,624,954.55
Urban maintenance & construction	9,457,898.80	7,982,438.86
Extra charges of education funds	6,755,641.97	5,701,742.72
Use tax of land	2,959,370.82	2,262,431.10
Local water conservancy construction	797,067.65	611,071.78
Building taxes	640,672.69	5,781,697.23
Stamp duty	155,409.40	
Income tax for individuals	39,563.17	9,204.33
Total	**604,756,138.55**	**550,567,871.05**

(XXV) Accounts payable-others

Project	The ending balance	Balance at the beginning of the year
Interest in red		183,297,373.37
Accounts payable-others	221,566,695.28	15,925,885.33
Total	**221,566,695.28**	**199,223,258.70**

1.Interest in red

Project	The ending balance	Balance at the beginning of the year
Interest on corporate bonds		169,424,931.35
Long-term, short-term borrowing		13,872,442.02
Total		**183,297,373.37**

2. Accounts payable-others

（1）Aging the account

Project	The ending balance	Balance at the beginning of the year
Within 1 year (including 1 year)	204,248,592.19	14,850,841.93
1-2 years (including 2 years)	1,025,710.25	583,809.32
2-3 years (including 3 years)	533,426.10	491,234.08
3-4 years (including 4 years)	441,840.00	
4-5 years (including 5 years)		
More than 5 years	15,317,126.74	
Total	**221,566,695.28**	**15,925,885.33**

（2）Other payables with a large balance at the end of the year

Name	Book balance	The nature of money	Account aging
Qingdao Shanghai Cooperation Keystone Investment and Development Group Co., LTD	200,000,000.00	Current money	Within 1 year
Jiaozhou Finance Bureau	15,000,000.00	Current money	Within 1 year
Qingdao West Coast City Construction Engineering Co., Ltd. Jiaozhou Branch	2,076,683.05	Current money	Within 1 year
Total	**217,076,683.05**	——	——

(XXVI)Non-current liabilities due within one year

Project	The ending balance	Balance at the beginning of the year
Long-term borrowing due within one	1,463,520,000.00	928,500,000.00
Bonds payable and due within one	4,206,324,467.98	2,024,513,834.37
Long-term payments due within one	559,866,790.62	340,225,157.41
Total	**6,229,711,258.60**	**3,293,238,991.78**

(XXVII)Other current liabilities

Project	The ending balance	The beginning balances
20 kiaochow bay CP001		350,000,000.00
20 kiaochow bay CP002		350,000,000.00
20Lu gum hairZR002		499,298,630.14
21 kiaochow bay CP001	349,601,095.89	
21 kiaochow bay SCP001	699,521,666.67	
The amount of tax to be transferred	16,063,654.68	24,380,861.18
Total	**1,065,186,417.24**	**1,223,679,491.32**

1.Changes in short-term bonds

Bond name	Par value	Date of issue	Bond term	Issue amount	Balance at the beginning of the year
20 kiaochow bay CP001	350,000,000.00	2020/1/15	366 Days		350,000,000.00
20 kiaochow bay CP002	350,000,000.00	2020/7/3	365 Days		350,000,000.00
20Lu gum hairZR002	500,000,000.00	2020/5/8	365 Days		499,298,630.14
21 kiaochow bay CP001	350,000,000.00	2021/4/14	365 Days	350,000,000.00	
21 kiaochow bay SCP001	700,000,000.00	2021/9/16	270 Days	700,000,000.00	
Total	**2,250,000,000.00**	——	——	**1,050,000,000.00**	**1,199,298,630.14**

（Continue）

Bond name	Released this year	Interest shall be drawn at the face value	Espill discount amortization	Repayment this year	The ending balance
20 kiaochow bay CP001		484,836.07		350,000,000.00	
20 kiaochow bay CP002		5,328,438.36		350,000,000.00	
20Lu gum hairZR002		7,539,726.03	701,369.86	500,000,000.00	
21 kiaochow bay CP001	350,000,000.00	8,559,369.86	-398,904.11		349,601,095.89
21 kiaochow bay SCP001	700,000,000.00	6,121,500.00	-478,333.33		699,521,666.67
Total	**1,050,000,000.00**	**28,033,870.32**	**-175,867.58**	**1,200,000,000.00**	**1,049,122,762.56**

(XXVIII) Money borrowed for long term

Project	The ending balance	Balance at the beginning of the year
Pledge loan	1,509,980,000.00	1,330,000,000.00
Mortgage loan	985,250,000.00	1,617,750,000.00
Guaranteed loan	4,118,480,000.00	4,218,980,000.00
Debt of honour	1,400,000,000.00	1,000,000,000.00

Project	The ending balance	Balance at the beginning of the year
Interest in red	12,109,439.76	
Subtract：Long-term borrowing due within one year	1,463,520,000.00	928,500,000.00
Total	**6,562,299,439.76**	**7,238,230,000.00**

1.Pledge loan

Loan unit	Loan unit	Loan balance	Time limit	Credit / pledge, guarantor
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	China Construction Bank Company Limited, Jiaozhou Sub-branch	940,000,000.00	2019.1.3-2028.12.21	Pledge of accounts receivable
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Bank of Communications, Qingdao Jiaozhou Sub-branch	320,000,000.00	2016.6.21-2026.6.21	Guarantor: Qingdao Shaohai Investment And Development Co., LTD. Pledged property:Receivables under government purchase service contracts
Qingdao Jiaofa International Trade Co., Ltd	Industrial Bank Co., Ltd., Qingdao Branch	249,980,000.00	2014.1.14-2024.1.4	Certificates of deposit
Total		**1,509,980,000.00**	——	——

2. Mortgage loan

Loan unit	Loan unit	Loan balance	Time limit	Credit / pledge, guarantor
Qingdao Jiaozhou Bay Technology Investment	Jiaozhou City of Agricultural Developme	655,250,000.00	2015.8.27-2025.8.26	Qingdao Jiaozhou Bay Development Group Co., Ltd. is the mortgagor, with the land use right No.15-7 (2012) and (2012); Qingdao Jiaozhou Bay Keshun Real Estate Co., Ltd. as the mortgagor and the land use right No.0022381; and
Qingdao Jiaozhou Bay Technology investment	Jiaozhou City of Agricultural Developme	330,000,000.00	2017.12.22-2025.12.19	The collateral is: Lu (2016) Jiaozhou Real Property Right No.0002800 Land use right and above-ground projects under construction (real estate); Qingdao Jiaozhou Bay Development Group Co., Ltd. as the guarantor.The pledge
Total		**985,250,000.00**	——	——

3.Guaranteed loan

Loan unit	Loan unit	Loan balance	Time limit	Credit / pledge, guarantor
Qingdao Jiaozhou Bay Development Group Co., Ltd	Hengfeng Bank Co., Ltd., Qingdao Fuzhou Road Sub-branch	190,000,000.00	2019.4.26-2022.4.26	Qingdao Jiaozhou City Development and Investment Co., Ltd
Qingdao Jiaozhou Bay Development Group Co., Ltd	Guangfa Bank Co., Ltd. Qingdao Branch	102,000,000.00	2020.2.25-2023.2.20	Qingdao Jiaozhou City Development and Investment Co., Ltd

Loan unit	Loan unit	Loan balance	Time limit	Credit / pledge, guarantor
Qingdao Jiaozhou Bay Development Group Co., Ltd	Bank of China Corporation Limited, Qingdao Branch	297,000,000.00	2020.4.1-2023.4.1	Qinghai Shaohai Development Group Co., Ltd
Qingdao Jiaozhou Bay Development Group Co., Ltd	Guang Xing Xinglong Trust Co., Ltd	300,000,000.00	2020.12.4-2022.12.3	Qingdao Jiaozhou Bay Technology Investment Co., Ltd
Qingdao Jiaozhou Bay Development Group Co., Ltd	Xiamen International Bank Co., Ltd., Shanghai Branch	85,500,000.00	2021.5.12-2023.5.12	Qingdao Jiaozhou City Development and Investment Co., Ltd
Qingdao Green Construction Park Development and Investment Co., Ltd	Shanghai Pudong Development Bank Co., Ltd. Qingdao Jiaozhou Sub-branch	90,000,000.00	2020.8.28-2023.8.27	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Industrial Park Operation and Management Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	100,000,000.00	2021.9.30-2041.9.29	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay industrial Park Operation and Management Co., Ltd	Agricultural Bank of China Jiaozhou Branch	100,000,000.00	2021.10.8-2041.10.7	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Agricultural Bank of China Jiaozhou Branch	225,000,000.00	2016.2.22-2026.2.21	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology investment Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	350,000,000.00	2016.4.29-2026.4.28	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	350,000,000.00	2016.7.29-2026.7.28	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Bank of China Limited, Jiaozhou Sub-branch	360,000,000.00	2016.12.26-2031.12.26	Qingdao Jiaozhou City Development and Investment Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	200,000,000.00	2017.3.10-2027.3.9	Qingdao Jiaozhou Bay Development Group Co., Ltd

Loan unit	Loan unit	Loan balance	Time limit	Credit / pledge, guarantor
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Shanghai Pudong Development Bank Co., Ltd. Qingdao Jiaozhou Sub-branch	96,000,000.00	2020.1.10-2023.1.9	Qingdao Jiaozhou Bay Development Group Co., LTD., Qingdao Jiaozhou City Development and Investment Co.,
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial Bank Co., Ltd. Qingdao Jiaozhou Sub-branch	38,980,000.00	2020.3.3-2023.3.3	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	199,000,000.00	2020.6.26-2023.6.25	Jiaozhou Financial Investment Center, Qingdao Jiaozhou Bay Development Group Co., LTD
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Shandong Branch of the Export-Import Bank of China	495,000,000.00	2020.9.23-2023.9.23	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Shandong Branch of the Export-Import Bank of China	500,000,000.00	2020.9.23-2023.9.23	Qingdao Jiaozhou Bay Development Group Co., Ltd
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	China Development Bank, Qingdao Branch	40,000,000.00	2021.12.23-2036.12.22	Qingdao Jiaozhou Bay Development Group Co., Ltd
Total		**4,118,480,000.00**	——	——

4. Debt of honour

Loan unit	Loan unit	Loan balance	Time limit
Qingdao Jiaozhou Bay Development Group Co., Ltd	Bank of Qingdao Co., Ltd. Jiaozhou Sub-branch	1,000,000,000.00	2020.4.1-2023.3.31
Qingdao Jiaozhou Bay Development Group Co.,Ltd	Everbright Financial Management Co., LTD	300,000,000.00	2021.3.15-2022.6.8
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Industrial and Commercial Bank of China Limited Jiaozhou Sub-Branch	100,000,000.00	2021.1.13-2024.1.12
Total		**1,400,000,000.00**	——

(XXIX)Bond payable

1. Bond payable

Project	The ending balance	Balance at the beginning of the year
Border foreign debtJZBDB2206	1,908,552,215.27	1,945,771,727.05

Project	The ending balance	Balance at the beginning of the year
In 2021,Dollar debt2100 million	1,264,416,229.73	
Border foreign debtJZBDB2106-1		779,120,891.54
Border foreign debtJZBDB2106-2		516,290,991.24
18 kiaochow bay MTN001	796,486,787.31	793,994,196.20
18 kiaochow bay MTN002	795,742,663.04	793,656,753.05
19 kiaochow bay MTN001	695,617,547.27	693,825,209.35
20 kiaochow bay MTN001	398,203,017.24	397,025,139.88
18 kiaochow bay PPN001		499,431,522.02
19 kiaochow bay PPN001	499,947,522.51	498,582,018.55
20 kiaochow bay PPN001	598,357,138.40	597,440,876.70
20 kiaochow bay PPN002	697,923,877.47	696,845,058.26
19Lu gum hairZR002	499,586,388.37	498,005,111.76
19Lu gum hairZR001	499,585,309.22	498,001,843.50
19Lu gum hairZR003	499,585,309.22	498,001,843.50
20Lu gum hairZR003	496,592,099.61	494,659,995.46
19Lu gum hairZR004	299,067,723.39	298,167,450.60
20Lu gum hairZR001	199,492,208.40	199,097,028.49
14Jiaozhou development debt		229,670,429.57
21 kiaochow bay	1,488,892,448.72	
21 kiaochow bay PPN001	797,120,370.07	
21 kiaochow bay PPN002	896,400,302.32	
21 kiaochow bay PPN003	596,851,646.26	
21 kiaochow bay PPN004	994,640,913.51	
21Lu gum hairZR001	298,627,394.48	
21Lu gum hairZR002	199,193,705.05	
21 kiaochow bay MTN001	596,283,523.94	
21Annual Industrial financial management and direct financing	300,000,000.00	
Total	**16,317,166,340.80**	**10,927,588,086.72**
Interest in red	242,419,177.08	
Less： Some ending balance due within one year	4,206,324,467.98	2,024,513,834.37
Total	**12,353,261,049.90**	**8,903,074,252.35**

2.Changes in the increase or decrease of the bonds payable

Bond name	Par value	Date of issue	Bond term	Issue amount	Balance at the beginning of the year
Border foreign debtJZBDB2206	1,957,470,000.00	2019/6/28	Three years	1,957,470,000.00	1,945,771,727.05

Bond name	Par value	Date of issue	Bond term	Issue amount	Balance at the beginning of the year
In 2021, the US dollar debt is worth 200 million yuan	1,292,000,000.00	2021/6/7	Three years	1,292,000,000.00	
Border foreign debtJZBDB2106-1	782,988,000.00	2018/6/14	Three years	782,988,000.00	779,120,891.54
Border foreign debtJZBDB2106-2	521,992,000.00	2018/12/14	Three years	521,992,000.00	516,290,991.24
18 kiaochow bay MTN001	800,000,000.00	2018/4/25	Five years	800,000,000.00	793,994,196.20
18 kiaochow bay MTN002	800,000,000.00	2018/11/23	Five years	800,000,000.00	793,656,753.05
19 kiaochow bay MTN001	700,000,000.00	2019/4/3	Five years	700,000,000.00	693,825,209.35
20 kiaochow bay MTN001	400,000,000.00	2020/6/16	Three years	400,000,000.00	397,025,139.88
18 kiaochow bay PPN001	500,000,000.00	2018/5/25	Three years	500,000,000.00	499,431,522.02
19 kiaochow bay PPN001	500,000,000.00	2019/1/14	Three years	500,000,000.00	498,582,018.55
20 kiaochow bay PPN001	600,000,000.00	2020/8/31	Three years	600,000,000.00	597,440,876.70
20 kiaochow bay PPN002	700,000,000.00	2020/10/22	Three years	700,000,000.00	696,845,058.26
19Lu gum hairZR002	500,000,000.00	2019/3/20	Three years	500,000,000.00	498,005,111.76
19Lu gum hairZR001	500,000,000.00	2019/2/22	Three years	500,000,000.00	498,001,843.50
19Lu gum hairZR003	500,000,000.00	2019/3/26	Three years	500,000,000.00	498,001,843.50
20Lu gum hairZR003	500,000,000.00	2020/8/26	Three years	500,000,000.00	494,659,995.46
19Lu gum hairZR004	300,000,000.00	2019/12/23	Three years	300,000,000.00	298,167,450.60
20Lu gum hairZR001	200,000,000.00	2020/3/20	Three years	200,000,000.00	199,097,028.49
14Jiaozhou development debt	230,000,000.00	2014/9/22	Seven years	230,000,000.00	229,670,429.57
21 kiaochow bay	1,500,000,000.00	2021/12/27	Five years	1,500,000,000.00	
21 kiaochow bay PPN001	800,000,000.00	2021/3/19	Three years	800,000,000.00	
21 kiaochow bay PPN002	900,000,000.00	2021/6/23	Three years	900,000,000.00	
21 kiaochow bay PPN003	600,000,000.00	2021/11/5	Three years	600,000,000.00	
21 kiaochow bay PPN004	1,000,000,000.00	2021/12/16	Five years	1,000,000,000.00	
21Lu gum hairZR001	300,000,000.00	2021/4/2	Three years	300,000,000.00	
21Lu gum hairZR002	200,000,000.00	2021/4/29	In 2 years	200,000,000.00	
21 kiaochow bay MTN001	600,000,000.00	2021/1/8	Three years	600,000,000.00	
21Annual Industrial financial management and direct financing	300,000,000.00	2021/3/17	In 2 years	300,000,000.00	
Subtotal	**18,484,450,000.00**			**18,484,450,000.00**	**10,927,588,086.72**
Interest in red					
Less: Some ending balance due within one year					2,024,513,834.37
Total	**18,484,450,000.00**			**18,484,450,000.00**	**8,903,074,252.35**

(Continuous)

Bond name	Released this year	Interest shall be drawn at the face value	Espill discount amortization	Repayment this year	The ending balance
Border foreign debtJZBDB2206		7,503,182.59	-37,219,511.78		1,908,552,215.27

Bond name	Released this year	Interest shall be drawn at the face value	Espill discount amortization	Repayment this year	The ending balance
In 2021, the US dollar debt is worth 200 million yuan	1,292,000,000.00		-27,583,770.27		1,264,416,229.73
Border foreign debtJZBDB2106-1		22,715,901.64	3,867,108.46	782,988,000.00	
Border foreign debtJZBDB2106-2		16,796,000.00	5,701,008.76	521,992,000.00	
18 kiaochow bay MTN001		47,040,000.00	2,492,591.11		796,486,787.31
18 kiaochow bay MTN002		40,000,000.00	2,085,909.99		795,742,663.04
19 kiaochow bay MTN001		34,440,000.00	1,792,337.92		695,617,547.27
20 kiaochow bay MTN001		15,000,000.00	1,177,877.36		398,203,017.24
18 kiaochow bay PPN001		14,287,671.23	568,477.98	500,000,000.00	
19 kiaochow bay PPN001		25,250,000.00	1,365,503.96		499,947,522.51
20 kiaochow bay PPN001		27,000,000.00	916,261.70		598,357,138.40
20 kiaochow bay PPN002		31,500,000.00	1,078,819.21		697,923,877.47
19Lu gum hairZR002		8,750,000.00	1,581,276.61		499,586,388.37
19Lu gum hairZR001		9,000,000.00	1,583,465.72		499,585,309.22
19Lu gum hairZR003		9,000,000.00	1,583,465.72		499,585,309.22
20Lu gum hairZR003		24,500,000.00	1,932,104.15		496,592,099.61
19Lu gum hairZR004		18,000,000.00	900,272.79		299,067,723.39
20Lu gum hairZR001		10,400,000.00	395,179.91		199,492,208.40
14Jiaozhou development debt		10,370,794.52	329,570.43	230,000,000.00	
21 kiaochow bay	1,500,000,000.00	655,890.41	-11,107,551.28		1,488,892,448.72
21 kiaochow bay PPN001	800,000,000.00	28,621,369.86	-2,879,629.93		797,120,370.07
21 kiaochow bay PPN002	900,000,000.00	20,580,904.11	-3,599,697.68		896,400,302.32
21 kiaochow bay PPN003	600,000,000.00	3,636,164.38	-3,148,353.74		596,851,646.26
21 kiaochow bay PPN004	1,000,000,000.00	1,623,287.67	-5,359,086.49		994,640,913.51
21Lu gum hairZR001	300,000,000.00	10,546,027.40	-1,372,605.52		298,627,394.48
21Lu gum hairZR002	200,000,000.00	6,874,520.55	-806,294.95		199,193,705.05
21 kiaochow bay MTN001	600,000,000.00	24,530,301.37	-3,716,476.06		596,283,523.94
21Annual Industrial financial management and direct financing	300,000,000.00				300,000,000.00
Subtotal	**7,492,000,000.00**	**468,622,015.73**	**-67,441,745.92**	**2,034,980,000.00**	**16,317,166,340.80**
Interest in red					242,419,177.08
Less: Some ending balance due within one year					4,206,324,467.98
Total	**7,492,000,000.00**	**468,622,015.73**	**-67,441,745.92**	**2,034,980,000.00**	**12,353,261,049.90**

(XXX)Long-term payable

Project	The ending balance	Balance at the beginning of the year
Long-term payable	803,966,155.07	238,740,064.43
Account payable special funds	519,440,000.00	617,000,000.00
Total	**1,323,406,155.07**	**855,740,064.43**

1.Long-term payable

Project	The ending balance	Balance at the beginning of the year
Sinopedicine Holdings (China) Financial Leasing Co., LTD	71,619,678.57	149,381,364.63
Far East International Leasing Co., Ltd	19,642,773.62	39,263,355.43
AVIC International Leasing Co., Ltd		40,000,000.00
BangBank Financial Leasing Co., Ltd	81,711,808.72	131,555,217.78
CRRC Financial Leasing Co., Ltd	254,101,507.27	
Shandong Huitong Financial Leasing Co., LTD	444,020,731.00	
CoSCO Shipping Leasing Co., Ltd	55,000,000.00	
CoSCO Shipping Leasing Co., Ltd	165,000,000.00	
Guangzhou Yuexiu Financial Leasing Co., Ltd	100,000,000.00	
Ping An International Financial Leasing Co., Ltd	35,998,291.88	97,984,387.13
Far East International Financial Leasing Co., Ltd	24,753,969.30	63,386,823.92
Far East Hongxin (Tianjin) Financial Leasing Co., LTD	19,787,164.28	57,394,072.95
China Merchants Financial Leasing (Tianjin) Co., LTD	92,197,021.05	
Subtotal	**1,363,832,945.69**	**578,965,221.84**
Less: Long-term payments due within one year	559,866,790.62	340,225,157.41
Total	**803,966,155.07**	**238,740,064.43**

2.Account payable special funds

Project	The ending balance	Balance at the beginning of the year
Road infrastructure in the SCO Demonstration Zone	122,440,000.00	220,000,000.00
Qingdao Preschool Teachers' Project	397,000,000.00	397,000,000.00
Total	**519,440,000.00**	**617,000,000.00**

(XXXI) Deferred income

1.Deferred bonefits are presented by category

Project	Balance at the beginning of the year	This period increase	This period is reduced	Year end balance	Forming reason
Public subsidy	327,666,666.67	4,470,000.00	203,411,666.66	128,725,000.01	Financial llocation
Total	**327,666,666.67**	**4,470,000.00**	**203,411,666.66**	**128,725,000.01**	—

2.Government subsidies

Project	Balance at the beginning of the year	New subsidy amount in this period	The current period is included in the other income	Year end balance	Asset related / earnings related
Yichen Lei Shuo factory lease fee	2,666,666.67	4,470,000.00	3,411,666.66	3,725,000.01	Related to earnings
Wing morning Lei Shuo workshop	25,000,000.00			25,000,000.00	Related to earnings
Special subsidies for enterprise	300,000,000.00		200,000,000.00	100,000,000.00	Related to earnings
Total	**327,666,666.67**	**4,470,000.00**	**203,411,666.66**	**128,725,000.01**	—

Notes: According to the Notice of the Management Committee of China-SCO Local Economic and Trade Cooperation Demonstration Zone on Issuing Special Subsidies for Qingdao Jiaozhou Bay Science and Technology Investment Co., Ltd. on December 25,2020, Qingdao Jiaozhou Bay Science and Technology Investment Co., Ltd. has received 330,000,000.00 yuan of special fund for enterprise development, As the year of 2020 (0.3100 million) 、In 2021, (2100 million) 、In 2022, (1100 million) will be confirmed year by year.

(XXXII)Deferred income tax liabilities

Project	The ending balance		Balance at the beginning of the year	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in the fair value of investment real estate	989,738,114.80	247,434,528.70	378,936,212.76	94,734,053.19
Total	**989,738,114.80**	**247,434,528.70**	**378,936,212.76**	**94,734,053.19**

(XXXIII)Paid-in capital

Investor name	Balance at the beginning of the year		Current year increase	Current year reduce	Year end balance	
	Investment amount	the proportion of; account for%			Investment amount	The proportion of; account for%
Jiaozhou City State-owned Assets Service Center	1,200,000,000.00	100.00			1,200,000,000.00	100.00
Total	**1,200,000,000.00**	**100.00**			**1,200,000,000.00**	**100.00**

(XXXIV)Capital reserve

Project	Balance at the beginning of the year	This year increased	This year reduced	Year end balance
Capital premium				
Other capital reserves	13,090,873,371.40	695,735,518.03		13,786,608,889.43

Total	**13,090,873,371.40**	**695,735,518.03**		**13,786,608,889.43**

Notes1: According to the jiaozhou state-owned assets supervision and administration committee of Qingdao jiaozhou bay division investment real estate co., LTD., Qingdao jiaozhou bay branch melting real estate co., LTD. Equity transfer approval (sasac [2021] no. 44), jiaozhou state-owned assets supervision and administration committee will Qingdao jiaozhou bay division investment real estate co., LTD. By Qingdao jiaozhou city development investment co., LTD. To Qingdao jiaozhou bay development group co., LTD., increase the capital reserves of 97553,423.98 yuan; Transfer Qingdao Jiaozhou Bay Kelong Real Estate Co., Ltd. from Qingdao Jiaozhou City Development and Investment Co., Ltd. to its wholly-owned subsidiary Qingdao Jiaozhou Bay Hongke Real Estate Co., LTD., increasing the capital reserve of RMB 573,918,565.74.

Notes2: With the consent of Jiaozhou Administrative Examination and Approval Service Bureau, Jiaozhou Branch of Qingdao Highway Administration transferred Qingdao Xinlong Highway Construction Engineering Co., Ltd. to Qingdao Jiaozhou Bay Development Group Co., Ltd., free of charge, increasing the capital reserve of RMB 14,918,828.31 yuan.

Notes3: According to the Notice on Agreeing to the Free Transfer of Related Assets by The Highway Development Center of Jiaozhou City issued by the Jiaozhou State-owned Assets Service Center, Jiaozhou State-owned Assets Service Center, No.38 Jiaozhou West Road (Property Certificate No.: Lu (2021) Jiaozhou Real Estate Right No.0029930, Certificate area of 6300.9m²) and Maddianzhong Village (Property Certificate No.: Lu (2021) Jiaozhou Real Estate Right No.0029929, The land of 11823.8m²) together with the ground attachments shall be allocated to Qingdao Jiaozhou Bay Development Group Co., Ltd. free of charge, Capital reserves will increase by 9, 344, seven hundred yuan.

(XXXV) Surplus public accumulation; earned surplus

Project	Balance at the beginning of the year	This period increase	This period is reduced	The ending balance
Legal earned surplus reserve	180,085,872.03	21,816,468.41		201,902,340.44
Any surplus accumulation fund				
Venture expansion fund				
Profit return investment				
Other				
Total	**180,085,872.03**	**21,816,468.41**		**201,902,340.44**

Notes: The Company shall withdraw the statutory surplus accumulation fund at 10% of the annual net profit, and shall not withdraw it when the accumulative amount reaches more than 50% of the share capital.

(XXXVI)Undistributed profit

Project	The ending balance	The beginning balances
Balance at the end of last year	2,176,578,389.36	1,601,236,209.90
Add: Changes in the accounting policy		160,435,819.85
Early error correction		
Other		
Initial balance of the current period	2,176,578,389.36	1,761,672,029.75

Project	The ending balance	The beginning balances
Increase in this period	697,664,186.43	451,029,111.08
Among them: the current period of net profit transfer	697,664,186.43	451,029,111.08
Other adjustment factors		
Reduce the amount of this period	21,816,468.41	36,122,751.47
Including: the number of surplus reserves withdrawn in the current period	21,816,468.41	36,122,751.47
General risk preparation is extracted in this period		
Transfer to paid-in capital		
Cash dividends distributed in the current period		
Other reduction		
Final balance of the current period	**2,852,426,107.38**	**2,176,578,389.36**

(XXXVII)Operating revenue and operating costs

1.Details of revenue and operating costs are listed

Project	The amount of this period		The previous period occurred	
	Income	Prime cost	Income	Prime cost
I、Main business small plan	**2,392,017,190.56**	**2,135,832,871.74**	**1,503,550,871.7**	**1,250,806,081.84**
Infrastructure construction project of Jiaozhou Development Zone	218,078,313.48	204,918,415.26	257,223,920.93	241,701,787.78
Lease income	376,091,979.89	160,213,655.25	256,965,572.92	60,519,686.18
Government purchase of services	9,255,046.21	8,421,675.38	44,418,121.16	29,467,289.75
Property income	2,962,695.86	4,316,967.28	418,429.28	3,589,446.08
Trade income	1,294,400,656.69	1,283,818,752.96	609,746,143.31	600,424,914.02
Income from commercial housing sales	190,597,867.88	193,688,213.01	16,037,861.46	17,615,127.33
Labor dispatch income	39,471,605.50	37,866,968.42	34,318,458.98	32,737,167.92
Sales of goods income	34,227,296.95	34,030,431.91	1,403,495.75	1,333,614.56
The SCO Trade Building project revenue	11,192,571.18	10,197,323.27		
Operating income	9,300,637.45	8,922,785.79		
Project money	14,223,422.45	11,680,300.19		
Material money	3,535,851.74	3,844,339.54		
Income from the primary land level development management fee	188,679,245.28	173,913,043.48	283,018,867.92	260,869,565.22
Restaurant cost				2,547,483.00
II、Other small business	**123,848,417.28**	**84,142,773.86**	**25,452,080.64**	
Interest revenue	3,110,586.61		25,169,061.77	
Transfer of land-use rights	118,931,952.27	84,141,423.86		
Other	1,805,878.40	1,350.00	283,018.87	
Total	**2,515,865,607.84**	**2,219,975,845.60**	**1,529,002,952.3**	**1,250,806,081.84**

(XXXVIII)Taxes and surcharges

Project	The amount of this period	The previous period occurred
Urban maintenance & construction tax	4,743,182.99	3,013,259.35
Extra charges of education funds	3,378,592.77	1,992,695.84
Increment tax on land value	11,393,308.65	5,903,611.72
Building taxes	25,526,835.97	23,065,468.14
Use tax of land	10,420,016.81	7,037,106.65
Vehicle and vessel usage tax	1,496.52	1,740.00
Stamp duty	3,380,067.10	4,845,935.20
Other	281,067.56	326,088.28
Total	**59,124,568.37**	**46,185,905.18**

(XXXIX) Selling expenses

Project	The amount of this period	The previous period occurred
Advertising sales expenses	2,715,956.83	5,916,373.19
depreciation cost	42,751.44	42,751.44
Operation promotion fee		4,456,452.08
Property management fee	1,009,433.88	910,393.88
Administrative expenses		110,484.15
Other	175,565.48	80,497.13
Receive service fee		140,398.40
Poundage		2,731.45
Making up	16,991.15	
Easy to consume materials	9,156.00	
Water, electricity and gas costs	22,727.49	
Total	**3,992,582.27**	**11,660,081.72**

(XL)General expenses

Project	The amount of this period	The previous period occurred
Administrative expenses	3,959,595.22	1,675,261.54
Entertainment expense	138,876.98	61,600.00
Travel expense	753,737.49	372,487.36
Depreciation cost	25,236,173.51	24,807,843.62
Communication expense	497,133.14	276,536.04
Water and electricity	171,237.27	148,882.41
Upkeep	257,308.68	111,263.55
Vehicle fee	768,916.25	561,407.43
Salary	16,074,772.32	10,596,258.28
Employee's welfare	1,929,101.18	473,285.87

Project	The amount of this period	The previous period occurred
Public accumulation funds	1,449,077.00	1,112,335.93
Security of subsistence	3,304,390.49	830,979.68
Other	1,101,883.90	2,238,309.93
Agency services and consultant fees	16,680,565.80	6,975,756.05
Amortization of intangible assets	1,034,635.90	9,192,838.75
Advertising	184,471.73	394,581.79
Staff education funds	195,257.13	64,009.62
Fee for technical service		178,000.00
Inventory loss	311,556.53	33,074.00
Design fee	1,500.00	658,886.87
Surveying and mapping fee	6,387.99	84,896.38
Property service fee	760,254.34	40,400.89
Party building funds	593,758.43	129,982.48
labour union expenditure	287,109.68	196,354.78
lease rentals	3,780,422.77	1,070,756.88
Supplementary pension	552,043.20	
Service charge	1,113,549.02	
Making up	52,504.37	
Wai block fee	662,022.77	
Security fund for the disabled	104,909.91	
Total	**81,963,153.00**	**62,285,990.13**

(XLI) Cost of financing

Project	The amount of this period	The previous period occurred
Interest expense	25,539,933.87	2,882,905.74
Reduced: interest income	8,902,555.92	9,710,267.93
Net interest expenditure	16,637,377.95	-6,827,362.19
Exchange loss		
Reduction: exchange income	31,598,929.43	224,885,748.42
Net loss of exchange	-31,598,929.43	-224,885,748.42
Bank charges	2,491,798.67	727,616.91
Other	7,998,336.47	3,350,000.00
Total	**-4,471,416.34**	**-227,635,493.70**

(XLII)Miscellaneous incomes

Project	The amount of this period	The previous period occurred
Government subsidies related to their daily activities	206,411,886.91	138,215,798.25
Development and Reform Bureau accepted unified enterprise reward funds	1,000,000.00	
Total	**207,411,886.91**	**138,215,798.25**

1.Details of government subsidies

Project	The amount of this period	The previous period occurred	Asset related / earnings related
Development and Reform Bureau accepted unified enterprise reward funds	1,000,000.00		Related to earnings
Yichen Lei Shuo factory lease fee	3,411,666.66	1,333,333.33	Related to earnings
Post stability maintenance subsidies		59,366.37	Related to earnings
VAT exemption		1,378.55	Related to earnings
Qingdao Small Business Industrial Park subsidy		300,000.00	Related to earnings
Qingdao Municipal Industry and Information Technology Bureau characteristic carrier incentive		200,000.00	Related to earnings
Subsidies for special carrier mass entrepreneurship and innovation projects	3,000,000.00	5,000,000.00	Related to earnings
Jiaozhou City Industry and Information Bureau subsidies		400,000.00	Related to earnings
Special subsidies for enterprise development funds	200,000,000.00	130,921,720.00	Related to earnings
Other	220.25		Related to earnings
Total	**207,411,886.91**	**138,215,798.25**	——

(XLIII)Equity earnings

The source of the investment income generated	The amount of this period	The previous period occurred
Long-term equity investment income calculated by the equity method	17,641,239.05	295,432.97
Investment proceeds recognized by the equity sale		
Total	**17,641,239.05**	**295,432.97**

(XLIV)Income from changes in fair value

Project	The amount of this year	The amount of last year
Income from changes in fair value	524,573,357.09	64,329,523.49
Total	**524,573,357.09**	**64,329,523.49**

(XLV)Credit impairment loss

Project	The amount of this year	The amount of last year
Loss on bad debt	-4,752,807.30	
Total	**-4,752,807.30**	

(XLVI)Loss of asset impairment

Project	The amount of this year	The amount of last year
Loss on bad debt		-208.00
Total		**-208.00**

(XLVII)Income from asset disposal

Project	The amount of this year	The amount of last year
Income from asset disposal	451,228.76	
Total	**451,228.76**	

(XLVIII) Nonbusiness income

Project	The amount of this period	The previous period occurred
Fines forfeits and penalty receipt		120,000.00
Long-term equity investment premium		14,618,177.16
Other	382,901.61	20,212.87
Total	**382,901.61**	**14,758,390.03**

(IL) Non-business expenditure

Project	The amount of this period	The previous period occurred
External donation	1,430,000.00	2,033,000.00
Other	338,937.16	0.08
Total	**1,768,937.16**	**2,033,000.08**

(L)Income tax expenses

Project	The amount of this period	The previous period occurred
Current income tax calculated in accordance with the tax law and relevant provisions	48,349,291.24	107,257,898.98
Deferred income tax expense	152,700,475.51	37,595,141.20
Total	**201,049,766.75**	**144,853,040.18**

(LI)Supplementary information on the cash flow statement

1.Indirect method is used to adjust the net profit to the cash flow of operating activities

Supplementary information	Amount of the current period	The last amount
1. Adjust the net profit to the cash flow from operating activities		
Net margin	698,170,177.15	456,413,283.66
Add: Asset impairment provision	-4,752,807.30	208.00
Depreciation of fixed assets, oil and gas assets consumption, depreciation of productive biological assets	22,083,508.25	22,395,901.51
Amortization of intangible assets	102,305,132.90	10,821,858.01
Amortization of long-term deferred expenses		
Loss from the disposal of fixed assets, intangible assets and other long-term assets (The proceeds are listed as "-")	-451,228.76	
Loss of fixed assets (The proceeds are listed as a "-")		
Loss of changes in fair value (The proceeds are listed as "-")	-524,573,357.09	-64,329,523.49

Supplementary information	Amount of the current period	The last amount
Cost of financing: financial expenses (The proceeds are listed as "-")	25,244,262.64	2,882,905.74
Investment losses (The proceeds are listed as "-")	-17,641,239.05	-295,432.97
Deferred income tax assets have decreased (Add the column with "-")	-1,188,201.83	-52.00
Deferred income tax liabilities increase (Reduce the column with "-")	152,700,475.51	37,595,193.20
Reduced inventory (Add the column with "-")	72,447,664.01	-1,782,798,378.71
Reduction of operating receivables (Add the column with "-")	-1,815,544,605.80	-977,655,527.58
Increase in operational payable projects (Reduce the column with "-")	-410,629,768.97	75,419,543.38
Other		
Net cash flow generated from operating activities	**-1,701,829,988.34**	**-2,219,550,021.25**
2. Major investments and financing activities that do not involve cash income and expenditure:		
Debt turns into capital		
Convertible corporate bonds, when due within one year		
Fixed assets under financing lease		
3. Net changes in cash and cash equivalents:		
Closing balance of the cash	3,520,094,392.22	1,875,339,961.66
Less: Initial balance of the cash	1,881,369,386.24	1,629,851,704.22
Add: Closing balance of the cash equivalents		
Less: Initial balance of cash equivalents		
Net increase in cash and cash equivalents	1,638,725,005.98	245,488,257.44

Notes: The difference between the end of the last period and the current period is caused by the three enterprises with free transfer in this period.

2.Cash and cash equivalents

Project	Amount of the current period	The last amount
I、Ready money	3,520,094,392.22	1,875,339,961.66
Among them: Cash holdings	817,007.86	551,484.09
Bank deposits that can be used for payment at any time	3,519,277,384.36	1,874,788,477.57
Other monetary funds that may be used for payment at any time		
Deposit of central bank payments available for payment		
Deposit inter-bank payments		
Demolition and release of inter-bank payments		
II、Money equivalent		
Among them: Bond investment due within three months		
III、Cash and cash equivalents at year	3,520,094,392.22	1,875,339,961.66

(LII)Assets with restricted ownership

1.Assets used for the mortgage

Asset classes with restricted ownership	Certificate of Rights No	Mortgagee	Book value as at 31 December 2021	Mortgage maturity
Chuangye Building office building and land use right	Rubber State Use (2012) No.15-7 State-owned land use right certificate	Jiaozhou City of Agricultural Development Bank of China Sub-branch	315,431,846.09	2025.08.26
Manage the south building and land use rights	Rubber State Use (2012) No.15-8	Jiaozhou Branch of Agricultural Development Bank of China	22,636,974.86	2025.08.26
Incubator plant and land	Lu (2016) Jiaozhou City Real Estate right No.0002800	Jiaozhou City of Agricultural Development Bank of China Sub-branch	128,042,146.33	2025.12.19
Land use right of Jiaozhou Economic Development Zone	Lu (2018) Jiaozhou Real Estate Right No.0022381	Jiaozhou City of Agricultural Development Bank of China Sub-branch	236,707,831.20	2025.8.26
Land use right of Jiaozhou Economic Development Zone	Lu (2020) Jiaozhou City Real Estate right No.0005745	Agricultural Bank of China Limited, Jiaozhou Sub-branch	23,818,185.00	2041.9.30
Land use right of Jiaozhou Economic Development Zone	Lu (2019) Jiaozhou Real Estate Right No.0029550;	China Development Bank, Qingdao Branch	360,000,000.00	2041.12.20
Total	——	——	**1,086,636,983.48**	——

2.Assets used for the pledge

Asset classes with restricted ownership	Mortgagee	Book value	Mortgage maturity date
Accounts receivable under the Government purchase of services	China Construction Bank Company Limited, Jiaozhou Sub-branch	2,000,000,000.00	2028.12.21
Accounts receivable under the Government Purchase service contract	Bank of Communications, Qingdao Jiaozhou Sub-branch		2026.6.21
Bank certificates of deposit	Industrial Bank Co., Ltd., Qingdao Jiaozhou Sub-branch	250,000,000.00	2024.1.4
Total		**2,250,000,000.00**	

3.Limited monetary funds

Project	Year end balance	Balance at the beginning of the	Remarks
Other monetary funds	5,357,172.13		Letter of Credit deposit

Project	Year end balance	Balance at the beginning of the	Remarks
Oother monetary funds	537,020,000.00		Time deposits or notice deposits used for security
Other monetary funds	27,339,758.00	9,600,000.00	Migrant workers deposit
Total	**569,716,930.13**	**9,600,000.00**	

XVII Description of the contingent matters

Description of the contingent matters	Guarantee unit	Guarantee object		Guaranty style	Guarantee type	Anti-guarantee method	Actual amount of guarantee
		Name	Enterprise nature				
	Total						**1,104,500.00**
	I、For the group						**492,575.00**
1	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaofa City Construction Co., LTD	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	1,800.00
2	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaofa International Trade Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	5,000.00
3	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaofa International Trade Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	18,000.00
4	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	3,680.00
5	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	7,000.00
6	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	6,672.00
7	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	10,000.00
8	Qingdao Jiaozhou Bay Development	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited	Joint and several liability guarantee guarantee	loan guarante	not have	13,000.00

Description of the contingent matters	Guarantee unit	Guarantee object		Guaranty style	Guarantee type	Anti-guarantee method	Actual amount of guarantee
		Name	Enterprise nature				
	Group Co., Ltd		liability		e		
9	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	10,000.00
10	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	7,000.00
11	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	9,500.00
12	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
13	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Green Construction Park Development and investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	9,000.00
14	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Industrial Park Operation and Management Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	10,000.00
15	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Industrial Park Operation and Management Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	10,000.00
16	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	22,500.00
17	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	35,000.00
18	Qingdao Jiaozhou Bay	Qingdao Jiaozhou Bay Technology	company with	Joint and several liability guarantee	loan guar	not have	35,000.00

Description of the contingent matters	Guarantee unit	Guarantee object		Guaranty style	Guarantee type	Anti-guarantee method	Actual amount of guarantee
		Name	Enterprise nature				
	Development Group Co., Ltd	Investment Co., Ltd	limited liability	guarantee	antee		
19	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
20	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	9,600.00
21	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	3,898.00
22	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	19,900.00
23	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	49,500.00
24	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	50,000.00
25	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	4,000.00
26	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Qingdao Jiaofa International Trade Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	4,000.00
27	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Bay Technology Investment Co., Ltd	company with limited liability	Mortgage guarantee	loan guarantee	not have	65,525.00
28	Qingdao Jiaozhou Bay	Qingdao Jiaozhou Bay Technology	company with	Joint and several liability guarantee	loan guar	not have	33,000.00

Description of the contingent matters	Guarantee unit	Guarantee object		Guaranty style	Guarantee type	Anti-guarantee method	Actual amount of guarantee
		Name	Enterprise nature				
	Development Group Co., Ltd	investment Co., Ltd	limited liability	guarantee	antee		
	II、Outside the group		company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	**611,925.00**
1	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	2,800.00
2	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
3	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	8,000.00
4	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	15,000.00
5	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou Canal Cheng Water Engineering Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	10,000.00
6	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
7	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
8	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	12,000.00
9	Qingdao Jiaozhou Bay Development	Qingdao Chuangwin Longda Industrial	company with limited	Joint and several liability guarantee guarantee	loan guarante	not have	50,000.00

Description of the contingent matters	Guarantee unit	Guarantee object		Guaranty style	Guarantee type	Anti-guarantee method	Actual amount of guarantee
		Name	Enterprise nature				
	Group Co., Ltd	Development Co., Ltd	liability		e		
10	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou City Development and Investment Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
11	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Golden Jiaozhou Asset Management Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	150,000.00
12	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou New City Construction and Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	30,000.00
13	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Jiaozhou New City Construction and Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	30,000.00
14	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Water Conservancy Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,625.00
15	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Water Conservancy Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	13,000.00
16	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Water Conservancy Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	40,500.00
17	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Water Conservancy Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	20,000.00
18	Qingdao Jiaozhou Bay Development Group Co., Ltd	Shandong Jiaodong Aviation City Investment Co., LTD	company with limited liability	Joint and several liabillty guarantee guarantee	loan guarantee	not have	20,000.00
19	Qingdao	Qingdao Shaohai	company	Joint and several	loan	not	10,000.00

Description of the contingent matters	Guarantee unit	Guarantee object		Guaranty style	Guarantee type	Anti-guarantee method	Actual amount of guarantee
		Name	Enterprise nature				
	Jiaozhou Bay Development Group Co., Ltd	Development Group Co., Ltd	with limited liability	liability guarantee guarantee	guarantee	have	
20	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Water Conservancy Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	10,000.00
21	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Water Conservancy Development Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	6,000.00
22	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shaohai Development Group Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	6,000.00
23	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shanghai Cooperation Foundation Investment and Development Group Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	43,000.00
24	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shanghai Cooperation Foundation Investment and Development Group Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	30,000.00
25	Qingdao Jiaozhou Bay Development Group Co., Ltd	Qingdao Shanghai Cooperation Foundation Investment and Development Group Co., Ltd	company with limited liability	Joint and several liability guarantee guarantee	loan guarantee	not have	5,000.00

XVIII Non-adjustment matters after the balance sheet date

The Company has no balance sheet date matters required for disclosure.

XIX Related-party relationship and its transactions

(I) The ultimate control party of the enterprise

Final controller name	Registered Address	Organization type	The ultimate shareholding ratio of the controlling party in the enterprise (%)	The proportion of the voting rights of the final controller of the enterprise (%)
Jiaozhou City State-owned Assets Service Center	Jiaozhou City, Qingdao	Official organ as legal person	100.00	100.00

(II)The subsidiaries of the enterprise

See Note 7 for details、(I).

(III)Joint venture and joint venture situation of the enterprise

Name of the investee	Incidence relation	A Unified Social Credit Code
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Consulting Service Co., Ltd	The joint venture of the enterprise	91370281MA3CCF6LXP
Qingdao Lianhe and Guoxin Economic and Trade Co., Ltd	The joint venture of the enterprise	91370281MA3T6B4X7A
Shandong Expressway Private Capital Management Co., Ltd	The joint venture of the enterprise	91370212MA3MJ8TD99
Qingdao Yichen Radium Shuo Technology Co., Ltd	The joint venture of the enterprise	91370281MA3Q0YWC01
Qingdao SCO Cornerstone Investment and Development Group Co., LTD	The joint venture of the enterprise	91370281MA3T7PM99T
Qingdao SCO Tourism Development Co., Ltd	The joint venture of the enterprise	91370281MA3W7D1F4W
Netroot Technology (Qingdao) Co., LTD	The joint venture of the enterprise	91370281MA94GUWK39

XXCommitment matters

As of December 31,2021, the Company had no commitments to be stated.

XXI Description of other major matters

As of December 31,2021, the Company has no other material matters necessary to explain.

XXIX Notes of key items in parent company financial statements

(I)Accounts receivable

1、Accounts receivable are listed by category

Kind	The ending balance				
	Book balance		Bad debt provision		Book value
	amount of money	ratio (%)	amount of money	Proportion of provision (%)	

Kind	The ending balance				
	Book balance		Bad debt provision		Book value
	amount of money	ratio (%)	amount of money	Proportion of provision (%)	
Receivables with significant single amount and separate bad debt provision					
Receivables for bad debt provision according to the combination of credit risk characteristics	78,786,595.01	100.00			78,786,595.01
1. Analyze the accounts receivable for bad debts according to the account age					
2. Set aside the accounts receivable for bad debts according to the low-risk portfolio	78,786,595.01	100.00			78,786,595.01
Accounts receivable whose single amount is not significant but has a single bad debt provision					
Total	**78,786,595.01**	**100.00**			**78,786,595.01**

(Continuous)

Kind	Balance at the beginning of the year				
	Book balance		Bad debt provision:		Book value
	Amount of money	Ratio (%)	Amount of money	Proportion of provision (%)	
Receivables with significant single amount and separate bad debt provision					
Receivables for bad debt provision according to the combination of credit risk characteristics	9,384,956.00	100.00			9,384,956.00
1. Analyze the accounts receivable for bad debts according to the account age					
2. Set aside the accounts receivable for bad debts according to the low-risk portfolio	9,384,956.00	100.00			9,384,956.00
Accounts receivable whose single amount is not significant but has a single bad debt provision					
Total	**9,384,956.00**	**100.00**			**9,384,956.00**

Notes: Accounts receivable for bad debt provision according to the low-risk portfolio: According to the company's bad debt policy, the company, the government units, government platform companies, state-owned enterprises, government dispatched agencies, joint-stock companies and internal employees of the company.

2、Accounts receivable for a low-risk portfolio

Combination name	On December 31st, 2021		
	Accounts receivable	Bad debt provision	Proportion of provision (%)
Combination 1: Related parties within the scope of the merger	133,534.24		
Combination 2: related parties within the scope of merger			
Combination 3: petty fund, security deposit, etc			
Portfolio 4: The government and its state-owned enterprises under their control	78,653,060.77		
Combination 5: Other normal account ages			
Total	**78,786,595.01**		

（1）Accounts receivable of related parties within the consolidated scope

Name of debtor	The ending balance	The nature of money
Qingdao Jiaozhou Bay Hongke Real Estate Co., Ltd	45,492.69	hospitalization premiums
Qingdao Jiaofa Human Resources Service Co., Ltd	34,569.60	hospitalization premiums
Qingdao Jiaofa International Trade Co., Ltd	23,582.12	hospitalization premiums
Qingdao Jiaozhou Bay City Property Management Co., Ltd	19,167.85	hospitalization premiums
Qingdao SCO Food Hotel Management Co., Ltd	7,713.59	hospitalization premiums
Qingdao Zhongji Technology Industry Co., Ltd	3,008.39	hospitalization premiums
Total	**133,534.24**	——

（2）Accounts receivable of the government and its controlled state-owned enterprises

Name of debtor	The ending balance	The nature of money
Administrative Committee of China-SSCO Local Economic and Trade Cooperation Demonstration Zone	78,653,060.77	Lease money
Total	**78,653,060.77**	——

(II) Accounts receivable-other

Project	The ending balance	Balance at the beginning of the year
interest in black	325,908,827.46	239,471,474.34
accounts receivable-other	5,756,645,313.83	6,159,002,676.44
Total	**6,082,554,141.29**	**6,398,474,150.78**

1、 Interest classification

Project	Year end balance	Balance at the beginning of the year
Group fund demolition loan interest	325,908,827.46	239,471,474.34
Total	**325,908,827.46**	**239,471,474.34**

2、 Other receivables are listed by category

Kind	Year end balance			
	Book balance		Bad debt provision	
	Amount of money	Ratio (%)	Amount of money	Proportion of provision (%)
Other receivables with significant single amount and separate provision for bad debts				
Other receivables prepared for bad debt reserves according to the combination of credit risk characteristics	5,756,645,313.83	100.00		
1. Collect other receivables of bad debts according to the aging analysis				
2. Other receivables for bad debts according to the low-risk portfolio	5,756,645,313.83	100.00		
Other receivables whose single amount is not significant but is separately prepared for bad debts				
Total	**5,756,645,313.83**	**100.00**		

(continuous)

Kind	Balance at the beginning of the year			
	Book balance		Bad debt provision	
	Amount of money	Ratio (%)	Amount of money	Proportion of provision(%)
Other receivables with significant single amount and separate provision for bad debts				
Other receivables prepared for bad debt reserves according to the combination of credit risk characteristics	6,159,002,676.44	100.00		
1. Collect other receivables of bad debts according to the aging analysis				
2. Other receivables for bad debts according to the low-risk portfolio	6,159,002,676.44	100.00		
Other receivables whose single amount is not significant but is separately prepared for bad debts				
Total	**6,159,002,676.44**	**100.00**		

Notes: Other receivables for bad debt provision according to the low-risk portfolio: According to the company's bad debt policy of the Company, the company and the government units, government platform companies, state-owned enterprises, government dispatched offices, joint-stock companies and internal employees of the company.

3、Other receivables for bad debts are drawn by the low-risk portfolio

Combination name	On December 31st, 2021		
	Accounts receivable-other	Bad debt provision	Proportion of provision (%)
Combination 1: Related parties within the scope of the merger	2,085,260,000.00		
Combination 2: related parties within the scope			

Combination name	On December 31st, 2021		
	Accounts receivable-other	Bad debt provision	Proportion of provision (%)
of merger			
Combination 3: petty fund, security deposit, etc	120,056,966.76		
Portfolio 4: The government and the state-owned enterprises under its control	3,551,328,347.07		
Total	**5,756,645,313.83**		

(1) Other receivables of related parties within the merger scope

Name of debtor	Book balance	The nature of money
Qingdao Jiaozhou Bay Kechuang Real Estate Co., LTD	857,700,000.00	Current money
Qingdao Jiaozhou Bay Kerui Real Estate Co., Ltd	678,160,000.00	Current money
Qingdao Jiaozhou Bay Science and Investment Real Estate Co., Ltd	260,000,000.00	Current money
Qingdao Jiaozhou Bay Kesun Real Estate Co., Ltd	226,500,000.00	Current money
Qingdao Jiaozhou Bay Hongke Real Estate Co., Ltd	34,700,000.00	Current money
Qingdao Jiaozhou Bay Kelong Real Estate Co., Ltd	21,000,000.00	Current money
Qingdao Jiaozhou Bay Industrial Park Operation and Management Co., Ltd	5,700,000.00	Current money
Qingdao Xinlong Highway Construction Engineering Co., Ltd	1,500,000.00	Current money
Total	**2,085,260,000.00**	

(2) Reserve fund, security deposit, etc

Name of debtor	Book balance	The nature of money
Jiaozhou City Land Trading Center margin	65,371,104.00	bail
Far East International Leasing Co., Ltd	26,000,000.00	bail
Ping An International Financial Leasing Co., Ltd	24,000,000.00	bail
Guang Xing Xinglong Trust Co., Ltd	3,000,000.00	bail
Workers borrow money	1,685,862.76	a shot in the locker
Total	**120,056,966.76**	

(3) Other receivables from the government and the state-owned enterprises under its control

Name of debtor	Book balance	The nature of money
Administrative Committee of China-SSCO Local Economic and Trade Cooperation Demonstration Zone	2,326,999,959.98	Current money
Jiaozhou Finance Bureau	587,660,964.62	Current money
Qingdao Jiaozhou New City Construction and Development Co., Ltd	140,000,000.00	Current money
Jiaozhou Kowloon Street Office	84,304,604.55	Current money
Sanli River Street Office	72,000,000.00	Current money
Jiaozhou City Jiaxi Town Financial Office	65,000,000.00	Current money

Name of debtor	Book balance	The nature of money
Qingdao Jiaozhou Bay Kexin Financing Guarantee Co., Ltd	60,000,000.00	Current money
Jiaozhou City in cha town financial office	58,000,000.00	Current money
The People's Government of Jiaxi Town	54,000,000.00	Current money
Zhongyin Sub-district Office	50,000,000.00	Current money
Qingdao Xinruijie Industrial Investment and Development Co., Ltd	26,000,000.00	Current money
Qingdao Jiaozhou City Construction and Development Co., Ltd	11,500,000.00	Current money
Qingdao Shaohai Development Group Co., Ltd	10,000,000.00	Current money
Kowloon Evergrande project index fee	5,857,799.00	Current money
Shandong Provincial Department of Transportation expressway toll Settlement Center	5,018.92	Current money
Total	**3,551,328,347.07**	

4、Other receivables of the top five ending balances collected by the arrears party

Name of debtor	The ending balance
Administrative Committee of China-SSCO Local Economic and Trade Cooperation Demonstration Zone	2,326,999,959.98
Qingdao Jiaozhou Bay Kechuang Real Estate Co., LTD	857,700,000.00
Qingdao Jiaozhou Bay Kerui Real Estate Co., LTD	678,160,000.00
Jiaozhou Finance Bureau	587,660,964.62
Qingdao Jiaozhou Bay Science and Investment Real Estate Co., Ltd	260,000,000.00
Total	**4,710,520,924.60**

(III)Long-term equity investment

1、Long-term equity investment classification

Project	Balance at the beginning of the year	This period increase	This period is reduced	The ending balance
Investment in subsidiaries	2,450,000,000.00	328,150,340.55	190,000,000.00	2,588,150,340.55
Investment in joint ventures				
Investment in associated enterprises	180,186,392.25	55,245,328.30		235,431,720.55
Subtotal	2,630,186,392.25	383,395,668.85	190,000,000.00	2,823,582,061.10
Less : Long-term equity investment impairment provision				
Total	**2,630,186,392.25**	**383,395,668.85**	**190,000,000.00**	**2,823,582,061.10**

2、Long-term equity investment details

Invested unit	Accounting method	Shareholding ratio (%)	Proportion of voting rights (%)	Capitalized cost	Balance at the beginning of the year	Additional investment	Disinvestment

Invested unit	Accounting method	Shareholding ratio (%)	Proportion of voting rights (%)	Capitalized cost	Balance at the beginning of the year	Additional Investment	Disinvestment
I、Subsidiary				**2,588,150,340.55**	**2,450,000,000.00**	**328,150,340.55**	**190,000,000.00**
Qingdao Jiaozhou Bay Technology Investment Co., Ltd	Cost method	100	100	1,410,000,000.00	1,600,000,000.00		190,000,000.00
Qingdao Jiaozhou Bay Hongke Real Estate Co., Ltd	Cost method	100	100	600,000,000.00	600,000,000.00		
Qingdao Jiaozhou Bay Kesun Real Estate Co., Ltd	Cost method	100	100	100,000,000.00	100,000,000.00		
Qingdao Jiaozhou Bay Kechuang Real Estate Co., LTD	Cost method	100	100	100,000,000.00	100,000,000.00		
Qingdao Jiaofa City Construction Co., LTD	Cost method	100	100	50,000,000.00	50,000,000.00		
Qingdao Jiaozhou Bay Science and Investment Real Estate Co., Ltd	Cost method	100	100	97,554,279.95		97,554,279.95	
Qingdao Jiaozhou Bay Industrial Investment and Development Co., Ltd	Cost method	100	100	7,000,000.00		7,000,000.00	
Qingdao Xinlong Highway Construction Engineering Co., Ltd	Cost method	100	100	33,596,060.60		33,596,060.60	
Qingdao Green Construction Park Development and Investment Co., Ltd	Cost method	100	100	190,000,000.00		190,000,000.00	
II、Cooperative enterprise							
III、Jointly run business				**236,100,000.00**	**180,186,392.25**	**54,900,000.00**	
Qingdao Yichen Radium Shuo Technology Co., Ltd	Equity method	20	20	30,000,000.00	29,800,920.13		
Qingdao Eurasian Economic and Trade Cooperation	Equity method	40	40	1,200,000.00	403,884.80		

Invested unit	Accounting method	Shareholding ratio (%)	Proportion of voting rights (%)	Capitalized cost	Balance at the beginning of the year	Additional investment	Disinvestment
Industrial Park Management Co., Ltd							
Qingdao Shanghai Cooperation Development Group Co., LTD	Equity method	49	49	200,000,000.00	149,981,587.32	50,000,000.00	
Qingdao SCO Tourism Development Co., Ltd	Equity method	49	49	4,900,000.00		4,900,000.00	
Total				**2,824,250,340.55**	**2,630,186,392.25**	**383,050,340.55**	**190,000,000.00**

(Continuous)

Invested unit	Investment income recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Announcement cash dividends or profits	Withdraw impairment provision	Other	The ending balance	Closing balance of the impairment provision
一、subsidiary							**2,588,150,340.55**	
Qingdao Jiaozhou Bay Technology Investment Co., Ltd							1,410,000,000.00	
Qingdao Jiaozhou Bay Hongke Real Estate Co., Ltd							600,000,000.00	
Qingdao Jiaozhou Bay Kesun Real Estate Co., Ltd							100,000,000.00	
Qingdao Jiaozhou Bay Kechuang Real Estate Co., LTD							100,000,000.00	
Qingdao Jiaofa City Construction Co., LTD							50,000,000.00	
Qingdao Jiaozhou Bay Science and Investment Real Estate Co., Ltd							97,554,279.95	
Qingdao Jiaozhou Bay Industrial Investment and							7,000,000.00	

Invested unit	Investment income recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Announcement cash dividends or profits	Withdraw impairment provision	Other	The ending balance	Closing balance of the impairment provision
Development Co., Ltd								
Qingdao Xinlong Highway Construction Engineering Co., Ltd							33,596,060.60	
Qingdao Green Construction Park Development and Investment Co., Ltd							190,000,000.00	
Ii. Joint venture								
Iii. Joint venture	**345,328.30**						**235,431,720.55**	
Qingdao Yichen Radium Shuo Technology Co., Ltd	-589,962.81						29,210,957.32	
Qingdao Eurasian Economic and Trade Cooperation Industrial Park Management Co., Ltd	3,544.96						407,429.76	
Qingdao Shanghai Cooperation Development Group Co., LTD	2,027,490.76						202,009,078.08	
Qingdao SCO Tourism Development Co., Ltd	-1,095,744.61						3,804,255.39	
Total	**345,328.30**	——	——	——	——	——	**2,823,582,061.10**	

(IV)Operating revenue and operating costs

1.Details of revenue and operating costs are listed

Project	The amount of this period	The previous period occurred

	Income	Prime cost	Income	Prime cost
i、Main business small plan	**581,018,325.99**	**497,109,348.86**	**599,502,987.01**	**521,799,121.95**
Infrastructure construction project of Jiaozhou Development Zone	218,078,313.48	204,918,415.26	257,223,920.93	241,701,787.78
Lease income	166,551,563.45	111,086,261.65	47,590,006.09	10,934,479.90
Government purchase of services	48,594.34	46,827.27	11,670,192.07	8,293,289.05
The SCO Trade Building project	7,660,609.44	7,144,801.20		
Income from the primary land level development management fee	188,679,245.28	173,913,043.48	283,018,867.92	260,869,565.22
ii、Other small business	**81,854,830.37**		**77,810,164.92**	
interest revenue	81,854,830.37		77,810,164.92	
Total	**662,873,156.36**	**497,109,348.86**	**677,313,151.93**	**521,799,121.95**

(V) Equity earnings

1.Details of investment income

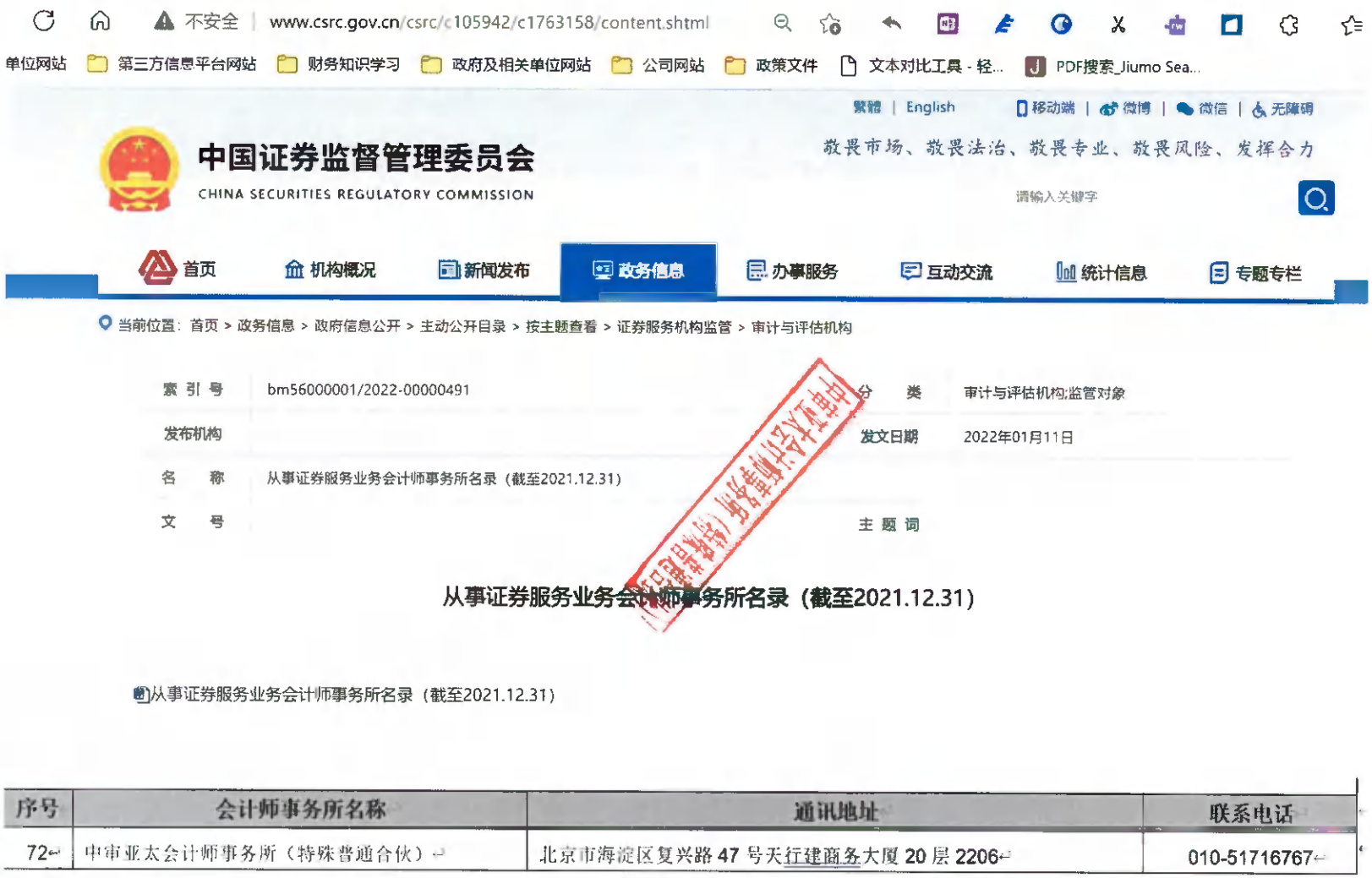
The source of the investment income generated	The amount of this period	The previous period occurred
Long-term equity investment income calculated by the equity method	345,328.30	-217,492.55
Investment proceeds recognized by the sale of equity		
Total	**345,328.30**	**-217,492.55**

XXXApproval of the financial statements

The financial statements have been approved by the board of directors of the Company.

Qingdao Jiaozhou Bay Development Group CO.,LTD.

April 25th, 2022



序号	会计师事务所名称	通讯地址	联系电话
72	中审亚太会计师事务所（特殊普通合伙）	北京市海淀区复兴路 47 号天行建商务大厦 20 层 2206	010-51716767

统一社会信用代码

91110108061301173Y

营业执照

(副 本)(6-1)

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　中审亚太会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　王增明，刘宗义，陈吉先，冯建江，曾云

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年01月18日

合伙期限　2013年01月18日至 长期

主要经营场所　北京市海淀区复兴路47号天行建商务大厦20层2206

仅供报告使用

登记机关　北京市海淀区市场监督管理局

2021 年 01 月 11 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：中审亚太会计师事务所（特殊普通合伙）

首席合伙人：王增明

主任会计师：

经营场所：北京市海淀区复兴路47号天行建商务大厦20层2206

组织形式：特殊普通合伙

执业证书编号：11010170

批准执业文号：京财会许可[2012]0084号

批准执业日期：2012年09月28日

证书序号 0014490

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

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发证机关：北京市财政局

二〇二〇年 十二月 四 日

中华人民共和国财政部制



姓 名 Full name 曾云

性 别 Sex 男

出生日期 Date of birth 1976年10月24日

工作单位 Working unit 天职孜信会计师事务所

身份证号码 Identity card No. 513030197610246917

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

中国注册会计师协会



姓名 曾云

证书编号：110002400025

续续有效一年。

another year after

2006 年 3 月 9 日

注册会计师工作单位变更事项登记

Registration of a Change of Working Unit by a CPA

同意调出

Agree the holder to be transferred from

事务所 CPAs

转出协会盖章

Stamp of the transfer-out Institute of CPAs

2012 年 3 月 3 日

同意调入

Agree the holder to be transferred to

神亚大 事务所 CPAs

转入协会盖章

Stamp of the transfer-in Institute of CPAs

2013 年 3 月 31 日

转出：中审亚太[redacted] 2013.12.30

转入：中审亚太[redacted] 2013.12.30

注意事项

一、注册会计师执行业务，必要时须向委托方出示本证书。

二、本证书只限于本人使用，不得转让、涂改。

三、注册会计师停止执行法定业务时，应将本证书缴还主管注册会计师协会。

四、本证书如遗失，应立即向主管注册会计师协会报告，登报声明作废后，办理补发手续。

NOTES

1. When practising, the CPA shall show the client this certificate when necessary.
2. This certificate shall be exclusively used by the holder. No transfer or alteration shall be allowed.
3. The CPA shall return the certificate to the competent Institute of CPAs when the CPA stops conducting statutory business.
4. In case of loss, the CPA shall report to the competent Institute of CPAs immediately and go through the procedure of reissue after making an announcement of loss on the newspaper.

年度检验登记

Annual Renewal Re

本证书经检查

This certificate

this renewal.



110002400025

北京注册会计师协会

发证机构：

Authorized Institute of CPAs

发证日期：2002 年 11 月 28 日

Date of Issuance

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

年度检验登记
Annual Renewal Registration

This certificate is valid for another year after this renewal



姓　　名 Full name　何丽君
性　　别 Sex　女
出生日期 Date of birth　1988-11-24
工作单位 Working unit　湖南建业会计师事务所有限公司湘潭分所
身份证号码 Identity card No　433130198811241725

证书编号 No. of Certificate　430300010122
批准注册协会 Authorized Institute of CPAs　湖南省注册会计师协会
发证日期 Date of Issuance　2019　06　04

中审亚太会计师事务所（特殊普通合伙）

湖南建业会计师事务所有限公司湘潭分所于2020年9月8日变更为湖南建业会计师事务所（特殊普通合伙）湘潭分所

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

湖南建业会计师事务所（特殊普通合伙）湘潭分所　事务所 CPAs

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2021 年 11 月 22 日

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2021 年 11 月 22 日

12

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

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年　月　日
y　m　d

同意调入
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事务所 CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

年　月　日
y　m　d

13

ISSUER

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Hong Kong

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